

BUSINESS

OVERVIEW

Who We Are

We are a globally prominent provider of electronic metal powder materials, specializing in the research and development (R&D), production and sales of high-end metal powder materials. Leveraging our self-developed PVD-based technology platform, we provide core metal powder materials for manufacturers of multilayer ceramic capacitors (MLCCs), low-silver and silver-free photovoltaic (PV) electrode materials, solid-state battery anode materials and other electronic components.

With years of technical expertise in high-end metal powder materials, we have become one of the key material providers in the electronic components industry chain, breaking the long-term monopoly held by overseas companies in the field of nickel powder for high-end MLCCs. According to the Frost & Sullivan Report, we have achieved a global leading position in terms of revenue in 2025. Specifically, among global suppliers of MLCC nickel powders, we ranked second in 2025, with a market share of approximately 11.0%, demonstrating strong technological and industrial capabilities in the high-end electronic metal powder sector.

Our main products include nickel-based products, copper-based products, silver powders and alloy powders, which are widely used in consumer electronics, automotive electronics, industrial automation, artificial intelligence (AI), PV new energy, semiconductor packaging, and other fields. Nickel powder is primarily used as electrode material for MLCCs, serving as a key raw material in electronic component manufacturing. Copper powder and silver-coated copper powder can be widely applied in low-silver/silver-free photovoltaic applications, significantly reducing the production cost of PV cells. Electronic devices are becoming smaller, more reliable, and higher performing. This evolution drives a growing demand and higher performance requirements for high-end metal powder materials across industries like AI servers, high-end consumer electronics, new energy vehicles and photovoltaics. The following diagram illustrates our key achievements:

 R&D Capabilities	 Market Position	 Customer Base	 Financial & Growth Engine
PVD-based Technology Platform - Self-developed, with scalable platform capabilities; - A global leader in achieving large-scale production of 80nm nickel powder;⁽¹⁾ - Supports multi-material expansion including nickel, copper, silver-coated copper, silver and alloy powders	A Solid Market Position in the Global Market for High-end Electronic Metal Powder Materials - Rank No.2 globally in MLCC nickel powder market;⁽²⁾ - Breaking the long-term monopoly held by overseas companies in the field of nickel powder for high-end MLCCs	A Core Provider Recognized by Globally Leading MLCC Manufacturers - Core provider to global leading MLCC manufacturers, which are benefiting from increasing demand driven by AI servers; - Long certification cycle from customer; - Around ten-year relationships with major customers⁽³⁾	Strong financial performance and multi-growth engines driven by product diversification 29.3% revenue CAGR during Track Record Period; 165.8% EBITDA CAGR during Track Record Period;⁽⁴⁾ - Continuous expansion into new application areas driven by platform-based capabilities

Notes:

(1) According to Frost & Sullivan.

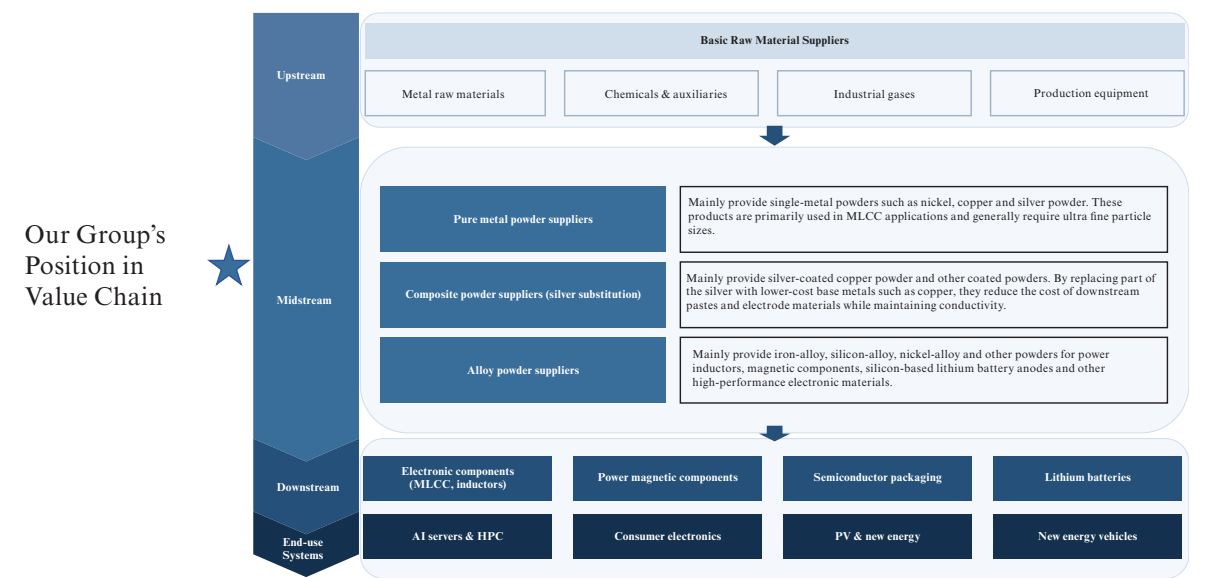
(2) In terms of revenue in 2025, according to Frost & Sullivan.

(3) Average length of our business relationships with our top five customers during the Track Record Period, calculated for each year/period respectively, based on the number of years we have cooperated with those customers.

(4) Base on Non-IFRS Measure.

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The Value Chain of our Group in Electronic Metal Powders



According to Frost & Sullivan, we are positioned at the midstream of the electronic metal powders value chain, our upstream are the raw material suppliers, while the major downstream application fields of electronic metal powders include MLCC, PV cell electrodes, semiconductor packaging, etc. For details of the value chain of the electronic metal powders and the positioning of our Group, please see Industry overview Industry Ecosystem Analysis of Electronic Metal Powders in this document.

Market Opportunities

With the rapid development of emerging industries such as AI, high-performance computing and new energy vehicles, the demand for high-end MLCCs continues to grow. According to the Frost & Sullivan Report, the global market size for MLCC nickel powder reached RMB7.8 billion in 2025, and is expected to grow at a CAGR of 12.5% from 2025 to 2035. In particular, high-end MLCC nickel powder used in AI servers, communications, smart terminals and other applications is driving the continuous expansion of the high-end metal powder materials market. With the ongoing improvement of AI computing power and the resulting increase in chip power consumption, performance requirements for electronic components have risen, while the dimensions of capacitors and inductors are shrinking. This trend has significantly increased the demand for small-particle-size electronic metal powders. At the same time, we are actively expanding into new material application fields, including PV cell materials, advanced battery anode materials and semiconductor packaging materials, in order to further diversify our product portfolio and cultivate new business growth drivers.

OUR STRENGTHS

PVD-based Technology Platform and Robust R&D Capabilities

Through long-term development, we have built a proprietary production technology system and established a PVD-based technology platform centered on our PVD process. According to Frost & Sullivan, we are the world's first company to achieve large-scale industrial production using this platform. We have accumulated extensive technical expertise in key processes such as metal evaporation, powder agglomeration and particle size control, enabling consistent control over the particle size, sphericity and dispersibility of metal powders. The PVD process is an important technical route for producing nano-size nickel powder for high-end MLCCs.

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Leveraging this technology platform, we are able to produce metal powder materials with greater performance stability, thereby meeting the continuously evolving technical requirements of high-end MLCCs. According to Frost & Sullivan, we are a global leader in achieving large-scale production of 80nm nickel powder. Through sustained R&D investment, we continuously optimize our production processes and enhance product performance, maintaining strong technical competitiveness in the field of high-end powder materials.

Furthermore, by extending our PVD technology to different material systems, we have gradually developed scalable and replicable material development capabilities that support diversified product development and expansion into new application fields. This technology platform not only supports our existing MLCC business, but also provides a critical foundation for our entry into photovoltaic materials and AI-related material fields.

A Solid Market Position in the Global Market for High-end Electronic Metal Powder Materials

We have established a solid market position in the global electronic metal powder market and hold a leading position in the field of high-end metal powder materials for MLCCs. As the electronic components industry upgrades toward higher performance and miniaturization, the technical barriers and industry thresholds for high-end powder materials continue to rise, and the industry is becoming increasingly concentrated. According to the Frost & Sullivan Report, in terms of revenue from MLCC nickel powder in 2025, we ranked second globally, with a market share of 11.0%.

Our market position is built upon our core process capabilities and product performance advantages. Through years of continuous investment in the field of electronic metal powder materials, we have developed competitive strengths in product quality, production scale and customer resources, and have established long-term and stable cooperative relationships with a number of leading international and domestic electronic component manufacturers.

With the development of emerging industries such as AI, high-performance computing and new energy vehicles, the demand for high-end MLCCs continues to grow. For example, the number of MLCCs used in a single AI server is 10 to 20 times that of a traditional server, and the stability requirements for nickel powder have increased significantly, thereby driving demand for high-end metal powder materials. Leveraging our mature production processes and stable product quality, we are well-positioned to continue benefiting from the development of these downstream industries.

A Core Provider Recognized by Globally Leading MLCC and Electronic Component Manufacturers, Maintaining Stable and Long-term Customer Relationships

We have established long-term and stable cooperative relationships with globally leading electronic component manufacturers, especially leading MLCC manufacturers. Our products have been included in the supplier lists of several internationally renowned MLCC manufacturers. We have worked with these major customers for an average of around 10 years, reflecting stable customer ties.

MLCC manufacturers typically impose rigorous certification procedures on raw material suppliers, which may require several years of testing and validation before a supplier can be admitted into their supply system. Our ability to successfully pass these certifications demonstrates our comprehensive strength in product performance, production management and quality control.

Through long-term collaboration, we are also able to gain deeper insights into customers' product development directions and technical needs, co-develop new products with them, and continuously optimize product performance accordingly. With our two production bases located in Ningbo and Suqian, we are able to provide customers with reliable and stable supply on an ongoing basis.

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Continuous Product Innovation Capability and Diversified Product Portfolio Enabled by our Technology Platform

Leveraging our PVD-based technology platform, we have developed a diversified product portfolio that primarily includes nickel-based products, copper-based products, silver powders and alloy powders. These products are designed to meet the diverse application needs and scenarios of the metal materials industry, such as high-end consumer electronics, new energy vehicles, PV, semiconductors and AI servers. By continuously expanding our product structure, we are able to provide our customers with a more diverse selection of metallic powder materials. This diversified product portfolio enables us to serve different customer segments and explore new market opportunities, thereby reducing our reliance on any single product or application area.

Our diverse product portfolio stems primarily from the scalability of our PVD-based technology platform, which enables us to develop products made from different materials and across different product lines (such as nickel powder with various particle sizes and performance characteristics) within the same technological framework, thereby enhancing R&D efficiency and shortening product development cycles.

Based on our PVD-based technology platform, we have developed production capabilities for certain non-metal powders and continue to drive new product development and product upgrades, including new materials such as nano-silicon alloy powder. Among these, nano-silicon alloy powder, which is used as an anode material for lithium-ion batteries, has entered the pilot production phase, and we are currently advancing validation efforts with leading battery manufacturers. Our ongoing product innovation capabilities help us expand into new application areas and provide fresh momentum for our future business growth.

An Experienced Management Team with a Global Strategic Vision

Our core management team possesses deep expertise in technology R&D and industrialization. Mr. Wang Liping, our Chairman, is one of the founders of the Company and has 17 years of experience in the electronic materials and metal powder industry, with a long-term focus on the R&D and industrial application of high-end metal powder materials. He has played a key role in the formulation of the Company’s development strategy, selection of technology roadmaps, and advancement of industrialization. Under his leadership, we have achieved domestic substitution of nickel powder for MLCCs and gradually established our market position in the field of electronic metal powder materials.

In addition, we have built a well-structured technical team with strong R&D capabilities. As of December 31, 2025, the Company had 119 R&D personnel, accounting for approximately 10.8% of our total workforce. The R&D team has long been dedicated to the optimization of metal powder material preparation processes and the development of new materials, accumulating extensive experience in nano-size metal powder preparation, particle size control, and product performance enhancement.

Leveraging this R&D team, we are able to continuously advance the optimization of our core PVD process and the development of new products, while maintaining a steady pace of technological iteration in the high-end metal powder materials field. The R&D team works closely with production operations and customer requirements, facilitating the industrialization of R&D achievements and supporting our continuous product upgrades and expansion into new application areas.

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OUR STRATEGIES

Expanding Production Capacity and Enhancing Production Efficiency to Meet Growing Market Demand

As of the Latest Practicable Date, we operated two production bases in Ningbo and Suqian, with each comprising two factories. We plan to expand our production capacity and continuously improve production efficiency to meet the increasing demand in the electronic metal powder materials market.

By constructing new production lines and optimizing production processes, we aim to further increase our production scale and strengthen our supply capability. At the same time, we will continue to advance production automation and refined management to improve production efficiency and product consistency, thereby enhancing overall production capacity and ensuring stable supply.

To support these initiatives, we plan to construct new production facilities on existing land at our Suqian production base. We also plan to relocate and expand our Ningbo production base, aiming to optimize production workflows and floor layout. See “Future Plans and Use of [REDACTED].” We believe that after expansion, we will be better positioned to capture international market share and consolidate our market position in the industry.

Leveraging Our Core PVD-based Technology Platform to Strengthen R&D Capabilities and Consolidate our Leading Position in High-end MLCC Materials

We plan to continuously increase our R&D investments and further refine our PVD-based technology platform, which will help consolidate our market position in various metal powder material fields. Through ongoing optimization of our core powder preparation processes, we will continue to improve product performance in terms of particle size control, sphericity and consistency, to keep pace with the development trends of miniaturization, high performance and high capacitance in electronic components.

With the rapid development of applications such as AI, high-performance computing, and new energy vehicles, the demand for high-end MLCCs continues to grow. For example, AI servers require MLCCs with higher demand volume, capacitance, voltage resistance and reliability. This means that high-end application scenarios also impose higher performance requirements on metal powder materials.

Against this backdrop, we will utilize our PVD-based technology platform to continuously advance process optimization and product upgrades, while strengthening our R&D capabilities in nano-size and ultrafine powder materials. At the same time, leveraging the extensibility of our technology platform, we will apply our core powder preparation technologies to more material systems, thereby providing technical support for new product development and new application expansion, while consolidating our existing businesses in nickel-based products, copper-based products, silver powders and alloy powders.

Continuing to Expand Our Diversified Product Portfolio for Emerging Application Areas

Building on our existing PVD-based technology platform, we plan to further expand our product portfolio and actively explore new application areas to cultivate new business growth points. For example, copper-based product is an important material for conductive pastes used in photovoltaic cells. By replacing all or a portion of silver with copper, copper-based products can effectively reduce the cost of conductive pastes, thereby helping PV cell manufacturers achieve cost reduction and efficiency improvement. As the PV industry continues to pursue cost reduction and next-generation high-efficiency cell technologies, copper-based products hold broad application prospects and significant market potential.

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We are also developing new nano-size silicon powder and silicon alloy products for use in solid-state batteries. We have gradually evolved from a “nickel powder specialist” to a “high-end powder materials platform” and will continue to expand our product matrix in the future. Through our PVD-based technology platform, which comprises transferred arc plasma and non-transferred arc plasma technologies, we can rapidly replicate our core technologies for the production of other high-end metal powder materials, thereby developing platform-based materials capabilities.

By continuously enriching our product mix and application areas, we will further diversify our revenue sources and enhance our long-term growth potential.

Promoting Industry Chain Integration and Coordinated Development

We plan to further strengthen collaboration with upstream and downstream partners in the industry chain to enhance the overall stability and operational efficiency of our supply chain. At the same time, we intend to build an efficient and coordinated supply chain system with a core focus on cost optimization.

We also plan to implement a phased, industry-focused acquisition strategy. We will actively monitor strategic investment and potential M&A opportunities within the industry, with an emphasis on advanced materials and preparation processes that are synergistic with our existing technology platform. By making strategic investments or selective acquisitions at appropriate times, we aim to further enrich our technology know-how and product matrix, expand into new application scenarios and end markets, and thereby enhance our overall competitiveness.

Building a Professional and International Talent Team to Solidify the Foundation for Long-term Development

We plan to continue recruiting and developing talents in high-end technology R&D, industrial operations and international marketing to support our future global business expansion and technological innovation. By improving our talent incentive mechanisms and establishing a multi-tiered talent development system, we will continuously enhance the overall capabilities of our R&D team, production operations team and global marketing team.

At the same time, we will also strengthen our collaboration with universities and research institutions to drive the R&D and industrial application of cutting-edge material technologies, thereby continuously improving our technological innovation capability and long-term competitiveness.

OUR PRODUCTS

Overview

Our product portfolio primarily includes (i) nickel-based products, including nano-size and submicron-size nickel powders, (ii) copper-based products, including submicron-size and micron-size copper powders and silver-coated copper powders, (iii) silver powders, including submicron-size and micron-size silver powders, and (iv) alloy powders, including submicron-size and micron-size alloy powders. These products primarily serve as essential foundational materials for the electronic information industry, and are primarily used in the manufacturing of electronic components, with wide applications in areas such as consumer electronics, automotive electronics, industrial automation, AI, PV new energy, and semiconductor packaging. In particular, our nickel powders are widely used as internal electrode materials in the production of MLCCs, serving as a key raw material in the electronic component manufacturing process. Our copper powder and silver-coated copper powder can be broadly applied in the low-silver/silver-free PV sector, significantly reducing the production cost of PV cells. Our alloy powders are used in applications such as magnetic materials and cemented carbides.

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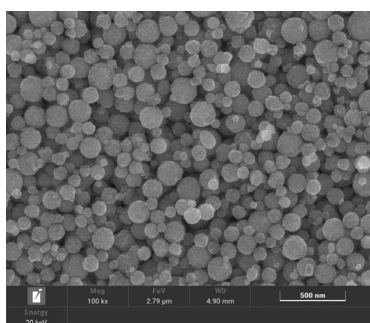
Through continuous development of our product portfolio, we aim to address the increasingly sophisticated demand trends in downstream applications, including the trend toward smaller dimensions, higher capacitance and enhanced reliability in the MLCC market, and to provide comprehensive electronic-specific high-end metal powder solutions for a wide range of downstream customers.

Nickel-based Products

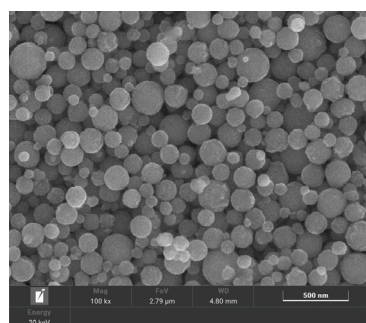
Our nickel-based products primarily include nano-size and submicron-size nickel powders and nickel precursor pastes, which serve as key raw materials for MLCC internal electrodes. Based on particle size distribution, morphology control and sintering characteristics, our nickel powder products are divided into several series, with particle sizes ranging from 80nm to 600nm.

Our nickel powder products are gray-black powders. They feature optimal performance in the following aspects: (i) sphericity; (ii) particle size uniformity; (iii) crystallinity; (iv) dispersibility; (v) tap density; (vi) electrical conductivity; and (vii) sintering temperature. In particular, they have good co-firing compatibility with ceramic dielectric materials at high temperatures. These products are used in MLCC internal electrodes, electronic pastes for other electronic components, microwave absorbing materials and other applications. They widely serve sectors such as consumer electronics, automotive electronics, industrial automation, AI, PV new energy and semiconductor packaging.

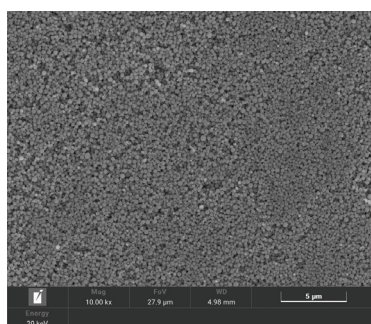
The diagram below shows SEM images of our representative and selected nickel-based products:



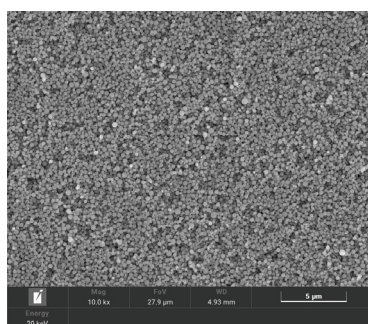
80nm Nickel Powder
(scale bar: 500 nm)



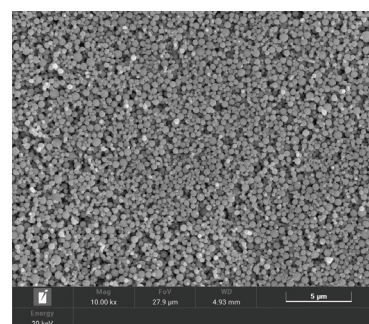
120nm Nickel Powder
(scale bar: 500 nm)



180nm Nickel Powder
(scale bar: 5 μm)



200nm Nickel Powder
(scale bar: 5 μm)



300nm Nickel Powder
(scale bar: 5 μm)

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We hold a leading position in the global MLCC nickel powder market. According to the Frost & Sullivan Report, in terms of global revenue generated from MLCC nickel powders in 2025, we ranked second among global suppliers of high-end MLCC nickel powders, with a market share of 11.0%.

Generally, the selling price of our nickel-based products increases with smaller particle sizes and higher performance specifications, reflecting the greater technical complexity and value-added in advanced applications. Due to the continuous optimization of our product matrix, the average selling price of our nickel-based products increased from RMB478.6 thousand per ton in 2023 to RMB481.7 thousand per ton in 2024, and further increased to RMB595.0 thousand per ton in 2025.

To better serve our customers and address the evolving market demands for smaller, higher-capacitance MLCCs, we have been advancing our nickel-based product roadmap. In addition to our existing nickel powder products with particle sizes ranging from 80nm to 600nm, we are developing next-generation nickel powders with particle sizes smaller than 80nm, and have completed technology readiness for nickel powder products of 60nm and below. Our sub-80nm nickel powders feature finer particle size, reduced agglomeration and enhanced sintering compatibility, and are currently undergoing customer validation and pilot-scale production. Specifically, for the 60nm nickel powder product, we have completed the development of key powder preparation technologies, which can be produced using both the transferred arc plasma technology and the non-transferred arc plasma technology, and we are currently developing a mass production plan.

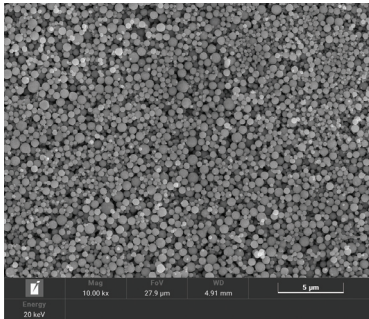
Copper-based Products

Our copper-based products primarily include submicron-size and micron-size copper powders as well as silver-coated copper powders. Our copper powder products have a particle size ranging from 300nm to 3500nm.

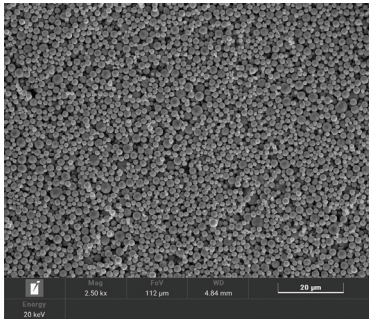
Our copper powder products are reddish-brown powders. They feature optimal performance in the following aspects: (i) crystallinity; (ii) particle size uniformity; (iii) dispersibility; (iv) sphericity; (v) tap density; and (vi) electrical conductivity. These products are used in MLCC termination electrodes, other electronic components, and BC battery electrode materials. Our silver-coated copper powder products are off-white powders characterized by uniform particle size, good dispersibility, high oxidation resistance temperature, and good electrical conductivity. As a substitute for silver powder, this product is used in medium-to-low temperature conductive pastes such as conductive adhesives, conductive coatings, electronic pastes, and heterojunction solar cell electrodes. The aforementioned copper-based products widely serve sectors such as consumer electronics, automotive electronics, industrial automation, AI, PV new energy and semiconductor packaging.

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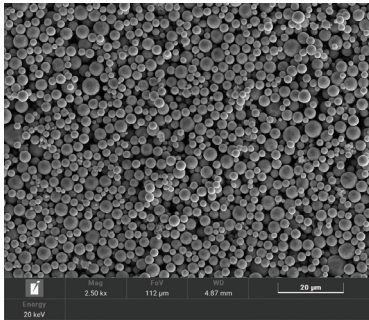
The diagram below shows SEM images of our representative and selected copper-based products:



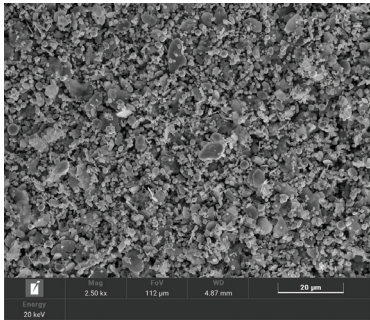
300nm Copper Powder
(scale bar: 5 μm)



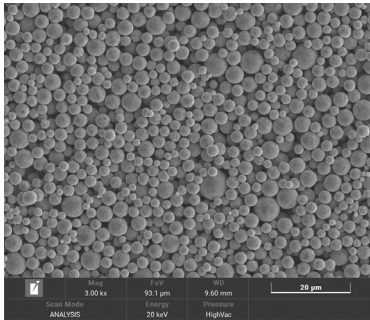
1000nm Copper Powder
(scale bar: 20 μm)



3500nm Copper Powder
(scale bar: 20 μm)



1000nm Flaked Copper Powder
(scale bar: 20 μm)



3500nm Silver-coated
Copper Powder
(scale bar: 20 μm)

We believe that our copper-based products for high-end electronics and PV applications have established a competitive advantage. According to the Frost & Sullivan Report, copper powder for MLCC terminal electrodes must feature precise particle size control, compatibility with ceramic or glass layers, and excellent dispersion stability, while copper-based products offer a more competitive cost structure and supports the industry trend of substituting copper for silver. With our diversified copper-based product portfolio, continuous upgrades to our low-silver-content series, and close technical collaboration with customers, we are well positioned to capture market opportunities arising from MLCC external electrodes, and PV low-silver and silver-free applications.

The average selling price of our copper-based products decreased from RMB945.2 thousand per ton in 2023 to RMB809.9 thousand per ton in 2024, and further decreased to RMB605.5 thousand per ton in 2025. While the average selling price of our copper-based products has declined due to shifts in the product mix driven by customer demand and fluctuations in raw material costs, the sales volume of our copper-based products increased from 82.5 tons in 2023 to 150.6 tons in 2024 and further increased to 200.6 tons in 2025.

We will remain customer-oriented and continue to develop copper-based products tailored to different battery technology roadmaps. We have consistently pursued the synergistic advancement of low-silver and silver-free solutions and performance enhancement for our copper-based products. In terms of silver-coated copper powders, we continue to optimize key technical issues in their production and preparation process, continuously improving the coating density of the powder materials and their compatibility with pastes, thereby providing high-performance powder material support for the field of base metal substitution. At the same time, we continue to collaborate with

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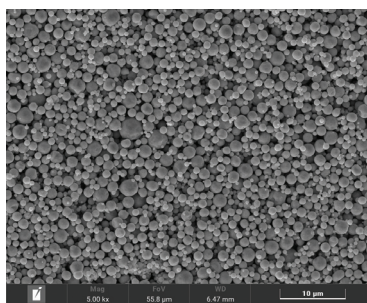
downstream PV enterprises on R&D and evaluation efforts related to base metal substitution. In addition, based on customers’ individual needs, we are advancing the development of other coated powders, helping us further expand its application scenarios in other conductive paste fields.

Silver Powders

Our silver powders primarily include submicron-size and micron-size silver powders, which are mainly used in the production of electronic components.

Our silver powders feature optimal performance in the following aspects: (i) electrical conductivity; (ii) low shrinkage; (iii) crystallinity; (iv) filling properties; (v) sphericity; and (vi) tap density. They are used in electronic components, conductive coatings, conductive paste processing, and other industrial fields to prepare thick-film conductor pastes, such as internal and external electrodes for multilayer components and circuit boards (LTCC), silver conductor pastes for solar cells. They widely serve sectors including consumer electronics, automotive electronics, industrial automation, AI, PV new energy, and semiconductor packaging.

The diagram below shows SEM images of our representative and selected silver powder:



1000nm Silver Powder
(scale bar: 10 μm)

We believe that we have established a competitive advantage in silver powders for high-performance electronic components and conductive paste applications. According to the Frost & Sullivan Report, ultrafine silver powder has become an irreplaceable basic material in high-performance electronic components, multilayer ceramic capacitors and advanced semiconductor packaging, representing a high-barrier, high-margin growth segment. Leveraging our product portfolio of submicron-size and micron-size silver powders, together with our continuous optimization of products and processes, we are able to meet our customers’ needs for high-purity, reliable, and high-performance silver powder solutions in electronic component and conductive paste applications.

Driven by the continuous rise in the commodity price of silver, the average selling price of our silver powders increased from RMB5,460.8 thousand per ton in 2023 to RMB6,800.3 thousand per ton in 2024, and further increased to RMB8,526.9 thousand per ton in 2025.

We continue to optimize our silver powders and production processes to better meet downstream customers’ requirements.

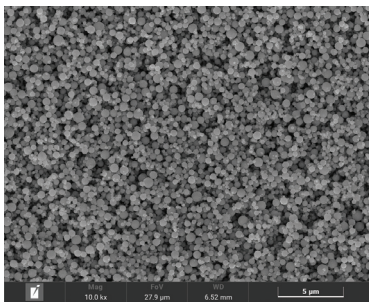
Alloy Powders

Our alloy powders primarily include submicron-size and micron-size alloy powders for the inductor industry, such as Fe-Ni alloy powder, Ni-Cr alloy powder, Fe-Co alloy powder, as well as nano-size silicon powder and silicon alloy powder for advanced battery anodes. As of the Latest Practicable Date, silicon powder is our only non-metal powder product.

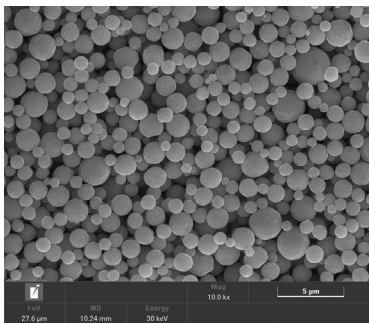
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Among these, our Fe-Ni alloy powder features uniform particle size, good sphericity, excellent flowability, and homogeneous distribution of alloying elements. It is used in the manufacture of magnetic materials such as microwave absorbing materials and inductors, serving sectors including consumer electronics, automotive electronics, industrial automation, AI, PV new energy and semiconductor packaging. As for our silicon alloy powder products, the nano-size Si-Fe alloy powder exhibits high sphericity, uniform distribution of alloying elements, low oxygen content and good dispersibility. As an active material for anode materials, Si-Fe alloy powder is widely used in liquid, semi-solid and all-solid-state lithium batteries due to its high capacity and low expansion rate, making it an ideal anode material for lithium batteries in the EV, 3C and energy storage sectors.

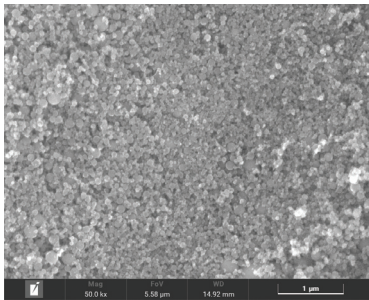
The diagram below shows SEM images of our representative and selected alloy powders:



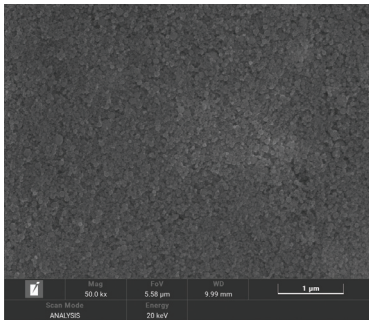
300nm Fe-Ni Alloy Powder
(scale bar: 5 µm)



1000nm Fe-Ni Alloy Powder
(scale bar: 5 µm)



50nm Silicon Powder
(scale bar: 1 µm)



50nm Si-Fe Alloy Powder
(scale bar: 1 µm)

In the field of alloy powders, as passive electronic components evolve toward higher frequencies, miniaturization and integration, downstream end-users have imposed higher requirements on the high-frequency performance, low loss characteristics and reliability of inductor materials. As a key basic material for electronic components such as inductors, the product characteristics of alloy powders directly affect product performance. Leveraging the scalability of our PVD-based technology platform, our experience in nano-size and submicron-size powder preparation, and our continuously expanding product portfolio, we are able to provide tailored alloy powder material solutions to meet the application needs of different customers, thereby further expanding our market space in various application scenarios within the metal materials industry.

In 2023, 2024 and 2025, due to changes in the product portfolio of our alloy powders, the average selling price of our alloy powders was RMB556.9 thousand per ton, RMB600.0 thousand per ton and RMB644.3 thousand per ton.

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We will advance the development of several new types of alloy powders. On the one hand, through continuous improvements in production equipment and optimization of process parameters, key metrics such as stability, yield rate and overall recovery of the relevant products have achieved year-on-year growth. On the other hand, by developing surface modification processes including coating, flaking, deposition compounding, and core-shell structuring for alloy powders, we are helping downstream customers achieve continuous improvement in inductor loss characteristics. In addition, through process optimization, we continue to enhance the capacity utilization of silicon-based materials, and in response to the diverse needs of battery manufacturers arising from differences in electrolyte material systems, we actively collaborate with downstream customers to advance the application verification of silicon-based products of various specifications in emerging application fields.

In addition to the major products described above, we also sell scrap materials, which are primarily generated as by-products in the course of producing our major products. Such scrap materials are generally sold to customers engaged in the trading of metal materials and the recycling of production-related scrap metal. In 2023, 2024 and 2025, our revenue from the sale of scrap materials amounted to RMB81.8 million, RMB87.0 million and RMB89.2 million, representing 11.9%, 9.2% and 7.7% of our total revenue, respectively.

Key Operating Data

The following table sets forth the production volume, sales volume and average selling price for our major products (i.e., nickel-based products, copper-based products, silver powders and alloy powders) for the years indicated:

	For the Year Ended December 31,								
	2023			2024			2025		
	<i>Production Volume</i>	<i>Sales Volume</i>	<i>Average Selling Price</i>	<i>Production Volume</i>	<i>Sales Volume</i>	<i>Average Selling Price</i>	<i>Production Volume</i>	<i>Sales Volume</i>	<i>Average Selling Price</i>
	<i>(Production Volume and Sales Volume in tons; Average Selling Price in RMB thousands/tons)</i>								
Nickel-based products	1,119.8	1,045.2	478.6	1,414.5	1,421.2	481.7	1,314.5	1,448.1	595.0
Copper-based products	112.3	82.5	945.2	135.5	150.6	809.9	188.6	200.6	605.5
Silver powder	3.0	4.5	5,460.8	6.5	6.5	6,800.3	5.5	6.2	8,526.9
Alloy powder products	7.1	7.7	556.9	14.9	12.5	600.0	54.4	41.3	644.3

The sales volume of our nickel-based products increased by 36.0% from 1,045.2 tons in 2023 to 1,421.2 tons in 2024, primarily driven by the gradual recovery in demand from MLCCs used in consumer electronics. The sales volume of our nickel-based products remained relatively stable at 1,421.2 tons in 2024 and 1,448.1 tons in 2025, while our revenue from nickel-based products increased by 25.9% during the same period, primarily due to the optimization of our product mix. For details, see “Financial Information — Discussion of Results of Operations — Year Ended December 31, 2025 Compared with Year Ended December 31, 2024 — Revenue.”

The sales volume of our copper-based products increased by 82.5% from 82.5 tons in 2023 to 150.6 tons in 2024, and further increased by 33.2% to 200.6 tons in 2025, primarily driven by the increasing demand from customers in the MLCC industry.

RESEARCH AND DEVELOPMENT

Our R&D Strategy and Focus

We have been committed to investing in R&D since our incorporation in 2010, a commitment that has been pivotal to our success to date. In 2023, 2024 and 2025, we incurred research and development costs of RMB68.5 million, RMB50.2 million and RMB48.0 million, respectively, representing 10.0%, 5.3% and 4.2% of our total revenue for the respective periods.

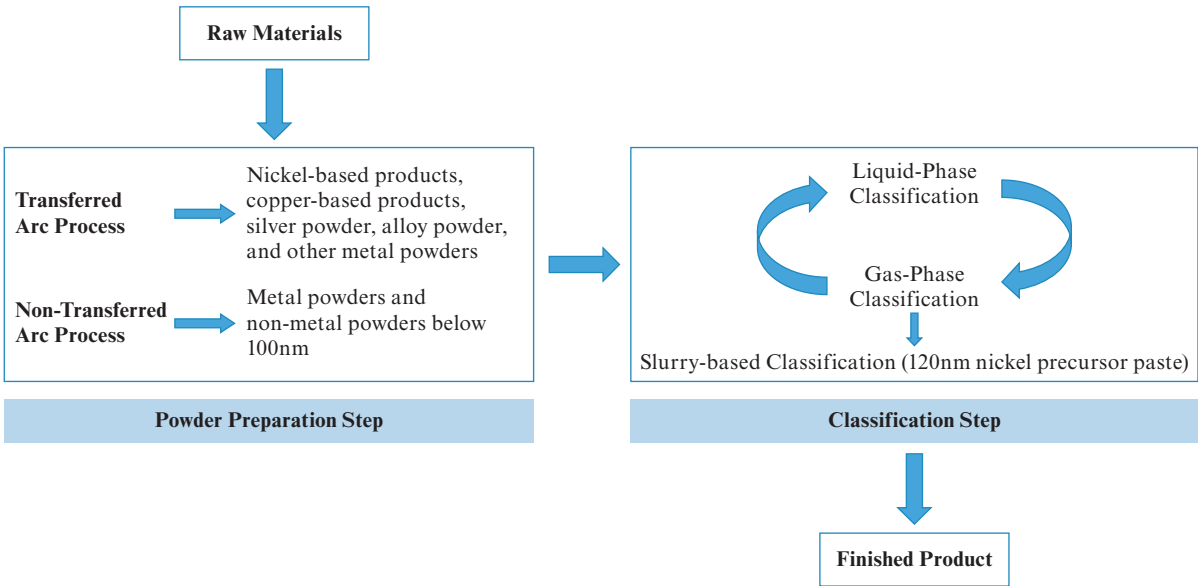
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Our R&D activities focus on (i) maintaining nickel powder as our primary product focus, with further development and adaptation of nickel powder with particle sizes of 80nm and below; and (ii) progressively increasing our investment in copper powder and alloy powder, prioritizing the market introduction of PV copper powder, and leveraging this as an opportunity to accelerate the application of copper and nickel powders in low-silver and silver-free solutions, thereby advancing the commercialization of various products.

We place great emphasis on developing new products in a focused and disciplined manner based on our existing technologies and product portfolio, rather than simply following short-term market trends. Our R&D efforts are aimed at further broadening and deepening our product offering and better addressing our customers’ customized needs.

Our Technology Platform and Core Technologies

We have built a PVD-based technology platform, comprising two proprietary powder production technologies: transferred arc plasma technology and non-transferred arc plasma technology. Complementing these core PVD technologies, we have also developed proprietary particle classification technologies that are applied after our PVD-based powder production to classify the resulting powders. Leveraging these technologies, we are able to produce metal powder materials with greater performance stability. Moreover, by extending our PVD technology to different material systems, we have gradually developed scalable and replicable material development capabilities that support our diversified product development and expansion into new application fields.



Transferred Arc Plasma Technology

Through years of development, we have established our own proprietary PVD-based technology platform that has been successfully commercialized. Leveraging our proprietary atmospheric-pressure plasma evaporation-condensation process, this technology produces ultrafine metal powders suitable for various electronic applications, while also supporting our R&D efforts and industrial-scale production.

Production Methods

Currently, there are two main categories of methods for the industrial-scale mass production of high-end metal powder materials for electronic applications: chemical methods (e.g., chemical vapor deposition (CVD)) and physical methods (e.g., physical vapor deposition (PVD)).

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Our independently developed atmospheric-pressure plasma evaporation-condensation process is a PVD method. It differs from other methods such as CVD in that it does not require high-risk gases as reaction feedstocks and does not produce harmful or corrosive exhaust gases during the reaction. The production process involves melting pure metal at high temperatures until it reaches its boiling point to form metal vapor, which is then rapidly cooled into powdery solid particles. The entire process consists of physical changes and operates within a sealed inert gas system. The inert gas and cooling water required for production are recycled and reused, resulting in high resource utilization and an environmentally friendly process. Additionally, this production process features a streamlined workflow, making it suitable for both high-volume production of standard powder products and small-batch production of custom-specification powders. Its high production flexibility allows for the maximization of production capacity in response to market demand, thereby improving the efficiency of resource and equipment utilization.

Powder Characteristics

Our core technology is the in-house developed atmospheric-pressure plasma evaporation-condensation process. The heating source used is a transferred arc plasma, featuring an ultra-high central flame temperature (approximately 10,000–20,000 °C), concentrated energy, and high electrothermal conversion efficiency. It can continuously generate sufficient metal vapor to meet the demands of large-size industrial production for metallic powders. This technology is capable of producing a wide variety of nano-size, submicron-size and micron-size spherical pure metal or alloy powders, offering diverse, flexible, and versatile production characteristics. As fundamental research on new metal materials continues to advance, this technology can be employed for the R&D, manufacturing and mass production of nano-size, submicron-size and micron-size spherical pure metal or alloy powders.

Since the atmosphere of the plasma in this production process can be adjusted to a reducing or inert atmosphere, the oxygen content of the powder is controllable. The carrier gas transports the metal vapor under controlled flow conditions, ensuring that the metal vapor undergoes sufficient particle growth and full spheroidization within a controlled temperature range. This avoids the irregular shapes formed by rapid cooling of molten droplets in conventional atomization methods, resulting in powders with high sphericity. Powders produced by this technology feature high purity, high sphericity, high crystallinity, good dispersibility, strong oxidation resistance, low inclusions, low adhesion/agglomeration, and strong applicability.

Compared with powders prepared by the CVD method, the particle size of the powders produced by this method is controllable, enabling the production of nano-size, submicron-size and micron-size metallic powder materials. This meets the current technical requirements of electronic components such as MLCCs and is also well-suited to address the future technological trends of miniaturization and higher capacitance in MLCCs and similar components.

Broad Applicability

Our proprietary atmospheric-pressure plasma evaporation-condensation process can produce a wide variety of pure metal powders and alloy powders, offering extensive product diversity and downstream application potential. In the future, as metal powder manufacturing processes continue to advance and downstream customer demands evolve, the range of pure metal powders and alloy powders will continue to expand, and their applications will gradually extend beyond the electronic components industry.

In the field of pure metal powders, as MLCCs continue to evolve toward thinner layers, smaller sizes, and higher capacitance, particle sizes will continue to decrease, and the range of product models will continue to expand. At the same time, we will continue to develop new types of pure metal powders to meet the ever-changing needs of our downstream customers.

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In the field of alloy powders, the atmospheric-pressure plasma evaporation-condensation process that we employ is currently one of the most advanced methods capable of industrial-scale mass production of nano-size and submicron-size spherical alloy powders. Compared to pure metal powders, alloy powders offer certain unique performance advantages and have broader application areas and market prospects. Currently known application areas include inductors, 3D-printed metal materials, electronic shielding materials, materials for high-end machine tool cutting tools, and materials for metal powder injection molding.

Non-transferred Arc Plasma Technology

We have also developed a non-transferred arc plasma technology for powder production. This technology is used to produce powders with particle sizes smaller than 100nm, including conventional metal powders, non-metal powders and highly reactive metal powders. Specifically, it can produce high-purity silicon and silicon alloy powders, which are primarily used as anode materials in solid-state batteries. This platform further expands our product portfolio to meet emerging market demands, and we are currently working on its mass production implementation.

Production Methods

Unlike the transferred arc plasma platform, it does not require an independent anode and cathode setup. By feeding raw materials directly into the non-transferred arc plasma, the materials are instantly vaporized. The vapor is carried by a carrier gas in a controlled flow, ensuring sufficient particle growth and full spheroidization within a controlled temperature range. This method can be used to prepare various metal and non-metal powders with higher boiling points, stronger chemical activity and more complex elemental compositions. The resulting powders exhibit high purity, high sphericity, high crystallinity, good dispersibility, strong oxidation resistance, low inclusions, and low adhesion/agglomeration, making them highly versatile.

Powder Characteristics

Since the non-transferred arc plasma technology enables faster particle formation during the production of various powders, the resulting powders are finer and more uniform in size.

In the field of metal powders, we have developed next-generation nickel, copper, and alloy powders with particle sizes smaller than 80nm. In the field of non-metal powders, we have used the non-transferred arc plasma technology to produce silicon and silicon alloy powders. As an active material for anode materials, iron-silicon alloy powder is widely used in liquid, semi-solid and all-solid-state lithium-ion batteries due to its high capacity and low expansion rate, making it an ideal anode material for lithium-ion batteries in the EV, 3C, and energy storage sectors. In the future, with technological advancements and the growing market demand for high-performance new non-metal materials, the application areas of our core powder preparation technology will continue to expand.

Particle Classification Technologies

We have also developed proprietary particle classification technologies, including gas-phase, liquid-phase and slurry-based classification processes. These particle classification technologies are used to screen and classify powders by particle size and can be employed individually or in combination, depending on product specifications and customer requirements. They play a key role in improving product consistency, narrowing particle size distribution and increasing overall yield.

Gas-phase Classification Technology

By dispersing the powder in a gas stream and causing it to flow and rotate at high speeds as it is carried by the gas, the resulting centrifugal force separates and classifies large particles from small ones, thereby achieving powder dispersion and classification.

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Liquid-phase Classification Technology

By homogenously dispersing the powder in a liquid phase and subjecting it to high-speed rotational flow carried by the liquid, the resulting centrifugal force separates and classifies large particles from small ones, thereby achieving powder dispersion and classification.

Slurry-based Classification Technology

By homogenously dispersing the powder in a viscous slurry and leveraging the slurry’s high viscosity, the centrifugal force generated by high-speed rotation is combined with the slurry’s high viscosity to separate and classify large and small particles, thereby achieving powder dispersion and classification.

Through long-term refinement of our precision processes and the integrated application of gas-phase, liquid-phase and slurry-based classification technologies, we have successfully narrowed the particle size distribution of our metal and non-metal powders. We strictly control the levels of both coarse and fine particles, resulting in a small particle size range, uniform distribution, excellent dispersion and minimal agglomeration.

Our R&D Team

As of December 31, 2025, our R&D team consisted of 119 members, accounting for 10.8% of our total employees. Among them, 16 members held a master’s degree or above, representing 13.4% of our R&D team. Our core R&D personnel possess extensive experience in the R&D field. The team brings together diverse academic backgrounds, including materials science and engineering, materials chemical engineering, physical chemistry and other related disciplines. With a well-balanced professional composition and a significant proportion of high-caliber talent, the team is deeply engaged in cutting-edge fields such as micro- and nano-size metal powders, MLCC electrode materials and alloy-coated powders. As a result, we possess strong capabilities in fundamental research, process development and industrial application breakthroughs, laying a high-quality talent foundation to support corporate technological innovation, new product iteration and the development of industry standards.

Our R&D Process

Our R&D process is a structured and coordinated system designed to support the efficient advancement of our product and technology development projects. Our R&D generally progresses through project proposal, intellectual property search, R&D project progress, R&D project adjustment application and R&D project completion.

Key stages of our R&D process include:

- ***Project Proposal:*** a formal plan prepared prior to project initiation, setting out the objectives, technical roadmap, budget and expected outcomes, which serves as the basis for internal project approval;
- ***Intellectual Property Search Report:*** preliminary search and research of existing patents and technologies to assess infringement risks and identify room for innovation, providing a foundation for determining the R&D direction;
- ***R&D Project Progress Report:*** periodic updates on project status, comparing actual progress against the plan and detailing achievements, issues and next steps;
- ***R&D Project Adjustment Application Report:*** a formal application and explanation submitted when significant changes occur during a project, such as modifications to the technical route, timeline or budget; and

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- **R&D Project Completion Report:** a summary document prepared upon project completion, reporting on goal achievement, outcomes, benefits and experiences, which is used for project acceptance and archiving.

Our R&D Collaborations

In addition to our internal innovation efforts, we actively engage in industry-academia-research collaborations with renowned universities and research institutions to support our technological advancement and new product development. Through these partnerships, we seek to leverage external expertise and resources in a flexible and efficient manner to complement our in-house R&D capabilities.

Notably, we have collaborated with a renowned university to develop the technical route for nano-size silicon alloy materials, achieving medium-scale production of relevant products and generating related intellectual property rights. In addition, we have partnered with another renowned university, further advancing our technical know-how in the preparation of powder materials using thermal plasma atomization methods.

Beyond academic collaborations, we have pursued various forms of external cooperation to drive new product development, including joint development of silicon anode materials and new products with leading battery material companies tailored to their needs. These collaborations have supported our new product development over the long term and are expected to continue contributing to our future product pipeline.

In these joint R&D exercises, related agreements typically include intellectual property rights provisions that allocate ownership based on each party’s independent contributions, with each party retaining ownership of the portions it developed independently and sharing ownership of the jointly developed portions on mutually agreed terms.

PRODUCTION

Production Bases and Capacity

As of the Latest Practicable Date, we operated two major production bases in Ningbo and Suqian, with each production base comprising two factories. The table below sets forth the details of our four factories:

Factory	Location	Total Gross Floor Area (square meters)	Year of Commencement of Operations	Main Functions
Boqian Factory	Suqian, Jiangsu Province	75,862.9	2010	It is primarily engaged in the production of certain nickel-based products, copper-based products and silver powders. It also houses part of our R&D and administrative functions.
Guangyu Factory	Suqian, Jiangsu Province	23,525.8	2023	It is primarily engaged in the production of certain nickel-based products and alloy powders. It also houses part of our R&D and administrative functions.
Guangxin Factory	Ningbo, Zhejiang Province	69,145.6	2017	It is primarily engaged in the production of nickel-based products and copper-based products alloy powders. It also houses part of our R&D and administrative functions.

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Factory	Location	Total Gross Floor Area (square meters)	Year of Commencement of Operations	Main Functions
Guangqian Factory	Ningbo, Zhejiang Province	41,920.0	2022	It is primarily engaged in the production of nickel-based products.

As of December 31, 2025, we had a production team of 825 personnel, supporting the operation of our production bases listed above.

Our production model is a hybrid of “make-to-order” and “reasonable inventory,” which allows us to balance capital occupation and delivery pressure, respond to market uncertainties and customized needs, stabilize production capacity fluctuations and optimize cost structure. As the same production line can be used to produce powder products of different particle sizes, and the production time required for each particle size varies, we measure our capacity utilization based on machine operating hours. Theoretical operating hours are calculated by multiplying the number of powder production machines by the number of monthly operating days (24 days per month) and daily operating hours (24 hours per day). The table below sets forth our capacity utilization rate by our four factories during the Track Record Period:

	For the Year Ended December 31,		
	2023	2024	2025
Boqian Factory			
Theoretical operating hours (hours)	705,024.0	705,024.0	732,480.0
Actual operating hours (hours)	299,726.5	402,568.5	574,462.6
Capacity utilization rate (%)	42.5	57.1	78.4
Guangyu Factory			
Theoretical operating hours (hours)	—	—	62,208.0
Actual operating hours (hours)	—	—	48,914.5
Capacity utilization rate (%)	—	—	78.6
Guangxin Factory			
Theoretical operating hours (hours)	264,288.0	315,864.0	327,168.0
Actual operating hours (hours)	162,111.0	215,785.0	255,943.0
Capacity utilization rate (%)	61.3	68.3	78.2
Guangqian Factory			
Theoretical operating hours (hours)	22,464.0	66,240.0	153,732.0
Actual operating hours (hours)	3,722.0	32,644.0	151,685.0
Capacity utilization rate (%)	16.6	49.3	98.7

Production Expansion Plans

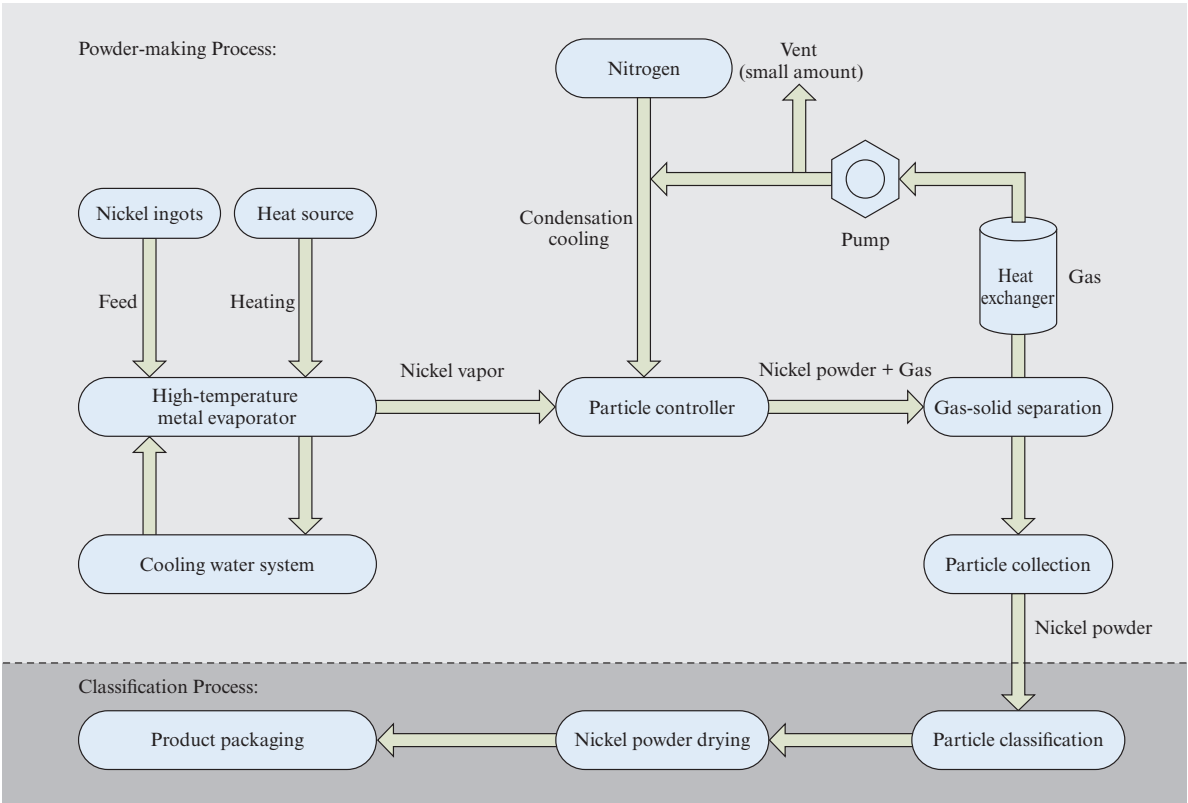
During the Track Record Period and up to the Latest Practicable Date, we were upgrading our existing production facilities in response to increasing demand for our major products, driven by the rapid growth of AI servers, automotive electronics and PV applications. In addition, we are constructing new production facilities to capitalize on development opportunities in industries driven by AI, such as next-generation mobile devices, automotive electronics, and high-end consumer electronics, as well as the low-silver and silver-free trend in the PV industry. These facilities include a 640-ton expansion project for ultrafine metal powders on our existing Guangyu Factory and an 800-ton copper powder project on our existing Guangqian Factory, which will further enhance our overall market competitiveness. As of the Latest Practicable Date, both projects are under construction.

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In addition, to further strengthen our delivery capabilities, respond more quickly to regional demand, and better serve our customers, we plan to use the net [REDACTED] from the [REDACTED] and internal funds to expand production capacity by upgrading and expanding our facilities in China. See “Future Plans and Use of [REDACTED].”

Production Process

Our production process involves the coordination of raw materials, manufacturing, particle classification, testing, packaging and warehousing. We adhere to established manufacturing practices and processes across our factories, which ensure consistency, quality and efficiency in our operations. By standardizing these practices, we can optimize the use of our production facilities and resources, swiftly adapt to market demands, and expand our product portfolio, thereby enhancing our competitive edge while maintaining operational efficiency. The following diagram illustrates the major manufacturing and assembly processes for our representative products, nickel powders:



Our metal powder production process primarily consists of two stages: the powder-making stage and the particle classification stage. The powder-making stage constitutes the core production phase, while the particle classification stage serves as a downstream process for further processing the as-produced powders.

Powder-making Process

In the powder production stage, metal raw materials are heated and melted using a plasma heating to generate metal vapor. The vapor is transported into a particle controller, where it is condensed by nitrogen gas, nucleates and solidifies into metal powder particles. The resulting gas-solid mixture is then conveyed into a gas-solid separation unit, where the powder is separated and collected, while the nitrogen gas is filtered, cooled through a heat exchanger and recycled for

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reuse. For details of our powder production technologies used in this process, see “— Our Technology Platform and Core Technologies — Transferred Arc Plasma Technology” and “— Our Technology Platform and Core Technologies — Non-transferred Arc Plasma Technology.”

Particle Classification Process

In the particle classification stage, the collected powder, or as-produced powder, is processed through particle classification systems to obtain powders of different specifications. Following quality inspection, the classified powders are packaged as finished products for sale. For details of our particle classification technologies used in this process, see “— Our Technology Platform and Core Technologies — Particle Classification Technologies.”

Production Equipment and Machinery

In recent years, we have independently developed our production lines with a focus on enhancing product functionality. Our operations are supported by a diverse range of equipment and machinery tailored to accommodate our various product types. We own the principal equipment and machinery involved in our production process. Beyond acquiring equipment and machinery from third-party suppliers, we are capable of independently developing certain equipment, and are able to procure components and conduct in-house processing and assembly of certain of our equipment. The details of our key equipment and machinery involved in the production process are set out below:

<u>Equipment and machinery</u>	<u>Functions</u>	<u>Our major products manufactured using such equipment and machinery</u>
PVD powder-making equipment*	Various metal raw materials are evaporated by high-temperature plasma in the PVD equipment and then collected to obtain PVD raw powder.	Raw powder
Gas-phase classification equipment*	The dried lump product is dispersed by centrifugal principle to obtain final product or semi-finished powder.	Semi-finished powder and finished powder
Liquid-phase classification equipment*	PVD raw powder is mixed with a certain amount of solvent under high-speed dispersion and stirring, then classified by centrifugal method using hydraulic classification equipment to obtain products of different particle sizes.	Semi-finished powder and finished powder
Testing equipment	Conducting comprehensive inspections of products at each process to ensure product quality at all stages.	All products
Drying equipment	Drying products derived from liquid phase classification	Semi-finished powder and finished powder

* represents the equipment and machinery independently developed by us.

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We conduct careful and timely maintenance of our production facilities. Each piece of our major production equipment or machinery undergoes regular servicing and maintenance, adhering to predefined schedules. We have established and will continually update internal procedures tailored to the unique characteristics and requirements of each piece of production equipment or machinery. During the Track Record Period and up to the Latest Practicable Date, we have not encountered any prolonged suspension of the production process or significant interruption in our business operations due to failures or breakdown of our machinery and equipment.

RAW MATERIALS AND SUPPLIERS

Raw Materials

During the Track Record Period, our raw material purchases primarily consisted of nickel ingots and nickel beads, copper rods, silver sand and other auxiliary materials. We mainly source these raw materials from Chinese Mainland. The following table sets forth the amounts and proportions of our raw material purchases for the periods indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(RMB in thousands, except for percentages)</i>						
Nickel ingots and nickel beads	236,634.3	60.8	234,794.4	57.2	293,995.5	54.1
Copper rods	2,233.1	0.6	17,642.9	4.3	27,057.7	5.0
Silver sand	16,710.2	4.3	43,141.2	10.5	56,781.4	10.5
Other auxiliary materials ⁽¹⁾	133,617.3	34.3	114,708.7	28.0	165,331.8	30.4
Total	389,194.9	100.0	410,287.2	100.0	543,166.5	100.0

Note:

(1) Other auxiliary materials primarily included silver nitrate, carbon felt and graphite.

The prices of our principal raw materials, namely, nickel ingots and nickel beads, copper rods and silver sand, move in line with global metal market prices. The purchase prices of these principal raw materials are generally determined based on the mid-market spot prices quoted on relevant websites on the date of our order placement. Our production costs vary with the procurement costs of these raw materials. Consequently, fluctuations in their prices may have a material impact on our profitability.

We have established a rigorous procurement process and supplier selection system for the materials required in our production. This enables us to effectively control procurement costs while ensuring product quality, thereby mitigating the adverse effects of raw material price fluctuations on our results of operations.

Major Suppliers

Our suppliers primarily consist of raw material providers. We have established a rigorous supplier selection and management process to ensure the quality of raw materials. For new suppliers, we conduct an initial assessment covering pricing, production capacity, quality reputation and service levels, followed by sample testing and small-batch trials. Only after the samples have passed our quality inspection and trial production will the supplier be approved for inclusion in our qualified supplier list. For existing suppliers, we conduct annual performance evaluations based on product quality, pricing, delivery accuracy and responsiveness.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material shortages or delays in the supply of raw materials, nor had we encountered any quality issues from suppliers that materially and adversely affected our operations.

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Purchases from our largest suppliers for the years ended December 31, 2023, 2024 and 2025 amounted to RMB124.5 million, RMB126.2 million and RMB151.5 million, accounting for 32.0%, 30.7% and 27.9%, respectively, of our total purchase amount for the respective periods. Purchases from our five largest suppliers for the years ended December 31, 2023, 2024 and 2025 amounted to RMB283.9 million, RMB317.2 million and RMB405.3 million, accounting for 72.9%, 77.3% and 74.6%, respectively, of our total purchase amount for the respective periods. The table below sets forth the details of our five largest suppliers for each of the periods indicated:

Five Largest Suppliers for the Year Ended December 31, 2023

Supplier	Major Business	Domicile	Products Purchased	Commencement of Business Relationship	Payment before Delivery	Payment Method	Amount of Purchase (RMB'000)	% of Total Purchase
Supplier A	Sales of metal materials and products	Shanghai	Nickel ingots	2019	√	Bank transfer	124,531	32.0%
Supplier B	Sales of metal materials and products	Changzhou, Jiangsu Province	Nickel ingots	2022	√	Bank transfer	98,060	25.2%
Supplier C	Sales of gold and silver products and non-ferrous metal alloys	Shanghai	Silver nitrate	2023	√	Bank transfer	25,050	6.4%
Supplier D	Sales of silver products (excluding jewelry), gold, platinum, palladium and refined scrap materials	Nanyang, Henan Province	Silver nitrate	2017	√	Bank transfer	19,549	5.0%
Supplier E	Recovery, processing and refinement of precious metals	Shaoxing, Zhejiang Province	Silver sand	2016	√	Bank transfer	16,710	4.3%
Total							283,900	72.9%

Five Largest Suppliers for the Year Ended December 31, 2024

Supplier	Major Business	Domicile	Products Purchased	Commencement of Business Relationship	Payment before Delivery	Payment Method	Amount of Purchase (RMB'000)	% of Total Purchase
Supplier B	Sales of metal materials and products	Changzhou, Jiangsu Province	Nickel ingots	2022	√	Bank transfer	126,183	30.7%
Supplier A	Sales of metal materials and products	Shanghai	Nickel ingots	2019	√	Bank transfer	102,519	25.0%
Supplier C	Sales of gold and silver products and non-ferrous metal alloys	Shanghai	Silver nitrate	2023	√	Bank transfer	48,862	11.9%
Supplier F	Metal smelting, manufacturing and sales	Shaoxing, Zhejiang Province	Silver sand and silver nitrate	2024	√	Bank transfer	22,023	5.4%
Supplier G ⁽¹⁾	Manufacturing of copper products and advanced materials	Ningbo, Zhejiang Province	Copper rods	2016	√	Bank transfer	17,643	4.3%
Total							317,230	77.3%

Note:

- (1) Supplier G is a company listed on the Shanghai Stock Exchange.

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Five Largest Suppliers for the Year Ended December 31, 2025

Supplier	Major Business	Domicile	Products Purchased	Commencement of Business Relationship	Payment before Delivery	Payment Method	Amount of Purchase (RMB'000)	% of Total Purchase
Supplier A	Sales of metal materials and products	Shanghai	Nickel ingots	2019	√	Bank transfer	151,479	27.9%
Supplier B	Sales of metal materials and products	Changzhou, Jiangsu Province	Nickel ingots	2022	√	Bank transfer	139,524	25.7%
Supplier E	Recovery, processing and refinement of precious metals	Shaoxing, Zhejiang Province	Silver sand	2016	√	Bank transfer	56,781	10.4%
Supplier F	Metal smelting, manufacturing and sales	Shaoxing, Zhejiang Province	Silver sand and silver nitrate	2024	√	Bank transfer	30,423	5.6%
Supplier G ⁽¹⁾	Manufacturing of copper products and advanced materials	Ningbo, Zhejiang Province	Copper rods	2016	√	Bank transfer	27,058	5.0%
Total							405,265	74.6%

Note:

(1) Supplier G is a company listed on the Shanghai Stock Exchange.

During the Track Record Period, none of our Directors, their respective associates or any of our Shareholders (who owned or, to the knowledge of our Directors, had owned more than 5% of our Shares) had any interest in any of our five largest suppliers for each period during the Track Record Period. During the Track Record Period and as of the Latest Practicable Date, we did not have any material disputes with our suppliers. For each year during the Track Record Period, none of our five largest suppliers were also our customers.

Key Commercial Terms

During the Track Record Period, we primarily entered into framework agreements with our major suppliers. The key terms and conditions of our procurement framework agreements are summarized as follows:

- **Duration:** The framework agreements are typically executed with a term ranging from one to three years. The specific delivery dates for products are set out separately in the purchase orders.
- **Product specification:** In each purchase order we issue to our suppliers, we specify the product name, specifications and model numbers, price, quantity, delivery timeline and other detailed items.
- **Payment and credit term:** Payment terms are generally set out separately in each purchase order. For key production raw materials, we are typically required to make full prepayment prior to the delivery of products. For other auxiliary materials, we are typically required to make full payment within 60 days after the issuance of invoice.
- **Logistics:** Our suppliers are responsible for delivering conforming products to our designated locations, along with a delivery slip.
- **Quality guarantee:** The products are delivered to us together with a product quality certificate, and all deliveries are subject to our inspection and final acceptance. The supplier remains responsible for replacing any items if any quality issues arise during the warranty period.

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- **Termination.** Parties may generally terminate the contract upon mutual agreement. For major suppliers, we may terminate the contract if the supplier delays delivery beyond the prescribed period.

Relationship with Our Major Suppliers

In 2023, 2024 and 2025, our purchase amounts from our five largest suppliers amounted to approximately RMB283.9 million, RMB317.2 million and RMB405.3 million, representing approximately 72.9%, 77.3% and 74.6% of our total purchase amounts for the corresponding periods, respectively.

According to Frost & Sullivan, the relatively high concentration of five largest suppliers during the Track Record Period aligns with industry norms in China. As the raw materials we procure are generally common metal materials, we believe there are ample alternative sources of such materials in the market for us to select and procure at comparable prices and it is unlikely for us to rely on any single supplier for any specific supply of raw materials without a reasonable substitute.

As we recognize the potential risks associated with a concentrated supplier base, we have implemented the following measures to manage our supplier relationships:

- We have established framework agreements and implement ongoing monitoring with our major suppliers, which help ensure a consistent supply of high-quality raw materials and enhance supply chain stability. Our procurement is primarily concentrated among a limited number of trusted partners, enabling us to benefit from reliable allocation and efficient production scheduling.
- While maintaining our core partnerships, we continuously identify and qualify new potential suppliers to broaden our sourcing channels. We apply a rigorous evaluation process, including initial assessment, sample testing and small-batch trials, and maintain a list of qualified backup suppliers to mitigate single-source disruption risks.

SALES, DISTRIBUTION AND MARKETING

As of December 31, 2025, our sales and marketing team consisted of approximately 17 dedicated professionals. The team is organized into five departments primarily based on market regions, with each department typically comprising three to five members. Their responsibilities include formulating sales targets and marketing strategies, monitoring the latest market trends, managing key customer relationships, identifying potential business opportunities, and providing technical pre-sales support. Our team is structured to ensure full-spectrum coverage, from strategic account management to technical collaboration with customers.

Our sales and marketing workforce is dynamically deployed across strategic regional markets to maximize commercial penetration for our advanced powder portfolios. For domestic and Taiwan markets, our dedicated personnel focus on the sales of MLCC nickel powders, alloy powders for inductors and PV copper powders. Internationally, our teams strategically target the MLCC powder market in South Korea, while also selling MLCC nickel powders and silver powders in Japan.

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During the Track Record Period, we primarily sold our products to customers in Chinese Mainland, Korea, Taiwan, China, Japan and other regions. The following table sets forth the breakdown of our revenue by geographical location (based on the location of the customers) for our products for the periods indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)					
Chinese Mainland	306,745	44.5	371,149	39.2	495,630	43.0
Korea	323,788	47.0	517,650	54.8	590,252	51.3
Taiwan, China	45,250	6.6	39,485	4.2	44,795	3.9
Japan	10,935	1.6	14,453	1.5	19,333	1.7
Other regions ⁽¹⁾	1,988	0.3	2,370	0.3	1,584	0.1
Total	688,706	100.0	945,107	100.0	1,151,594	100.0

Note:

(1) Other regions primarily include Singapore and Malaysia.

Marketing Strategy

Our marketing strategy is built around direct customer engagement, targeted technical promotion and brand enhancement, with the goal of strengthening our market presence and expanding our customer base. We primarily operate under a direct sales model, supplemented by a limited distribution model. To increase market awareness of our products and technologies, we pursue a multi-faceted approach that includes customer-oriented marketing, brand building, and industry-academia-research collaboration.

- **Targeted Technical Marketing:** We implement a professional and targeted promotion strategy for different product lines and customer groups. In particular, we promote our products through technical exchanges, product sampling and evaluation, and customer collaboration, with a focus on supporting the application of our nickel-based products in emerging fields such as AI servers and automotive electronics, and advancing the adoption of our copper-based products in PV applications.
- **Brand Building and Market Positioning:** We place strong emphasis on brand building and continue to strengthen our market recognition by leveraging our industry position, technological capabilities and participation in standard-setting. Our marketing team also actively reached overseas markets, including Korea, Taiwan, China, Japan and other regions, which has helped enhance our brand reputation.
- **Industry-academia-research Collaboration:** We also promote our technologies and enhance our industry influence through collaboration with research institutions and universities. Such collaborations enable us to access frontier technological developments, support market education and strengthen our technical profile in the industry.

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Our Sales Model

During the Track Record Period, we primarily derived revenue from direct sales. The following table sets forth the details of our revenue from direct sales and distributors for our products during the Track Record Period:

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)					
Direct Sales	641,218	93.1	892,500	94.4	1,086,097	94.3
Distributors	47,488	6.9	52,607	5.6	65,497	5.7
Total	688,706	100.0	945,107	100.0	1,151,594	100.0

Direct Sales

We primarily adopt a direct sales model, under which our internal sales teams engage directly with downstream customers. Our direct sales channel serves a diverse range of customers, including manufacturers of electronic components such as MLCCs, paste manufacturers, and PV companies. Our key direct customers include internationally renowned MLCC manufacturers, and certain leading players in the PV industry. These customers typically have large procurement volumes and significant strategic importance. While we have historically maintained a high concentration of sales to certain key customers, reflecting the strong competitiveness of our products and the high barriers to entry in the industry, we have been actively diversifying our customer base in recent years to mitigate operational risks. We have also established cooperation with leading companies in the PV sector, complementing our long-standing strategic relationships with major MLCC manufacturers.

We generally enter into standard sales agreements with our direct sales customers. We maintain a dual-track framework agreement tailored to market dynamics. We generally require customers to execute our standard agreements. However, our major customers typically require suppliers to adopt their standard agreements. The key terms of such standard sales agreements typically include:

- **Duration:** The sales agreements are typically executed for each sales order. We entered into a long term agreement with one of our major customers, effective from September 1, 2025 to December 31, 2029.
- **Product Specifications:** The agreement typically sets out the specifications for the products to be provided by us, including product name, model, type, quantity, unit price (tax-inclusive and/or tax-exclusive), total price, delivery timeline and other detailed items.
- **Pricing:** The prices of products are generally specified directly in the sales agreement, either as a fixed unit price or based on a formula (e.g., reference silver price plus processing fee), depending on the terms of the specific contract.
- **Quality Requirements:** The quality of the products shall comply with the standards agreed in the quality agreement and product specifications signed by both parties, as well as applicable national standards (e.g., with respect to reasonable tolerances for weight and composition).
- **Delivery and Transportation:** The agreement usually specifies the customer’s designated location as the delivery place. We arrange for transportation and bear the associated shipping costs. Upon delivery, the customer is responsible for inspecting the appearance, quality and quantity of the products. Any discrepancy must be raised within a specified period. Otherwise, the products are deemed accepted.
- **Payment Terms:** Our standard agreement generally requires payment-before-delivery or monthly settlement. The standard agreements of our major customers generally require us to grant them a credit period of 30 to 120 days.

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- **Confidentiality:** The agreements often contain confidentiality clauses, under which confidential information obtained during the course of cooperation may not be used for any purpose other than as expressly permitted under the agreement. In certain cases, the parties enter into a separate confidentiality agreement that governs the use and protection of such information.
- **Termination:** The agreement may be terminated by mutual consent, for statutory reasons, or upon a material breach by either party.

Distributorship

In addition to direct sales, we also sell our products to distributors who resell them to other end users, which allows us to expand our customer base and enhance market penetration. We classify a customer as a distributor if, through communication with the customer, we understand that its primary business purpose is to resell our products rather than to consume them for its own use. Our commercial relationship with these distributors is strictly a buyer-seller transaction, as we sign standard sales agreements with them. Upon the sale of our products to distributors, they are responsible for reselling the products independently and bear their own profits and losses based on local market conditions. We recognize revenue from sales to distributors upon delivery and acceptance. Distributors resell our products to their own customers, with whom we have no contractual relationship or supervisory control.

We engage distributors primarily because (i) it allows us to efficiently cover a broader range of customers with limited direct sales resources; (ii) certain distributors have well-established local market channels and customer relationships; and (iii) it provides us with flexibility in managing working capital and credit exposure. In 2023, 2024 and 2025, our distribution network remained stable, which consisted of nine, six and eight distributors, respectively. During the Track Record Period, our revenue from distributors amounted to RMB47.5 million, RMB52.6 million and RMB65.5 million in 2023, 2024 and 2025, respectively. Sales generated by these distributors are generally recurring in nature.

Under our sales agreements with our distributors, we do not accept any product returns by our distributors, unless there is a product quality issue in respect of the products concerned and the issue is raised within the designated time period from product delivery. This strict policy prevents distributors from returning unsold inventory of our products. Due to our stringent quality control measures, we had not experienced any material product returns or recalls under our distributorship business model during the Track Record Period and up to the Latest Practicable Date. We do not impose minimum purchase requirements, resale price mandates, rebate arrangements or sales volume targets on our distributors. During the Track Record Period, none of our distributors appointed any sub-distributors in relation to the distribution of our products. The sales agreements with our distributors are generally in line with our direct sales agreements. For more details regarding the key terms of our standard sales agreements, see “— Sales, Distribution and Marketing — Our Sales Model — Direct Sales.”

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, none of our distributors were owned or controlled by our former or current employees, and all of our distributors were Independent Third Parties. To the best of our knowledge, besides the ordinary course sales arrangements with us, there was no employment, financing or family relationship between the distributors and us. During the Track Record Period and up to the Latest Practicable Date, we had no material unresolved disputes or lawsuits with our distributors.

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OUR CUSTOMERS

Major Customers

Our customers primarily consist of electronic component manufacturers, including globally leading MLCC manufacturers, as well as paste manufacturers and PV industry players. Revenue generated from our largest customer for the years ended December 31, 2023, 2024 and 2025 amounted to RMB271.8 million, RMB456.3 million and RMB518.7 million, accounting for 39.4%, 48.3% and 45.0%, respectively, of our total revenue for the respective periods. Revenue generated from our five largest customers for the years ended December 31, 2023, 2024 and 2025 amounted to RMB525.5 million, RMB724.8 million and RMB875.2 million, accounting for 76.3%, 76.7% and 76.0%, respectively, of our total revenue for the respective periods. The table below sets forth the details of our five largest customers for each of the periods indicated:

Five Largest Customers for the Year Ended December 31, 2023

Customer	Major Business	Domicile	Products Provided	Commencement of Business Relationship	Credit Terms	Payment Method	Amount of Revenue (RMB'000)	% of Total Revenue
Customer A ⁽¹⁾	R&D, manufacturing and sales of electronic components, semiconductor packaging substrates, optical modules and related electronic materials	Suwon, Korea	Nickel-based products, copper-based products and alloy powders	2016	120 days	Bank transfer	271,783	39.4%
Customer B ⁽²⁾	R&D, production and sales of electronic components and advanced materials	Chaoshan, Guangdong Province	Nickel-based products, copper-based products, silver powders and alloy powders	2016	Payment before delivery for silver powders; and 60–90 days for other products	Bank acceptance bill	92,046	13.4%
Customer C	Recycling of scrap metals and sales of metal materials	Ningbo, Zhejiang Province	Nickel-based products, copper-based products and alloy powders	2017	30 days	Bank transfer	72,798	10.6%
Customer D ⁽³⁾	R&D, production and sales of electronic pastes for the PV and semiconductor industries	Suzhou, Jiangsu Province	Copper-based products and alloy powders	2021	Payment before delivery	Bank transfer	49,198	7.1%
Customer E	Procurement, sales and import/export services for raw materials used in electronic components such as MLCCs and chip capacitors	Suwon, Korea	Nickel-based products, copper-based products and silver powders	2016	Payment before delivery for silver powders; and 120 days for other products	Bank transfer	39,692	5.8%
Total							525,516	76.3%

Notes:

- (1) Customer A is a company listed on the Korea Exchange.
- (2) Customer B is a company listed on the Shenzhen Stock Exchange.
- (3) Customer D is a subsidiary of a company listed on the Shenzhen Stock Exchange.

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Five Largest Customers for the Year Ended December 31, 2024

Customer	Major Business	Domicile	Products Provided	Commencement of Business Relationship	Credit Terms	Payment Method	Amount of Revenue (RMB'000)	% of Total Revenue
Customer A ⁽¹⁾	R&D, manufacturing and sales of electronic components, semiconductor packaging substrates, optical modules and related electronic materials	Suwon, Korea	Nickel-based products, copper-based products and alloy powders	2016	120 days	Bank transfer	456,336	48.3%
Customer B ⁽²⁾	R&D, production and sales of electronic components and advanced materials	Chaoshan, Guangdong Province	Nickel-based products, copper-based products and silver powders	2016	Payment before delivery for silver powders; and 60–90 days for other products	Bank acceptance bill	81,676	8.6%
Customer C	Recycling of scrap metals and sales of metal materials	Ningbo, Zhejiang Province	Nickel-based products, copper-based products and alloy powders	2017	30 days	Bank transfer	72,990	7.7%
Customer D ⁽³⁾	R&D, production and sales of electronic pastes for the PV and semiconductor industries	Suzhou, Jiangsu Province	Copper-based products and alloy powders	2021	Payment before delivery	Bank transfer	67,686	7.2%
Customer E	Procurement, sales and import/export services for raw materials used in electronic components such as MLCCs and chip capacitors	Suwon, Korea	Nickel-based products, copper-based products and silver powders	2016	Payment before delivery for silver powders; and 120 days for other products	Bank transfer	46,065	4.9%
Total							724,753	76.7%

Notes:

- (1) Customer A is a company listed on the Korea Exchange.
- (2) Customer B is a company listed on the Shenzhen Stock Exchange.
- (3) Customer D is a subsidiary of a company listed on the Shenzhen Stock Exchange.

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Five Largest Customers for the Year Ended December 31, 2025

Customer	Major Business	Domicile	Products Provided	Commencement of Business Relationship	Credit Terms	Payment Method	Amount of Revenue (RMB'000)	% of Total Revenue
Customer A ⁽¹⁾	R&D, manufacturing and sales of electronic components, semiconductor packaging substrates, optical modules and related electronic materials	Suwon, Korea	Nickel-based products, copper-based products and alloy powders	2016	120 days	Bank transfer	518,667	45.0%
Customer B ⁽²⁾	R&D, production and sales of electronic components and advanced materials	Chaoshan, Guangdong Province	Nickel-based products, copper-based products and silver powders	2016	Payment before delivery for silver powders; and 60–90 days for other products	Bank acceptance bill	187,186	16.3%
Customer C	Recycling of scrap metals and sales of metal materials	Ningbo, Zhejiang Province	Nickel-based products, copper-based products and alloy powders	2017	30 days	Bank transfer	74,009	6.4%
Customer E	Procurement, sales and import/export services for raw materials used in electronic components such as MLCCs and chip capacitors	Suwon, Korea	Nickel-based products, copper-based products and silver powders	2016	Payment before delivery for silver powders; and 120 days for other products	Bank transfer	56,879	5.0%
Customer F ⁽³⁾	R&D, manufacturing and sales of passive components, sensors, protective components and related electronic materials	Taipei, Taiwan	Nickel-based products and alloy powders	2016	120 days	Bank transfer	38,414	3.3%
Total							875,155	76.0%

Notes:

- (1) Customer A is a company listed on the Korea Exchange.
- (2) Customer B is a company listed on the Shenzhen Stock Exchange.
- (3) Customer F is a company listed on the Taiwan Stock Exchange.

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During the Track Record Period, none of our Directors, their respective associates or any of our Shareholders (who owned or, to the knowledge of our Directors, had owned more than 5% of our Shares) had any interest in any of our five largest customers for each period during the Track Record Period. During the Track Record Period and as of the Latest Practicable Date, we did not have any material disputes with our customers. For each year during the Track Record Period, none of our five largest customers were also our suppliers.

Key Commercial Terms

For the salient terms of the standard sales agreements between us and our customers, see “— Sales, Distribution and Marketing — Our Sales Model — Direct Sales.”

Relationship with Our Major Customers

In 2023, 2024 and 2025, revenue generated from our five largest customers amounted to approximately RMB525.5 million, RMB724.8 million and RMB875.2 million, representing approximately 76.3%, 76.7% and 76.0% of our total revenue for the corresponding periods, respectively. In particular, revenue generated from our largest customer amounted to approximately RMB271.8 million, RMB456.3 million and RMB518.7 million, representing approximately 39.4%, 48.3% and 45.0% of our total revenue for the corresponding periods, respectively.

Our customer base is highly concentrated. According to Frost & Sullivan, this is in line with industry norms and is primarily attributable to the structural characteristics of the downstream MLCC industry, which is itself highly concentrated, with a limited number of major global manufacturers accounting for the majority of the market share.

The MLCC industry is characterized by rapid technological iteration and high entry barriers. MLCC manufacturers impose stringent qualification and certification requirements on metal powder suppliers, with the certification process typically lasting two to three years. Once a supplier is qualified, the switching cost is extremely high, as any change in powder material would require extensive re-validation of the entire MLCC production process. This results in long-term, stable partnerships between MLCC manufacturers and their certified suppliers.

To provide timely technical support and develop powder formulations precisely tailored to customers’ evolving specifications, we maintain close technical collaboration with our key customers, including on-site technical exchanges and joint product development. This deeply collaborative model strengthens mutual dependence and reinforces our long-term strategic relationships.

In particular, we have established a long-term, mutually beneficial strategic relationship with our largest customer during the Track Record Period. This customer lacks the in-house capability to produce metal powders for MLCCs on a large scale and relies on external sourcing of nickel and copper powders for its MLCC production. Given the limited number of qualified suppliers, the customer chose to form a long-term and stable partnership with us to ensure a steady supply and stable pricing of metal powders. Concurrently, leveraging its leading position in MLCC manufacturing technology, this customer has continuously imposed higher technical and quality requirements on our nickel powders, guiding us to persistently advance our R&D and equipment upgrades for metal powder production. As a result, the business relationship between us is stable and sustainable, with no significant risks of uncertainty.

Nevertheless, we recognize the risks associated with a highly concentrated customer base. Therefore, while continuing to deepen our strategic relationships with major MLCC manufacturers, we have been actively enriching our product portfolio, and expanding and diversifying our customer base, including establishing cooperation with leading companies in the PV industry.

As of the Latest Practicable Date, our Directors believe that our level of customer concentration is consistent with industry practice and does not constitute a material risk that cannot be mitigated through our ongoing diversification efforts.

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QUALITY CONTROL

We have comprehensive policies and detailed procedures in place to ensure product quality, including the Quality Operation Planning and Control Specification, the Nonconforming Product Control Specification, the Quality Monitoring, Analysis and Evaluation Specification, the Nonconformity Corrective Action Control Specification, the Monitoring and Measurement Control Procedure, and the Quality/Environment/Occupational Health and Safety Management Manual. These policies are designed to align with our production practices while ensuring the continuous and effective operation of our quality management system.

We have obtained a series of certificates including ISO9001:2015 for our quality management system and ISO14001:2015 for our environmental management system, which apply to the research, development and production of ultrafine metal powders. We have also obtained IATF 16949 certification, an international standard for automotive quality management systems, further demonstrating our ability to meet the stringent quality requirements of the automotive electronics industry.

Our quality control measures cover the full chain of our production and sales activities, including:

- **R&D:** Participating in the evaluation of new product proposals, conducting testing of pilot-scale and intermediate-scale samples, establishing quality standards and testing specifications for new products, and collaborating on the optimization of formulations and processes;
- **Technology:** Reviewing manufacturing and production line designs, identifying quality risks, establishing process control standards, and determining quality inspection points and equipment layout;
- **Procurement:** Verifying supplier qualifications, conducting incoming materials inspections, monitoring supplier quality performance, and following up on quality issues with incoming materials to ensure they are fully resolved;
- **Production:** Conducting process inspections and finished product inspections, monitoring the implementation of production processes, taking the lead in addressing quality issues, and ensuring the implementation of the workshop quality system; and
- **Sales:** Issuing factory quality inspection reports, handling customer quality complaints, conducting post-event reviews and implementing corrective actions, aligning with customer quality standards, and maintaining our brand's reputation.

INVENTORY MANAGEMENT

Our inventories primarily consist of raw materials, auxiliary materials, spare parts, outsourced processing parts, packaging materials, semi-finished goods and finished goods. Our raw materials mainly include nickel ingots and nickel beads, copper rods, silver sand and other auxiliary materials. Given the high value and price volatility of these raw materials, inventory management is a critical component of our operational efficiency and risk control.

Our supply chain management is coordinated to achieve synergy and optimal resource allocation across order placement, procurement management, product manufacturing, shipping and other processes. We manage and maintain sufficient inventory levels to support production. We analyze and determine procurement strategies based on forecasted supply, market analysis, and estimated fluctuations in procurement volume and price. Based on such analysis, we set different inventory levels for different types of inventories in response to changes in customer demand and raw material price fluctuations. Our raw materials generally have long shelf lives (e.g., ten years for nickel ingots/nickel beads, and five years for copper wire), and we typically maintain a safety stock of approximately seven to ten days.

BUSINESS

We have established a comprehensive set of quality control measures for inventory management, covering incoming inspection, storage, inventory counting and outbound handling. Upon arrival, raw materials are subject to quantity verification and quality inspection; qualified materials are processed for inbound storage, while non-conforming materials are handled through return, replacement or claim procedures. We have also digitized and standardized our inventory management through our ERP system, which enhances the efficiency and accuracy of our inventory management processes.

DELIVERY AND LOGISTICS

We conduct sampling inspections for every batch of products prior to delivery. Our quality control team works with the relevant production team to ensure that our products are properly packaged and adequately protected during transportation.

In addition, we are committed to developing an efficient and transparent logistics supply chain to enhance customer satisfaction and improve inventory efficiency. We continuously refine and standardize the warehousing and distribution systems across our warehouses, while also effectively managing third-party logistics providers.

We have implemented an integrated production and logistics management system that aligns with our hybrid “make-to-order” and “reasonable inventory” production model. We utilize an ERP system for integrated warehouse management, covering raw materials, auxiliary materials, spare parts, semi-finished goods, and finished products. To minimize risk and improve efficiency, we maintain a low level of finished goods inventory through a strategy of proactive inventory clearance, enhancing turnover rates and operational liquidity.

We collaborate with multiple logistics providers under one-year contracts covering road, sea and air transportation, with expenses settled on a monthly basis or as otherwise invoiced. Our domestic shipments are covered under an annual master insurance policy, while export shipments are insured on a per-shipment basis.

COMPETITION

We mainly operate in the electronic metal powder industry, which is characterized by rapid technological iteration and a highly concentrated competitive landscape. As technological barriers and economies of scale become increasingly prominent in this industry, the global market concentration is showing an upward trend.

Driven by advancements in electronic component manufacturing processes and technologies, as well as growing demand from downstream application sectors, electronic components such as MLCCs are trending toward greater integration, miniaturization and higher capacitance. This trend imposes higher quality requirements on the production and R&D of metal powder materials. In particular, the global supply market for MLCC nickel powders is highly concentrated, with major suppliers primarily located in Japan and Chinese Mainland. Among global suppliers of high-end MLCC nickel powders, we ranked second in terms of revenue in 2025, with a market share of approximately 11.0%. For a more detailed analysis of the competitive landscape and market dynamics, please see “Industry Overview — Overview of MLCC Nickel Powders for MLCC.”

We believe our competitive position is primarily attributable to our strengths in (i) our PVD-based technology platform and strong R&D capabilities; (ii) our global market position in high-end electronic metal powder materials; (iii) our long-standing relationships with leading MLCC manufacturers as a qualified core supplier; (iv) our continuous product innovation and diversified product portfolio; and (v) our experienced management team with global vision. For a detailed description of our competitive advantages, please see “Business — Our Strengths”.

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To maintain our competitive position and capture future opportunities in the electronic metal powder industry, we are currently investing significant resources in the research, development and improvement of our process technologies, and have accumulated extensive experience in key production processes.

INTELLECTUAL PROPERTY

Intellectual property is a critical component of our competitive advantage and long-term business strategy. Since our establishment, we have consistently prioritized the development and accumulation of technological R&D capabilities. We seek to protect our intellectual property and proprietary rights primarily through intellectual property laws, relying on a combination of patent, trademark, trade secret and other intellectual property laws in China and other countries.

As of the Latest Practicable Date, we held a robust portfolio of intellectual property worldwide, comprising 135 patents in China and 38 patents in overseas jurisdictions including the United States, as well as five software copyrights in China. Our patents span critical sectors, primarily including new materials preparation and application technologies in nanotechnology and powder metallurgy, specifically the manufacturing of high-end micro- and nano-size metal powder materials for electronic applications, as well as related supporting processes and equipment.

As of the Latest Practicable Date, we had led the drafting of China’s first industry standard for nickel powder for capacitor electrode (Standard No.: YS/T 1338–2019), and participated in the development of a national standard for the non-ferrous metals industry of the PRC regarding micro-nano copper powder (Standard No.: YS/T 1777–2025). In addition, our subsidiary, Guangxin Nano, was a principal drafter of the Zhejiang Manufacturing Group Standard for Nickel Powder for Electrode of Multi-layer Ceramic Capacitor (Standard No.: T/ZZB 1912–2020).

As of the Latest Practicable Date, we had two registered trademarks in China.

We have a range of internal control policies and measures in place to protect our intellectual property rights and trade secrets. We proactively pursue patent applications for our technological innovations and utilize our patent rights to safeguard our legitimate interests. Meanwhile, our intellectual property team is proactive in taking reasonable steps to detect possible infringement of our intellectual property rights. For any confirmed infringement, we typically take legal actions timely by securing evidence and filing relevant lawsuits. This proactive approach underscores our commitment to protecting our intellectual property and maintaining our competitive edge in the market. We rely on non-disclosure agreements to protect our interests in non-patentable know-how and hard-to-patent manufacturing processes. The contracts we enter into with employees, suppliers and other strategic partners are generally reviewed and approved by our in-house legal team to ensure that they contain adequate safeguards to prevent unauthorized disclosure. As of the Latest Practicable Date and to the best of our knowledge and belief, there were no material pending intellectual property claims by third parties.

DATA PRIVACY AND SECURITY

We maintain robust IT security policies covering system development, access control, hardware management, data backup, and disaster recovery to safeguard our operations and ensure compliance with data protection requirements. We attach great importance to customer privacy and data security protection, incorporating relevant requirements into our internal policies and procedures. We have established a comprehensive management framework that covers data classification, access control, encrypted storage and transmission, log recording, and confidentiality commitments, ensuring that customer technical data, business information, and personal information are used only within the authorized scope in a legal and compliant manner.

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To protect our proprietary technologies and trade secrets, we implement physical segregation of production and R&D areas, hierarchical access permissions, and confidential information management protocols. We also require all employees to sign confidentiality agreements, with key personnel in R&D, sales and procurement additionally subject to non-competition agreements. These measures help prevent unauthorized access, disclosure, or misuse of sensitive information.

In addition, these measures also help reinforce employees’ compliance awareness and confidentiality responsibilities in scenarios such as handling customer data, system operations, document circulation, and external communication.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, we have not experienced any unauthorized collection, access or disclosure of personal information, nor have we been subject to any governmental investigation, rectification order or penalty in relation to data privacy or security matters.

INFORMATION TECHNOLOGY SYSTEMS

Information technology (IT) is a critical component of our competitive advantage and operational efficiency. We continuously adapt and enhance our IT systems to align with our business growth and diverse operational requirements. These systems support essential functions including inventory management, production, quality control, external relationship management, internal relationship management and operation management. Our key IT systems are set forth below:

- **MES system:** To further enhance process control and ensure premium production consistency, we have implemented an efficient Manufacturing Execution System (MES) within our production process, which supports data collection, production monitoring and quality control.
- **ERP system:** We have deployed an Enterprise Resource Planning (ERP) system, serving as a unified digital platform that interconnects our core financial management, sales and distribution, procurement, production planning, and inventory control processes. The ERP system constitutes the data foundation of our day-to-day operations, ensuring cross-departmental collaboration and real-time information synchronization among our core business units.
- **BI system:** We have adopted a modern Business Intelligence (BI) system, serving as the central data engine to drive our group-wide, data-informed decision-making and granular operations. The system integrates a sophisticated suite of data access, analytical and mining technologies, effectively transforming the vast volumes of raw operational data generated across our business into actionable strategic insights.
- **OA system:** Our office automation (OA) system is primarily utilized for daily office management and business process management. It streamlines routine administrative and operational tasks, enhances communication and improves overall operational efficiency by providing a centralized platform for document management, scheduling, business process approval and internal collaboration.

LICENSES, PERMITS AND APPROVALS

During the Track Record Period, we had obtained all requisite licenses, permits, approvals and certificates from the relevant government authorities that are material for our business operations. We continually monitor our compliance with these requirements in order to ensure that we have all such approvals, licenses and permits as are necessary to operate our business.

We had not experienced any material difficulties in renewing material licenses, permits or approvals during the Track Record Period and do not expect there to be any material difficulties in renewing them upon their expiry.

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The table below sets forth our key licenses, permits and certifications. As of the Latest Practicable Date, the following licenses, permits and certifications were all valid.

<u>Holder</u>	<u>Name of License, Permit or Approval</u>	<u>Issuing Authority</u>	<u>Expiry Date</u>
Our Company	Pollutant Discharge License	Suqian Ecological Environment Bureau	March 2027
Our Company	Certificate of Registration of Customs Declaring Unit of the People’s Republic of China	Suqian Customs	N/A
Our Company	Customs Consignor and Consignee of Import and Export Goods	Suqian Customs	N/A
Guangxin Nano	Certificate of Registration of Customs Declaring Unit of the People’s Republic of China	Yinzhou Customs	N/A
Guangxin Import & Export	Customs Consignor and Consignee of Import and Export Goods	Haishu Customs	N/A
Suqian Guangyu	Customs Consignor and Consignee of Import and Export Goods	Suqian Customs	N/A
Jiangsu Guangyu	Pollution Source Registration Receipt	Ministry of Ecology and Environment of the People’s Republic of China	September 2030
Guangqian Electronic	Pollution Source Registration Receipt	Ministry of Ecology and Environment of the People’s Republic of China	December 2027
Guangxin Nano	Pollution Source Registration Receipt	Ministry of Ecology and Environment of the People’s Republic of China	April 2030
Our Company	Quality Management System Certification (ISO9001:2015)	Beijing East Allreach Certification Center Co., Ltd.	February 2029
Guangxin Nano	Quality Management System Certification (GB/T19001–2016/, ISO9001:2015)	China Quality Certification Center	December 2027
Our Company	Environmental Management System Certification (ISO14001:2015)	Beijing East Allreach Certification Center Co., Ltd.	February 2029
Guangxin Nano	Environmental Management System Certification (GB/T24001–2016/, ISO14001:2015)	China Quality Certification Center	December 2027

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<u>Holder</u>	<u>Name of License, Permit or Approval</u>	<u>Issuing Authority</u>	<u>Expiry Date</u>
Our Company	Occupational Health and Safety Management System Certification (ISO45001:2018)	Beijing East Allreach Certification Center Co., Ltd.	February 2029
Guangxin Nano	Occupational Health and Safety Management System Certification (GB/T45001-2020/ISO45001:2018)	China Quality Certification Center	December 2027
Guangxin Nano	Automotive Quality Management System Certification (IATF 16949:2016)	Shanghai Enkea Certification Co., Ltd.	December 2026

EMPLOYEES

As of December 31, 2025, we had 1,097 full-time employees, who are all located in the PRC. The following table sets forth a breakdown of our full-time employees by function as of December 31, 2025:

<u>Function</u>	<u>Number of Employees</u>	<u>% of Total</u>
Production	825	75.2
Sales and Marketing	17	1.6
Research and Development	119	10.8
Finance	14	1.3
General and Administration	122	11.1
Total	1,097	100.0

We recruit employees based on our business needs, production plans, R&D requirements and management objectives. Our recruitment process generally includes reviewing candidates' qualifications and experience and assessing candidates based on their professional skills, integrity, work experience and cultural fit. We also provide training to new and existing employees to enhance their professional skills, safety awareness and compliance knowledge.

As required under PRC regulations, we participate in various employee social security plans organized by applicable local municipal and provincial governments. We enter into employment contracts with our executive officers, managers and employees, which typically include confidentiality obligations. In addition, we require all of our employees to sign confidentiality agreements. Upon an employee's departure, our human resources and intellectual property departments jointly assess whether a non-compete agreement is necessary for that particular departing employee. Key personnel in R&D, sales and marketing, and procurement may be subject to such agreements on a case-by-case basis. Under the confidentiality and intellectual property provisions of our employment contracts, any inventions, technical solutions or business secrets conceived or created by an employee during the course of their employment with us are owned by us, and we hold all related rights, titles and interests.

We believe that we maintain a good working relationship with our employees, and we have established labor unions to protect their legal rights. During the Track Record Period and up to the Latest Practicable Date, we did not experience any strikes, work stoppages, labor disputes or actions which had a material adverse effect on our business and operations.

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PROPERTIES

Our corporate headquarters office is located at Suqian, China.

As of the Latest Practicable Date, we had 34 self-owned properties in the PRC with an aggregate gross floor area of approximately 154,095.0 square meters. We had obtained title certificates for these 34 properties. As of the Latest Practicable Date, none of our self-owned properties had been leased out.

As of the Latest Practicable Date, we had leased six properties in the PRC. The total gross floor area of our leased properties exceeds 49,258.0 square meters, and the properties are primarily used for manufacturing, warehousing, R&D, corporate administration and residential purposes.

Among our leased properties, two had not been registered with the relevant PRC government authorities. As advised by our PRC Legal Adviser, failure to register such lease agreements with relevant PRC government authorities does not affect the effectiveness of the lease agreements, but the relevant PRC government authorities may order us to, within a prescribed time limit, register the lease agreements. As of the Latest Practicable Date, we had not been ordered by any PRC government authorities to register any lease agreements.

In addition, we have used one of our leased properties as our employee dormitory, which is inconsistent with the use specified in the property ownership certificate. As a result, competent authorities may order the cessation of its use as employee dormitories. Our PRC Legal Adviser is of the view, given that (i) the above property is actually used as employee dormitory and does not constitute our principal production and operation premises, and (ii) it is not directly used for our production and operation activities, such defect will not materially affect our business operations.

As of December 31, 2025, we had no single property with a carrying amount of 15% or more of our consolidated total assets and no single property interest that forms part of our property activities had a carrying amount representing 1% or more of our consolidated total assets, and on that basis, we are not required by Rule 5.01A of the Listing Rules to include in this document any valuation report. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all of our interests in land or buildings in a valuation report.

INSURANCE

We maintain insurance policies that are required under PRC laws and regulations, and based on our assessment of our operational needs and industry practice. We maintain insurance coverage including property insurance for our inventory, fixed assets and construction in progress and transportation insurance. We believe that the amount of our insurance coverage is in line with the customary standard in the industry and is adequate for our operations. During the Track Record Period, we did not make any material insurance claims in relation to our business.

Our business is, however, susceptible to risks arising from losses we sustain during the course of our business operations, and we cannot assure you that the insurance policies we have taken out are always able to cover all losses we sustain. For further details, see “Risk Factors — Risks Relating to Our Business and Industry — We may not have adequate insurance coverage for losses and liabilities arising from various operational risks and hazards that we are subject to.”

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AWARDS AND RECOGNITIONS

As of the Latest Practicable Date, we had received awards and recognitions in respect of our brand, products and technologies, significant ones of which are set forth below:

<u>Award year</u>	<u>Award/Recognition</u>	<u>Awarding Organization</u>
2022	National Specialized, Refined, Unique and Innovative “Little Giant” Enterprise (國家級專精特新「小巨人」企業)	Ministry of Industry and Information Technology of the People’s Republic of China (中華人民共和國工業和信息化部)
2023	Jiangsu Province Outstanding Enterprise (江蘇省優秀企業)	The Jiangsu Provincial People’s Government (江蘇省人民政府)
2023	National Intellectual Property Demonstration Enterprise (國家知識產權示範企業)	China National Intellectual Property Administration (國家知識產權局)
2023	Jiangsu Province Green Factory (江蘇省綠色工廠)	Department of Industry and Information Technology of Jiangsu Province (江蘇省工業和信息化廳)
2023	Leading Enterprise in Green Development (綠色發展領軍企業)	Department of Ecology and Environment of Jiangsu Province (江蘇省生態環境廳)
2024	Jiangsu Province Intelligent Manufacturing Workshop (江蘇省智能製造車間)	Department of Industry and Information Technology of Jiangsu Province (江蘇省工業和信息化廳)
2025	Jiangsu Province Advanced Intelligent Factory (江蘇省先進級智能工廠)	Department of Industry and Information Technology of Jiangsu Province (江蘇省工業和信息化廳)
2025	High-tech Enterprise (高新技術企業)	Department of Science and Technology of Jiangsu Province (江蘇省科學技術廳)

In addition, we have been playing a pivotal role in shaping the future of electronic metal powder industry by making significant contributions to the development of industry standards. As of the Latest Practicable Date, we had contributed to the formulation of the following industry standards:

<u>Standards</u>	<u>Date of publication</u>	<u>Institution/Authority</u>
Nickel Powder for Capacitor Electrode (電容器電極鎳粉) (YS/T 1338–2019)	August 2019	Ministry of Industry and Information Technology of the People’s Republic of China (中華人民共和國工業和信息化部)
Nickel Powder for Electrode of Multi-layer Ceramic Capacitor (多層片式陶瓷電容器電極鎳粉) (T/ZZB 1912–2020)	November 2020	Zhejiang Association for Brand Building (浙江省品牌建設聯合會)
Micro-nano Copper Powder (微納米銅粉) (YS/T 1777–2025)	April 2025	Ministry of Industry and Information Technology of the People’s Republic of China (中華人民共和國工業和信息化部)

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LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time be subject to various legal or administrative claims and proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management’s time and attention. See “Risk Factors — Risks Relating to Our Business and Industry — We may be involved in legal proceedings and commercial or contractual disputes, which could have a material and adverse effect on our business, results of operations and financial condition.”

As of the Latest Practicable Date, there were no litigation, arbitration or administrative proceedings pending or threatened against us or any of our Directors which could have a material and adverse effect on our financial condition or results of operations.

During the Track Record Period and up to the Latest Practicable Date, there were no material breaches or violations of laws or regulations applicable to us which are expected to have a material adverse effect on our business, financial condition or results of operations.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any accidents, fatalities, occupational safety and hazard issues and/or labor disputes related to our operations, which could have a material and adverse effect on our financial condition or results of operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We attach great importance to environmental, social and governance (ESG) work, adhering to our corporate mission of “making the world more low-carbon and life more beautiful” and integrating sustainable development concepts into all aspects of our daily operations and management.

ESG Governance

ESG Governance Structure

We have established an ESG governance system with the Board of Directors as the highest decision-making body. The Board bears overall responsibility for our ESG strategies and related disclosures, including approving ESG-related policies, assessing significant ESG risks and opportunities, and monitoring the formulation and progress of ESG-related targets. Under the Board, the Strategy and ESG Committee is specifically responsible for researching ESG policies, identifying and supervising ESG risks and opportunities that have a material impact on our business.

The ESG working group, under the guidance of the Strategy and ESG Committee, is responsible for the daily promotion and implementation of ESG-related work, including formulating ESG work objectives, deploying specific measures, tracking implementation progress, and regularly reporting to the Board. Various business departments are responsible for managing specific ESG topics according to their designated responsibilities, forming a four-level governance mechanism of “Board of Directors — Strategy and ESG Committee — ESG working group — business departments”, ensuring that ESG management runs through all levels from strategy to execution.

ESG Risk Management

We integrate ESG-related risks into our overall risk management framework, establishing mechanisms for risk identification, assessment, monitoring, and response at both our company level and across various business processes. The Board of Directors bears ultimate responsibility for risk management. The Audit Committee is responsible for guiding and supervising internal control and risk management, while the audit department independently conducts daily risk inspections and supervision.

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The following table sets forth the main ESG-related risks we have identified and our response measures:

Main Risk	Potential Impact	Response Measures
Product Quality Risk	Product quality fluctuations may lead to customer loss, reputational damage, and liability for compensation.	Establish a full lifecycle quality control system based on ISO 9001 standards, with quality management running through the entire product lifecycle. Encourage employees to propose quality improvement suggestions, establish a rapid response mechanism for customer complaints, and drive closed-loop quality improvement.
Environmental Compliance Risk	Improper waste disposal or excessive pollutant discharge may lead to regulatory penalties.	Obtain ISO 14001 environmental management system certification, establish a full-process control mechanism for wastewater, exhaust gas, and waste. Achieve stable compliance of pollutant discharge through process optimization, efficient treatment facilities, and abnormal condition emergency control, reducing the impact of production operations on the surrounding environment.
Work Safety Risk	Equipment damage or chemical exposure during production operations may cause casualties.	Establish a company-wide work safety responsibility system, obtain ISO 45001 occupational health and safety management system certification, regularly conduct safety training and emergency drills, and continuously strengthen safety assurance capabilities.

Environmental

Use of Resources

We have formulated the Energy Management System and established an energy conservation and consumption reduction management committee. Through measures such as quota management, technological upgrades, promotion of energy-saving equipment, and optimization of production scheduling, we continuously improve resource utilization efficiency. We also actively promote the construction of green energy projects such as distributed photovoltaics and user-side energy storage, building a diversified energy management model of “self-generation for self-use, green electricity supplementation, and energy storage for peak load shifting”. We have established a water resource

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management system covering water use specifications, measurement quotas, and facility management, implementing measures such as wastewater reuse and substitution with external reclaimed water to reduce fresh water consumption.

During the Track Record Period, our energy and water resource usage were as follows:

	For the year ended December 31		
	2023	2024	2025
Energy Management			
Total electricity consumption (MWh)	96,041.54	113,620.76	153,813.81
Electricity consumption intensity (MWh/ RMB10,000 revenue)	1.39	1.20	1.34
Total gasoline consumption (L)	15,417.37	15,293.34	14,977.86
Gasoline consumption intensity (L/RMB10,000 revenue)	0.22	0.16	0.13
Total diesel consumption (L)	3,585.76	3,438.18	4,586.65
Diesel consumption intensity (L/RMB10,000 revenue)	0.05	0.04	0.04
Total LPG consumption (m ³) ⁽¹⁾	7.45	7.92	4,707.65
LPG consumption intensity (m ³ /RMB10,000 revenue)	0.01	0.01	4.09
Water Resource Management			
Total water consumption (tons) ⁽²⁾	190,579	222,723	402,195
Water consumption intensity (tons/RMB10,000 revenue)	2.77	2.36	3.49

Notes:

- (1) The increase in total LPG consumption in 2025 compared to previous years is due to the addition of Boqian Factory to the statistical scope.
- (2) The increase in total water consumption in 2025 compared to previous years is due to higher product quality requirements, technological transformation projects, and increased production volume.

Emissions Management

We have established a classified disposal mechanism for cleaning wastewater, exhaust gas, and waste generated during production operations, strictly complying with relevant regulations such as the Law on the Prevention and Control of Water Pollution of the People’s Republic of China and the Law on the Prevention and Control of Atmospheric Pollution of the People’s Republic of China to ensure stable compliance of pollutant discharge.

In terms of wastewater management, our wastewater primarily consists of domestic sewage. Production wastewater and domestic sewage are treated at different levels and by category. Equipment flushing water and floor washing water are treated and reused, while domestic sewage is pretreated in septic tanks before being discharged into the municipal wastewater treatment plants.

In terms of exhaust gas management, organized emissions are deeply treated through tube collectors and bag filters before discharge. Production workshops are equipped with mechanical ventilation, and closed operations are used during packaging to reduce dust dispersion. In 2025, our total exhaust gas emissions were 576 million m³.

In terms of waste management, we have established a multi-level waste control system based on the Waste Management Procedure, covering training, supervision and on-site execution. Hazardous and non-hazardous waste are collected, stored, and disposed of separately. Hazardous waste is collected according to the National Catalogue of Hazardous Wastes, stored in specialized hazardous waste warehouses, and disposed of by qualified third-party institutions in compliance with regulations. Non-hazardous waste is preferentially disposed of through recycling and reuse.

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During the Track Record Period, our waste management performance was as follows:

	For the year ended December 31		
	2023	2024	2025
Total waste discharge (tons)	295.43	270.00	315.20
Waste discharge intensity (tons/RMB1 million revenue)	0.43	0.29	0.27
Hazardous waste discharge (tons) ⁽¹⁾	33.43	0.00	10.49
Hazardous waste discharge intensity (tons/RMB1 million revenue)	0.05	0.00	0.01
Non-hazardous waste discharge (tons)	262.00	270.00	304.71
Non-hazardous waste discharge intensity (tons/RMB1 million revenue)	0.38	0.29	0.26

Note:

- (1) Our hazardous waste discharge is measured based on the actual amount transferred and disposed of. In 2023, we completed the centralized transfer and disposal of accumulated hazardous waste. In 2024, due to lower production loads, the amount of hazardous waste generated was relatively small, and the generated hazardous waste had not yet been transferred. Therefore, according to the above measurement basis, hazardous waste discharge for 2024 was recorded as nil.

Climate Change Tackling

In terms of strategy, we identify climate-related physical and transition risks and formulate green and low-carbon development strategies. Through measures such as clean energy substitution, energy-saving technological upgrades, and process optimization, we aim to reduce carbon emission intensity and seize market opportunities brought by low-carbon technologies and green products.

In terms of risk management, we have established processes for climate risk identification, assessment, and monitoring, integrating climate risk management into the overall risk control system and conducting regular risk inspections.

Indices and goals: In 2025, our total photovoltaic usage was 3,746.44 MWh, continuously optimizing its energy mix and increasing the proportion of clean energy.

During the Track Record Period, our greenhouse gas (GHG) emissions⁽¹⁾ were as follows:

	For the year ended December 31		
	2023	2024	2025
Scope 1 GHG emissions (tCO ₂ e) ⁽²⁾	32.572	34.914	141.197
Scope 2 GHG emissions (tCO ₂ e) ⁽³⁾	18,561.643	18,342.134	77,712.275
Total GHG emissions (Scope 1 + 2) (tCO ₂ e)	18,594.215	18,377.048	77,853.472
GHG emission intensity (tCO ₂ e/RMB10,000 revenue)	0.270	0.194	0.676

Notes:

- (1) The statistical boundary of the data for 2025 includes the newly added Boqian Factory, and production volume has expanded at some factories, resulting in an increase in GHG emissions data.
- (2) The emission factors for Scope 1 GHG emissions are based on the default values in Table 2.1 of Appendix II of the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions from China Electronic Equipment Enterprises (Trial)*.
- (3) Scope 2 GHG emissions are calculated with reference to the national average carbon dioxide emission factor for electricity published in the *Announcement on the Release of Carbon Dioxide Emission Factors for Electricity in 2023* by the Ministry of Ecology and Environment and the National Bureau of Statistics.

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Social

Employment

We strictly comply with labor laws and regulations in all operating locations, having formulated policies such as the Child Labor Prevention Procedures and the Non-Discrimination and Anti-Harassment Procedures. We firmly prohibit child labor, forced labor, and any form of discrimination or harassment. We implement uniform and strict conduct standards for all employees, suppliers, customers, and any individuals entering our premises, with clear violation handling mechanisms.

In terms of compensation and benefits, we have established a diversified compensation system covering basic salary and performance pay, providing employees with social insurance and housing provident fund. Additionally, we provide various benefits including meal subsidies, housing allowances, high-temperature allowances, seniority awards, and holiday gifts. For high-level and highly educated talent, we implement a special “individualized compensation” policy.

As of December 31, 2025, we had a total of 1,097 full-time employees, and the employee turnover rate was 9.4%. The following table shows the composition of our workforce as of December 31, 2025:

	Number of employees <i>(persons)</i>	Percentage of total employees <i>(%)</i>
By gender		
Male	940	85.7
Female	157	14.3
By age group		
Under 30 years old	154	14.0
30–50 years old	690	62.9
Over 50 years old	253	23.1
By education level		
Doctor’s degree	5	0.5
Master’s degree	21	1.9
Bachelor’s degree	124	11.2
Below bachelor’s degree	947	86.4

Health and Safety

We have adopted “Safety First, Prevention Priority, Comprehensive Management, People-Oriented, Continuous Improvement” as our work safety policy. A work safety leadership group has been established, with the general manager as the group leader, and the EHS Department is responsible for implementation and assessment. We have formulated the Work Safety Rules and Regulations and the Occupational Health Management System, and have obtained ISO45001 occupational health and safety management system certification.

We coordinate an annual, role-tailored health check-up program, conduct monthly safety training and regularly organize comprehensive emergency drills. We have also established a full-process occupational health and safety risk identification mechanism, organizing monthly systematic safety risk inspections. For chemicals and hazardous materials, we have established full-process control requirements covering procurement, storage, use, transportation, and disposal.

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During the Track Record Period, there were no work-related fatalities.

Development and Training

We have built a tiered and categorized training system spanning employees’ entire careers, covering new employee orientation, work safety training, job skills training, management capability training, and R&D technical training. We use a combination of internal and external training methods to continuously enhance employee capabilities. We have formulated the *Science and Technology Advancement Reward Policy* and the *Intellectual Property Reward Policy* to provide special awards to employees who make outstanding innovation contributions. Leveraging its provincial-level postdoctoral workstation, we collaborate with universities to promote the transformation of scientific and technological achievements.

Supply Chain Management

We have formulated the Supplier Management and Procurement Control Procedure, establishing a full-cycle supplier management system covering access review, dynamic evaluation, and exit management. We conduct annual comprehensive evaluations of existing suppliers, dynamically rating them from Level 1 to Level 4, and implement an exit mechanism for non-compliant suppliers. In terms of sustainable procurement, we integrate supplier ESG performance (including environmental compliance, labor rights, work safety, etc.) into core standards for access and contract renewal, and require suppliers to sign the Anti-Commercial Bribery Agreement to promote integrity and clean cooperation in the supply chain.

Product Responsibility

Based on quality management system standards such as ISO9001 and IATF16949, we have formulated system documents including the *Quality Manual* and the *Non-Conforming Product Control Procedure*, establishing a full lifecycle quality control system covering incoming raw material inspection, production process control, finished product inspection, and continuous improvement. We have established a customer complaint handling procedure, specifying a response mechanism of within 24 hours for general complaints and within 2 hours for serious complaints. Annual assessment targets are set for key indicators such as complaint response rate and resolution rate. In 2025, there were no major customer complaints, and no product quality safety incidents or product recalls occurred. Concurrently, we strictly protect customer data security and privacy, having established a data security protection system, with no data breaches occurring.

Anti-Corruption

Adhering to a “zero-tolerance” principle towards corruption, bribery, and other fraudulent practices, we have formulated the Anti-Fraud Management System. The Audit Committee is responsible for guiding and supervising, the audit department acts as the standing body independently conducting fraud investigations and special audits, and management is responsible for establishing and effectively implementing anti-fraud procedures and internal controls.

We have established multi-channel complaint reporting mechanisms, including a hotline, email address, and mailing address. We strictly keep the information of whistleblowers confidential, reward verified whistleblowing reports, and hold accountable any retaliatory actions. We include a clause prohibiting commercial bribery in the onboarding commitment letter signed with all new employees, sign the Anti-Commercial Bribery Agreement with suppliers, and regularly conduct anti-corruption awareness training for middle-level cadres and key positions.

During the Track Record Period and as of the Latest Practicable Date, we were not involved in any legal proceedings related to corruption, bribery, or fraud.

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Community Investment

We actively fulfill our corporate social responsibilities, giving back to the community through various forms of support including educational assistance, community co-building, and sports sponsorship. In 2025, we invested in social welfare, sponsoring local events such as the Suqian City Bawang Cup County and District Football League, supporting national fitness initiatives and community development, and helping the Suyu District representative team win the championship.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established a set of risk management measures and internal control policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these policies. Furthermore, we continually review the implementation of our risk management policies and measures to ensure that our policies and implementation are effective and sufficient. We have adopted and implemented comprehensive internal control management in various aspects of our business operations such as internal reporting, information security, intellectual property and human resources.

Internal Reporting System for Material Information

We have established a material information reporting system across all departments, branches and subsidiaries to ensure timely and accurate information disclosure. Under this system, our directors, senior management and heads of departments are required to promptly report any potential material events. Material information subject to internal reporting requirements primarily includes matters to be reviewed by the board of directors, subsidiaries’ resolutions and major transactions. To maintain strict confidentiality, all informed personnel must keep the information within a limited group and are strictly prohibited from disclosing inside information.

Information Security Risk Management

We have implemented stringent data security and network protection protocols to ensure the confidentiality, integrity and availability of our information systems and electronic data. To mitigate ransomware and other external threats, we maintain a robust data backup architecture, with all backup files stored securely off-site. In addition, our information technology department, in coordination with our confidentiality office, conducts regular internal control checks, promptly intercepts any unauthorized data transmissions, and performs mandatory inspections of portable computers upon their return from external use.

Intellectual Property Risk Management

We have established comprehensive intellectual property (IP) risk management procedures to ensure compliance with applicable laws and regulations. We have established comprehensive evaluation channels for technology commercialization, licensing or assignment, and conduct regular validity assessments of our existing intellectual property portfolio. To support our commercial activities, we conduct targeted IP legal searches and monitor market dynamics through structured risk-warning and tracking reports to prevent potential third-party disputes.

Human Resources Risk Management

We have implemented a comprehensive institutional employment framework applicable to all categories of personnel, incorporating centralized labor attendance controls and a transparent, merits-based reward and disciplinary system to secure operational efficiency and strict compliance. With respect to anti-fraud risks, we have established a full life-cycle management system covering whistleblowing channels, employee grievance handling, performance evaluations and penalties for severe non-compliance. We also conduct regular compliance reviews alongside verified fraud investigations to safeguard stakeholders and ensure long-term labor compliance.