

## BUSINESS

---

### 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%.

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. Tightening environmental regulations and the growing global emphasis on cleaner production have made this an increasingly untenable position for mining companies, driving demand for reagent solutions that deliver strong performance without the associated environmental and safety costs.

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. Building on this technical foundation, our reagents are deployed across a broad range of operations covering copper, lead, zinc, gold, silver, antimony, molybdenum, tin, tungsten, lithium, fluorite and pyrite. Recognizing the strategic importance of new energy minerals, we have further developed specialized reagents for lithium, rare earth and phosphate ore processing, segments where conventional reagents often struggle with high consumption rates and impurity control. These products have become a core driver of our revenue growth and reflect our positioning at the intersection of mining chemistry and the critical minerals supply chain.

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 China, with exports to more than 15 countries, including leading domestic and international non-ferrous metal companies such as Wanguo Gold Group Limited.

## BUSINESS

---

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. Under the leadership of our Chairlady, Ms. Diao Huali, we have evolved from a producer of standard reagent products into a full-service solutions provider with an established presence in both domestic and international markets. This strategic transformation is reflected in our financial performance, with revenue growing consistently throughout the Track Record Period.

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.

### 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. This transition has become a commercially rational choice, as low-toxicity reagents increasingly deliver equivalent or superior flotation performance while reducing hazardous waste generation and compliance costs.

According to Frost & Sullivan, the global flotation reagent market expanded from RMB50.7 billion to RMB59.6 billion from 2020 to 2024, representing a CAGR of 4.1%, and is expected to reach RMB78.4 billion in 2029, representing a CAGR of 5.7% from 2025 to 2029. 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.

## BUSINESS

---

### OUR STRENGTHS

We believe that our following key competitive strengths have contributed to our success:

#### **Established market leadership position underpinned by outstanding R&D and innovation capabilities**

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 believe this position reflects the sustained depth of our technical capabilities and our ability to translate proprietary R&D into differentiated products that address the most demanding challenges in modern mineral processing.

Our R&D efforts are focused on two principal objectives: solving industry bottleneck challenges in complex ore beneficiation and developing greener reagent formulations that address tightening environmental standards without sacrificing flotation performance. Over the years, we have developed solutions to multiple technical constraints faced by downstream mining operation companies, showcasing our independent innovation and process improvement capabilities. In lead-zinc ore beneficiation, we have developed a lime-free flotation process that achieves efficient mineral separation while eliminating the scaling, pipeline blockage and production continuity issues associated with traditional high-alkaline processes, thereby improved the stability and operational efficiency of our customers' production lines. In copper ore beneficiation, our proprietary ATT collector delivers stronger molecular capture capability and superior selectivity compared to conventional alternatives, directly improving copper recovery rates for our customers. This directly enhances the economic returns for mining companies and reflects our capabilities in molecular modification of mineral processing reagents.

We have established independent R&D centers in Changsha and Zhuzhou, Hunan Province, and have been recognized as a Provincial Enterprise Technology Center. Our dedicated mineral processing laboratory in Changsha operates across three integrated modules covering mineral processing testing, reagent compounding and synthesis, and analytical testing, enabling us to advance research continuously from raw material composition through to synthesized product performance. Beyond our internal capabilities, we collaborate with various reputable research institutes in relevant fields to advance our research at the frontier of flotation chemistry. Our R&D efforts have produced a number of technical achievements and intellectual property we use in production. As of December 31, 2025, we held 25 intellectual property rights in China, including 14 invention patents and six utility model patents. Our continuous efforts on technological breakthroughs in the industry have been awarded with multiple accreditations. We have been designated as a Hunan Province Specialized and Innovative Key "Little Giant" Enterprise and received the Sixth Batch Hunan Province Manufacturing Single Champion Product award for our mineral flotation collectors.

We believe this accumulation of technical capability and industry recognition establishes meaningful barriers to competition, supporting our market position and providing the foundation for our continued product development and customer growth.

## **BUSINESS**

---

### **Comprehensive and differentiated product portfolio addressing diverse ore types and high-growth critical minerals applications**

We have assembled a broad and technically differentiated product portfolio spanning the full range of mainstream flotation reagent categories, including collectors, modifiers and frothers, with formulations deployed across gold, silver, copper, lithium, tungsten, lead, zinc, antimony, nickel, and molybdenum. This breadth enables us to serve customers across a wide spectrum of ore types and mining contexts, reducing our dependence on any single commodity or market segment.

Beyond this coverage of conventional ore types, in recent years we have developed a specialized range of reagents for critical minerals processing, specifically lithium, rare earth and phosphate ores, that has become a strong driver of our revenue growth. Conventional reagents frequently struggle with high consumption rates and impurity control challenges when applied to these ore types, creating a meaningful performance gap that our purpose-developed formulations are designed to address. Our oxide ore flotation reagents serve as a key enabler for efficient upstream resource development in the new energy supply chain, directly supporting customers processing the mineral inputs required for electric vehicle batteries and energy storage systems.

At the high end of our product range, we have introduced newly synthesized highly efficient collectors and a range of customized compound reagents offering strong selectivity and broad ore adaptability. These products maintain high recovery rates while exhibiting low-toxicity and degradation characteristics that reduce environmental compliance costs for our customers. By combining strong flotation performance with reduced environmental impact across our product portfolio, we are able to simultaneously address the operational efficiency and sustainability priorities that increasingly define procurement decisions in the global mining industry.

### **Integrated end-to-end technical service capability delivering measurable outcomes for customers**

We operate on a “one mine, one reagent” (一礦一藥) philosophy, developing customized reagent formulations tailored to the specific ore characteristics of each customer. Underpinning this philosophy is a structured and full-process technical service capability that extends across the entire customer relationship, from initial ore analysis to continuous post-production optimization, and that we believe competitors without equivalent R&D and industrial application capabilities cannot readily replicate.

In the pre-sale stage, our technical team conducts systematic flotation testing and ore floatability studies to determine the optimal reagent selection and process parameters for each customer’s specific ore characteristics. This upfront investment in understanding the specific ore characteristics forms the foundation for reagent recommendations that are based on data rather than generalization. During implementation, our team conducts on-site testing and dynamically adjusts reagent addition strategies as ore properties fluctuate, ensuring consistent flotation performance under variable and complex ore conditions. In the post-sale stage, we provide regular technical visits and continuous ore flow monitoring, and offer recommendations for process improvement on an ongoing basis as the ore characteristics may evolve over the operational life of the ore mine.

## BUSINESS

---

This integrated service model translates directly into measurable customer outcomes such as higher concentrate grades, improved recovery rates and more stable production processes. By embedding our technical expertise within our customers' operations, we develop a thorough understanding of the specific requirements of each site that deepens over time, enabling continuous optimization and making us a genuine operational partner rather than a product vendor. We believe our ability to deliver these outcomes consistently reflects a service infrastructure and depth of field experience that represents a meaningful and durable competitive advantage.

### **Extensive and diversified customer base across domestic and international markets with high retention**

Since our establishment, we have built a broad and geographically diversified customer base that we believe reflects both the quality and versatility of our products and the depth of our customer base. During the Track Record Period, our products served over 500 customers globally, covering more than 20 provinces, municipalities and autonomous regions in China, and were exported to more than 15 countries across Asia, Africa, South America and beyond. Our customers primarily include leading domestic and international non-ferrous metal companies such as Wanguo Gold Group Limited.

In China, our domestic presence spans across the principal non-ferrous metal mining regions, giving us established commercial relationships and on-the-ground technical credibility that underpin our home market. Internationally, our export footprint across more than 15 countries positions us to serve the growing pipeline of mining projects in resource-rich regions, particularly in Central Asia, Africa and South America, where demand for high-performance flotation reagents is expanding due to increasing mining activity.

Underpinning this geographic reach is a high level of customer retention driven by the structural dynamics of reagent switching. Replacing a flotation reagent supplier is not a straightforward procurement decision but typically requires complex redesign of flotation tests, lengthy production process adjustments and a period of performance uncertainty that carries substantial capital and operational risk. Once our reagent formulations have been optimized to closely match with a customer's ore properties, the cost and disruption intertwined with reagent switching create a substantial barrier to supplier substitution. Combined with the technical relationships built through our ongoing service model, this structural stickiness supports strong revenue continuity and provides us with a stable foundation to pursue further domestic deepening and international expansion.

### **Experienced and visionary management team driving strategic expansion and operational excellence**

We have an experienced management team with strong leadership and execution capabilities. Our management is led by our Chairlady, Ms. Diao Huali, who has over 20 years of industry experience in the production and sales of mining chemicals and non-ferrous metal materials, and leads our strategic planning and business development. Under her leadership, we have expanded our product portfolio, strengthened our customer relationships and established our market position in the flotation reagent industry.

---

## BUSINESS

---

Other members of our management team possess diverse professional backgrounds including mineral processing reagent R&D, beneficiation process technology, chemical machinery, enterprise management and marketing, forming a complementary management structure. This diversity enables us to approach business challenges from multiple perspectives and make well-informed decisions across technical, operational and commercial matters.

The experience and industry knowledge of our management team enable us to understand market conditions, anticipate industry trends and respond effectively to evolving customer needs. Our management team’s established relationships with customers and suppliers, combined with their deep understanding of flotation technology, provide us with a solid foundation for our continued growth. For details of our management team’s biographies, see “Directors and Senior Management”.

### OUR STRATEGIES

We believe the following strategies position us well to capitalize on future opportunities and deliver continued growth:

#### **Further enhance production capacity and optimize supply chain integration to support rapid business growth**

We are committed to expanding our production capacity to meet growing market demand and strengthen our competitive position. As part of this strategy, we plan to increase overall production capacity primarily by constructing the second phase of our production base in Zhuzhou, Hunan Province and optimizing plant layouts at our existing facilities. We expect the expanded capacity to support our continued growth in both domestic and international markets. We intend to apply approximately [REDACTED]% or HK\$[REDACTED] of the net [REDACTED] from the [REDACTED] to finance the construction and establishment of the second phase of our production base. See “— Our Production Operations — Production Expansion Plans” and “Future Plans and Use of [REDACTED]” for details.

To further strengthen our supply chain and enhance vertical integration, we also aim to extend our reach further upstream along the mineral processing reagent value chain through a strategic acquisition or investment in a company engaged in the production of key raw material that we require, primarily in Hubei or Jiangxi area. We believe this initiative will strengthen our supply chain stability and enhance end-to-end quality control. We intend to apply approximately [REDACTED]% or HK\$[REDACTED] of the net [REDACTED] from the [REDACTED] for supply chain investment and acquisition. See “Future Plans and Use of [REDACTED]” for details.

Concurrently, we will continuously invest in equipment upgrades. By introducing advanced manufacturing equipment and optimizing production processes, we aim to enhance production efficiency while maintaining high standards of product performance and quality.

In addition, we will enhance our environmental protection infrastructure to ensure regulatory compliance and production continuity. This includes upgrading emission treatment systems and waste management facilities to align with increasingly stringent environmental standards and support our commitment to sustainable and green production practices.

## BUSINESS

---

### **Continue to strengthen R&D capabilities to expand our product portfolio to capture emerging market opportunities**

We believe our research and development capabilities have been critical in enabling us to deliver high-performance, environmentally friendly mineral processing reagents that meet the evolving needs of our customers. We are committed to investing resources in our R&D efforts to maintain our technical edge and continue to promote innovation in the mineral processing reagent industry.

In particular, we will continue focusing our R&D on developing green and environmentally friendly mineral processing reagents to address increasing environmental regulations and customer demand for sustainable solutions. We also intend to strengthen our R&D in mineral processing reagents for new energy minerals, including lithium ore, rare earth and phosphate ore, to capture emerging opportunities arising from the global energy transition. In addition, we will accelerate iterative optimization and performance upgrades of our existing products to ensure they remain competitive and continue to meet customer requirements.

We intend to apply approximately [REDACTED]% or HK\$[REDACTED] of the net [REDACTED] from the [REDACTED] to finance this strategy of enhancing our R&D capabilities. See "Future Plans and Use of [REDACTED]" for details.

### **Further enhance brand awareness and increase market share in domestic and overseas markets**

We intend to deepen our penetration in both domestic and overseas markets, strengthening our brand influence and market presence.

Domestically, we will continue to expand our customer base across key mining regions in China. Leveraging our established reputation and technical service capabilities, we intend to deepen relationships with existing customers while actively developing new accounts. We plan to strengthen our presence in emerging mining areas and increase market share in high-growth segments such as lithium and rare earth processing. Specifically, we will also enhance our domestic distribution network and technical support infrastructure to provide more responsive service to customers nationwide.

Furthermore, upon expansion of our production capacity, we intend to establish overseas sales outlets and offices in Southeast Asia, Central Asia, Africa and South America to further develop overseas customers in these regions. We will establish localized sales teams in these regions to better serve our international customers. These teams will enable us to closely track mine development progress and reagent demand, while providing timely technical consultation and after-sales support. By eliminating time zone barriers and reducing communication layers, we will be able to respond more efficiently to customer needs and deliver higher quality service to large and medium-sized mining clients. We will also actively participate in mining exhibitions to increase our international market exposure.

## BUSINESS

---

### OUR PRODUCTS

#### Overview

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. 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%.

Our mineral processing reagents, also known as flotation reagents, are specialty chemicals that enable the extraction and concentration of valuable metals from mined ore. In the mining industry, ore extracted from the ground contains both valuable minerals (such as gold, silver, copper, lithium, tungsten, lead, zinc, antimony, nickel, and molybdenum) and waste rock known as gangue. Our reagents are essential to the flotation process, which is the primary method used worldwide to separate these valuable minerals from waste material.

The flotation process works by exploiting the differences in the surface properties of minerals. Our reagents are added to a slurry of finely ground ore mixed with water. Different types of reagents work together while performing specific functions: collectors selectively attach to the surface of valuable mineral particles, making them water-repellent (hydrophobic), while frothers create stable bubbles in the slurry. When air is introduced into the mixture, the treated valuable mineral particles attach to air bubbles and float to the surface, forming a mineral-rich froth that can be skimmed off. Meanwhile, the gangue particles, which remain water-attractant (hydrophilic), sink to the bottom and are removed as tailings. This process allows mining operations to efficiently increase both the grade (concentration of valuable metal) and recovery rate (percentage of valuable metal extracted) of metal concentrates, helping mining companies maximize resource utilization, improve economic returns, and reduce environmental impact from tailings.

Leveraging our successful track record, strong R&D capabilities, proprietary patented technologies and technical marketing approach, we have developed a comprehensive portfolio of customized reagent solutions. We employ a “one mine, one reagent” philosophy that recognizes each ore deposit has unique mineralogical characteristics—varying in metal content, sulfur levels, oxidation states, and gangue composition. Through close collaboration with our customers, we conduct detailed ore analysis and mineral processing experiments to formulate tailored reagent combinations optimized for each specific mine’s ore properties. This deeply integrated technical service model enables us to achieve superior separation efficiency across a broad range of metallic ores in the industry, covering gold, silver, copper, lithium, tungsten, lead, zinc, antimony, nickel, molybdenum and other valuable minerals, and enabling the economic processing of lower-grade ores.

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.

## BUSINESS

	For the year ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
<b>Collectors</b> . . . . .	189,497	82.5	213,390	82.3	258,764	79.9
– <i>Xanthate collectors (黄藥)</i> . . . . .	123,847	53.9	146,640	56.6	156,572	48.4
– <i>Dithiophosphate collectors (黑藥)</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
<b>Modifiers</b> . . . . .	23,108	10.1	29,676	11.4	39,548	12.2
<b>Frothers</b> . . . . .	12,569	5.5	11,717	4.5	19,889	6.1
<b>Other reagents</b> . . . . .	3,829	1.7	4,145	1.6	4,364	1.3
<b>Services fee</b> . . . . .	583	0.3	286	0.1	1,163	0.4
<b>Total</b> . . . . .	<b>229,586</b>	<b>100.0</b>	<b>259,214</b>	<b>100.0</b>	<b>323,728</b>	<b>100.0</b>

### Collectors

We offer a wide variety of collectors primarily including xanthate collectors and dithiophosphate collectors. Xanthate collectors are widely used in the industry, known for their cost-effectiveness and broad applicability in sulfide ore flotation, typically under alkaline conditions. Dithiophosphate collectors generally exhibit stronger collecting performance and better selectivity for certain minerals, and are widely used in the flotation of complex sulfide ores and difficult-to-treat minerals under a wider range of pH conditions. Our diverse product portfolio allows us to deliver tailored solutions that address different ore characteristics and flotation conditions across a variety of mining operations. The table below sets forth certain details of our key collector products:

<b>Product</b>	<b>Characteristics</b>
Sodium (Potassium) Butyl Xanthate (丁基鈉(鉀)黄藥) . . . . .	Sodium (Potassium) Butyl Xanthate is a light yellow or grayish-white powder (or granules) with a pungent odor. It is soluble in water and alcohol and can form insoluble compounds with various metal ions. It is a traditional flotation collector for sulfide ores and is widely used in the flotation of various non-ferrous metal sulfide ores. This product is particularly suitable for the flotation of chalcopyrite, sphalerite, pyrite and other similar minerals.

---

## BUSINESS

---

Product	Characteristics
Ammonium Dibutyl Dithiophosphate (丁鉍黑藥).....	Ammonium Dibutyl Dithiophosphate is a white to grayish-white powder, odorless, deliquescent in air, soluble in water, chemically stable, and has certain frothing properties. It has a special separation effect on sulfide ores containing precious metals such as platinum, gold and silver, and can also be used for the flotation of other sulfide ores such as nickel and antimony.
Sodium Diethyl Dithiocarbamate (乙硫氮).....	Sodium Diethyl Dithiocarbamate is an odorless white to grayish-white crystal and is easily soluble in water. Compared to traditional collectors, it has better selectivity and is therefore widely used in the flotation separation of copper sulfide, lead, zinc, antimony and other polymetallic sulfide ores. It can also be used for metal smelting and purification, as well as an accelerator in the rubber industry.
Y89 Series Xanthate .....	This is a new type of collector developed by us. It is a yellow powder that is soluble in water. Compared to traditional collectors, it has stronger collecting ability and demonstrates excellent performance in the separation of copper ores containing associated gold, single gold ores, polymetallic gold ores, sulfide ores and copper oxide ores.
PN405 .....	This is a composite ester collector developed by us. It is a light yellow to brown transparent liquid with certain frothing properties and is slightly soluble in water. It has excellent selectivity and collecting ability for copper-bearing minerals.
ZY103 Xanthate .....	This is a light-yellow powder soluble in water, developed by us. It is an excellent collector for sulphide ore with good selectivity and moderate collectivity in re-processing of tailings.

## BUSINESS

---

### Modifiers

We offer a range of modifiers, including copper sulfate, zinc sulfate, sodium sulfite and sodium silicate. Modifiers are chemical reagents that alter the surface properties of minerals or the chemical conditions of the flotation pulp to improve separation selectivity and efficiency. They are generally classified into (i) activators, which enhance collector adsorption onto target minerals; (ii) depressants, which prevent unwanted minerals from floating; (iii) dispersants, which prevent fine particles from aggregating and interfering with the flotation process; and (iv) others, such as pH regulators, which adjust the chemical environment of the pulp. Unlike collectors and frothers, modifiers such as those we offered during the Track Record Period are largely commodity chemicals with wide industrial applicability extending well beyond mineral flotation. Accordingly, we mainly sourced these modifiers from third-party suppliers in accordance with our specifications during the Track Record Period rather than manufacturing them in-house.

- *Copper Sulfate*, widely used as an activator for various non-ferrous metal sulfide ores, including those containing gold, silver, copper, lead, zinc and molybdenum.
- *Zinc Sulfate*, serves as a depressant for sphalerite and marmatite during the flotation of sulfide lead-zinc ores.
- *Sodium Sulfite*, functions as a synergistic depressant for pyrite and pyrrhotite in sulfide ore flotation systems and is also used as a wastewater treatment reagent.
- *Sodium Silicate*, one of the most widely used dispersants and depressants in the flotation process, primarily used to depress gangue minerals and disperse slimes during oxide ore flotation.

### Frothers

Alongside collectors, frothers play a critical role in the flotation process by generating stable foam to facilitate the separation and recovery of mineral particles. We offer a wide variety of frothers tailored to different mineral types and flotation scenarios. Through formulation adjustment, we optimize key parameters such as foam strength, density and duration to best match the specific requirements of each application. Our frother product range includes, among others:

- 180 Frother, developed for the flotation of lead-zinc ores;
- 170 Frother, designed for the flotation of high-slime ores;
- 321 Frother, developed for gold ore flotation; and
- GF Series Frothers, our recently launched product line targeting the flotation of sedimentary rock-type ores in Southeast Asia.

## BUSINESS

---

### **Other Reagents**

In addition to collectors, modifiers and frothers, we also offered certain other reagents. Our principal other reagent is ammonium sulfide, which is obtained as a by-product of our dithiophosphate collector production process. In the manufacture of dithiophosphate collectors, hydrogen sulfide is generated as an off-gas; for environmental protection purposes, this gas is captured and neutralized using ammonia, yielding ammonium sulfide as a recovered co-product. Ammonium sulfide is an important inorganic sulfide with principal applications spanning chemical analysis reagents, industrial denitrification agents and mineral processing reagents. As a versatile chemical feedstock, it finds broad application across both laboratory research and industrial production.

### **RESEARCH AND DEVELOPMENT**

Research and development are essential in maintaining our competitive position and driving the long-term growth of our business. Through continuous R&D, we are able to develop innovative mineral processing reagents, optimize existing our product formulations and effectively address the evolving customer needs in the mining industry.

#### **R&D Capabilities and Infrastructure**

We have established comprehensive in-house R&D capabilities that span the entire value chain of mineral processing reagent development. Our R&D team works closely with our sales team to deliver innovative solutions to our customers.

First, we operate a dedicated mineral processing laboratory, equipped with advanced beneficiation equipment, including flotation machines, crushers and ball mills. This mineral processing laboratory enables us to conduct comprehensive pilot tests to validate the performance of our reagents under real-world operating parameters before commercial deployment. Second, our product development efforts focus on two primary activities: reagent compounding, where we modify certain aspects of traditional reagents such as chemical composition, operation temperature and application method to enhance efficacy; and novel reagent synthesis, where we develop new reagent formulas to address technical bottlenecks or supply constraints in critical reagents that currently limit mining operations. Third, our testing division provides essential quality control and performance validation support throughout the R&D process by conducting elemental analysis and compositional testing on both raw materials used in reagent synthesis and finished products. We maintain in-house analytical capabilities that enable simultaneous analysis of both reagent chemical properties and metal element concentrations, utilizing advanced instrumentation including atomic absorption spectrometers and fluorescence analyzers.

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.

## BUSINESS

---

To ensure our R&D team remains at the forefront of industry developments, we have implemented several strategic initiatives. We attend conferences and participate in symposiums on mineral processing, mineral engineering and chemical sciences, enabling our team to stay abreast of emerging technologies and industry trends. We leverage partnerships with leading universities to support continuing education for our employees, by providing pathways to advanced degree programs. Additionally, we periodically engage in knowledge exchange sessions with university professors and industry experts and visit mines and relevant research centers to foster knowledge exchange and collaborative problem-solving within our organization.

### **Market-Oriented R&D Approach**

We adopt a market-oriented R&D approach that prioritizes customer needs and commercial viability. Our current research philosophy emphasizes "one mine, one reagent" customization. Our research portfolio encompasses flotation reagents for sulfide ores including copper, lead, and zinc, as well as oxide ores such as lithium, phosphate, and titanium. These reagents are designed to improve mineral recovery rates and processing efficiency, helping customers reduce operating costs and enhance resource extraction. We also from time to time enter into technical service agreements with customers who provide ore samples for us to design the entire process flow and develop reagent formulations. Beyond product development, we also provide after-sales technical services, where we obtain ore samples from customers, conduct experiments and design tailored process flows and reagent formulations to deliver the most suitable solution for each specific mine.

While maintaining this market-driven focus, we also emphasize fundamental research addressing systemic industry challenges. For example, we are developing environmentally friendly alternatives to lime, which is widely used in copper, lead-zinc, and other mining operations but poses environmental and operational challenges. We believe such fundamental research initiatives position us to address broad industry pain points and differentiate our offering in the marketplace.

### **Proprietary Technologies and Achievements**

Through years of dedicated R&D activities, we have successfully transformed our research outcomes into a series of proprietary technologies, which enable us to compete effectively in the market.

- In copper ore processing, we have successfully deployed a novel ATT (aminotriazole thione) collector reagent that increases copper recovery rates by 1.5 to three percentage points compared to conventional collectors. Given the scale of copper mining operations, such improvements in recovery rates can translate directly into substantial economic value for our customers. We have also developed a novel high-efficiency thiazole-thione copper collector, a new type of chelating collector that demonstrates strong selectivity and high collection capability for copper minerals such as chalcopyrite, chalcocite and bornite, with the advantage of being effective in both low-alkalinity and neutral conditions.

## BUSINESS

---

- In polymetallic sulfide ore processing, we have developed a lime-free separation technology that enables efficient separation of copper, lead, zinc and sulfur minerals in low-alkalinity or near-neutral pulp conditions. The core of this technology is the development of highly selective sulfur-iron depressants, lead collectors and zinc collectors that replace conventional lime-based reagents. This addresses the challenges associated with traditional high-alkalinity processes, such as excessive foaming, calcium scaling in pipelines, difficulties in wastewater treatment and low recovery rates of associated gold and silver.
- In lithium ore processing, we have developed a novel high-efficiency flotation collector that adopts a chelating, multi-functional group and compound modification approach, which achieves high selectivity for lithium minerals, low reagent consumption and effective flotation across a wide temperature range.

### R&D Collaboration

We routinely engage in R&D collaborations with research institutions and universities in mining-related industries, to jointly advance our research efforts. These partnerships foster a synergistic environment for innovation, allowing us to leverage academic expertise and cutting-edge research to advance our technological capabilities. Generally, we enter into agreements with such research institutions and universities for specific research projects. Under the relevant agreements, we may pay the institutions and universities fixed fees for the projects or establish profit-sharing arrangements. The specific terms, including fee structure, profit-sharing ratios and intellectual property ownership are determined on a case-by-case basis based on the nature and scope of each research project.

For instance, one of our R&D collaborations focused on advanced mineral processing reagents, including xanthate derivatives, modified O-isopropyl ethyl thiocarbamate, novel organic amine collectors and new-generation fatty acid collectors. Through this collaboration, we aim to explore and develop innovative synthesis and production processes to improve product quality, reduce energy consumption and environmental impact, lower production costs and enhance supply stability. These initiatives are intended to strengthen our competitiveness in both traditional flotation reagents and emerging applications in the new energy minerals sector.

### INTELLECTUAL PROPERTY

Our intellectual property rights are key to our success and competitiveness, primarily consisting of patents, copyrights and trademarks we use. As at December 31, 2025, we had, 20 patents, among which 14 were invention patents and six utility model patents in China. See “Appendix V — Statutory and General Information — B. Further Information about our Business — 2. Intellectual Property” for details.

We undertake a proactive approach to managing our intellectual property portfolio. Our legal department performs regular monitoring of our intellectual rights. We will take action when we are aware of a potential infringement of our intellectual property rights.

---

## BUSINESS

---

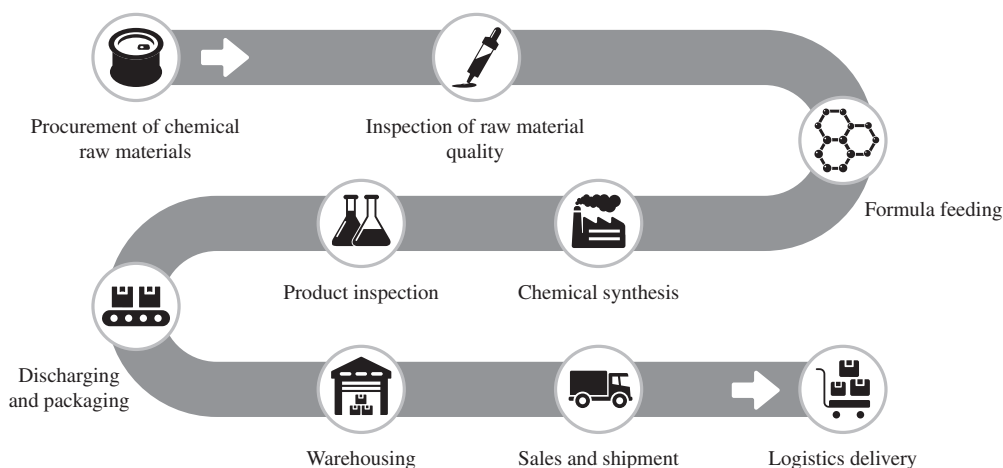
During the Track Record Period and up to the Latest Practicable Date, we did not experience any threatened or pending disputes, litigation, or legal proceedings for any material violation of intellectual property rights of any person which would have a material adverse effect on our business. See "Risk Factors — Risks relating to our Industry and Business — The failure to protect our intellectual property rights could have an adverse impact on our business and competitiveness." and "Risk Factors — Risks relating to our Industry and Business — Third parties may assert or claim that we have infringed their intellectual property rights." for details.

### OUR PRODUCTION OPERATIONS

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 equipment to ensure production safety, output stability as well as to meet customers' requirements on product quality and timely delivery.

#### Production Process

Our production process begins with procurement of raw material, during which our procurement team makes purchases of raw material from our accredited suppliers. After obtaining the necessary raw materials, we begin our specific chemical synthesis process, depending on the type of mineral processing reagent to be produced. Following the completion of the chemical synthesis process, we package the mineral processing reagent, depending on the requirements of the customers. The following diagram illustrates the general production process of our products:



---

## BUSINESS

---

During the production processes of our products, we implement various measures to ensure the safety of production and the protection of the environment. For instance, we have implemented company-wide policies, standards and procedures to ensure that we meet the environmental, health and safety protection requirements in relation to emissions of air, water and other waste, including those on wastewater generation and treatment, process safety management, and handling, use, storage, treatment and disposal of hazardous substances and emergency planning and response. For details, see “Business — Environmental, social and governance.”

### Production Planning

We typically prepare production plans on a periodic basis based on actual orders received from customers and the production forecasts derived from customer communications and anticipated market trends. Pursuant to these plans, existing inventory levels and purchase orders we receive, we procure raw materials and prepare monthly production schedules.

### Production Facility

As of the Latest Practicable Date, we operate one production facility in Zhuzhou, Hunan Province, China. The following table sets out certain information relating to different workshops of our production facility as of December 31, 2025:

Facility	Location	GFA (sq.m.)	Products Manufactured	Year of Establishment	Land/property right
Xanthate collectors workshop . . . . .	Hunan, Zhuzhou	1,205.4	Xanthate collectors	2012	Owned
Dithiophosphate collectors workshop . . .	Hunan, Zhuzhou	819.8	Dithiophosphate collectors, Other reagents	2012	Owned
Frothers workshop . . . . .	Hunan, Zhuzhou	540.0	Frothers	2012	Owned
Multipurpose production workshop . . .	Hunan, Zhuzhou	1,205.8	Other collectors	2012	Owned

### Critical Machinery and Equipment

We endeavor to equip our production facilities with advanced machinery and equipment, as we believe this is essential to increase automation, ensure reliability of our production processes as well as cost competitiveness. We have an array of major machineries and equipment at our production facility. During the Track Record Period and as of the Latest Practicable Date, we owned all of our major machineries and equipment.

---

**BUSINESS**

---

The table below sets forth certain details of the critical machinery and equipment used in the production of our mineral processing reagent as of December 31, 2025:

<b>Critical machinery and equipment</b>	<b>Function</b>
Automatic conveying and dosing system . . . . .	To automatically transport, weigh, and feed caustic soda
Kneading machine . . . . .	To mix and process raw materials for xanthate production
Dithiophosphate synthesis reactor . . . . .	To synthesize dithiophosphoric acid
Ammoniation reactor . . . . .	To produce ammonium dibutyl dithiophosphate

We regularly carry out regular inspections and maintenance of our production facility. We have developed and implemented internal procedures at our production facility according to the characteristics and maintenance requirements of the particular equipment and machinery in order to ensure they function properly. We adopt the straight-line method over the estimated useful lives of the relevant machinery and equipment to calculate their depreciation.

**Production Capacity and Utilization Rate**

The following table sets forth a summary of our estimated production capacity and utilization rate for xanthate collectors, dithiophosphate collectors, other collectors, frothers and other reagents for the years indicated.

	<b>For the year ended December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Xanthate collectors</b>			
Estimated production capacity (tons) <sup>(1)</sup> . .	16,000	16,000	16,000
Actual production volume (tons) . . . . .	14,501	16,384	17,318
Utilization rate (%) <sup>(2)(3)</sup> . . . . .	90.6	102.4	108.2
<b>Dithiophosphate collectors</b>			
Estimated production capacity (tons) <sup>(1)</sup> . .	4,000	4,000	4,000
Actual production volume (tons) . . . . .	3,055	3,509	5,177
Utilization rate (%) <sup>(2)(3)</sup> . . . . .	76.4	87.7	129.4
<b>Others collectors</b>			
Estimated production capacity (tons) <sup>(1)</sup> . .	4,000	4,000	4,000
Actual production volume (tons) . . . . .	2,881	3,156	3,527
Utilization rate (%) <sup>(2)</sup> . . . . .	72.0	78.9	88.2

## BUSINESS

	For the year ended December 31,		
	2023	2024	2025
<b>Frothers</b>			
Estimated production capacity (tons) <sup>(1)</sup> . .	3,000	3,000	3,000
Actual production volume (tons) . . . . .	1,554	1,413	1,805
Utilization rate (%) <sup>(2)</sup> . . . . .	51.8	47.1	60.2
<b>Other reagents</b>			
Estimated production capacity (tons) <sup>(1)</sup> . .	1,000	1,000	1,000
Actual production volume (tons) . . . . .	593	691	1,135
Utilization rate (%) <sup>(2)(4)</sup> . . . . .	59.3	69.1	113.5

*Notes:*

- (1) The estimated production capacity for each period represents the production capacity as recorded in the filing documents for each production facility.
- (2) The utilization rate during the period is calculated by dividing actual production volume by the estimated production capacity for the same period.
- (3) The utilization rates for our xanthate collectors and dithiophosphate collectors production facilities exceeded 100% in 2025 primarily because we increased working hours to cope with the strong demand for our products.
- (4) Represents utilization rate on undiluted basis. The utilization rate for other reagents exceeded 100% in 2025 primarily because our other reagents consist mainly of ammonium sulfide, which is recovered as a byproduct of our dithiophosphate collector production process, and its output therefore increased in line with the growth in our dithiophosphate collectors production.

During the Track Record Period, on a diluted basis, the production volume of our other reagents exceeded our registered designed production capacity. We have received confirmations from the competent authorities that we will not be required to suspend production or be subject to any penalties as a result.

### Production Expansion Plans

In order to facilitate our sustainable business development in the growing flotation reagent market in line with the high utilization rates of our production facility, we plan to gradually expand our production capacity according to market demand. Particularly, we currently plan to expand our production capacity by developing the second phase of our production facility in Zhuzhou. The table below sets forth the details of our development plan of the second phase of our Zhuzhou production facility. For further details, see “Future plans and use of [REDACTED].”

## BUSINESS

Location	Products	Additional Designed Annual Production Capacity	Estimated Year of Completion	Estimated [REDACTED]	Source of funding	Status as of the Latest Practicable Date
		(tons)		(RMB in millions)		
Hunan, Zhuzhou . . . . .	Collectors	66,600	First half of 2027	[REDACTED]	Primarily net [REDACTED] from the [REDACTED]	Under planning
Hunan, Zhuzhou . . . . .	Modifiers <sup>(1)</sup>	20,000				
Hunan, Zhuzhou . . . . .	Frothers	10,000				
Hunan, Zhuzhou . . . . .	Other reagents	11,400				

*Note:*

- (1) While during the Track Record Period we mainly procured modifiers externally, our expansion plan includes additional production capacity for modifiers. This is attributable to our planned in-house production of sodium mercaptoacetate (巯基乙酸鈉), a modifier specifically developed for use in conjunction with our new collector product, ethionine ester (乙硫氨酯), which is currently under development.

## PROCUREMENT AND SUPPLIERS

### Raw Materials and Procurement

Our raw materials primarily consist of carbon disulfide, 1-butanol, sodium hydroxide, and diphosphorus pentasulfide. In 2023, 2024 and 2025, our purchase and changes in inventories amounted to RMB148.9 million, RMB169.1 million and RMB208.3 million, respectively, representing 90.7%, 90.4% and 91.6%, respectively, of total cost of sales for the same years. 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. We do not engage in hedging using derivative instruments relating to the risk exposures in connection with prices our raw materials. 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.

Before making a purchase order, we require our procurement department to obtain multiple quotations from suppliers and compare key terms including price, quality and production capacity to optimize our procurement costs. In addition, to mitigate price risks on the procurement side, we also entered into annual framework agreements with certain major suppliers that include price adjustment clauses to control price volatility by adjusting the prices periodically based on the price of raw materials or other factors. Additionally, we manage our inventory levels based on prudent estimation of our production schedules and customer needs to mitigate the impact of raw material cost fluctuations on the supply side. We maintain a minimum safety stock level to ensure stable production operations and have contingency plans in place, such as utilizing alternative raw materials when necessary.

## BUSINESS

---

### **Our Suppliers**

Our suppliers primarily include upstream manufacturers and trading companies of raw materials. We carefully select our suppliers and require them to satisfy certain evaluation and assessment criteria. We generally give priority to suppliers who ranked highly on our annual supplier evaluation. Before we engage a new supplier, our team evaluates various aspects of a supplier, including its ability to meet our requirements, production capacity, quality control, financial conditions and market reputation. Most importantly, we require our suppliers to comply with all applicable laws and regulations and inspect their licenses, certifications and other accreditation. We conduct assessments on our suppliers on a regular basis and rank our suppliers based on the results of the assessments. We have also devote efforts to diversify our supplier base for major raw materials to secure our supply chain. We also carefully review each supplier's performance and quality before deciding whether to renew the relevant contract upon expiration.

We generally enter into single-order agreements or purchase orders and may occasionally enter into framework agreements with our suppliers setting forth the general terms governing the terms of the purchase order. We specify the type of product, specification, unit price, quantity, delivery timeline and destination and other terms in each purchase agreement or purchase order with our suppliers. Our framework agreements typically have terms of one year. Depending on the type of raw material and supplier, prices are typically determined taking into account the prevailing market price when placing orders. We typically settle our trade payables by bank transfers or bank acceptance notes. Product inspection including sample tests on the raw materials shall take place within a specified period after delivery of the raw materials to us. We shall be entitled to reject the defective raw materials that do not meet the agreed quality standard, and the suppliers shall remedy the same, including product return and replacement.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any breach of agreements by suppliers that resulted in suspension or interruption of our production operations, did not experience any significant shortage of raw material supplies, and the raw materials provided by our suppliers did not have any significant quality issues.

### **Major Suppliers**

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. During the Track Record Period, all of our top five suppliers were independent third parties of the Group. None of our Directors, their close associates or any of our current shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) has any interest in any of our top five suppliers during the Track Record Period that is required to be disclosed under the Listing Rules.

## BUSINESS

---

The salient terms of our framework procurement agreements with supplier during the Track Record Period are set out below:

- *Term of service.* Our procurement agreements typically have terms of one year.
- *Price.* The prices of principal raw materials are generally determined based on prevailing market prices of the relevant raw materials. Under our procurement agreements, the contract price is a provisional price. Where there are fluctuations in the prevailing market prices of the relevant raw materials, the final settlement price will be adjusted through arm's length negotiation between the parties pursuant to the agreed pricing mechanism under the contract.
- *Quantity.* We determine the quantity of raw materials to be procured through separate purchase orders based on our production plans. Under our procurement agreements, the contract quantity is typically provisional, and settlement is based on the actual quantity delivered within the agreed provisional quantity.
- *Payment.* We make payments to our suppliers in accordance with the terms specified in the relevant purchase agreements. In general, payment is required to be made by bank transfer within a week from the day the invoice is issued.
- *Delivery.* Under our procurement agreements, our suppliers are generally responsible for the delivery of the products to our warehouse and bear the associated transportation costs.
- *Inspection and acceptance.* We are required to inspect and accept the quality and quantity of the goods within a short period from the date of delivery. Any objections must be raised to the supplier within the same period, upon which the parties will conduct a joint inspection. If no objection is raised within the agreed inspection period, the goods delivered will be deemed to have complied with the contractual requirements in respect of quality and quantity.
- *Quality standards.* The products are required to comply with the quality standards set out in the relevant procurement agreements.

## BUSINESS

The tables below set forth information about our five largest suppliers for each period during the Track Record Period:

*Year ended December 31, 2023*

Supplier	Product procured	Background	Year of commencing business relationship	Procurement amount  <i>(RMB'000)</i>	% of total purchase amount
Supplier A . . . . .	Carbon disulfide	Established in 2004, a private company headquartered in Chuzhou, Anhui Province, China, primarily engaged in the production and sales of chemical products.	2022	9,240.4	6.8%
Supplier B . . . . .	Diphosphorus pentasulfide	Established in 2014, a private company headquartered in Wuhan, China, primarily engaged in the sales of chemical products.	2021	9,018.6	6.7%
Supplier C . . . . .	Isopentyl alcohol	Established in 2007, a wholly-owned subsidiary of a company listed on the Shanghai Stock Exchange, headquartered in Shandong, China, primarily engaged in the R&D, production and sales of fine chemical products.	2021	7,991.2	5.9%
Supplier D . . . . .	Isobutanol; n-butanol	Established in 2005, a private company headquartered in Shanghai, China, primarily engaged in the importation and domestic distribution of chemical raw materials, including n-butanol and isobutanol.	2016	7,329.3	5.4%
Supplier E . . . . .	Isobutanol; n-butanol	Established in 2003, a private company headquartered in Chengdu, China, primarily engaged in trading and sales of chemicals.	2016	7,095.3	5.2%
				40,674.8	30.0%

**BUSINESS**

*Year ended December 31, 2024*

Supplier	Product procured	Background	Year of commencing business relationship	Procurement amount	% of total purchase amount
				<i>(RMB'000)</i>	
Supplier F . . . . .	Carbon disulfide	Established in 2005, a company listed on the National Equities Exchange and Quotations headquartered in Shanghai, China, primarily engaged in the production of carbon disulfide, technological R&D, and the development of sulfur-based fine chemical products.	2014	16,221.6	10.6%
Supplier G . . . . .	Ethanol; n-butanol	Established in 2017, a private company headquartered in Zhuzhou, China, primarily engaged in the trading of chemicals.	2023	16,112.0	10.6%
Supplier B . . . . .	Diphosphorus pentasulfide	See above.	2021	10,513.2	6.9%
Supplier C . . . . .	Isopentyl alcohol	See above.	2021	7,752.2	5.1%
Supplier H . . . . .	Isobutanol; n-butanol	Established in 2015, a private company headquartered in Zhuhai, China, primarily engaged in the distribution of chemicals.	2022	5,871.1	3.8%
				<b>56,470.1</b>	<b>37.0%</b>

**BUSINESS**

*Year ended December 31, 2025*

Supplier	Product procured	Background	Year of commencing business relationship	Procurement amount	% of total purchase amount
				<i>(RMB'000)</i>	
Supplier A . . . . .	Carbon disulfide	See above.	2022	16,052.1	8.5%
Supplier I . . . . .	Flotation agent; Isopentyl alcohol	A group of companies under a private company established in 2017, headquartered in Yueyang, Hunan Province, China, primarily engaged in comprehensive resource utilization and new materials manufacturing, with a focus on converting by-products from caprolactam and other petrochemical production into high value-added chemical products.	2023	14,418.2	7.6%
Supplier G . . . . .	Isobutanol; n-butanol	See above.	2023	13,255.6	7.0%
Supplier F . . . . .	Carbon disulfide	See above.	2014	11,509.7	6.1%
Supplier J . . . . .	Copper sulfate	Established in 2018, a private company headquartered in Zhuhai, China, primarily engaged in the comprehensive disposal and recycling of industrial waste.	2022	9,611.8	5.1%
				<b>64,847.4</b>	<b>34.3%</b>

## BUSINESS

### SALES AND CUSTOMERS

Our products have specialized purposes for mining operations and our customers primarily include domestic and overseas non-ferrous metal mining companies. During the Track Record Period, our products were sold in the PRC as well as other overseas countries and regions. The table below sets forth the breakdown of our revenue by geographic region based on the locations of 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
<b>Total . . . . .</b>	<b>229,586</b>	<b>100.0</b>	<b>259,214</b>	<b>100.0</b>	<b>323,728</b>	<b>100.0</b>

During the Track Record Period, we established an extensive sales network that allows us to supply our products to a broad customer base. 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
<b>Total . . . . .</b>	<b>229,586</b>	<b>100.0</b>	<b>259,214</b>	<b>100.0</b>	<b>323,728</b>	<b>100.0</b>

#### Direct Customers

In 2023, 2024 and 2025 we had 155, 211 and 218 direct customers, respectively, who are mainly domestic and overseas non-ferrous metal mining companies. Since many of our direct sales customers are leading domestic and overseas non-ferrous metal mining companies, our direct sales approach allows us to accurately grasp and address customer needs. This enables us to leverage our extensive experience and technologies in providing customized products and services tailored to their specific requirements and the unique characteristics of their mines. We attract direct customers largely by leveraging the strong brand reputation and considerable industry influence we have developed through ongoing, extensive collaboration with our customers, word-of-mouth referrals of existing customers along with focused technical marketing efforts. For details of our “technical marketing” approach, see “— Sales and Marketing” below.

## BUSINESS

---

Most of our direct customers procure from us on a purchase order basis, while a few customers may enter into framework agreements that set forth general terms governing the purchase order. Customers specify the types of products, specifications, unit price, quantity, delivery timeline, destination and other terms in each purchase order or purchase agreement.

### Trading Partners

Besides our sales to direct customers, we also sell our products to trading partners who are generally trading companies in the mineral processing reagent industry. According to Frost & Sullivan, sales through trading partners are in line with industry norms.

We maintain a buyer-seller relationship with our trading partners. We consider these customers as our end customers and not our distributors, primarily because (i) we enter into purchase orders or sales and purchase agreements with them rather than distribution agreements in the same way as our direct customers, (ii) we have no control over any of these customers or on their sales, inventories, credit or pricing policies, and marketing activities, (iii) similar to our pricing strategy for our products sold to our direct customers, we typically determine the prices of our products selling to trading partners based on the costs of raw materials, the price of comparable products in the market and other costs and expenses, and (iv) we have no restrictions or requirements on these customers regarding their geographical coverage, sales target, minimum purchase requirements or channels. As such, we consider that all of these customers were our end customers and not distributors.

We believe the risk of channel stuffing and cannibalism is low in relation to our sales with trading partners for the following reasons: (i) we generally require payment before delivery from our trading partners; (ii) we generally do not allow returns or replacements of products sold to trading partners, unless there are product quality issues caused by us. We believe this product return policy discourages trading partners from over ordering and prompts them to purchase products based on actual demand and avoid inventory accumulation which in turn helps avoid channel stuffing; and (iii) we do not set minimum purchase requirements, nor sales targets, and therefore our trading partners are not incentivized or obliged to purchase any products exceeding their actual demands.

To the best of our knowledge, during the Track Record Period, all our trading partners were Independent Third Parties. Customer I is a related party to our Company, as it is 25% owned by Hei Zijian, a [REDACTED] Investor and 75% owned by a close family member of Hei Zijian. See "History and Development — [REDACTED] Investments" and Note 35 to the Accountants' Report as set out in Appendix I for details. To the best of our knowledge, save for Customer I, our trading partners, or their respective associates, do not have any past or present family, business, or financial relationships with us or our subsidiaries, our shareholders, directors or senior management, or any of their respective associates.

## BUSINESS

---

### **Sales and Marketing**

We have established a dedicated sales team to support our business development efforts. As of December 31, 2025, our sales team comprised 17 employees. Historically, we have built our customer base primarily through word-of-mouth referrals and our industry reputation for product quality and technological capabilities. Our sales and marketing team has been responsible for cultivating new relationships with industry players through physical site visits and regular communications to understand the needs of potential customers. Through their existing contacts and networks, our team presents and showcases our products and technologies to potential customers, demonstrating how our products can address their specific challenges.

Given the specialized nature of our products, we are dedicated to creating value for our customers, as we ultimately share in their success. We employ a distinctive “technical marketing” approach (技術營銷) that differentiates us from traditional sales methodologies and has been instrumental in building strong, long-term customer relationships. Our technical marketing strategy focuses on providing guidance to customers for the optimal use of our products. Through this process, our trained sales personnel who have technical backgrounds in mineral processing and related fields engage with customers at a technical level to understand their actual operational requirements and challenges, thereby enabling us to develop products that address market needs.

This technical marketing approach has contributed significantly to the development of our direct customer base through fostering long-term partnerships and customer loyalty that drive mutual success. Our customers benefit from comprehensive technical support services and, importantly, can experience tangible results from these services, such as improved recovery rates.

### **Pricing and Payment**

We mainly adopt a cost-plus pricing mechanism for our products and therefore determine the prices of our products mainly tracking market prices of raw materials. We also consider factors such as the technology involved, the prevailing supply and demand situation in the market, the market prices of comparable products, the production costs, the product specifications required by our customers and cooperation history. We typically accept purchase orders from our customers. We generally engage in discussions on product and raw material pricing with our customers and suppliers to make adjustments in alignment with raw material and product price trends.

Upon acceptance of the products or receipt of invoice, customers make payment to us in accordance with payment terms specified in the purchase order or sales contract. We typically grant credit terms ranging from 30 days to 165 days to customers. For certain sales agreements, customers are required to make full payment prior to delivery of goods.

## BUSINESS

---

### Warranty

Given the time-sensitive nature of flotation reagent chemicals, whose composition and efficacy may be affected by storage conditions and the passage of time, we provide a limited quality warranty for a defined period following delivery. Upon receipt of goods, customers are expected to conduct prompt inspection and testing of the products. Generally, any product defects identified must be raised with us within two weeks of delivery, following which we will conduct a sample test and upon positive test result showing product defects, the party may return or exchange of the affected products. If no objection is raised within this two-week inspection period, the products shall be deemed to have passed acceptance inspection.

### Third-Party Payment Arrangements

During the Track Record Period and as of the Latest Practicable Date, one of our customers located in Zimbabwe (the "**Relevant Customer**") had settled payments with us through a third party (the "**Third-party Payor**"). Specifically, in January 2026, we entered into an Entrusted Payment Agreement (the "**Agreement**") with the Relevant Customer and the Third-party Payor. In February 2026, pursuant to the said Agreement, the Third-party Payor made a payment of approximately USD0.9 million to us on behalf of the Relevant Customer to fully settle outstanding amounts due from the Relevant Customer. Under the Agreement, the Third-party Payor has irrevocably waived any and all rights to seek reimbursement, set-off or any other claims against us in relation to the payment amount. The Third-party Payor is a trading company based in Laos, and to the best of our Directors' knowledge, has an existing trading relationship with the Relevant Customer. The Third-party Payor is also a customer of our Group during the Track Record Period and an acquaintance of the Relevant Customer. Other than the amount settled in 2026, there were no amounts settled via the Third-party Payor on behalf of the Customer in 2023, 2024 and 2025.

The business relationship between us and the Relevant Customer commenced in 2022 and concluded in 2024 upon completion of the final contract between the parties. According to the Company, the delay in settlement to February 2026 was attributed to the Relevant Customer's difficulty in accessing U.S. dollars in Zimbabwe. For further details, see "**— Impact of U.S. Sanctions Laws on Certain Sales Transactions.**"

As of the Latest Practicable Date, we had not received any claim against us in relation to the third-party payment arrangement, nor had we encountered any material refund, actual or pending dispute or disagreement due to the third-party payment arrangement. Our Directors confirm that, the aforementioned third-party payment arrangement has been completely and accurately recorded in our accounting books and records. This was an isolated arrangement, and since the Latest Practicable Date, we have ceased to allow our customers to settle payments through third-party payers and all sales commenced thereafter can only be settled by such customers' own accounts.

## BUSINESS

### Major Customers

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. As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers.

The tables below set forth information about our five largest customers for each period during the Track Record Period:

#### *Year ended December 31, 2023*

Customer	Nature	Product sold	Background	Year of commencing business relationship	Sales amount  <i>(RMB'000)</i>	% of total revenue
Customer A . . . . .	Direct Customer	Xanthate	A company established in the Lao People's Democratic Republic, which is a non-wholly owned subsidiary of a company listed on the Stock Exchange engaged in mining, processing and sale of gold.	2022	11,936.5	5.2%
Customer B . . . . .	Direct Customer	Xanthate; Dithiophosphate; Frother	A group of companies, under a company listed on the Stock Exchange headquartered in Fujian, China, engaged in exploration, mining, processing, refining and sales of gold, non-ferrous metals and other mineral resources.	2013	11,278.8	4.9%
Customer C . . . . .	Direct Customer	Xanthate; Other Collectors	A group of companies, under a company listed on the Shanghai Stock Exchange headquartered in Gansu, China, engaged in the mining and trading of non-ferrous metals.	2021	11,082.1	4.8%

## BUSINESS

Customer	Nature	Product sold	Background	Year of commencing business relationship	Sales amount	% of total revenue
					<i>(RMB'000)</i>	
Customer D . . . . .	Direct Customer	Xanthate; Dithiophosphate; Frothers	A group of companies under a company listed on the Stock Exchange headquartered in Jiangxi, China, engaged in mining, processing and sale of concentrates products and gold products in the PRC and Solomon Islands.	2015	8,546.1	3.7%
Customer E . . . . .	Trading Partner	Xanthate; Dithiophosphate; Other Collectors	A private company incorporated in the Russian Federation, engaged in selling and trading of industrial chemicals and associated products.	2021	6,670.7	2.9%
					<u>49,514.3</u>	<u>21.6%</u>

### *Year ended December 31, 2024*

Customer	Nature	Product sold	Background	Year of commencing business relationship	Sales amount	% of total revenue
					<i>(RMB'000)</i>	
Customer C . . . . .	Direct Customer	Xanthate; Other Collectors	See above.	2021	12,949.2	5.0%
Customer D . . . . .	Direct Customer	Xanthate; Dithiophosphate; Other Collectors; Frothers	See above.	2015	12,075.6	4.7%
Customer A . . . . .	Direct Customer	Xanthate; Frother	See above.	2022	10,175.0	3.9%

## BUSINESS

Customer	Nature	Product sold	Background	Year of commencing business relationship	Sales amount	% of total revenue
					<i>(RMB'000)</i>	
Customer F . . . . .	Direct Customer	Xanthate; Dithiophosphate; Frothers	A group of companies under a company listed on the Shanghai Stock Exchange, headquartered in Tibet, China, licensed to explore and mine mineral resources, conduct geological surveys, and import export gold.	2023	8,433.8	3.3%
Customer G . . . . .	Direct Customer	Xanthate; Dithiophosphate	A wholly owned subsidiary of a company listed on the Shanghai Stock Exchange, headquartered in Gansu, China, licensed to produce and operate hazardous chemicals and related packaging with approval from authorities.	2020	7,020.9	2.7%
					<u>50,654.6</u>	<u>19.5%</u>

### *Year ended December 31, 2025*

Customer	Nature	Product sold	Background	Year of commencing business relationship	Sales amount	% of total revenue
					<i>(RMB'000)</i>	
Customer C . . . . .	Direct Customer	Xanthate; Other Collectors	See above.	2021	17,526.0	5.4%
Customer H . . . . .	Direct Customer	Xanthate; Dithiophosphate; Frother; Modifier	A private company headquartered in Angola, Africa, involved in the mining industry and the production and sale of copper. It is also engaged in the mining and operation of a large-scale copper mine in Angola.	2025	11,230.9	3.5%

## BUSINESS

Customer	Nature	Product sold	Background	Year of commencing business relationship	Sales amount	% of total revenue
					<i>(RMB'000)</i>	
Customer D . . . . .	Direct Customer	Xanthate; Dithiophosphate; Other Collectors	See above.	2015	9,963.4	3.1%
Customer I . . . . .	Trading Partner	Xanthate; Dithiophosphate; Other Collectors; Frother;	A private company headquartered in Chenzhou, China, engaged in processing and selling mining machinery, metals, minerals, and chemicals (excluding hazardous). It also provides logistics, warehousing, consulting, and agricultural trade services.	2012	9,231.4	2.9%
Customer J . . . . .	Direct Customer	Xanthate; Frother	A private company headquartered in Laos, engaged in the mining business.	2024	8,726.5	2.7%
					<u>56,678.2</u>	<u>17.5%</u>

### OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, one of our five largest customers in 2025, namely Customer I, was also a supplier during the Track Record Period.

As a customer, Customer I purchased from us a range of our products, including xanthate, dithiophosphate, other collectors, frothers and other reagents. As a supplier, we procured from Customer I a type of frother that we do not produce ourselves. We procured such frother from Customer I as Customer I had established connections with the relevant supplier and was able to obtain more favorable pricing from the supplier on our behalf. In 2023, 2024 and 2025, our procurement from Customer I accounted for approximately 0.0%, 0.1% and 0.1% of our total procurement for the respective years. Since establishment of direct connections with the relevant supplier, we no longer procure such frother through Customer I.

Customer I is a related party to our Company, as it is 25% owned by Hei Zijian, a [REDACTED] Investor and 75% owned by a close family member of Hei Zijian. See “History and Development — [REDACTED] Investments” and Note 35 to the Accountants’ Report as set out in Appendix I for details.

## **BUSINESS**

---

Our Directors have confirmed that all of our sales to and purchases from the aforementioned overlapping customer and supplier were conducted in the ordinary course of business under normal commercial terms. During the Track Record Period, our sales and purchases with the overlapping customer and supplier were not inter-conditional with each other.

### **QUALITY CONTROL**

Our commitment to high quality and reliability helps strengthen the recognition and trust among our customers. In order to monitor production quality and to ensure that our products meet all the stringent benchmarks and specifications of our customers and ourselves, we take a holistic approach to quality control, establishing a quality management system that complies with relevant national and international standards, covering product development, procurement, production, finished products and logistics. We obtained ISO 9001, ISO 14001 and ISO 45001 certification for our quality management system.

As of December 31, 2025, we have a quality control team comprising of 6 members. The quality control team is responsible for setting targets of quality control, establishing the quality control systems and inspection guidelines for our production, conducting regular inspections and providing trainings on quality and inspection techniques. To ensure the effectiveness of our quality control system, the quality control team regularly conducts performance inspection and data analysis on our production lines and equipment.

As a result of our stringent quality control measures, during the Track Record Period and up to the Latest Practicable Date, there was no incident of failure in our quality control systems which had a material impact on us.

#### **Quality control on product development**

Our quality control begins at the initial stage of product development with our R&D team working closely with our customers to test and evaluate the effectiveness, capacity and quality of new sample products in accordance with relevant quality standards and customer specifications.

#### **Quality control on procurement**

We only procure raw materials from qualified suppliers who have passed product quality and reliability assessments and meet the requirements of us and our customers. We keep evaluating our suppliers regularly with a range of factors including ability to meet our requirements for raw material quality, production capacity, delivery timelines and financial position. We may conduct onsite inspections from time to time on our suppliers' facilities. We conduct sample tests on raw materials upon delivery, and our quality control system has been designed to identify and address defective or sub-quality raw materials as early in the production process as possible.

## **BUSINESS**

---

### **Quality control on production**

We strictly follow our customers' quality specifications and relevant industry standards in our production process. Our quality control team conducts periodic quality checks on products at key control points during our production process in accordance with our internal quality control system to ensure quality standards and requirements of us and our customers are met at each stage of our production process.

### **Quality control on finished product and logistics**

Prior to delivery, our quality control team is responsible for conducting sample checks for every batch of finished products. We also conduct packaging inspection of finished products to ensure our packaging is sufficient to safeguard the quality of our finished products during transportation. We regularly inspect our warehouse and have safety measures in place to minimize risks of fire hazards, water damage and other similar risks to our finished products.

## **INFORMATION TECHNOLOGIES**

Our information technology systems are integral to our operational efficiency and business continuity. We have implemented an information technology infrastructure tailored to our organizational structure and business operations. For instance, our enterprise resource planning (ERP) system serves as our core information technology platform, supporting key functions including finance, procurement, sales, inventory and supply chain management. The ERP system facilitates real-time data integration and standardized process management, enhances inventory and production planning, and strengthens internal controls and financial management. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material information technology system failure or downtime that had a material adverse effect on our operations.

Going forwards, we plan to strengthen our information technology systems to keep up with the growth of our business. We believe such improved systems will strengthen supply chain management as well as improve our ability to develop products that meet the demands and preferences of our customers.

## **COMPETITION**

The flotation reagents industry is characterized by intense competition, evolving customer requirements and ongoing technological advancement. As ore grades decline globally and mineral compositions become increasingly complex, mining enterprises are placing greater emphasis on reagent performance, customization capability and environmental compliance when selecting suppliers.

## BUSINESS

---

According to Frost & Sullivan, the market size of China's flotation reagents industry grew from RMB16.7 billion in 2020 to RMB19.8 billion in 2024, representing a CAGR of 4.3%, and is expected to reach RMB26.5 billion by 2029, representing a CAGR of 6.2% from 2025 to 2029. At the global level, the flotation reagents market grew from RMB50.7 billion in 2020 to RMB59.6 billion in 2024, representing a CAGR of 4.1%, and is projected to reach RMB78.4 billion by 2029, representing a CAGR of 5.7% from 2025 to 2029.

We compete with domestic and international flotation reagent manufacturers across multiple dimensions, including product efficacy, formulation expertise, pricing, supply chain reliability and technical service capabilities. The principal competitive factors in our industry include the ability to develop high-efficient collectors and frothers, provide tailored reagent solutions for specific ore types, maintain consistent product quality at scale, and offer on-site technical support to optimize flotation performance. See “Industry Overview” and “Risk Factors — Risks Relating to Our Industry and Business.”

We believe we have built a solid competitive position in the flotation reagents market through the combination of our comprehensive product offering, strong R&D capabilities, scalable production infrastructure and deep customer relationships. Our product portfolio covers the full spectrum of flotation reagents, including collectors, modifiers, frothers and other reagents, enabling us to serve as a one-stop supplier for mining enterprises with diverse mineral processing needs. This technical depth, together with our ability to manufacture at scale while maintaining product consistency and cost competitiveness, has allowed us to establish long-term partnerships with major mining clients. By delivering not only reagents but also technical support and process optimization services, we have positioned ourselves as an integrated solutions provider rather than a commodity supplier, which we believe enhances customer loyalty and creates sustainable barriers to competition.

## INSURANCE

During the Track Record Period, we provided mandatory social insurance for our employees as required by PRC social insurance regulations, such as pension insurance, unemployment insurance, work injury insurance and medical insurance. We also maintain work safety liability insurance, environmental pollution liability insurance. We believe our existing insurance coverage is adequate for our existing operations and is in line with industry standards and complies with the relevant rules and regulation in the PRC. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See “Risk Factors — Risks Relating to Our Industry and Business — Our insurance coverage may not be sufficient to cover all potential losses.” During the Track Record Period and up to the Latest Practicable Date, we had not made, neither had we been the subject of, any insurance claims which are of a material nature to us.

## **BUSINESS**

---

### **WAREHOUSE, LOGISTICS AND INVENTORY MANAGEMENT**

Our inventory consists of raw materials and consumables, and finished goods. We focus on optimizing our inventory management and actively monitor our inventory levels. We maintain a reasonable inventory level and update our inventory plan regularly based on factors such as estimated consumption, product demand and prevailing market prices for the relevant raw materials. We usually maintain sufficient inventory of main raw materials which we consider adequate to meet any increase in demand for products, and to ensure that there are no disruptions in supply of products.

We utilize warehouses located at our production facility and designate separate storage areas for different products and raw materials to ensure safety and avoid contamination. During the Track Record Period, our logistics was primarily provided by qualified third party logistics service suppliers to deliver our finished products from our production facilities to location specified by our customers. We set strict standards for the transportation of our products that these third-party logistics service providers are required to follow, and we evaluate the third-party logistics service providers periodically to ensure smooth and safe delivery of products to customers.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant delay or inappropriate handling of products that materially or adversely affected our business operations.

### **PROPERTY**

We occupy certain properties in China in connection with our business operations. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. They mainly include premises for our production facilities, research and development centers, warehouses, offices, and dormitories.

Since our property interests are for non-property activities and the carrying amount of certain of such property interests is above 15% of our total assets, we include a property valuation report on such property interests in this document pursuant to Rule 5.01B(2) of the Listing Rules. See "Appendix IV — Property Valuation Report" for details. The total market value of our property interests included in the property valuation report prepared by Colliers Appraisal and Advisory Services (Shanghai) Co., Ltd. was approximately RMB58.4 million as of January 31, 2026. Except for the property interest described in the property valuation, our Group has no other owned property interest that forms part of our non-property activities that has a carrying amount of 15% or more of total assets pursuant to Rule 5.01(2)(b) of the Listing Rules.

## BUSINESS

---

### **Owned Land and Properties**

We own and occupy certain land parcels and buildings in the PRC for our business operations. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. As of December 31, 2025, we held the land use rights of two parcels of land with an aggregate site area of approximately 78,494.6 m<sup>2</sup> in China. All of these land parcels have been granted land use right certificates. As of December 31, 2025, we owned 26 properties in China with a total gross floor area of approximately 18,653.0 m<sup>2</sup>. These land parcels and properties are primarily used for business operations, production and warehousing purposes. We have obtained all title certificates for these properties in China.

### **Leased Properties**

As of December 31, 2025, we leased one property in China with an aggregate gross floor area of approximately 720 m<sup>2</sup> that are primarily used for warehouse purposes. The lease has a term of three years starting from November 2025.

This leased property is built on collective land (集體用地). As advised by our PRC Legal Advisor, collective land shall not be used for non-agriculture commercial construction without authorization from relevant authorities. There is no guarantee that the lessor had obtained authorizations from the relevant authorities. If the lessor did not obtain such authorization in accordance with the relevant laws and regulations, the validity of the relevant leasing contract may be uncertain. In the event that we are not able to continue to use the leased property, we consider that the leased property can be replaced by other suitable properties for warehousing purposes on comparable commercial terms and at similar prices with immaterial relocation costs. In view of the foregoing, our Directors are of the view that such leased property defect does not have any material adverse impact on the operation of the Group.

### **LICENSE, APPROVALS AND PERMITS**

We are required to maintain various licenses, permits and approvals in order to operate our business. We continually monitor our compliance with the requirements related to licenses, permits and approvals in order to ensure that we have all such licenses, permits and approvals which are necessary to operate our business. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had obtained the requisite licenses, approvals and permits from relevant authorities in China that are material to the operation of our existing business.

## BUSINESS

The following table sets out a list of material licenses, permits and approval held by us as of the Latest Practicable Date.

License/Permit	Holder	Grant date	Validity period
Safety Production Permit (安全生產許可證) . . . .	The Company	March 26, 2026	July 24, 2023 – July 23, 2026
Hazardous Chemicals Registration Certificate (危險化學品登記證) . .	The Company	March 31, 2026	August 11, 2023 – August 10, 2026
Hazardous Chemicals Business License (危險化學品經營 許可證) . . . . .	The Company	March 26, 2026	October 9, 2024 – October 8, 2027
Pollutant Discharge Permit (排污許可證) . . .	The Company	June 5, 2023	June 23, 2023 – June 22, 2028
Hazardous Chemicals Business License (危險化學品經營 許可證) . . . . .	Hunan Xinzhuoyao	August 18, 2023	August 18, 2023 – August 17, 2026
Hazardous Chemicals Business License (危險 化學品經營許可證) . . .	Hunan Juhongming	November 26, 2024	January 11, 2025 – January 10, 2028

## LEGAL PROCEEDINGS AND COMPLIANCE

### Legal Proceedings

We may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any material pending or threatened legal, arbitral or administrative proceedings against us or our Directors.

### Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material noncompliance 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. However, we could be subject to fines, penalties, and orders requiring that we change our practices, which could have an adverse effect on our business and results of operations if our practice fails to comply with applicable laws and regulations. See “— Employees” and “— Properties” in this section for a description of certain legal matters relating to our compliance with PRC employment and real property related laws and regulations which we consider would not have a material adverse effect on our business, financial condition, or results of operations.

## **BUSINESS**

---

### **ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

#### **ESG Governance**

We recognize the critical importance of managing ESG matters for the achievement of sustainable development. Accordingly, we are committed to strengthening ESG governance, proactively responding to the overarching trend of low-carbon transition, enhancing business resilience, advancing our sustainable growth objectives, and creating long-term value for all key stakeholders.

To promote ESG initiatives on a systematic basis, we have established an ESG governance framework. The Board of Directors (the "**Board**") is responsible for formulating our overall ESG strategy and objectives, and actively participates in the analysis and assessment of the materiality of ESG matters. The Board determines the Company's sustainability priorities, directs management to set ESG targets across key areas, including environmental and social dimensions, and regularly reviews the progress and achievement of those targets. We have established a dedicated ESG Working Group, which serves as the core management and coordinating body for the Company's ESG affairs. The Working Group comprises personnel with relevant professional expertise, and its responsibilities cover key areas including employment and labor practices, occupational health and safety, product responsibility and innovation, supply chain management, and business ethics. The principal responsibilities of the ESG Working Group include (i) formulating, implementing and periodically reviewing the Company's ESG strategy, related management approaches, policies and action plans; (ii) identifying and assessing material ESG topics; (iii) identifying, assessing, prioritizing and managing ESG-related risks and opportunities; (iv) monitoring and evaluating the Company's ESG performance, setting targets and tracking progress; (v) reviewing and monitoring the effectiveness of various stakeholder engagement channels and promptly addressing stakeholder feedback; and (vi) closely monitoring market trends and peer practices and performance in ESG matters.

#### **ESG-Related Risks and Opportunities**

As a core component of our ESG governance framework, we have established a systematic mechanism for managing ESG risks and opportunities. We have identified ESG risks and opportunities that are highly relevant to our business operations, and have conducted comprehensive assessments of their likelihood of occurrence and their potential impact on our business, strategy and financial position. Based on the assessment results, we have developed and implemented appropriate management measures aimed at effectively mitigating material ESG risks while actively capturing potential ESG opportunities.

---

**BUSINESS**

---

The table below provides a summary of the impacts and principal response measures in respect of the material ESG-related risks and opportunities identified.

<u>Dimension</u>	<u>ESG Risk</u>	<u>Potential Impact</u>	<u>Response Measures</u>
Environment . . .	Pollutant Management	Inadequate treatment of pollutants may result in non-compliant discharges, potentially causing environmental contamination.	<p>Strictly enforce pollutant treatment operating procedures to ensure compliant discharge.</p> <p>Implement real-time online monitoring of discharged pollutants and promptly suspend discharges upon detection of anomalies.</p>
Social . . . . .	Occupational Health and Safety	Excessive exposure to occupational health hazards may lead to occupational diseases among employees.	<p>Adopt containment and other measures to minimize hazard exposure.</p> <p>Strengthen routine inspections and implement effective controls over occupational health hazards.</p> <p>Enhance labor protection measures and conduct regular occupational health examinations.</p>

---

**BUSINESS**

---

<u>Dimension</u>	<u>ESG Risk</u>	<u>Potential Impact</u>	<u>Response Measures</u>
	Supply Chain Management	Instability in the supply of key suppliers or partners may disrupt overall production schedules and, in severe cases, result in customer attrition and business interruption.	Maintain stable supply chain relationships and pursue high-quality development alongside supply chain partners, ensuring supply chain compliance and sustained, healthy growth.
Governance . . . .	Business Ethics	Incidents of corruption or bribery could severely compromise the Company’s overall financial position.	Conduct business ethics reviews to identify financial vulnerabilities and minimize the occurrence of corruption.

**Business Ethics**

We attach great importance to business ethics management and strictly comply with applicable laws and regulations, including the *Anti-Unfair Competition Law of the People’s Republic of China* and the *Interim Provisions of the State Administration for Industry and Commerce on the Prohibition of Commercial Bribery*. We maintain a zero-tolerance stance towards any violations of business ethics. We advocate fair competition and firmly oppose commercial bribery and industry monopolistic practices, adopting a zero-tolerance approach to illegal extortion, commercial fraud, money laundering, and any other conduct that contravenes business ethics. We regularly conduct integrity culture-building initiatives and anti-corruption training to enhance the compliance awareness and ethical standards of all employees. We value and are committed to maintaining accessible and secure whistleblowing channels, with strict confidentiality measures in place to protect whistleblower identities, and we support anonymous reporting. All employees of the Company may report any suspected corruption, bribery or other misconduct through designated channels such as the Company’s official mailbox.

## BUSINESS

---

### Environment

#### *Environmental Compliance Management*

We place the highest priority on environmental protection in our operations. We strictly comply with the *Environmental Protection Law of the People’s Republic of China*, the *Water Pollution Prevention and Control Law of the People’s Republic of China*, the *Atmospheric Pollution Prevention and Control Law of the People’s Republic of China*, the *Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, the *Law of the People’s Republic of China on Noise Pollution Prevention and Control*, and other applicable national and local environmental laws and regulations. We ensure the proper management of wastewater, air emissions, solid waste and noise generated from our operations, and that all discharges meet local statutory standards.

To ensure systematic, standardized and effective environmental compliance management, we have formulated and implemented internal policies including the *Environmental Protection Management Policy*, and have established a dedicated Environmental Health and Safety department responsible for coordinating and supervising the implementation and execution of all environmental protection measures, ensuring full compliance at every stage from project inception through to operations.

#### *Emissions Management*

We adhere to the emissions management principle of “resource recovery, reduction and harmless treatment,” and have established an Environmental Health and Safety department responsible for overseeing the implementation of internal policies such as the *Hazardous Waste Management Policy*, ensuring that all emissions are properly and compliantly handled.

We implement a classification-based approach to emissions management. We actively undertake monitoring, inspection and compliant treatment of wastewater and air emissions to reduce adverse environmental impacts on the surrounding environment and communities. We also collect and process these on a centralized basis and actively promote recycling and reuse. For spent chemicals and chemical containers classified as hazardous waste, we implement full life-cycle closed-loop management of hazardous waste — from generation, storage and transfer through to disposal — and engage qualified third-party service providers for compliant treatment, ensuring full traceability and controllable risk throughout the process.

#### **Energy Management**

We strictly comply with the *Energy Law of the People’s Republic of China* and other applicable energy-related laws and regulations. To manage energy consumption effectively and reduce greenhouse gas emissions, we continuously implement a range of energy-saving measures in our daily operations, including the adoption of high-efficiency equipment and LED lighting systems, the promotion of green transportation, and the delivery of energy conservation awareness training for workshop personnel. Looking ahead, we will progressively advance our low-carbon transition and actively explore the feasibility of introducing renewable energy sources such as photovoltaic power generation, with a view to accelerating the development of a low-carbon, efficient and sustainable modern energy system.

## BUSINESS

### Water Resources Management

We strictly comply with the *Water Pollution Prevention and Control Law of the People’s Republic of China* and other applicable laws and regulations, and are committed to embedding the principles of water conservation and efficient utilization throughout our operations. Our operational and production water is primarily sourced from municipal water supply. To reduce water consumption in our day-to-day operations, we have adopted a series of water-saving measures, including treating and recycling cooling water, strengthening inspections to address leaks and drips, and conducting environmental training to raise employees’ water-saving awareness.

In terms of wastewater management, we continue to pursue technological optimization and equipment upgrades, implementing source-level controls and comprehensive treatment of wastewater-generating process stages, with the aim of improving water reuse rates and reducing total wastewater discharge. Concurrently, we continuously monitor the types, concentrations and volumes of pollutants in our wastewater, and ensure the stable operation of our wastewater treatment and purification facilities, with all discharges meeting the requirements of applicable regulations and standards.

The table below sets out the Group’s emissions and resource consumption indicators during the Track Record Period.<sup>1</sup>

Indicator	Unit	For the year ended December 31,		
		2023	2024	2025
<b>Emissions<sup>1</sup></b>				
Air Emissions				
Nitrogen oxides (NOx) . . . . .	kg	65.61	66.42	65.88
Particulate matter (PM) . . . . .	kg	6.19	6.26	6.22
Greenhouse Gas Emissions				
Scope 1 & 2 emissions <sup>2</sup> . . . . .	tCO <sub>2</sub> e	3,553.57	3,743.56	3,611.88
	tCO <sub>2</sub> e/ RMB			
Scope 1 & 2 emissions intensity . . . . .	million revenue	15.48	14.44	11.15
Total Scope 1, 2 & 3 emissions . . . . .	tCO <sub>2</sub> e	3,554.09	3,744.04	3,612.42
Direct emissions (Scope 1) . . . . .	tCO <sub>2</sub> e	91.08	58.71	83.26
Indirect emissions (Scope 2) . . . . .	tCO <sub>2</sub> e	3,462.49	3,684.85	3,528.62
Other indirect emissions (Scope 3) <sup>3</sup> . . . . .	kgCO <sub>2</sub> e	523.48	478.72	536.36
<b>Resource Consumption</b>				
Energy				
Energy total <sup>5</sup> . . . . .	MWh	6,802.67	7,092.65	6,894.53
	MWh/RMB			
Total energy intensity . . . . .	million revenue	29.63	27.36	21.30

## BUSINESS

Indicator	Unit	For the year ended December 31,		
		2023	2024	2025
Purchased electricity. . . . .	MWh	6,452.64	6,867.04	6,575.88
Petrol . . . . .	liters	18,203.34	11,698.19	13,027.57
Diesel . . . . .	liters	18,725.89	12,100.00	20,085.00
Water Resources				
Water consumption. . . . .	m <sup>3</sup>	52,444.00	45,224.00	43,845.00
	m <sup>3</sup> /RMB			
Water consumption intensity . . . . .	million revenue	228.43	174.47	135.44

- 1 The data presented covers the core business operations of the Group.
- 2 Greenhouse gas emissions were calculated with reference to the Guidelines for Enterprise Greenhouse Gas Emissions Accounting and Reporting (Trial) issued by the General Office of the National Development and Reform Commission. Scope 1 (direct) emissions cover greenhouse gas emissions directly generated by businesses owned or controlled by the Group. Scope 2 (indirect) emissions cover greenhouse gas emissions arising from purchased electricity consumed in our operations. Scope 3 (other indirect) emissions arise from the Group’s value chain.
- 3 Scope 1 and Scope 2 emissions are primarily attributable to purchased electricity and fuel consumed in operations.
- 4 Scope 3 emissions cover Category 7: Employee Commuting.
- 5 Energy total is converted using the coal conversion factors set out in the General Rules for the Calculation of Total Energy Consumption (GB/T 2589-2020), with the unit being MWh.

### Climate Change Response

We are acutely aware of the far-reaching impacts of global climate change on economic, social and business operations. To ensure effective management of climate-related risks, we adhere to the principle of “safety first, prevention-oriented, comprehensive management” and have formulated and implemented internal policies and procedures including the *Meteorological Disaster Prevention Policy*. Our ESG Working Group and Environmental Health and Safety Production department actively carry out climate change management activities to meaningfully enhance the level of climate governance.

We plan to progressively integrate climate risks into our overall enterprise risk management framework, enabling early warning, early preparedness and early response, and comprehensively enhancing our capacity to respond to extreme weather events. Concurrently, we are advancing green procurement, production process optimisation and high-efficiency equipment deployment in an orderly manner, gradually increasing the proportion of renewable energy used, and systematically driving carbon neutrality across our own operations and value chain.

## BUSINESS

---

### Social

#### *Product Responsibility and Innovation*

We strictly comply with the *Product Quality Law of the People’s Republic of China* and other applicable laws and regulations, and have formulated policy documents including the Quality Management System. To achieve precise identification and effective control of product quality risks, we continuously monitor key performance indicators such as product pass rates, and conduct quality inspections on incoming raw materials and finished products to ensure that products released to the market are safe and reliable. In addition, we regularly provide training and assessments to production line employees, helping them gain a thorough understanding of product operating requirements and achieve proficiency in practical skills, thus effectively safeguarding product quality.

At the same time, we have established a company-wide innovation incentive mechanism that encourages employees to address technical challenges in production. We actively collaborate with universities and research institutes to establish joint laboratories, jointly advancing the validation and commercialization of new products to enhance product performance and environmental benefits. For innovation outcomes — such as new technologies, new products that have passed verification at various levels, or published academic papers — our Company has a systematic tiered reward system in place to provide appropriate recognition and incentives to employees.

#### **Employee Rights and Benefits**

We strictly comply with the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China, and the *Provisions on the Prohibition of Using Child Labor*, among other applicable laws and regulations, and are committed to safeguarding employees’ legitimate rights and interests in respect of remuneration and benefits, working hours, rest and leave, and occupational safety through a institutional framework.

We are committed to fostering an inclusive, equitable and development-oriented working environment. We champion and uphold principles of gender equality and workforce diversity, and firmly oppose any form of improper discrimination on the basis of ethnicity, race, gender, religious belief or other such factors. We actively broaden our recruitment channels and cooperate with various professional associations, minority community organizations and educational institutions to attract a diverse talent pool. We conduct focused reviews of employment relations management during the recruitment process, strictly prohibiting the use of child labor, forced labor or any form of involuntary labor to safeguard employees’ legitimate rights and interests. We have established open communication channels and diversified incentive mechanisms to solicit employees’ opinions and suggestions regarding welfare policies, and to continuously improve employee satisfaction.

---

**BUSINESS**

---

<b>Indicator</b>	<b>For the year ended December 31, 2025</b>
Total number of employees . . . . .	153
Male employees . . . . .	119
Female employees . . . . .	34
Aged 29 and below . . . . .	15
Aged 30–49 . . . . .	82
Aged 50 and above . . . . .	56

**Occupational Health and Safety**

We implement a company-wide safety production accountability system and maintain a rigorous work permit system, with full-process supervision of high-risk operations and the provision of complete labor protective equipment for employees. We have also deployed an intelligent safety monitoring system for real-time monitoring of equipment operating conditions and employee work practices, and regularly organize equipment inspections and hazard identification exercises to reduce the likelihood of safety incidents. We regularly conduct company-wide safety training and emergency drills to enhance employees’ safety awareness and emergency response capabilities, and provide annual occupational health examinations for all frontline employees.

**Employee Training and Development**

We are attentive to the professional development of our employees and have consistently provided training and comprehensive career development resources to support employee growth and advancement. We have established a tiered, category-based development framework for new hires, technical staff and managerial staff, encompassing pre-employment induction training, professional skills enhancement training, leadership development programs and external study programs. We have also instituted an internal instructor system, encouraging experienced key employees to share their professional knowledge and skills, assisting employees in enhancing their professional capabilities and supporting their career progression.

**Responsible Supply Chain**

We are deeply aware of the importance of supply chain performance to product quality, operational stability and sustainable development. To safeguard the transparency and impartiality of our procurement processes, we have formulated a series of management policies including the *Procurement Management Policy*, the *Procurement Supervisor Job Description* and the *Procurement Officer Job Description*, standardizing our procurement procedures and defining supplier admission and assessment criteria. We are committed to promoting sustainable development by incorporating key environmental, social and governance indicators — such as product quality, environmental protection and occupational health and safety — into our supplier assessment framework. We require suppliers to maintain ISO 9001-certified quality management systems, ISO 14000-certified environmental management systems and ISO 45001-certified occupational health and safety management systems, and to comply with relevant environmental standards.

---

## BUSINESS

---

### Social Contribution

We actively participate in various charitable activities, including educational donation programs and special-purpose donations through charitable foundations. We distribute care packages to elderly residents in rural communities during the annual Chongyang Festival, and sponsor rural public lighting infrastructure projects and other livelihood improvement initiatives, giving back to society through tangible actions. Going forward, we will continue to explore opportunities in key areas of community investment and, where appropriate, expand the breadth of our collaborations and deepen partnerships with organizations that generate significant social benefits, promoting the shared development of the Company and the communities it serves.

### EMPLOYEES

As of December 31, 2025, we had 153 employees. All of our employees are based in China. The following table sets forth a breakdown of our employees by function as of December 31, 2025.

<b>Function</b>	<b>Number of Employees</b>	<b>% of total employees</b>
R&D . . . . .	19	12.4
Management and administrative . . . . .	18	11.8
Sales and marketing . . . . .	17	11.1
Finance . . . . .	11	7.2
Manufacturing . . . . .	77	50.3
Loading and unloading . . . . .	11	7.2
<b>Total . . . . .</b>	<b>153</b>	<b>100.0</b>

Our success relies on our ability to attract, motivate, train, and retain skilled personnel. We believe we offer competitive compensation packages and a collaborative, creative work environment, which has allowed us to attract and retain qualified talent and maintain a stable core management team. We recruit talents, with high standards and rigorous procedures and through various methods, including campus recruitment, online recruitment, internal referrals, and third-party recruiters, to select the best-fit personnel for the corresponding positions in response to our various talent demands.

We invest in continuing training programs, including regular and tailor-made internal and external training, for our employees to improve their professional knowledge and management skills, upgrade their skill sets, and keep abreast of the industry standards in their respective positions.

## BUSINESS

---

In line with PRC laws, we participate in government-mandated employee benefit plans, including social insurance for pensions, medical care, unemployment, work-related injury, maternity, and housing funds. We are required by PRC law to contribute to employee benefit plans at specific rates based on employee salaries, bonuses, and certain allowances, up to limits set by local regulations. We believe that we maintain good working relationships with our employees, and we have not experienced any material labor disputes, strikes, protests or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

### *Social Insurance and Housing Provident Funds*

According to the relevant PRC laws and regulations, we are required to make full contributions to the social insurance fund and housing provident fund for the benefit of our employees in China at specified percentages of the employee's wage income. Due to historical reasons, differences in local practice and administrative complexities, we did not make full contributions to social insurance and housing provident fund in accordance with relevant laws and regulations during the Track Record Period.

As of the Latest Practicable Date, (i) we have not received any administrative penalty of rectification notice from the relevant regulatory authorities with respect to social insurance and housing provident funds contributions, (ii) we have not been subject to any complaints, reports, or labor disputes initiated by employees regarding social insurance and housing provident funds contributions, (iii) we had not been subject to any material administrative penalties with respect to social insurance and housing provident funds during the Track Record Period and up to the Latest Practicable Date, (iv) we have obtained confirmations from relevant regulatory authorities confirming that no administrative penalty was imposed on us in this regard, and (v) we will make timely payments for the shortfall amount and overdue charges as requested by competent governmental authorities in a timely manner if so requested. Our PRC Legal Advisor is of the view that, if there are no material changes in current policies, regulations, the law enforcement and supervisory practices of competent authorities, in the absence of the employee's complaints, reports, or labor disputes, the risk of us being subject to the centralized collection of historical shortfall and further material administrative penalties by competent government authorities is remote.

### **RISK MANAGEMENT AND INTERNAL CONTROL**

We have in place a reasonable internal control and risk management system to address the strategic, operational, financial, legal, investment and market risks identified in relation to our operations. This system comprises various measures and policies, including budget management, procurement management, expenditure management, sales and development management, safety and environmental protection management, investment management, connected party transaction controls, anti-fraud and whistleblowing procedures, information disclosure controls, human resources management, IT management and financial and operational controls and monitoring procedures.

## BUSINESS

---

Our Board is responsible for overseeing our overall risk management, such as determining risk management objectives and policies. The Board has authorized the senior management to design and implement procedures that ensure the effective implementation of risk management objectives and policies. The senior management review the effectiveness of implemented procedures and the rationality of risk management objects and policies through monthly reports submitted by functional department. After due consideration, our Directors are of the view that our current internal control measures are adequate and effective.

To monitor the implementation of our risk management policies and corporate governance measures after the [REDACTED], we have implemented or will continue to implement, among others, the following risk management measures:

- establish the audit committee to review our financial reporting process and internal control system, set up the risk management and internal audit procedures, provide advice and comments to our Board and perform other duties and responsibilities as may be assigned by the Board. For details of the qualification and experience of these members, see “Directors and Senior Management.”
- establish anti-fraud policies to identify, prevent and punish unethical and illegal conducts, as well as whistle-blowing procedures to encourage our employees to bring those conducts to the attention of our senior management and the Board and ensure the protection of whistle-blowers;
- adopt various policies to ensure our compliance with the Listing Rules, including but not limited to policies in respect of risk management, connected transactions and information disclosures;
- engage accounting firms to provide professional advice and consultations with respect to our risk management; and
- arrange for our Directors and senior management to attend training seminars on the Listing Rules’ requirements and the responsibilities of a director of a Hong Kong listed company.

### IMPACT OF U.S. SANCTIONS LAWS ON CERTAIN SALES TRANSACTIONS

During the Track Record Period, we have certain sales transactions involving Russia, Zimbabwe, Myanmar and North Korea. Specifically, we made direct sales to customers in Russia and Zimbabwe, and indirect sales involving end customers in Myanmar and North Korea through PRC domestic trading partners. North Korea is a comprehensively sanctioned country subject to a comprehensive embargo under the North Korea Sanctions Regulations and multiple Executive Orders of the United States. While Russia, Myanmar and Zimbabwe are not comprehensively sanctioned countries, they are subject to listed-based sanctions programs and/or sectoral sanctions programs administered by the OFAC of the United States. Please see “Regulatory Overview — Overview of Sanctions Laws in the United States” for further details.

---

## BUSINESS

---

### Russia Sales

We sold certain mineral processing reagents(including sodium butyl xanthate) to a direct customer and a trading partner located in Russia. Our revenue generated from Russian sales was RMB 6.7 million, RMB 2.5 million, and RMB 0.6 million, which accounted for approximately 2.9%, 1.0% and 0.2% of our total revenue in 2023, 2024 and 2025, respectively. The declining proportion of revenue attributable to the Russian sales reflects the diminishing significance of this business to our overall operations.

Among these sales, a total of RMB2.5 million (approximately USD369,000) in six payments were received by us through an account at the Shanghai Branch of VTB Bank PJSC (“**VTB Shanghai**”) during the period from December 2024 to June 2025. VTB Shanghai is a branch of VTB Bank PJSC, which was designated on the SDN List on 24 February 2022 on the basis of its status as an entity operating in the financial services sector of the Russian economy. Under OFAC’s 50 Percent Rule, any entity owned 50% or more by a person on the SDN List is itself treated as a blocked person. Accordingly, VTB Shanghai would be treated as a blocked person for purposes of U.S. sanctions.

On the basis of the facts and representations that (i) we are a PRC-incorporated company, and all of our Group entities are located in the PRC; (ii) none of our directors, officers, or employees are U.S. Persons, and accordingly, no U.S. Persons were involved in the approval, financing, or execution of the Russian sales; (iii) all payments were denominated and settled in RMB, no U.S. dollars were involved, and the transactions did not involve the U.S. financial system; and (iv) no U.S.-origin goods, technology, software, or services were involved in the Russian sales, our Legal Advisor as to U.S. Sanctions and Export Control Laws is of the view that the Russian sales and the associated receipt of payment through VTB Shanghai did not appear to implicate material U.S. primary sanctions risks in the absence of U.S. nexus.

It was noted that our maintenance of a bank account at VTB Shanghai (the “**VTB Account**”) and receipt of payments through that account present certain secondary sanctions risk factors, in particular: (A) the VTB Account constitutes a direct banking relationship with a block persons, which could be characterised as providing economic benefit to a designated entity; and (B) we received six payments through the VTB Account over a seven-month period.

Notwithstanding the above, based on the following relevant facts, representations and mitigating factors:

- (i) the aggregate value of payments received through VTB Shanghai was approximately USD369,000, representing a relatively modest amount, and the proportion of our total revenue attributable to the Russian Sales declined significantly over the Track Record Period (from 2.9% in 2023 to 0.2% in 2025);
- (ii) no counterparties to the Russian sales were identified on the SDN List or any other U.S. sanctions lists as of the date of the relevant screenings;
- (iii) mineral processing reagents are a civilian mining chemical and is not a sanctioned or controlled good under the Russia sanctions framework;
- (iv) the sanctions concern arises from the settlement channel (the VTB Account), not from the underlying sales with the Russian customers or the product sold;

## BUSINESS

---

- (v) Russia is not a comprehensively sanctioned country under U.S. sanctions laws;
- (vi) our Company is a chemicals manufacturer with a predominantly PRC domestic business, not a financial institution that is more targeted by the Russian secondary sanctions;
- (vii) as a Chinese company with all operations in China, our legal and compliance functions were focused on compliance with PRC laws and regulations, and we were not aware of VTB’s designation on the SDN List at the relevant time. PRC laws do not prohibit PRC persons from transacting with banks or entities designated under U.S. sanctions laws, and VTB Shanghai continues to operate in China. In this context, we did not have reason to believe that the banking relationship with VTB Shanghai was impermissible under U.S. sanctions laws. These are relevant to assessing the knowledge requirement under the applicable secondary sanctions authorities;
- (viii) we ceased using the VTB Account in June 2025 and upon advice, we are in the process of closing the VTB Account; and
- (ix) we are in the process of adopting remedial and compliance measures as further set out below,

our Legal Advisor as to U.S. Sanctions and Export Control Laws is of the view that the Russian sales and the associated receipt of payments through the VTB Account did not appear to implicate material U.S. secondary sanctions risks. However, see “Risk Factors — We could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanction administered by the United States, the United Nations and other relevant sanctions authorities” for further details on sanctions risks.

### **Zimbabwe and Myanmar Sales**

During the Track Record Period, we sold certain mineral processing reagents directly to a customer located in Zimbabwe. The revenue generated from such sales amounted to approximately RMB3.5 million and RMB2.4 million, representing approximately 1.5% and 0.9% of our total revenue in 2023 and 2024, respectively, and no sales or revenue was recorded in 2025. For details of the settlement of the Zimbabwe sales, please see “— Third-Party Payment Arrangement”.

In relation to our sales involving Myanmar, we sold certain mineral processing reagents to several PRC domestic trading partners who, to our knowledge, onward re-sold the goods to end customers in Myanmar. The revenue generated from such indirect sales amounted to approximately RMB3.2 million, RMB0.8 million and RMB7.9 million, representing approximately 1.4%, 0.3% and 2.4% of our total revenue in 2023, 2024 and 2025, respectively.

## BUSINESS

---

On the basis that (i) no counterparties to the relevant Zimbabwe or Myanmar sales (including the Relevant Customer and the Third-party Payor in connection with the third-party payment arrangement involving Zimbabwe) were identified on the SDN List, Entity List or any other U.S. sanctions lists as of the date of the relevant screenings; (ii) payments relating to Myanmar sales were settled in RMB and did not involve the U.S. financial system; and (iii) while the payment relating to the Zimbabwe sale was settled in USD, none of Zimbabwe or Myanmar is a comprehensively sanctioned country under U.S. sanctions laws, and the USD settlement alone, in the absence of other material U.S. nexus factors, does not appear to implicate material U.S. primary sanctions exposure.

With respect to U.S. secondary sanctions risks, secondary sanctions applicable to Zimbabwe and Myanmar are targeted in nature and apply to specific designated persons, sectors, or activities. Given that no counterparties to the Zimbabwe and Myanmar sales were identified on the SDN List or other relevant U.S. sanctions lists as of the dates of the relevant screenings, our Legal Advisor as to U.S. Sanctions and Export Control Laws is of the view that such transactions, including the settlement arrangement with the Relevant Customer and the Third-party Payor for the Zimbabwe sales as described in “ — Third-Party Payment Arrangement,” did not appear to implicate material U.S. secondary sanctions risks.

### **North Korea Sales**

Our sales involving North Korea only commenced in 2025. We supplied sodium butyl xanthate to a PRC domestic trading partner pursuant to a framework contract, who in turn sold to customers in North Korea. The revenue generated from such sales amounted to approximately RMB2.1 million, representing approximately 0.6% of our total revenue in 2025. We ceased such North Korea-related sales upon the expiry of the relevant framework contract on January 30, 2026.

On the basis of the facts and representations that: (i) we are a company established in the PRC and all of our Group entities are located in the PRC; (ii) none of our directors, officers, or employees are U.S. Persons, and accordingly no U.S. Persons were involved in the approval, financing, or execution of the transactions, (iii) the transactions between us and the PRC domestic trading partners occurred entirely within China, and were denominated and settled in RMB; therefore, no U.S. dollars were used in connection with the transactions, and the transactions did not involve the U.S. financial system, (iv) no U.S.-origin goods, technology, software or services were involved in the relevant indirect sales, our Legal Advisor as to U.S. Sanctions and Export Control Laws is of the view that the indirect sales to North Korea did not appear to implicate material U.S. primary sanctions risks.

## BUSINESS

---

With respect to U.S. secondary sanctions risks, our Legal Advisor as to U.S. Sanctions and Export Control Laws has noted that: (A) the product involved in the sales — sodium butyl xanthate — is a flotation collector reagent with a direct and specific application in mineral processing and extraction, and thus is inherently connected to the mining sector, a sector targeted under the U.S. sanctions laws on North Korea; (B) we became aware that the product sold to the PRC domestic trading partner was ultimately destined to North Korea at the beginning, meeting the knowledge element under the relevant statutory provisions, which target persons who knowingly “engage in, facilitate, or are responsible for” the relevant transactions, and the indirect sale arrangement does not negate such knowledge element; and (C) the indirect sales to North Korea were conducted over one year under the relevant framework agreement with multiple orders, with the last delivery in January 2026.

Notwithstanding these risk factors, our Legal Advisor as to U.S. Sanctions and Export Control Laws has also noted the below mitigating factors:

- (i) the total aggregate value of the relevant sales was approximately RMB2.7 million (approximately USD400,420), representing a relatively modest transaction value;
- (ii) U.S. imposes sanctions on any person determined to “operate in” designated industries in North Korea, including the mining industry. Our Company’s connection to North Korea’s mining sector is limited to the indirect sale of mineral processing reagents through a PRC domestic trading partner, with a moderate transaction value. Such activities are unlikely to constitute “operating in” the mining sector;
- (iii) upon expiry of the contract, we voluntarily ceased all indirect sales to North Korea by requesting our trading partner not to resell our products to North Korea;
- (iv) the relevant sales were limited in duration for about a year;
- (v) the sales were conducted indirectly through a PRC domestic trading partner rather than through direct dealings with North Korean counter-parties;
- (vi) no counter-parties to the sales appear on the SDN List or other U.S. sanctions list as of the dates of the relevant screenings;
- (vii) the relevant sales accounted for approximately 0.6% of our total revenue in 2025; and
- (viii) we are in the process of adopting compliance measures as further set out below, which are designed to prevent any recurrence of similar transactions.

---

## BUSINESS

---

On the basis of the totality of relevant facts and circumstances, our Legal Advisor as to U.S. Sanctions and Export Control Laws is of the view that, while the risk of a U.S. secondary sanctions designation in connection with our historical indirect sales involving North Korea cannot be entirely ruled out, such risk is mitigated by the factors detailed above and, on balance, did not appear to implicate material U.S. secondary sanctions risks. However, see “Risk Factors — We could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanction administered by the United States, the United Nations and other relevant sanctions authorities” for further details on sanctions risks.

### Sanctions Compliance Measures

To manage potential sanctions-related risks and ensure adherence to applicable sanctions requirements, we are in the process of establishing a risk-based compliance program consisting of various internal control measures. These measures include conducting sanctions screening on customers, suppliers, trading partners and other relevant counterparties, and adopting protective contractual provisions, where appropriate, requiring counterparties to make sanctions-related compliance representations and undertakings. Where appropriate, we also issue written notices to relevant trading partners prohibiting the resale or diversion of our products to North Korea, SDN or other sanctioned persons. As part of the compliance program, we will maintain records of sanctions screening results, customer representations and compliance communications to support compliance with applicable sanctions requirements. We will provide ongoing sanctions compliance training to our directors, senior management, and relevant personnel, including those involved in sales, procurement, and finance functions. We will also keep abreast of the latest developments in applicable sanctions laws and regulations to update our internal policies, contractual terms and operational controls as needed to ensure continued legal and regulatory compliance.

### AWARDS AND RECOGNITIONS

During the Track Record Period and up to the Latest Practicable Date, we received a number of awards and recognitions in connection with our business. Some of the significant awards and recognitions we have received are set forth below.

<b>Awarding Year</b>	<b>Award/Certificate</b>	<b>Issuing Organization</b>
2023 . . . .	Hunan Specialized and Innovative Small Medium Enterprise (湖南省專精特新中小企業)	Department of Industry and Information Technology of Hunan Province (湖南省工業和信息化廳)

## BUSINESS

Awarding Year	Award/Certificate	Issuing Organization
2023 . . . .	Model Party Organization (標杆黨組織)	Working Committee of Non-public Economic Organizations and Social Organizations of CPC Youxian County Committee (中共攸縣縣委非公有制經濟、組織和社會組織工作委員會)
2024 . . . .	Advanced Unit for Opening-up (2023) (2023年度對外開放“先進單位”)	CPC Youxian County Committee and Youxian County People’s Government (中共攸縣縣委、攸縣人民政府)
2024 . . . .	Red Flag Unit for High-quality Enterprise Development (2023) (2023年度企業高質量發展“紅旗單位”)	Working Committee and Management Committee of Youxian High-tech Industrial Development Zone (中共攸縣高新技術產業開發區工作委員會、攸縣高新技術產業開發區管理委員會)
2024 . . . .	Enterprise Science and Technology Innovation Award (2023) (2023年度企業“科技創新獎”)	CPC Youxian County Committee and Youxian County People’s Government (中共攸縣縣委、攸縣人民政府)
2024 . . . .	Advanced Unit for Tax Contribution (2023) (2023年度稅收貢獻“先進單位”)	CPC Youxian County Committee and Youxian County People’s Government (中共攸縣縣委、攸縣人民政府)
2024 . . . .	Outstanding Tax Contribution Award (Over RMB10 Million) (2023) (2023年度稅收突出 (過千萬) “貢獻獎”)	Working Committee and Management Committee of Youxian High-tech Industrial Development Zone (中共攸縣高新技術產業開發區工作委員會、攸縣高新技術產業開發區管理委員會)

## BUSINESS

Awarding Year	Award/Certificate	Issuing Organization
2024 . . . .	Advanced Enterprise for Work Safety (2023) (2023年度安全生產工作“先進企業”)	CPC Youxian County Committee and Youxian County People’s Government (中共攸縣縣委、攸縣人民政府)
2024 . . . .	National High-tech Enterprise (2024) (2024 國家高新技術企業)	Department of Science and Technology of Hunan Province, Department of Finance of Hunan Province, Hunan Provincial Tax Bureau of the State Taxation Administration (湖南省科學技術廳，湖南省財政廳，國家稅務總局湖南省稅務局)
2025 . . . .	Advanced Unit for Opening-up (年度對外開放“先進單位”)	Working Committee and Management Committee of Youxian High-tech Industrial Development Zone (中共攸縣高新技術產業開發區工作委員會、攸縣高新技術產業開發區管理委員會)
2025 . . . .	Red Flag Unit for High-quality Enterprise Development (2024) (2024年度企業高質量發展“紅旗單位”)	Working Committee and Management Committee of Youxian High-tech Industrial Development Zone (中共攸縣高新技術產業開發區工作委員會、攸縣高新技術產業開發區管理委員會)
2025 . . . .	Advanced Unit for Tax Contribution (2024) (2024年度稅收貢獻“先進單位”)	Working Committee and Management Committee of Youxian High-tech Industrial Development Zone (中共攸縣高新技術產業開發區工作委員會、攸縣高新技術產業開發區管理委員會)

---

**BUSINESS**

---

<b>Awarding Year</b>	<b>Award/Certificate</b>	<b>Issuing Organization</b>
2026 . . . .	Advanced Unit for Fiscal Revenue Contribution (2025) (2025年度財源建設貢獻“先進單位”)	CPC Youxian County Committee and Youxian County People’s Government (中共攸縣縣委、攸縣人民 政府)
2026 . . . .	Opening-up Award (2025) (2025年度對外開放獎)	CPC Youxian County Committee and Youxian County People’s Government (中共攸縣縣委、攸縣人民政 府)