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You should read the following discussion and analysis in conjunction with our audited consolidated financial information as of and for each of the years/period ended 31 December 2023, 2024, and 2025 and the five months ended 31 May 2026 included in the Accountants’ Report set out in Appendix I to this Document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the section headed “Risk Factors” in this Document.

OVERVIEW

We are a prominent silver powder supplier in China with over a decade of operational experience and integrated research, development, production, and sales capabilities. Our silver powder products are primarily used in the production of PV silver paste, a crucial raw material in manufacturing PV cells. One of our key strengths lies in our ability to produce advanced silver powder that is ultimately used in the production of more recent types of PV cells or their components, including, during the Track Record Period, front-side fine grids (正面細柵) in PERC cells, front-side fine grids (正面細柵) and rear-side high-copper paste (背面高銅漿料) in TOPCon cells, and conductive grids in HJT cells and xBC cells.

Our revenue increased by 42.0% from RMB2,781.7 million for the year ended 31 December 2023 to RMB3,949.6 million for the year ended 31 December 2024, and further increased by 28.3% to RMB5,066.5 million for the year ended 31 December 2025. Our revenue increased by 187.4% from RMB1,409.2 million for the five months ended 31 May 2025 to RMB4,050.5 million for the five months ended 31 May 2026. Our profit for the year increased by 32.1% from RMB59.9 million for the year ended 31 December 2023 to RMB79.1 million for the year ended 31 December 2024, and further increased by 113.1% to RMB168.5 million for the year ended 31 December 2025. Our profit for the period increased by 191.3% from RMB19.1 million for the five months ended 31 May 2025 to RMB55.7 million for the five months ended 31 May 2026. For the years ended 31 December 2023, 2024, and 2025 and the five months ended 31 May 2025 and 2026, our gross profit margin was 3.9%, 3.3%, 4.7%, 2.8%, and 2.0%, and our net profit margin was 2.2%, 2.0%, 3.3%, 1.4%, and 1.4%, respectively. As such, our primary business, namely sales of silver powder products, is generally a low profit margin business, which may render us more susceptible to economic and/or industry downturns. This is mainly because we price our silver powder products by adding a mark-up to the price of silver, which represents most of the total price of our silver powder products and the total cost of our raw materials. In the years ended 31 December 2023, 2024, and 2025 and the five months ended 31 May 2025 and 2026, our cost of raw materials accounted for 99.3%, 99.4%, 99.5%, 99.4%, and 99.7% of our cost of sales, respectively, and our silver nitrate procurement costs accounted for 98.6%, 99.1%, 99.6%, 99.4%, and 99.6% of our procurement costs of raw materials, respectively. Operating with thin profit margins, together with other factors such as intense market competition, may render us more vulnerable to adverse macroeconomic or industry-specific developments.

BASIS OF PRESENTATION

The historical financial information of our Group has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the IASB. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the historical financial information consistently throughout the years ended 31

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December 2023, 2024, and 2025 and the five months ended 31 May 2026. For more information on the basis of preparation of the financial information included herein, please refer to note 2.2 to the Accountants’ Report in Appendix I to this Document.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and, financial condition have been, and are expected to continue to be, affected by the following key factors:

End Markets that We Serve and Our Customer Relationship

During the Track Record Period, we derived most of our revenue from manufacturing and selling silver powder used in the production of PV silver paste, a crucial raw material in the manufacturing of PV cells. Accordingly, our results of operations have been and are expected to continue to be affected by downstream demand for PV silver paste and PV cells.

With the increasing emphasis on renewable energy and the continuous advancement of PV technologies, the production scale of PV silver paste and PV cells continues to expand. According to Frost & Sullivan, from 2021 to 2025, the production volume of PV silver pastes in China increased from approximately 3.2 thousand tonnes to 7.2 thousand tonnes, with a CAGR of 22.5%, and is expected to reach approximately 11.3 thousand tonnes in 2030, growing at a CAGR of 9.4% from 2025 to 2030. From 2021 to 2025, the production volume of PV cells in China increased from 198.0 GW to 660.1 GW, with a CAGR of 35.1%, and is expected to reach 1,226.2 GW by 2030, with a CAGR of 13.2% from 2025 to 2030. However, there is no guarantee that the demand for PV silver paste and PV cells, and in turn our silver powder products, will remain at previous levels or continue to grow in the future. The following sensitivity analysis illustrates the effects of hypothetical fluctuations in our sales volume on our gross profit for the years/period indicated, assuming all other factors affecting our gross profit had remained unchanged:

	Increase/decrease in our gross profit for the year ended 31 December			Increase/ decrease in our gross profit for the five months ended 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Change in our sales volume				
+/-5%	5,632	6,726	11,586	4,409
+/-10%	11,268	13,382	23,172	8,818
+/-15%	16,905	20,037	34,758	13,227
+/-20%	22,542	26,693	46,344	17,637

In addition, our ability to maintain long-term and stable relationships with our key customers is critical to our business and financial performance. Our customers include leading manufacturers in China’s PV silver paste production industry. According to Frost & Sullivan, our top five customers in terms of sales revenue in 2025 represented approximately 50% of the market share by PV silver paste sales revenue in China during the same year. A loyal and growing customer base is expected to drive our sales volume growth, thereby capitalising on the growth of downstream demand for PV silver paste and PV cells, consolidating our strong market position and improving our revenue and profit margins.

Silver Price

Any fluctuation in silver price may directly affect our revenue, cost, gross profit and gross profit margin. We price our silver powder products by adding a mark-up to the price of silver. The price of silver is the determinant of the selling price for our customers and directly affects our

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revenue. Silver nitrate is our primary raw material. Our cost of raw materials constituted the major component of our cost of sales during the Track Record Period, amounting to RMB2,654.4 million, RMB3,797.2 million, RMB4,808.4 million, RMB1,361.9 million, and RMB3,959.7 million and representing 99.3%, 99.4%, 99.5%, 99.4%, and 99.7% of our cost of sales for the years ended 31 December 2023, 2024, and 2025 and the five months ended 31 May 2025 and 2026, respectively. During the same years/period, our silver nitrate procurement costs amounted to RMB2,667.0 million, RMB3,830.4 million, RMB4,815.4 million, RMB1,392.8 million, and RMB4,062.0 million representing 98.6%, 99.1%, 99.6%, 99.4%, and 99.6% of our procurement costs of raw materials, respectively.

Silver price is typically subject to volatility caused by external conditions such as market supply and demand. As a result, we are exposed to the market risk of price fluctuation. We currently do not hedge against any fluctuation in silver price. The following sensitivity analysis illustrates the effects of hypothetical fluctuations in silver price on our revenue for the years/period indicated, assuming all other factors affecting our revenue had remained unchanged:

	Increase/decrease in our revenue for the year ended 31 December			Increase/ decrease in our revenue for the five months ended 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Change in silver price				
+/-5%	130,294	189,628	244,305	189,081
+/-10%	260,589	379,256	488,611	378,161
+/-15%	390,883	568,883	732,916	567,242
+/-20%	521,178	758,511	977,221	756,323

Note: Silver price for the purpose of this sensitivity analysis is based on the average Ag(T + D) price (the trading price for silver spot deferred delivery contracts) quoted on the Shanghai Gold Exchange, being RMB4.9 thousand per kg, RMB6.4 thousand per kg, RMB8.6 thousand per kg, and RMB17.9 thousand per kg in 2023, 2024, and 2025 and the five months ended 31 May 2026, respectively, according to Frost & Sullivan.

To manage the risk of fluctuation in silver price, almost simultaneously with our sales department confirming customer orders for our silver powder products, our silver nitrate supplier confirms our procurement order based on the silver market price referenced in the customer order, effectively limiting our exposure to the fluctuations in the prevailing silver price. See “Business — Our Operational Flow — Sales Order Placement” and “Business — Operational Flow — Procurement” of this Document for details of our sales and procurement order placement mechanism. As such, assuming all other variables remain constant, fluctuations in the price of silver will not materially impact our gross profit. Therefore, no sensitivity analysis on the fluctuation of the silver price is provided. However, if we are unable to implement our sales and procurement order strategy effectively, our revenue, cost, gross profit and gross profit margin may fluctuate, and our business, results of operations and financial condition may be materially and adversely affected.

Competition and Pricing

Although we achieved a prominent market position with respect to silver powder production in China, we face intense competition from other domestic and global manufacturers in the silver powder production industry in China. We believe that our competitive advantages stem from our early-market entry advantage, strong market position, robust research and development capabilities,

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comprehensive production technologies and expertise, and stable and long-term relationship with top-tier PV silver paste manufacturers. However, intensified competition or our inability to sustain our competitive advantages may adversely affect our financial performance.

Our pricing strategy directly affects our revenue, gross profit margins, and overall financial performance. We price our silver powder products by adding a mark-up to the price of silver. See “Business — Sales and Marketing — Pricing Policy” for details of our pricing policy. If we are required to maintain our competitive positions by lowering the mark-ups of our products, our profitability may be materially and adversely affected. For instance, according to Frost & Sullivan, the intensified competition in China’s PV silver powder industry led to a general decline in mark-ups in the market in 2024, following which we also reduced our mark-ups. This was a significant factor contributing to the decrease in our gross profit margin for the sales of products from 3.8% in 2023 to 3.2% in 2024. See “Review of Historical Results of Operations — Year Ended 31 December 2024 Compared to Year Ended 31 December 2023 — Gross Profit and Gross Profit Margin”. In addition, according to Frost & Sullivan, the industry-wide mark-ups for PV silver powder generally decreased by approximately 2% to 10% in 2025, compared to 2024. Furthermore, as we may charge different mark-ups for our different silver powder product series, any change in our product mix may impact our overall revenue and gross profit margin.

The following sensitivity analysis illustrates the effects of hypothetical fluctuations in the average selling price of our silver powder products on our revenue for the years/period indicated, assuming all other factors affecting our revenue had remained unchanged:

	Increase/decrease in our revenue for the year ended 31 December			Increase/decrease in our revenue for the five months ended 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Change in average selling price of our silver powder products				
+/-5%	137,825	192,440	246,608	200,056
+/-10%	275,650	384,879	493,216	400,112
+/-15%	413,475	577,319	739,824	600,168
+/-20%	551,299	769,758	986,431	800,225

Research and Development

The silver powder market is characterised by ongoing technological development, an expanding array of product types, shifting customer demands, frequent introductions and enhancements of new products. Our success hinges upon our ability to refine our existing product offerings to address fast-changing customer needs, adapt to technological and competitive developments, efficiently execute research and development initiatives, and timely introduce new products.

We have invested substantial resources in research and development. For the years ended 31 December 2023, 2024, and 2025 and the five months ended 31 May 2025 and 2026, our research and development expenses amounted to RMB24.8 million, RMB26.5 million, RMB27.8 million, RMB8.8 million, and RMB17.6 million, respectively, representing 74.7%, 63.2%, 52.1%, 51.9%, and 71.5% of our operating expenses for the same years/period. Through our dedicated research and development efforts, we have accumulated technical advantages in the field of silver powder production. As of the Latest Practicable Date, we held 20 invention patents and 31 utility model patents, most of which are related to PV silver powder manufacturing technologies and processes. We aim to continuously optimise the performance of existing products through ongoing research and

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development efforts. However, a significant amount of research and development expenses or any failure to generate sufficient gross profit to cover our research and development expenses could materially and adversely affect our results of operations.

MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

We prepare our consolidated financial information in accordance with IFRS, which requires us to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the consolidated financial information and the reported amounts of revenue and expenses during the financial reporting period. As the use of estimates is an integral component of the financial reporting process, actual results in subsequent financial reporting that differ from estimates could result in deviations from previous financial reporting. For details of our material accounting policies, significant accounting judgements and estimates, see notes 2.4 and 3 to the Accountants’ Report in Appendix I to this Document.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss for the years/periods indicated derived from our consolidated statements of profit or loss and other comprehensive income set out in the Accountants’ Report included in Appendix I to this Document:

	For the year ended 31 December			For the five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
REVENUE	2,781,686	3,949,620	5,066,505	1,409,221	4,050,486
Cost of sales	(2,674,440)	(3,818,822)	(4,830,511)	(1,369,955)	(3,969,722)
GROSS PROFIT	107,246	130,798	235,994	39,266	80,764
Other income	2,705	11,381	23,917	4,187	9,397
Selling and marketing expenses	(763)	(755)	(1,153)	(411)	(432)
Administrative expenses	(7,640)	(14,636)	(24,352)	(7,724)	(6,562)
Research and development expenses	(24,754)	(26,457)	(27,839)	(8,763)	(17,582)
(Impairment losses)/reversal of impairment losses on financial assets, net	(649)	651	—	—	—
Other expenses	(4,416)	(4,545)	(7,251)	(4,051)	(2,088)
Finance costs	(5,006)	(6,571)	(3,613)	(1,026)	(1,411)
PROFIT BEFORE TAX	66,723	89,866	195,703	21,478	62,086
Income tax expenses	(6,833)	(10,784)	(27,180)	(2,353)	(6,373)
PROFIT FOR THE YEAR/PERIOD	59,890	79,082	168,523	19,125	55,713

NON-IFRS MEASURES

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items.

We believe that adjusted profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) provide useful information to [REDACTED] and others in understanding and evaluating our consolidated statements of comprehensive income in the same manner as they help our management. However, our presentation of adjusted profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of adjusted profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute of, our consolidated statements of comprehensive income or financial condition as reported under IFRS.

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We define adjusted profit (non-IFRS measure) as profit for the year/period, adjusted by adding back equity-settled share award expense and [REDACTED]. We define adjusted EBITDA (non-IFRS measure) as EBITDA excluding equity-settled share award expense and [REDACTED].

The following table reconciles our adjusted profit for the year/period (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) with our profit for the year/period which is presented in accordance with IFRS:

	For the year ended 31 December			For the five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the year/period	59,890	79,082	168,523	19,125	55,713
Add back:					
Equity-settled share award expense ⁽¹⁾	2,038	2,447	2,447	1,019	1,019
[REDACTED] ⁽²⁾	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted profit for the year/period (non-IFRS measure)	61,928	86,784	182,959	24,268	58,102
	For the year ended 31 December			For the five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reconciliation of profit to adjusted EBITDA for the year/period (non-IFRS measure):					
Profit for the year/period	59,890	79,082	168,523	19,125	55,713
Add back:					
Finance costs	5,006	6,571	3,613	1,026	1,411
Income tax expenses	6,833	10,784	27,180	2,353	6,373
Depreciation of property, plant and equipment	4,342	3,859	4,262	1,708	1,909
Depreciation of right-of-use assets	868	868	868	362	362
Amortisation of intangible assets	45	61	78	25	27
Less:					
Bank interest income	597	591	871	226	780
	76,387	100,634	203,653	24,373	65,015
Add back:					
Equity-settled share award expense ⁽¹⁾	2,038	2,447	2,447	1,019	1,019
[REDACTED] ⁽²⁾	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted EBITDA for the year/period (non-IFRS measure)	78,425	108,336	218,089	29,516	67,404

Notes:

- (1) Equity-settled share award expense relates to the share awards we granted to our employees under the 2023 Employee Shareholding Incentive Plan and were non-cash in nature. See “History, Development and Corporate Structure — Our Corporate Developments — (6) The PRC Employee Shareholding Platform and Capital Increase in March 2023” and note 26 to the Accountants’ Report set out in Appendix I to this Document for details.
- (2) [REDACTED] represent expenses relating to this [REDACTED].

KEY COMPONENTS OF OUR CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Revenue

Our sources of revenue encompass revenue derived from (i) sales of products which includes silver powder and others, as well as (ii) processing services for some of our customers, whereby we manufacture and supply silver powder products to them using silver ingots provided by them and charge a processing fee. We recognise revenue from sales of products on gross basis as we are the principal that controls the products before transferring the products to customers and is liable for the storage, damage and loss of the products, assumes the price fluctuation risks of the products and promises to provide the products pursuant to the contract terms.

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The following table sets forth a breakdown our revenue by product and service types for the years/periods indicated:

	For the year ended 31 December						For the five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
REVENUE										
Sales of products	2,780,179	99.9	3,943,547	99.8	5,059,780	99.9	1,403,777	99.6	4,048,832	100.0
Silver powder	2,756,497	99.1	3,848,791	97.4	4,932,158	97.3	1,352,243	96.0	4,001,122	98.8
Others ^(Note)	23,682	0.8	94,756	2.4	127,622	2.6	51,534	3.6	47,710	1.2
Processing services	1,507	0.1	6,073	0.2	6,725	0.1	5,444	0.4	1,654	0.0
Total	2,781,686	100	3,949,620	100	5,066,505	100	1,409,221	100	4,050,486	100.0

Note: Others primarily include silver powder generated as scrap or substandard products during our production and research processes, which we sell as recyclable precious metals.

Cost of Sales

Our cost of sales primarily consists of (i) costs of raw materials, (ii) manufacturing overheads, (iii) direct labour costs and (iv) depreciation.

The following table sets forth the breakdown of our cost of sales by revenue stream for the years/periods indicated:

	For the year ended 31 December						For the five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Cost of sales										
Sales of products	2,673,860	100	3,815,453	99.9	4,827,272	99.9	1,367,307	99.8	3,968,946	100.0
Processing services	580	0.0	3,369	0.1	3,239	0.1	2,648	0.2	776	0.0
Total	2,674,440	100	3,818,822	100	4,830,511	100	1,369,955	100	3,969,722	100

The following table sets forth the breakdown of our cost of sales by nature for the years/periods indicated:

	For the year ended 31 December						For the five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Cost of sales										
Cost of raw materials	2,654,442	99.3	3,797,189	99.4	4,808,370	99.5	1,361,917	99.4	3,959,653	99.7
Manufacturing overheads	10,364	0.4	11,634	0.3	14,283	0.3	4,807	0.4	6,520	0.2
Direct labour cost	4,513	0.1	4,976	0.1	5,135	0.1	2,178	0.2	2,419	0.1
Depreciation	2,085	0.1	1,805	0.1	1,740	0.1	667	0.0	737	0.0
Others	3,036	0.1	3,218	0.1	983	0.0	386	0.0	393	0.0
Total	2,674,440	100	3,818,822	100	4,830,511	100	1,369,955	100	3,969,722	100.0

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Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit as a percentage of our revenue. The following table sets forth the breakdown of our gross profit and gross profit margin by product and service types for the years/periods indicated:

	For the year ended 31 December						For the five months ended 31 May			
	2023		2024		2025		2025		2026	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Sales of products	106,319	3.8	128,094	3.2	232,508	4.6	36,470	2.6	79,886	2.0
Processing services	927	61.5	2,704	44.5	3,486	51.8	2,796	51.4	878	53.1
Total	107,246	3.9	130,798	3.3	235,994	4.7	39,266	2.8	80,764	2.0

The gross profit margin for processing services is generally higher than our gross profit margin for the sales of products because we price our silver powder products by adding a mark-up to the prevailing silver price to account for our processing of silver nitrate or silver ingots into silver powder. The prevailing silver market price generally constitutes a relatively high proportion of the total price we charge our customers as compared to the mark-up we charge for the products. On the other hand, for processing services, PV silver powder products are manufactured and supplied to customers using silver ingots provided by them and we only charge a processing fee for our service, leading to a higher gross profit margin in general.

Other Income

Our other income primarily consist of government grants representing mainly incentives awarded by the PRC local government authorities to support our operation, for example, value-added tax additional deductions and incentives in support of our R&D activities, and bank interest income. The following table sets forth a breakdown of our other income for the years/periods indicated:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Other income					
Government grants	2,096	10,781	22,922	3,839	8,603
Bank interest income	597	591	871	226	780
Others	12	9	124	122	14
Total	2,705	11,381	23,917	4,187	9,397

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Selling and Marketing Expenses

Our selling and marketing expenses consist of (i) employee benefit expenses, (ii) equity-settled share award expense, (iii) product sampling expenses for providing samples to customers free of charge, (iv) travel expenses and (v) others which primarily consist of entertainment expenses.

The following table sets forth a breakdown of our selling and marketing expenses for the years/periods indicated:

	For the year ended 31 December						For the five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Selling and marketing expenses										
Employee benefit expenses	533	69.8	563	74.6	866	75.1	248	60.3	386	89.4
Equity-settled share award expense	46	6.0	55	7.2	55	4.8	23	5.6	25	5.7
Product sampling expenses	70	9.2	48	6.4	195	16.9	128	31.1	5	1.2
Travel expenses	77	10.1	30	4.0	13	1.1	2	0.5	1	0.2
Others	37	4.9	59	7.8	24	2.1	10	2.5	15	3.5
Total	763	100	755	100	1,153	100	411	100	432	100

Administrative Expenses

Our administrative expenses consist of (i) [REDACTED], (ii) employee benefit expenses, (iii) professional services expenses which primarily consist of financial consulting, valuation and legal fees, (iv) depreciation and amortisation, (v) equity-settled share award expense, (vi) office expenses and (vii) others which primarily consist of business hospitality expenses.

The following table sets forth a breakdown of our administrative expenses for the years/periods indicated:

	For the year ended 31 December						For the five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Administrative expenses										
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Employee benefit expenses	4,350	56.9	4,865	33.2	8,610	35.4	2,162	28.0	3,523	53.7
Professional services expenses	671	8.8	1,213	8.3	277	1.1	127	1.6	234	3.6
Depreciation and amortisation	943	12.3	1,021	7.0	985	4.0	435	5.6	437	6.7
Equity-settled share award expense	731	9.6	877	6.0	877	3.6	365	4.7	364	5.5
Office expenses	409	5.4	874	6.0	476	2.0	224	2.9	195	3.0
Others	536	7.0	531	3.6	1,138	4.7	287	3.8	439	6.6
Total	7,640	100	14,636	100	24,352	100	7,724	100	6,562	100

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Research and Development Expenses

Our research and development expenses primarily consist of (i) cost of raw materials, (ii) employee benefit expenses, (iii) equity-settled share award expense, (iv) depreciation and amortisation, (v) testing and inspection expenses for testing and inspecting our research and development tools and product samples and (vi) others which primarily consist of consulting fees.

The following table sets forth a breakdown of our research and development expenses by nature for the years/periods indicated:

	For the year ended 31 December						For the five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Research and development expenses										
Cost of raw materials	18,567	75.0	19,208	72.6	18,552	66.6	5,373	61.3	14,441	82.1
Employee benefit expenses	3,716	15.0	4,135	15.6	5,109	18.4	1,740	19.9	1,788	10.2
Equity-settled share award expense	1,124	4.5	1,340	5.1	1,339	4.8	558	6.4	557	3.2
Depreciation and amortisation	920	3.7	614	2.3	1,079	3.9	411	4.7	521	3.0
Testing and inspection expenses	339	1.4	424	1.6	1,339	4.8	516	5.9	170	1.0
Others	88	0.4	736	2.8	421	1.5	165	1.8	105	0.5
Total	24,754	100	26,457	100	27,839	100	8,763	100	17,582	100

(Impairment losses)/reversal of impairment losses on financial assets, net

Our net impairment losses on financial assets represent net impairment losses on trade receivables and other receivables. For the years ended 31 December 2023 and 2024, our net impairment losses on financial assets were RMB0.6 million and RMB0.7 million, respectively. For the year ended 31 December 2025 and the five months ended 31 May 2025 and 2026, we did not record any net impairment losses on financial assets nor net reversal of impairment losses on financial assets.

Other Expenses

Our other expenses consist of fair value changes on bills receivables and losses on disposal of items of property, plant and equipment. For the years ended 31 December 2023, 2024, and 2025 and the five months ended 31 May 2025 and 2026, our other expenses were RMB4.4 million, RMB4.5 million, RMB7.3 million, RMB4.1 million, and RMB2.1 million, respectively.

Finance Costs

Our finance costs consist of interest on interest-bearing bank and other borrowings and interest on lease liabilities. For the years ended 31 December 2023, 2024, and 2025 and the five months ended 31 May 2025 and 2026, our finance costs were RMB5.0 million, RMB6.6 million, RMB3.6 million, RMB1.0 million, and RMB1.4 million, respectively.

Income Tax Expenses

For the years ended 31 December 2023, 2024, and 2025 and the five months ended 31 May 2025 and 2026, we recorded income tax expenses of RMB6.8 million, RMB10.8 million, RMB27.2 million, RMB2.4 million, and RMB6.4 million, respectively.

Under the EIT Law and its implementation regulations, the enterprise income tax rate applicable to Janbon Colloidal Materials, our operating subsidiary, was 25% during the Track Record Period. Janbon Colloidal Materials was accredited as a “High and New Technology Enterprise” (“HNTE”) in 2021, with its certification extended in December 2024 for a further three-year period up to December 2027. Therefore, it was entitled to a preferential enterprise income

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tax rate of 15% during the Track Record Period. The qualification as a HNTE is subject to review by the relevant tax authority in the PRC every three years. See note 10 to the Accountants’ Report set out in Appendix I to this Document for further details on the applicable tax rate we were subject to during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, our Directors were not aware of any outstanding enquiry, audit, investigation, challenge or penalty from tax authorities in relation to our tax filings.

Profit for the Year/Period and Net Profit Margin

For the years ended 31 December 2023, 2024, and 2025 and the five months ended 31 May 2025 and 2026, our profit for the year/period was RMB59.9 million, RMB79.1 million, RMB168.5 million, RMB19.1 million, and RMB55.7 million, respectively, and our net profit margin was 2.2%, 2.0%, 3.3%, 1.4%, and 1.4% for the respective years/periods.

We carried accumulated losses of RMB59.0 million as of 1 January 2023, primarily attributable to our strategy of continuously investing in and focusing on the research and development on the commercial production of PV silver powder since December 2012, while we had not achieved a sufficient level of economies of scale before 2022. We adopted this strategy in order to improve our product qualities and performances, meet diverse and evolving customer needs, lay the foundation for achieving greater economies of scale, and improve operational leverage and profitability in the long run, the benefits of which required time to come into fruition. Following our years of continuous investment and efforts, we have developed an independent and comprehensive system of silver powder production technology and processes, with full proprietary intellectual property rights. We believe that these have enabled us to gain recognition from prominent PV silver paste manufacturers such as Customer B and Changzhou Fusion (常州聚和), which began their business relationship with us in 2018 and 2019, respectively. Our research and development efforts have further successfully facilitated the adaptation of our silver powder products to various changes and advancements in PV cell technology which we believe has made our silver powder products a substitute for imported products. Furthermore, in recent years, PV silver powder produced by China’s domestic manufacturers has gradually obtained market recognition, with the localisation rate of China’s PV silver powder industry in terms of sales volume increasing from 37.0% in 2021 to 96.7% in 2025, according to Frost & Sullivan. This further contributed to our increased business scale and economies of scale. As a result of the foregoing, we recorded a profit for the year of RMB59.9 million for the year ended 31 December 2023, and achieved a turnaround from an accumulated losses position to an accumulated profits position as of 31 December 2023, with retained profits of RMB0.8 million as of 31 December 2023. Our retained profits increased further to RMB42.0 million as of 31 December 2024, RMB193.7 million as of 31 December 2025, and RMB249.4 million as of 31 May 2026.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Five Months Ended 31 May 2026 Compared to Five Months Ended 31 May 2025

Revenue

Our total revenue increased by RMB2,641.3 million, or 187.4%, from RMB1,409.2 million for the five months ended 31 May 2025 to RMB4,050.5 million for the five months ended 31 May 2026, primarily as a result of the increase in our revenue derived from the sales of products.

Our revenue derived from the sales of products increased by RMB2,645.0 million, or 188.4%, from RMB1,403.8 million for the five months ended 31 May 2025 to RMB4,048.8 million for the five months ended 31 May 2026, primarily as a result of the general increase in the market price of silver and the increase in the sales volume of our silver powder products. According to Frost & Sullivan, the average price of PV silver powder in China increased from RMB7.3 thousand per kg for the five months ended 31 May 2025 to RMB18.1 thousand per kg for the five months ended 31 May 2026.

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The sales volume of our silver powder products increased by 24,691 kg, or 13.2%, from 186,502 kg for the five months ended 31 May 2025 to 211,193 kg for the five months ended 31 May 2026, primarily due to an increase in purchase orders from existing customers.

Our revenue derived from the sales of other products, representing primarily silver powder generated as scrap or substandard products during our production and research processes which we sold as recyclable precious metals, decreased by RMB3.8 million, or 7.4%, from RMB51.5 million for the five months ended 31 May 2025 to RMB47.7 million for the five months ended 31 May 2026. Such decrease was primarily attributable to a decrease in the sales volume of scrap silver powder, primarily due to improved production processes that reduced scrap generation, and certain scrap silver powder being processed into silver nitrate through outsourced processing arrangements during the five months ended 31 May 2026 rather than being sold as scrap, partially offset by the general increase in the market price of silver during the same periods as described above.

Our revenue derived from processing services decreased by RMB3.7 million, or 68.5%, from RMB5.4 million for the five months ended 31 May 2025 to RMB1.7 million for the five months ended 31 May 2026.

Cost of Sales

Our total cost of sales increased by RMB2,599.7 million, or 189.8%, from RMB1,370.0 million for the five months ended 31 May 2025 to RMB3,969.7 million for the five months ended 31 May 2026, primarily as a result of the increase in our cost of raw materials, which was generally in line with the increase in our revenue from the sales of products. The increase in our cost of raw materials was primarily driven by the increase in volume of silver nitrate, our primary raw material, used for producing our products that were sold and the general increase in the market price of silver nitrate.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our total gross profit increased by RMB41.5 million, or 105.7%, from RMB39.3 million for the five months ended 31 May 2025 to RMB80.8 million for the five months ended 31 May 2026. Our overall gross profit margin decreased from 2.8% for the five months ended 31 May 2025 to 2.0% for the five months ended 31 May 2026, primarily due to the decrease in our gross profit margin for the sales of products.

Our gross profit for the sales of products increased by RMB43.4 million, or 119.0%, from RMB36.5 million for the five months ended 31 May 2025 to RMB79.9 million for the five months ended 31 May 2026. The gross profit margin for the sales of products decreased from 2.6% for the five months ended 31 May 2025 to 2.0% for the five months ended 31 May 2026, primarily as a result of the general increase in the market price of silver during the same periods as described above, and, to a lesser extent, temporary pricing mismatches between the procurement cost of silver nitrate and the selling prices of our silver powder products amid significant volatility in silver prices, which delayed the full reflection of higher raw material costs in product selling prices.

Our gross profit for processing services decreased by RMB1.9 million, or 68.6%, from RMB2.8 million for the five months ended 31 May 2025 to RMB0.9 million for the five months ended 31 May 2026. The gross profit margin for processing services remained relatively stable at 51.4% for the five months ended 31 May 2025 and 53.1% for the five months ended 31 May 2026.

Other Income

Our other income increased by RMB5.2 million, or 124.4%, from RMB4.2 million for the five months ended 31 May 2025 to RMB9.4 million for the five months ended 31 May 2026, primarily as a result of an increase of government grants of RMB4.8 million mainly from value-added tax additional deductions which was generally in line with the expansion of our businesses.

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Selling and Marketing Expenses

Our selling and marketing expenses remained stable at RMB0.4 million for the five months ended 31 May 2025 and 2026.

Administrative Expenses

Our administrative expenses decreased by RMB1.1 million, or 14.2%, from RMB7.7 million for the five months ended 31 May 2025 to RMB6.6 million for the five months ended 31 May 2026, primarily due to a decrease of the [REDACTED] of RMB[REDACTED] in connection with the [REDACTED], partially offset by an increase in employee benefit expenses of RMB1.4 million as we increased the average remuneration of our administrative personnel in connection with our business growth.

Research and Development Expenses

Our research and development expenses increased by RMB8.8 million, or 100.6%, from RMB8.8 million for the five months ended 31 May 2025 to RMB17.6 million for the five months ended 31 May 2026, primarily as a result of an increase in cost of raw materials of RMB9.1 million for our research and development projects mainly due to the general increase in the market price of silver during the same periods as described above.

(Impairment losses)/reversal of impairment losses on financial assets, net

For the five months ended 31 May 2025 and 2026, we did not record any net impairment losses on financial assets nor net reversal of impairment losses on financial assets.

Other Expenses

Our other expenses decreased by RMB2.0 million, or 48.8%, from RMB4.1 million for the five months ended 31 May 2025 to RMB2.1 million for the five months ended 31 May 2026, primarily attributable to the decrease in fair value losses on bills receivables due to a decreased use of bills receivable discounting.

Finance Costs

Our finance costs increased by RMB0.4 million, or 37.5%, from RMB1.0 million for the five months ended 31 May 2025 to RMB1.4 million for the five months ended 31 May 2026, primarily as a result of an increase in interest on interest-bearing bank borrowings attributable to the higher average balance of such borrowings during the five months ended 31 May 2026 as compared to the corresponding period in 2025.

Income Tax Expenses

Our income tax expenses increased by RMB4.0 million, or 170.8%, from RMB2.4 million for the five months ended 31 May 2025 to RMB6.4 million for the five months ended 31 May 2026, primarily attributable to the substantial increase in our profit before tax. Our effective tax rate decreased from 11.0% for the five months ended 31 May 2025 to 10.4% for the five months ended 31 May 2026, primarily due to an increase in deductible allowance for research and development expenses. Our effective tax rates for the five months ended 31 May 2025 and 2026 were lower than the preferential enterprise income tax rate of 15% primarily because we benefited from additional deductible allowance for qualified research and development expenses.

Profit for the Period and Net Profit Margin

As a result of the foregoing, our profit for the period increased by RMB36.6 million, or 191.3%, from RMB19.1 million for the five months ended 31 May 2025 to RMB55.7 million for the five months ended 31 May 2026. Our net profit margin remained stable at 1.4% for the five months ended 31 May 2025 and 2026.

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Year Ended 31 December 2025 Compared to Year Ended 31 December 2024

Revenue

Our total revenue increased by RMB1,116.9 million, or 28.3%, from RMB3,949.6 million in 2024 to RMB5,066.5 million in 2025, primarily as a result of the increase in our revenue derived from the sales of products.

Our revenue derived from the sales of products increased by RMB1,116.3 million, or 28.3%, from RMB3,943.5 million in 2024 to RMB5,059.8 million in 2025, primarily as a result of an increase in sales revenue of silver powder from RMB3,848.8 million to RMB4,932.2 million. Such increase was driven by the general increase in the market price of silver, partially offset by a slight decrease in the sales volume of our silver powder products from 594,072 kg in 2024 to 570,279 kg in 2025, or a decrease of 4.0%. According to Frost & Sullivan, the average price of PV silver powder in China increased from RMB6.5 thousand per kg in 2024 to RMB8.8 thousand per kg in 2025, representing an increase of 35.4%.

The slight decrease in the sales volume of our silver powder products was primarily due to our strategic focus on maintaining the brand image of our advanced silver powder in the face of intense market competition. This approach has resulted in a modest reduction in sales volume, as we generally adhered to our customer payment terms and were generally more prudent in lowering our mark-up levels as compared to industry average. Specifically, in 2025, in line with our positioning as an advanced silver powder supplier, we generally maintained our approach of not offering credit terms, requiring payments before or upon delivery of our products. In 2025, the mark-ups of our silver powder products generally ranged from RMB220 to RMB270 per kg, compared with RMB240 to RMB270 per kg in 2024, representing a decrease of approximately 3.9% based on the midpoint of the range, depending on the product series. According to Frost & Sullivan, some industry players offer lower mark-ups than ours and/or credit terms ranging from a few days to four weeks. As a result, some customers turned to other suppliers, leading to a minor decline in the overall sales volume of our silver powder products. Furthermore, according to Frost & Sullivan, despite overall market expansion for silver powder in 2025, competition has intensified primarily as the number of market participants increased from less than 20 as of 31 December 2024 to nearly 30 as of 31 December 2025. In addition, the slight decrease in the sales volume of our silver powder products was partially attributable to some customers fulfilling slightly more of their product needs by shifting from purchasing our silver powder products to utilising our processing services, where the silver powder processed is not included in the sales volume of our silver powder products. Specifically, revenue from our processing services increased from RMB6.1 million in 2024 to RMB6.7 million in 2025. We intend to scale this activity flexibly in response to specific customer needs and our revenue and profitability objectives, and do not expect it to increase significantly in the near term. According to Frost & Sullivan, there is no industry-wide trend toward expansion or contraction of processing services, and our approach in this regard aligns with prevailing industry practice.

Our revenue derived from the sales of other products, representing primarily silver powder generated as scrap or substandard products during our production and research processes which we sold as recyclable precious metals, increased by RMB32.8 million, or 34.7%, from RMB94.8 million in 2024 to RMB127.6 million in 2025. Such increase was primarily attributable to the general increase in the market price of silver from 2024 to 2025 as described above, as well as an increase in the sales volume of scrap silver powder.

Our revenue derived from processing services increased by RMB0.6 million, or 9.8%, from RMB6.1 million in 2024 to RMB6.7 million in 2025.

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Cost of Sales

Our total cost of sales increased by RMB1,011.7 million, or 26.5%, from RMB3,818.8 million in 2024 to RMB4,830.5 million in 2025, primarily as a result of the increase in our cost of raw materials, which was generally in line with the increase in our revenue from the sales of products. The increase in our cost of raw materials was primarily driven by the general increase in the market price of silver.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our total gross profit increased by RMB105.2 million, or 80.4%, from RMB130.8 million in 2024 to RMB236.0 million in 2025. Our overall gross profit margin increased from 3.3% in 2024 to 4.7% in 2025, primarily due to the increase in our gross profit margin for the sales of products.

Our gross profit for the sales of products increased by 104.4 million, or 81.5%, from RMB128.1 million in 2024 to RMB232.5 million in 2025. The gross profit margin for the sales of products increased from 3.2% in 2024 to 4.6% in 2025, primarily as a result of (i) our enhanced control over raw material costs, which reduced our unit procurement costs for silver nitrate and certain auxiliary raw materials, (ii) our continuous R&D efforts to improve production efficiency, resulting in lower unit consumption of certain auxiliary raw materials, (iii) a decrease in the unit cost of gas, and (iv) an increase in sales of products with lower silver content, partially offset by (i) the impact of the general increase in the market price of silver and (ii) intensified competition in China’s PV silver powder industry in 2025, which led to a general decline in mark-ups in the market. According to Frost & Sullivan, the average price of PV silver powder in China increased from RMB6.5 thousand per kg in 2024 to RMB8.8 thousand per kg in 2025, representing an increase of 35.4%, while industry-wide mark-ups for PV silver powder generally decreased by approximately 2% to 10% in 2025 as compared to 2024.

Our gross profit for processing services increased by 0.8 million, or 28.9%, from RMB2.7 million in 2024 to RMB3.5 million in 2025. The gross profit margin for processing services increased from 44.5% in 2024 to 51.8% in 2025, primarily due to economies of scale and a decrease in our average cost.

Other Income

Our other income increased by RMB12.5 million, or 110.1%, from RMB11.4 million in 2024 to RMB23.9 million in 2025, primarily as a result of an increase of government grants of RMB12.1 million mainly from value-added tax additional deductions which was generally in line with the expansion of our businesses.

Selling and Marketing Expenses

Our selling and marketing expenses increased by RMB0.4 million, or 52.7%, from RMB0.8 million in 2024 to RMB1.2 million in 2025, primarily due to (i) an increase of RMB0.3 million in employee benefit expenses as we increased the average remuneration of our selling and marketing personnel; and (ii) an increase of RMB0.1 million in product sampling expenses as we provided more free samples to customers.

Administrative Expenses

Our administrative expenses increased by RMB9.8 million, or 66.8%, from RMB14.6 million in 2024 to RMB24.4 million in 2025, primarily due to (i) an increase of the [REDACTED] of RMB[REDACTED] in connection with the [REDACTED], and (ii) an increase in employee benefit expenses of RMB3.7 million as we hired more administrative personnel and increased the average remuneration of our administrative personnel in connection with our business growth.

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Research and Development Expenses

Our research and development expenses increased by RMB1.3 million, or 5.2%, from RMB26.5 million in 2024 to RMB27.8 million in 2025, primarily as a result of (i) an increase in employee benefit expenses of RMB1.0 million as we increased the average remuneration of our research and development personnel in connection with our business growth, and (ii) an increase in testing and inspection fees of RMB0.9 million.

(Impairment losses)/reversal of impairment losses on financial assets, net

We recorded net reversal of impairment losses on financial assets of RMB0.7 million in 2024, as the loss allowance for impairment of trade receivables of RMB0.6 million recognised in 2023 was reversed in 2024. In 2025, we did not record any net impairment losses on financial assets nor net reversal of impairment losses on financial assets.

Other Expenses

Our other expenses increased by RMB2.8 million, or 59.5%, from RMB4.5 million in 2024 to RMB7.3 million in 2025, primarily attributable to the increase in fair value losses on bills receivables due to an increased use of bills receivable discounting and a higher average discount rate of the bills receivables in 2025.

Finance Costs

Our finance costs decreased by RMB3.0 million, or 45.0%, from RMB6.6 million in 2024 to RMB3.6 million in 2025, primarily as a result of a decrease in interest on interest-bearing bank and other borrowings representing interest losses arising from discounting bank acceptance bills to certain banks. We considered our Group has retained the substantial risks and rewards of the relevant bills including default risks. As there remained a risk of recourse by the billholders, the relevant bills had not met the conditions for derecognition, and therefore we continued to recognise the full carrying amount of the relevant bills and the associated other borrowings associated with the cash received. The interest losses arising from discounting such bank acceptance bills were recorded as interest on interest-bearing and other borrowings. As we have implemented a policy of only accepting bank acceptance bills issued by Banks with Good Credit Standing since January 2025, such that the relevant bills had met the conditions for derecognition when they were discounted or endorsed by us, our interest on interest-bearing bank and other borrowings for 2025 represented only interest losses arising from discounting bank acceptance bills that had not been derecognised as of 31 December 2024 and the relevant bills had been derecognised by March 2025.

Income Tax Expenses

Our income tax expenses increased by RMB16.4 million, or 152.0%, from RMB10.8 million in 2024 to RMB27.2 million in 2025, primarily attributable to the substantial increase in our profit before tax. Our effective tax rate increased from 12.0% in 2024 to 13.9% in 2025, primarily due to additional tax expenses in 2025 arising from taxes payable in respect of prior years following the completion of the 2025 annual tax settlement process. Our effective tax rates in 2024 and 2025 were lower than the preferential enterprise income tax rate of 15% primarily because we benefited from additional deductible allowance for qualified research and development expenses.

Profit for the Period and Net Profit Margin

As a result of the foregoing, our profit for the year increased by RMB89.4 million, or 113.1%, from RMB79.1 million in 2024 to RMB168.5 million in 2025. Our net profit margin was 2.0% and 3.3% in 2024 and 2025, respectively.

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Year Ended 31 December 2024 Compared to Year Ended 31 December 2023

Revenue

Our total revenue increased by RMB1,167.9 million, or 42.0%, from RMB2,781.7 million in 2023 to RMB3,949.6 million in 2024, primarily as a result of the increase in our revenue derived from the sales of products.

Our revenue derived from the sales of products increased by RMB1,163.3 million, or 41.8%, from RMB2,780.2 million in 2023 to RMB3,943.5 million in 2024, primarily as a result of an increase in sales revenue of silver powder from RMB2,756.5 million to RMB3,848.8 million due to the increase in sales volume of silver powder from 529,760 kg to 594,072 kg. Such increase was driven by three primary factors. First, it was driven by the rapid development of the PV industry in which our silver powder has downstream applications as supported by favourable government policies for strategic emerging industries such as new energy and new materials which further promoted the development of PV industry. According to Frost & Sullivan, the sales revenue of PV silver powder in China increased from RMB28.1 billion in 2023 to RMB38.7 billion in 2024.

Second, the increase was driven by our continuous efforts in responding to evolving customer and product requirements, as well as advancements in PV cell technology, as facilitated by the continued localisation of the entire PV cell production chain in China in substitution for imported goods. According to Frost & Sullivan, the localisation rate of PV silver powder in China in terms of sales volume increased from 70.4% in 2023 to 83.3% in 2024. For example, amid advancements in PV cell technology, the sales revenue and sales volume of our 152–20, 152–10N, 158–16K and 156–14L product series which met evolving customer and product requirements substantially increased further in 2024. For details of the sales volume information for our top five silver powder product series for each of the years during the Track Record Period, see “Business — Our Products and Services — Product Series — Sales Volume Information of Product Series”.

Third, the increase was driven by the general increase in the market price of silver. According to Frost & Sullivan, the average price of PV silver powder in China increased from RMB5.2 thousand per kg in 2023 to RMB6.5 thousand per kg in 2024.

Our revenue derived from the sales of other products, representing primarily silver powder generated as scrap or substandard products during our production and research processes which we sold as recyclable precious metals, increased by RMB71.1 million, or 300.1%, from RMB23.7 million in 2023 to RMB94.8 million in 2024, primarily attributable to our research and development initiatives on an increased number of product series which led to more silver powder generated as scrap.

Our revenue derived from processing services increased by RMB4.6 million, or 303.0%, from RMB1.5 million in 2023 to RMB6.1 million in 2024.

Cost of Sales

Our total cost of sales increased by RMB1,144.4 million, or 42.8%, from RMB2,674.4 million in 2023 to RMB3,818.8 million in 2024, primarily as a result of the increase in our cost of raw materials, which was generally in line with the increase in our revenue from the sales of products. The increase in our cost of raw materials was primarily driven by the increase in volume of silver nitrate, our primary raw material, used for producing our products that were sold and the general increase in the market price of silver nitrate.

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Gross Profit and Gross Profit Margin

As a result of the foregoing, our total gross profit increased by RMB23.6 million, or 22.0%, from RMB107.2 million in 2023 to RMB130.8 million in 2024. Our overall gross profit margin decreased from 3.9% in 2023 to 3.3% in 2024, primarily due to the decrease in our gross profit margin for the sales of products.

Our gross profit for the sales of products increased by RMB21.8 million, or 20.5%, from RMB106.3 million in 2023 to RMB128.1 million in 2024. The gross profit margin for the sales of products decreased from 3.9% in 2023 to 3.2% in 2024, primarily as a result of the intensified competition of the PV silver powder industry in China in 2024 which led to a general decline in mark-ups in the market according to Frost & Sullivan and the general increase in the market price of silver. According to Frost & Sullivan, the average price of PV silver powder in China increased from RMB5.2 thousand per kg in 2023 to RMB6.5 thousand per kg in 2024.

Our gross profit for processing services increased by RMB1.8 million, or 191.7%, from RMB0.9 million in 2023 to RMB2.7 million in 2024. The gross profit margin for processing services decreased from 61.5% in 2023 to 44.5% in 2024, primarily due to the intensified competition of the PV silver powder industry in China in 2024 which led to a general decline in mark-ups in the market according to Frost & Sullivan.

Other Income

Our other income increased by RMB8.7 million, or 320.7%, from RMB2.7 million in 2023 to RMB11.4 million in 2024, primarily as a result of an increase of government grants of RMB8.7 million mainly from value-added tax additional deductions which was generally in line with the expansion of our businesses.

Selling and Marketing Expenses

Our selling and marketing expenses remained stable at RMB0.8 million in 2023 and 2024.

Administrative Expenses

Our administrative expenses increased by RMB7 million, or 92.1%, from RMB7.6 million in 2023 to RMB14.6 million in 2024, primarily due to (i) the recognition of [REDACTED] of RMB[REDACTED] in 2024 in connection with the [REDACTED], (ii) an increase in professional services expenses of RMB0.5 million for legal and consulting services, (iii) an increase in employee benefit expenses of RMB0.5 million as we hired more administrative personnel and increased the average remuneration of our administrative personnel in connection with our business growth and (iv) an increase in office expenses of RMB0.5 million for our greening and landscape improvement works.

Research and Development Expenses

Our research and development expenses increased by RMB1.7 million, or 6.9%, from RMB24.8 million in 2023 to RMB26.5 million in 2024, primarily as a result of (i) an increase in cost of raw materials of RMB0.6 million for our research and development projects, (ii) an increase in consulting fees of RMB0.5 million as we engaged an independent third party to provide technical support for our research and development initiatives, and (iii) an increase in employee benefit expenses of RMB0.4 million as we hired more research and development personnel and increased the average remuneration of our research and development personnel in connection with our business growth and our increased investment in research and development.

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(Impairment losses)/reversal of impairment losses on financial assets, net

We recorded net reversal of impairment losses on financial assets of RMB0.7 million in 2024 as compared to net impairment losses on financial assets of RMB0.6 million in 2023, as the loss allowance for impairment of trade receivables of RMB0.7 million recognised in 2023 was reversed in 2024, and we only had small amounts of trade and other receivables as of 31 December 2024 which led to a corresponding decrease in expected credit losses.

Other Expenses

Our other expenses remained stable at RMB4.4 million and RMB4.5 million in 2023 and 2024, respectively.

Finance Costs

Our finance costs increased by RMB1.6 million, or 31.3%, from RMB5.0 million in 2023 to RMB6.6 million in 2024, primarily as a result of an increase in interest on interest-bearing bank and other borrowings representing interest losses arising from discounting bank acceptance bills to certain banks. We considered our Group has retained the substantial risks and rewards of the relevant bills including default risks. As there remained a risk of recourse by the billholders, the relevant bills had not met the conditions for derecognition, and therefore we continued to recognise the full carrying amount of the relevant bills and the associated other borrowings associated with the cash received. The interest losses arising from discounting such bank acceptance bills were recorded as interest on interest-bearing and other borrowings. The increase in interest on interest-bearing bank and other borrowings was partially offset by the lower interest rates from which we benefited for bank borrowings.

Income Tax Expenses

Our income tax expenses increased by RMB4.0 million, or 57.8%, from RMB6.8 million in 2023 to RMB10.8 million in 2024, primarily attributable to the substantial increase in our profit before tax. Our effective tax rate increased from 10.2% in 2023 to 12.0% in 2024, primarily due to an increase in our profit before tax and a decrease in deductible allowance for research and development expenses. Our effective tax rates in 2023 and 2024 were lower than the preferential enterprise income tax rate of 15% primarily because we benefited from additional deductible allowance for qualified research and development expenses.

Profit for the Year and Net Profit Margin

As a result of the foregoing, our profit for the year increased by RMB19.2 million, or 32.1%, from RMB59.9 million in 2023 to RMB79.1 million in 2024. Our net profit margin was 2.2% and 2.0% in 2023 and 2024, respectively.

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SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of 31 December			As of 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	36,084	37,820	41,325	38,937
Right-of-use assets	31,018	30,150	29,282	28,920
Intangible assets	136	75	85	58
Prepayments, other receivables and other assets	467	4,147	267	403
Deferred tax assets	9,597	—	—	—
Total non-current assets	77,302	72,192	70,959	68,318
CURRENT ASSETS				
Inventories	73,007	121,485	126,497	228,605
Trade and bills receivables	94,092	175,421	44,647	79,764
Prepayments, other receivables and other assets	505	2,121	3,806	4,887
Tax recoverable	—	288	—	7,430
Cash and cash equivalents	10,799	29,447	190,380	178,492
Pledged deposits	—	26,977	86,640	126,940
Total current assets	178,403	355,739	451,970	626,118
CURRENT LIABILITIES				
Trade and bills payables	391	57,753	186,799	325,337
Other payables and accruals	9,151	17,942	31,606	15,939
Interest-bearing bank borrowings	151,716	206,260	5,650	—
Tax payable	—	—	17,999	—
Total current liabilities	161,258	281,955	242,054	341,276
NET CURRENT ASSETS	17,145	73,784	209,916	284,842
TOTAL ASSETS LESS CURRENT LIABILITIES	94,447	145,976	280,875	353,160
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	—	—	106,220	—
Total non-current liabilities	—	—	106,220	—
Net assets	94,447	145,976	174,655	353,160
EQUITY				
Equity attributable to owners of the parent	—	—	—	121,773
Paid-in capital	94,447	145,976	174,655	231,387
Reserves	—	—	—	—
Total equity	94,447	145,976	174,655	353,160

Property, Plant and Equipment

Our property, plant and equipment primarily consist of buildings, machinery, leasehold improvements, vehicles, electronic devices and other equipment. Our property, plant and equipment increased from RMB36.1 million as of 31 December 2023 to RMB37.8 million as of 31 December 2024, primarily due to additions of machinery and equipment for expanding our production facilities in line with our business growth, partially offset by disposals of obsolete facilities and depreciation. Our property, plant and equipment increased further to RMB41.3 million as of 31 December 2025,

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primarily due to additions of machinery for production and research and development uses, partially offset by depreciation. Our property, plant and equipment decreased to RMB38.9 million as of 31 May 2026, primarily due to depreciation and disposals of obsolete facilities.

Right-of-use Assets

Our right-of-use assets primarily consist of the leasehold land for our production plant. Our right-of-use assets remained stable at RMB31.0 million, RMB30.2 million, RMB29.3 million, and RMB28.9 million as of 31 December 2023, 2024, and 2025 and 31 May 2026, respectively.

Deferred Tax Assets

Our deferred tax assets primarily arise from tax losses, impairment losses on financial assets and provision for inventories. Our deferred tax assets decreased from RMB9.6 million as of 31 December 2023 to nil as of 31 December 2024 and 2025 and 31 May 2026.

Inventories

Our inventories primarily consist of finished goods, raw materials and consumables, goods in transit and work in progress. The table below sets forth our inventories as of the dates indicated:

	As of 31 December			As of 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Inventories				
Finished goods	44,494	94,062	122,898	192,174
Raw materials and consumables	16,304	21,163	1,445	8,310
Goods in transit	7,361	4,595	143	6,313
Work in progress	5,363	1,665	2,011	21,808
Less: provision for impairment	515	—	—	—
Total	73,007	121,485	126,497	228,605

Our inventories increased from RMB73.0 million as of 31 December 2023 to RMB121.5 million as of 31 December 2024, primarily due to the increase in finished goods and raw materials and consumables as (i) we increased our procurement and production and accumulated more inventories to meet our sales orders having taken into account the Chinese New Year holidays which fell in late January 2025, and (ii) the average price of silver nitrate, the key raw material for our silver powder production, increased in 2024. Our inventories remained relatively stable at RMB126.5 million as of 31 December 2025. Our inventories increased to RMB228.6 million as of 31 May 2026, primarily due to (i) an increase in finished goods attributable to the general increase in the market price of silver as of 31 May 2026 as compared to 31 December 2025, and (ii) an increase in work in progress, resulting from normal fluctuations in the production cycle, which resulted in a higher proportion of high-value work in progress, together with the general increase in the market price of silver, each as of 31 May 2026 as compared to 31 December 2025.

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The following is an aging analysis of our inventories as of the dates indicated:

	As of 31 December									As of 31 May		
	2023			2024			2025			2026		
	Within	Over	Total	Within	Over	Total	Within	Over	Total	Within	Over	Total
	one year	one year		one year	one year		one year	one year		one year	one year	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Finished goods	44,428	66	44,494	93,965	97	94,062	122,897	1	122,898	192,174	—	192,174
Raw materials and consumables	15,935	369	16,304	21,107	56	21,163	1,386	59	1,445	8,251	59	8,310
Goods in transit	7,361	—	7,361	4,595	—	4,595	143	—	143	6,313	—	6,313
Work in progress	5,363	—	5,363	1,665	—	1,665	2,011	—	2,011	21,808	—	21,808
Total	73,087	435	73,522	121,332	153	121,485	126,437	60	126,497	228,546	59	228,605

Our inventories are stated at the lower of cost and net realisable value. We write down our inventories based on estimates of the realisable value with reference to the ageing and condition of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories are reviewed quarterly for write-down, if appropriate. As of 31 December 2023, 2024, and 2025 and 31 May 2026, we recorded provision for impairment of inventories, being auxiliary raw materials for our silver powder production that aged more than one year, of RMB0.5 million, nil, nil, and nil, respectively.

The following table sets forth our inventory turnover days for the years/period indicated:

	Year ended 31 December			Five months ended
				31 May
	2023	2024	2025	2026
Inventory turnover days ^(Note)	5.8	9.3	9.4	6.8

Note: We calculate inventory turnover days using the average of the beginning and ending balances of inventories for the relevant year/period, divided by the corresponding cost of sales for the year/period, multiplied by 365 days for a full year period or 151 days for an five-month period.

Our inventory turnover days slightly increased from 5.8 days for the year ended 31 December 2023 to 9.3 days for the year ended 31 December 2024 and further, to 9.4 days for the year ended 31 December 2025, primarily due to the increase in year-end balances of inventories. Our inventory turnover days decreased to 6.8 days for the five months ended 31 May 2026, primarily attributable to a significant increase in cost of sales resulting from higher silver prices, while the average inventory balance increased to a lesser extent due to relatively low inventory levels at the beginning of the year.

Trade and Bills Receivables

Our trade and bills receivables primarily represent the outstanding amounts due to us from our customers for our products. Our trading terms with customers are mainly on payment in advance, except for some transactions such as exceptional sales with executive approval which are traded on credit. The balances of our trade receivables are non-interest-bearing. Bills receivables represent bank acceptance bills that are unconditionally accepted by banks within the maturity period. Bills receivables are measured at fair value through profit or loss. We seek to maintain strict control over our outstanding receivables, with oversight by our Chief Financial Officer to minimise credit risk. Overdue balances are reviewed regularly by our senior management.

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The following table sets forth our trade and bills receivables as of the dates indicated:

	As of 31 December			As of 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables				
Trade receivables	13,017	—	—	—
Bills receivables	81,726	175,421	44,647	79,764
Less: provision for impairment	651	—	—	—
Total	94,092	175,421	44,647	79,764

Our trade and bills receivables as of 31 December 2023, 2024, and 2025 and 31 May 2026 were RMB94.1 million, RMB175.4 million, RMB44.6 million, and RMB79.8 million, respectively. We had trade and bills receivables of RMB94.1 million as of December 2023. For trade receivables, it was primarily because we agreed to have payment from a major customer deferred in late 2023 at its request having considered its creditworthiness and our amicable business relationship, the balance of which was settled by the customer in January 2024. For bills receivables, it was primarily because we discounted bank acceptance bills received from a major customer in late 2023 to certain banks. We considered our Group has retained the substantial risks and rewards of the relevant bills including default risks. As there remained a risk of recourse by the billholders, the relevant bills had not met the conditions for derecognition, and therefore we continued to recognise the full carrying amount of the relevant bills and the associated other borrowings associated with the cash received. Our trade and bills receivables increased to RMB175.4 million as of 31 December 2024, primarily due to the increase in our bills receivables from (i) discounting bank acceptance bills to certain banks or endorsing bank acceptance bills to certain suppliers for settlement of trade payables. We considered our Group has retained the substantial risks and rewards of the relevant bills including default risks. As there remained a risk of recourse by the billholders, the relevant bills had not met the conditions for derecognition, and therefore we continued to recognise the full carrying amount of the relevant bills and the associated other borrowings associated with the cash received or the associated trade payables settled (see “— Trade and Bills Payables”), and (ii) the increased bank acceptance bills at hand that had not been discounted nor endorsed by us, both resulting from our increased sales. Our trade and bills receivables decreased to RMB44.6 million as of 31 December 2025, due to the decrease in our bills receivables as we have implemented a policy of only accepting bank acceptance bills issued by Banks with Good Credit Standing since January 2025, such that the relevant bills had met the conditions for derecognition when they were discounted or endorsed by us, and the balance as of 31 December 2025 represents bank acceptance bills at hand that had not been discounted nor endorsed by us. Our trade and bills receivables increased to RMB79.8 million as of 31 May 2026, primarily due to the increase in our bills receivables from the increased bank acceptance bills at hand that had not been discounted nor endorsed by us.

We usually trade with our customers on a payment-before-or-upon delivery basis in the form of bank transfer or bank acceptance bills, thereby not offering any credit periods. In limited circumstances we may agree to have payment deferred for a short period of time. The following table sets forth the ageing analysis of our trade receivables as of the dates indicated, based on the invoice date and net of loss allowance:

	As of 31 December			As of 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within three months	12,366	—	—	—

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The table below sets forth the maturity date analysis for bills receivables as of the dates indicated:

	As of 31 December			As of 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within three months	30,993	80,666	—	—
Three to six months	50,733	94,755	44,647	79,764
Total	81,726	175,421	44,647	79,764

In determining the recoverability of our trade receivables, our Group applies the simplified approach in calculating expected credit losses. Under the simplified approach, our Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. Our Group has considered estimated loss rate based on historical observable default rates and study of each specific customer’s default and recovery data from external credit-rating agency, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit loss rate for our trade receivables is 5%. In 2023, we recorded provision for impairment of trade receivables of RMB0.7 million, which was reversed in 2024. For the year ended 31 December 2025 and the five months ended 31 May 2026, we did not record any provision for impairment of trade receivables.

The following table sets forth our trade and bills receivables turnover days for the years/period indicated:

	Year ended 31 December			Five months ended
	2023	2024	2025	31 May 2026
Trade and bills receivables turnover days ^(Note)	6.2	12.5	7.9	2.3

Note: We calculate trade and bills receivables turnover days using the average of the beginning and ending balances of trade and bills receivables for the relevant year/period, divided by the corresponding revenue for the year/period, multiplied by 365 days for a full year period or 151 days for an five-month period.

Our trade and bills receivables turnover days increased from 6.2 days for the year ended 31 December 2023 to 12.5 days for the year ended 31 December 2024, primarily due to the increase in year-end balances of bills receivables. Our trade and bills receivables turnover days decreased to 7.9 days for the year ended 31 December 2025, primarily due to the decrease in year-end balances of bills receivables. Our trade and bills receivables turnover days further decreased to 2.3 days for the five months ended 31 May 2026, primarily due to the increase in our revenue for the period mainly caused by the general increase in the market price of silver.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material dispute or disagreement with our customers in relation to the timing, amounts of billing or the collection of our trade and bills receivables.

Prepayments, Other Receivables and Other Assets

The non-current portion of our prepayments, other receivables and other assets consists of prepayments for property, plant and equipment and advance payments for employee training expenses for University of Jinan to establish the “Jianbang Class” for our personnel training and continuing education. The current portion of our prepayments, other receivables and other assets consists of prepayments for raw materials, deferred [REDACTED] and deductible input value-added tax. The expected credit loss rate for our financial assets included in prepayments, other receivables and other assets is 1.63%.

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The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of 31 December			As of 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current portion				
Prepayments for property, plant and equipment	—	3,780	—	178
Advance payments for employee training expenses	467	367	267	225
Current portion				
Prepayments	434	14	246	85
Other receivables	71	76	80	1,022
Deductible input value-added tax	—	954	—	—
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	972	6,268	4,073	5,290

Our prepayments, other receivables and other assets as of 31 December 2023, 2024, and 2025 and 31 May 2026 were RMB1.0 million, RMB6.3 million, RMB4.1 million, and RMB5.3 million, respectively.

Our prepayments, other receivables and other assets increased from RMB1.0 million as of 31 December 2023 to RMB6.3 million as of 31 December 2024, primarily due to the (i) prepayments for property, plant and equipment that we had not received, (ii) deferred [REDACTED] which are expected to be deducted from equity upon [REDACTED] as they are directly attributable to the [REDACTED] of the Shares to the [REDACTED], and (iii) deductible input value-added tax. Our prepayments, other receivables and other assets decreased to RMB4.1 million as of 31 December 2025, primarily due to the decrease in prepayments for property, plant and equipment as we received the relevant property, plant and equipment in 2025, partially offset by the increase in deferred [REDACTED]. Our prepayments, other receivables and other assets increased to RMB5.3 million as of 31 May 2026, primarily due to an increase in other receivables, mainly attributable to a customs guarantee deposit in connection with a customer's processing business.

Cash and Cash Equivalents

Our cash and cash equivalents represent cash and bank balances. The bank balances are deposited with creditworthy banks with no recent history of default. Our cash and cash equivalents as of 31 December 2023, 2024, and 2025 and 31 May 2026 were RMB10.8 million, RMB29.4 million, RMB190.4 million, and RMB178.5 million, respectively. For a discussion on the changes in our cash and cash equivalents, see “— Liquidity and Capital Resources — Cash Flows.”

Pledged Deposits

Our pledged deposits represent short term pledged deposits for bills payables. The pledged deposits are deposited with creditworthy banks with no recent history of default. As of 31 December 2023, 2024, and 2025 and 31 May 2026, our bills payables of nil, RMB27.0 million, RMB186.6 million, and RMB271.6 million were secured by the pledge of our deposits of nil, RMB27.0 million, RMB86.6 million, and RMB126.9 million, respectively. For a discussion on our bills payables, see “— Trade and Bills Payables” below.

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Trade and Bills Payables

Our trade and bills payables primarily represent balances due to our suppliers for the procurement of raw materials and consumables. Our trade payables are non-interest-bearing and are normally settled within 30 days. Bills payables are aged within six months.

Our trade and bills payables as of 31 December 2023, 2024, and 2025 and 31 May 2026 were RMB0.4 million, RMB57.8 million, RMB186.8 million, and RMB325.3 million, respectively. Our trade and bills payables increased from RMB0.4 million as of 31 December 2023 to RMB57.8 million as of 31 December 2024, primarily because (i) our trade payables increased as we endorsed bank acceptance bills of RMB30.2 million to certain suppliers for settlement of trade payables. We considered our Group has retained the substantial risks and rewards of the relevant bills including default risks. As there remained a risk of recourse by the billholders, the relevant bills had not met the conditions for derecognition, and therefore we continued to recognise the full carrying amount of the relevant bills (see “— Trade and Bills Receivables” above) and the associated trade payables settled, and (ii) we recorded bills payables of RMB27.0 million as some suppliers began to accept payment by bank acceptance bills and therefore we utilised bank acceptance bills for better liquidity. Our trade and bills payables increased further to RMB186.8 million as of 31 December 2025, primarily because our bills payables increased as we increased our utilisation of bank acceptance bills for lower financing costs. Our trade and bills payables increased further to RMB325.3 million as of 31 May 2026, primarily due to higher raw material procurement costs resulting from the significant increase in silver prices and our increased use of bank acceptance bills as of and during the five months ended 31 May 2026.

The following table sets forth the ageing analysis of our trade payables as of the dates indicated, based on the transaction date:

	As of 31 December			As of 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within three months	391	30,776	199	53,737

The following table sets forth our trade and bills payables turnover days for the years/period indicated:

	Year ended 31 December			Five months ended
	2023	2024	2025	31 May
				2026
Trade and bills payables turnover days ^(Note)	0.1	2.8	9.2	9.7

Note: We calculate trade and bills payables turnover days using the average of the beginning and ending balances of trade and bills payables for the relevant year/period, divided by the corresponding cost of sales for the year/period, multiplied by 365 days for a full year period or 151 days for an five-month period.

Our trade and bills payables turnover days was 0.1 days for the years ended 31 December 2023. Our trade and bills payables turnover days increased to 2.8 days for the year ended 31 December 2024, to 9.2 days for the year ended 31 December 2025 and further to 9.7 days for the five months ended 31 May 2026, primarily as a result of the increase in year/period-end balances of trade and bills payables.

During the Track Record Period and up to the Latest Practicable Date, we had no material defaults in our trade and bills payables.

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Other Payables and Accruals

Our other payables and accruals primarily consist of payroll payable, contract liabilities representing short-term advances received from customers before we deliver the products, and deposit and other payables. Deposit and other payables are non-interest-bearing and are normally settled within one year. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	Year ended 31 December			Five months ended 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables and accruals				
Payroll payable	3,492	3,331	8,072	2,812
Contract liabilities	2,506	9,871	12,288	6,799
Deposit and other payables	1,977	908	444	512
Other tax payables	1,176	626	6,518	2,544
Accrued [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	9,151	17,942	31,606	15,939

Our other payables and accruals as of 31 December 2023, 2024, and 2025 and 31 May 2026 were RMB9.2 million, RMB17.9 million, RMB31.6 million, and RMB15.9 million, respectively.

Our other payables and accruals increased from RMB9.2 million as of 31 December 2023 to RMB17.9 million as of 31 December 2024, primarily due to the increase in contract liabilities and accrued [REDACTED]. The increase in contract liabilities was primarily due to the increase in advance payments from customers for orders placed close to the year end, which was in line with our increased sales. Our other payables and accruals increased further to RMB31.6 million as of 31 December 2025, primarily due to (i) the increase in contract liabilities which represent advance payments from customers for orders placed close to the period end, (ii) an increase in other tax payables primarily due to a higher year-end VAT payable balance, as input VAT credits generated from procurement activities in 2024 largely offset VAT payable, whereas sales and procurement activities were more balanced in 2025, and (iii) an increase in payroll payable arising from increased average remuneration of our personnel in connection with our business growth. Our other payables and accruals decreased to RMB15.9 million as of 31 May 2026, primarily due to (i) a decrease in contract liabilities as customer advances received as of 31 December 2025 were substantially recognised as revenue following product delivery, (ii) a decrease in payroll payables following the payment of year-end bonuses accrued as of 31 December 2025, and (iii) a decrease in other tax payables following the settlement of value-added tax and other taxes in the ordinary course of business.

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LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity and Working Capital

The following table sets forth a summary of our liquidity and working capital as of the dates indicated:

	As of 31 December			As of 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
CURRENT ASSETS				
Inventories	73,007	121,485	126,497	228,605
Trade and bills receivables	94,092	175,421	44,647	79,764
Prepayments, other receivables and other assets	505	2,121	3,806	4,887
Tax recoverable	—	288	—	7,430
Cash and cash equivalents	10,799	29,447	190,380	178,492
Pledged deposits	—	26,977	86,640	126,940
Total current assets	178,403	355,739	451,970	626,118
CURRENT LIABILITIES				
Trade and bills payables	391	57,753	186,799	325,337
Other payables and accruals	9,151	17,942	31,606	15,939
Interest-bearing bank borrowings	151,716	206,260	5,650	—
Tax payable	—	—	17,999	—
Total current liabilities	161,258	281,955	242,054	341,276
NET CURRENT ASSETS	17,145	73,784	209,916	284,842

As of 31 May 2026, we had net current assets of RMB284.8 million, as compared to RMB209.9 million as of 31 December 2025, primarily due increases in inventories and trade and bills receivables, partially offset by an increase in trade and bills payables.

As of 31 December 2025, we had net current assets of RMB209.9 million, as compared to RMB73.8 million as of 31 December 2024, primarily due to a decrease in interest-bearing bank borrowings and an increase in cash and cash equivalents, partially offset by a decrease in trade and bills receivables and an increase in trade and bills payables.

As of 31 December 2024, we had net current assets of RMB73.8 million, as compared to RMB17.1 million as of 31 December 2023, primarily due to an increase in inventories.

Historically, we funded our operations and investment in research and development mainly with cash generated from our operating activities as well as investments from our shareholders and bank borrowings. Following our years of continuous investment and efforts, we have developed an independent and comprehensive system of silver powder production technology and processes, with full proprietary intellectual property rights. We achieved a turnaround from an accumulated losses position to an accumulated profits position and achievement of a net current assets position as of 31 December 2023. Our net current assets increased further to RMB73.8 million as of 31 December 2024, RMB209.9 million as of 31 December 2025 and RMB284.8 million as of 31 May 2026.

Cash Flows

During the Track Record Period and up to the Latest Practicable Date, we had funded our cash requirements principally from cash generated from our operating activities, investments from our shareholders and bank borrowings. As of 31 December 2023, 2024, and 2025 and 31 May 2026, we

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had cash and cash equivalents of RMB10.8 million, RMB29.4 million, RMB190.4 million, and RMB178.5 million, respectively. The following table is a summary of our cash flow data from our consolidated statements of cash flows for the years/periods indicated:

	For the year ended 31 December			For the five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Net cash flows (used in)/from operating activities	(211,442)	(369,326)	291,405	59,413	(19,622)
Net cash flows used in investing activities	(27,836)	(11,016)	(4,502)	(2,093)	(275)
Net cash generated from/(used in) financing activities	233,187	398,990	(125,970)	(61,380)	8,009
Net (decrease)/increase in cash and cash equivalents	(6,091)	18,648	160,933	(4,060)	(11,888)
Cash and cash equivalents at beginning of the year/period	16,890	10,799	29,447	29,447	190,380
Cash and cash equivalents at end of the year/period	10,799	29,447	190,380	25,387	178,492

Net Cash Flows (Used in)/from Operating Activities

Our net cash flows used in/from operating activities consist of profit before tax adjusted for certain non-cash or non-operating activities related items and changes in working capital.

For the five months ended 31 May 2026, our net cash flows used in operating activities were RMB19.6 million, primarily attributable to profit before tax of RMB62.1 million, as adjusted for (i) non-cash items or non-operating items, which principally included depreciation of property, plant and equipment of RMB1.9 million, fair value changes on bills receivable of RMB1.5 million, finance costs of RMB1.4 million and equity-settled share award expense of RMB1.0 million, and (ii) changes in working capital of RMB56.7 million, which mainly represented an increase in inventories of RMB102.1 million, an increase in pledged deposits of RMB40.3 million, an increase in trade and bills receivables of RMB36.7 million, and (iii) income tax paid of RMB31.8 million, partially offset by an increase in trade and bills payables of RMB138.5 million.

For the year ended 31 December 2025, our net cash flows from operating activities were RMB291.4 million, primarily attributable to profit before tax of RMB195.7 million, as adjusted for (i) non-cash items or non-operating items, which principally included fair value changes on bills receivable of RMB7.2 million, depreciation of property, plant and equipment of RMB4.3 million and finance costs of RMB3.6 million, and (ii) changes in working capital of RMB86.1 million. Changes in working capital mainly represented an increase in trade and bills payables of RMB129.0 million, partially offset by an increase in pledged deposits of RMB59.7 million.

For the year ended 31 December 2024, our net cash flows used in operating activities were RMB369.3 million, primarily attributable to profit before tax of RMB89.9 million, as adjusted for (i) non-cash items or non-operating items, which principally included finance costs of RMB6.6 million, fair value changes on bills receivable of RMB4.5 million, depreciation of property, plant and equipment of RMB3.9 million and equity-settled share award expense of RMB2.4 million, and (ii) changes in working capital of RMB474.9 million. Changes in working capital mainly represented an increase in trade and bills receivables of RMB466.8 million and an increase in inventories of RMB48.0 million, partially offset by an increase in trade and bills payables of RMB57.4 million.

For the year ended 31 December 2023, our net cash flows used in operating activities were RMB211.4 million, primarily attributable to our profit before tax of RMB66.7 million, as adjusted for (i) non-cash items or non-operating items, which principally included finance costs of RMB5.0 million, depreciation of property, plant and equipment of RMB4.3 million, fair value changes on bills receivable of RMB3.5 million and equity-settled share award expense of RMB2.0 million, and (ii)

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changes in working capital of RMB295.7 million. Changes in working capital mainly represented an increase in trade and bills receivables of RMB228.4 million, a decrease in other payables and accruals of RMB44.4 million and an increase in inventories of RMB32.0 million.

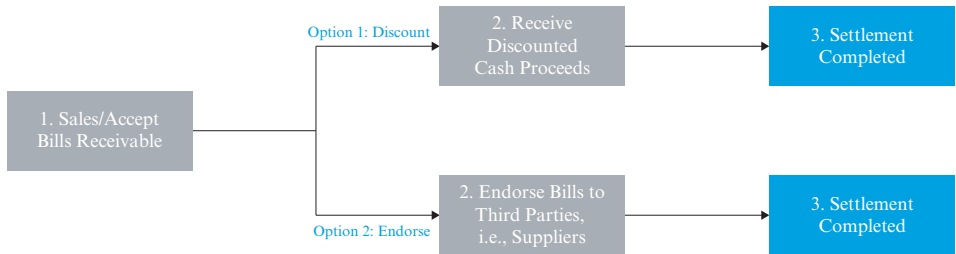
We recorded net cash flows used in operating activities over the Track Record Period, primarily attributable to our increased discounting of bank acceptance bills issued by Other Banks to support our operations as our business scale grew. See “— Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables”. The cash inflows relating to the discounting of such bills are counted as our financing cash flows in the form of new bank and other borrowings, and are excluded from our operating cash flows through adjustment for changes in working capital, notwithstanding that such bills are obtained by us from our customers via operating activities. If we consider that our Group has retained the substantial risks and rewards of the discounted bank acceptance bills including default risks, the conditions for derecognising the relevant bills are not met as there remains a risk of recourse by the billholders, and we will continue to recognise the full carrying amount of the relevant bills and the associated other borrowings associated with the cash received until they reach their maturity. If we consider that our Group has transferred substantially all the risks and rewards of the discounted bank acceptance bills, representing the discounting of bills issued by Banks with Good Credit Standing, we will derecognise the full carrying amount of the relevant bills and the associated other borrowings associated with the cash received. As of 31 December 2023, 2024, and 2025 and 31 May 2026, the aggregate amounts of discounted bank acceptance bills that had not met the conditions for derecognition were RMB81.7 million, RMB116.3 million, nil, and nil, respectively, which are included in the balances of our bills receivables and interest-bearing bank borrowings as of the relevant dates. For further details of our bills receivables, see note 19 to the Accountants’ Report in Appendix I to this Document.

We consider that the discounting of bills receivables is a customary, efficient and cost-effective means of financing within the industry, which has brought a positive impact on our liquidity and profitability overall, taking into account (i) the fact that the interest rates for the discounting of our bills receivables were generally lower than the interest rates for our bank borrowings (excluding discounted bills) during the Track Record Period, indicating that it is a cheaper means of financing for the Company, (ii) the difference between the turnover days of our trade and bills receivables and those of our trade and bills payables during the Track Record Period, and (iii) according to Frost & Sullivan, it is an industry norm in the materials industry such as the PV silver powder industry to settle accounts using bank bills. In 2023, 2024, and 2025 and the five months ended 31 May 2026, the interest rates for the discounting of our bills receivables ranged from 1.19% to 2.80%, 0.4% to 2.6%, 0.3% to 1.9%, and 0.6% to 1.9%, while the interest rates for our bank borrowings (excluding discounted bills) ranged from 4.0% to 4.7%, 3.2% to 3.6%, 2.93%, and 2.93%, respectively. Our interest cost of discounting of our bills receivables during the Track Record Period was generally represented by the sum of interest losses arising from discounting bank acceptance bills included in finance costs and fair value changes on bills receivables included in other expenses, which amounted to RMB4.4 million, RMB7.6 million, RMB7.5 million, and RMB4.0 million for the years ended 31 December 2023, 2024, and 2025 and the five months ended 31 May 2026, respectively. Our trade and bills receivables turnover days for the years ended 31 December 2023, 2024, and 2025 and the five months ended 31 May 2026 were 6.2 days, 12.5 days, 7.9 days, and 2.3 days, respectively. In contrast, our trade and bills payables turnover days for the years ended 31 December 2023, 2024, and 2025 and the five months ended 31 May 2026 were 0.1 days, 2.8 days, 9.2 days, and 9.7 days, respectively. We consider that discounting bills receivables manages the risk arising from such difference effectively as the cash received is immediately available for use.

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Our settlement process of bank bills can be illustrated in the diagrams below:

Scenario 1: Bills issued by Banks with Good Credit Standing



Option 1:

Step 1: The Group provides goods or services to its customers from which bank bills are accepted.

Step 2: The Group transfers certain bank bills to banks in order to obtain cash from such banks.

Step 3: Settlement is completed immediately when the bill is discounted.

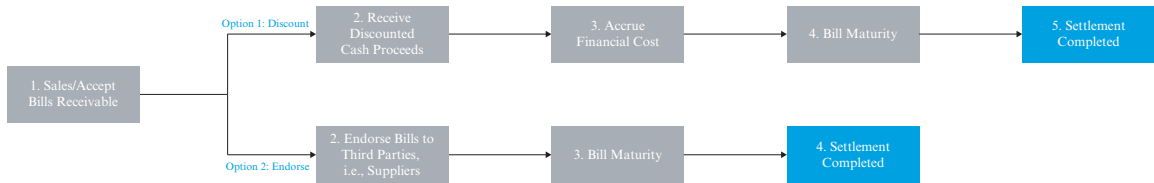
Option 2:

Step 1: The Group provides goods or services to its customers from which bills receivables are accepted.

Step 2: The Group endorses certain bills receivables to certain of its suppliers in order to settle the trade payables due to such suppliers.

Step 3: Settlement is completed immediately when the bill is endorsed to a third party.

Scenario 2: Bills issued by Other Banks



Option 1:

Step 1: The Group provides goods or services to its customers from which bank bills are accepted.

Step 2: The Group transfers certain bank bills to banks in order to obtain cash from such banks.

Step 3: Settlement is not finalised at the time of discounting. The Group needs to accrue financial cost.

Step 4: Settlement is completed only upon the bill’s maturity.

Option 2:

Step 1: The Group provides goods or services to its customers from which bills receivable are accepted.

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Step 2: The Group endorses certain bills receivable to certain of its suppliers in order to settle the trade payables due to such suppliers.

Step 3: Settlement is not finalised at the time of endorsement. Instead, the settlement process is completed only upon the bill’s maturity.

Our different settlement arrangements of bank bills effectively optimise our liquidity position and working capital management. For bills issued by Banks with Good Credit Standing, discounting of such bills enables full derecognition upon completion of the discount process. This converts receivables into immediate cash and reduces trade and bill receivable turnover days, thereby improving cash availability. Endorsement of such bills allows us to directly settle trade payables without any cash outflow, thereby optimising our working capital structure and reducing reliance on cash reserves for daily operations. In respect of bills issued by Other Banks, we still achieve liquidity improvements despite associated financial costs and deferred final settlement. While discounting of such bills does not finalise settlement at the discount date and requires the accrual of financial costs, it improves short-term liquidity by bringing forward cash inflows prior to bill maturity. This reduces short-term capital tie-up, accelerates cash circulation, and strengthens our liquidity buffer. As to the endorsement of such bills, it enables us to settle supplier payables through existing bill receivables instead of cash, thereby easing short-term cash payment pressure and supporting working capital turnover.

Notwithstanding that billholders have the right of recourse pursuant to applicable PRC laws, we consider that the risk of default of our bills receivables is remote because they were issued by established and reputable banks and we generally did not accept bills issued by other entities. We have further implemented a policy of only accepting bank acceptance bills issued by Banks with Good Credit Standing since January 2025 (see “— Liquidity Management”). Our Directors confirm that we had not encountered any default of our bills receivables during the Track Record Period and up to the Latest Practicable Date.

We consider that the net cash flows used in operating activities over the Track Record Period, and the discounting of bills receivables to support our operations, have not imposed any material risk on and have not materially and adversely affected our business operations, as the cash received from the discounting of bills receivables is immediately available for use in our normal business operations and expansion. We have also adopted a liquidity management policy to give us a better understanding of our liquidity position and enable us to utilise our capital efficiently, which in turn enables us to improve our cash flows, reduce our overall liquidity risk and enhance our working capital efficiency. See “— Liquidity Management” for details. Our Directors confirm that we had not encountered any liquidity shortage during the Track Record Period and up to the Latest Practicable Date.

Net Cash Flows Used in Investing Activities

Our net cash flows used in investing activities primarily consist of purchase of right-of-use assets, property, plant and equipment.

For the five months ended 31 May 2026, our net cash flows used in investing activities were RMB0.3 million, primarily attributable to purchases of items of property, plant, equipment of RMB0.4 million.

For the year ended 31 December 2025, our net cash flows used in investing activities were RMB4.5 million, primarily attributable to purchases of items of property, plant and equipment of RMB4.5 million.

For the year ended 31 December 2024, our net cash flows used in investing activities were RMB11.0 million, primarily attributable to purchases of items of property, plant and equipment of RMB11.1 million.

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For the year ended 31 December 2023, our net cash flows used in investing activities were RMB27.8 million, primarily attributable to (i) payment of the remaining consideration in the amount of RMB16.0 million in 2023 for the purchases of right-of-use assets, representing the leasehold land for our production plant that we acquired in December 2022, and (ii) purchases of items of property, plant and equipment of RMB11.8 million.

Net Cash Generated from/(used in) Financing Activities

Our net cash generated from/used in financing activities consist of (i) new bank and other borrowings, (ii) repayment of bank and other borrowings, (iii) capital injection and (iv) dividend payment.

For the five months ended 31 May 2026, our net cash flows from financing activities were RMB8.0 million, primarily attributable to capital injection of RMB121.8 million, partially offset by repayment of bank borrowings of RMB111.9 million.

For the year ended 31 December 2025, our net cash flows used in financing activities were RMB126.0 million, primarily attributable to (i) deemed distribution upon the establishment of historical offshore structure of RMB142.3 million representing the payment of cash consideration to Mr. Chen, Jinan Weilanwan and Xinchun Huizhi in connection with the acquisition of Janbon Colloidal Materials by our Company (see “History, Development and Corporate Structure — Our Corporate Developments — Historical Offshore Structure — (2) Establishment of Our Company and Acquisition of Janbon Colloidal Materials by Our Company” for details) and (ii) repayment of bank and other borrowings of RMB121.1 million, partially offset by new bank borrowings of RMB143.0 million.

For the year ended 31 December 2024, our net cash flows from financing activities were RMB399.0 million, primarily attributable to new bank borrowings of RMB513.1 million, partially offset by (i) repayment of bank borrowings of RMB80.0 million and (ii) dividend payment of RMB30 million.

For the year ended 31 December 2023, our net cash flows from financing activities were RMB233.2 million, primarily attributable to (i) new bank borrowings of RMB310.6 million and (ii) capital injection of RMB19.9 million by our then shareholders, partially offset by repayment of bank borrowings of RMB92.4 million.

Liquidity Management

We have adopted a liquidity management policy to give us a better understanding of our liquidity position and enable us to utilise our capital more efficiently, which in turn enables us to improve our cash flows, reduce our overall liquidity risk and enhance our working capital efficiency. We believe that our liquidity position will be sufficient for our operations and we possess the ability to raise funds when necessary, considering the following factors:

- **Annual financial budget** — Our various departments collectively prepare our annual budget based on our operating activities and liquidity, including revenue forecast, budgets for cost and expenses, tax payments, capital expenditures, etc., which is approved by our management. Our management will review and closely monitor the overall cash flow positions of our Group, and the cash flows position of our operations every month by comparing the forecast and actual financial performance, devise and implement any necessary follow-up or contingency measures to ensure that our cash flows position is sufficiently maintained;
- **Prudent credit assessment** — We have implemented measures to undertake continuous credit assessments for both new and existing customers, notwithstanding that our trading terms with customers are mainly on payment in advance. We collect background information and build a customer profile for any new customer, which includes its business operation conditions, financial standing and credit history, evaluating their

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credit risk as part of our customer intake process. Before approving any transactions which are traded on credit, we assess the credit quality and associated credit risk of the customer;

- ***Enhancing collection efforts*** — We have been collecting and will continue to collect our trade and bills receivables in a more effective manner. We have implemented a sales and collection policy, which specifies our cash flow and liquidity management policy with specific measures to timely collect payments from our customers. In particular, our finance department regularly monitors our bank accounts and compiles trade receivables data every month, and we maintain close communications with our customers in respect of any outstanding payments. We review the recoverable amount of each individual receivable balance at the end of each reporting period to ensure adequate provision for impairment losses are provided for irrecoverable amounts. For receivables that are long overdue, we take appropriate legal actions if necessary. With regard to bills receivables, we have implemented a policy of only accepting bank acceptance bills issued by Banks with Good Credit Standing since January 2025;
- ***Strengthening supply and trade payables management*** — As we continue to expand our business scale, we expect our purchases from suppliers to further increase and we plan to negotiate more favorable terms with them, such as (i) extending payment cycles in general, and (ii) negotiating flexible means of payment such as bank acceptance bills to decrease our cash outlay for day-to-day operations. For our trade payables management, we adhere to the following to ensure timely payment to our suppliers: (i) preparation and approval of the payment requisition form for payment once the invoice is received; (ii) regular review of trade payable ageing analysis; and (iii) for any outstanding payables, we will conduct investigation and arrange for settlement;
- ***Effective inventory management*** — We will continue to carry out our inventory management policy in place to optimise inventory control and further adopt additional inventory management measures when necessary, as we believe that maintaining appropriate levels of inventories can help us better plan raw material procurement and timely deliver our products to meet customer’s demand without adding undue pressure on our liquidity and working capital. For more information on our inventory management policy, see “Business — Inventory Management”; and
- ***Available financial resources*** — We have obtained, and believe that we can continue to obtain, borrowings and credit facilities from banks for our utilisation when needed. We plan to further raise funds through equity and debt financings if and when necessary. As of 31 May 2026, we had unutilised credit facilities of RMB288.3 million. In addition, we expect to receive the estimated [REDACTED] from the [REDACTED].

Our Directors believe that the policies and measures set out above are able to assist our Group to effectively monitor and manage our cash flows position and maintain sufficient funds and liquidity for our business and operations. The following is some evidence indicating the effectiveness of our liquidity management during the Track Record Period:

- a. our bills receivables decreased from RMB175.4 million at 31 December 2024 to RMB79.8 million as at 31 May 2026. In addition, all our bank acceptance bills as at 31 May 2026 were issued by Banks with Good Credit Standing, while the majority of our bank acceptance bills as at the end of 2024 were not;
- b. for the five months ended 31 May 2026, our trade and bills receivables turnover days was lower compared to the turnover days for 2024. In addition, our bank acceptance bills issued by Banks with Good Credit Standing in 2025 can be discounted at any time for derecognition. If fully discounted, our trade and bills receivables turnover days would be zero;

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- c. we have successfully increased our trade and bills payables turnover days by negotiating extended payment terms and adding promissory payment methods for bills payable with key suppliers; and
- d. our inventory turnover days decreased from 9.3 days for the year ended 31 December 2024 to 6.8 days for the five months ended 31 May 2026.

Working Capital Sufficiency

Taking into account the financial resources available to us, including the estimated [REDACTED] from the [REDACTED], cash flow generated from our operations, facilities available to us and cash and cash equivalents on hand, our Directors are of the opinion that we will have sufficient funds to meet our working capital requirements and financial requirements for capital expenditure for at least the next 12 months from the date of this Document.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period primarily consisted of payment for property, plant and equipment and right-of-use assets. Our capital expenditures were RMB11.2 million, RMB5.7 million, RMB7.9 million, and RMB0.2 million for the years ended 31 December 2023, 2024, and 2025 and the five months ended 31 May 2026.

We expect to incur capital expenditures of approximately RMB8.4 million and RMB8.7 million in 2026 and 2027, primarily for our continued expansion plan. See “Business — Our Strategies” and “Future Plans and [REDACTED]” in this Document for additional details of our current expansion plans. Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditures according to our future cash flows, results of operations and financial condition, our business plans, the market conditions and various other factors we believe to be appropriate.

INDEBTEDNESS

The following table sets forth a summary of our indebtedness as of the dates indicated:

	As of 31 December			As of
	2023	2024	2025	31 May
	RMB in million	RMB in million	RMB in million	2026
Interest-bearing bank borrowings	151.7	206.3	111.9	—

Interest-Bearing Bank Borrowings

As of 31 December 2023, 2024, 2025 and 31 May 2026, we had interest-bearing bank borrowings of RMB151.7 million, RMB206.3 million, RMB111.9 million and nil, respectively.

Our interest-bearing bank borrowings increased from RMB151.7 million as of 31 December 2023 to RMB206.3 million as of 31 December 2024, primarily due to (i) the discounting of bank acceptance bills to certain banks, and we considered our Group has retained the substantial risks and rewards of the relevant bills including default risks, which had not met the conditions for derecognising the relevant bills as there remained a risk of recourse by the billholders and therefore we continued to recognise the full carrying amount of the relevant bills and the associated other borrowings associated with the cash received, and (ii) the increased short-term bank borrowings in support of our business operations. Our interest-bearing bank borrowings decreased to RMB111.9 million as of 31 December 2025, primarily due to (i) the fact that we did not have any bank acceptance bills that were discounted but not derecognised as of 31 December 2025 and 31 May 2026 as we have implemented a policy of only accepting bank acceptance bills issued by Banks with Good Credit Standing since January 2025, and (ii) the decreased short-term bank borrowings for our business operations, partially offset by the new bank borrowings for the payment of cash consideration to Mr. Chen, Jinan Weilanwan and Xinchun Huizhi in connection with the acquisition of Janbon Colloidal Materials by our Company (see

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“History, Development and Corporate Structure — Our Corporate Developments — Historical Offshore Structure — (2) Establishment of Our Company and Acquisition of Janbon Colloidal Materials by Our Company” for details). Our interest-bearing bank borrowings further decreased to nil as of 31 May 2026, primarily due to the full repayment of the above bank borrowings incurred for the acquisition.

All of our interest-bearing bank borrowings as of 31 December 2023 and 2024 had a maturity date of one year or less. As of 31 December 2025, our interest-bearing bank borrowings in the amount of RMB106.2 million had a maturity date of more than one year and interest-bearing bank borrowings in the amount of RMB5.7 million had a maturity date of one year or less. As of 31 December 2023, 2024, and 2025 and 31 May 2026, the effective interest rate of our interest-bearing bank borrowings was 1.2% to 4.3%, 0.7% to 3.5%, 2.93%, and 2.93%, respectively. For details of the securities and guarantees for our borrowings, see note 24 to the Accountants’ Report in Appendix I to this Document. As of 31 May 2026, we had unutilised credit facilities of RMB288.3 million. We plan to draw down such credit facilities should any capital expenditure need arise in the future.

Our Directors confirm that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no material defaults in bank and other borrowings, nor did we breach any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulty in obtaining credit facilities, or withdrawal of facilities or request for early repayment.

Indebtedness Statement

Save as disclosed above, as of 31 December 2023, 2024, 2025 and 31 May 2026, we did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings and other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirm that there has not been any material change in our indebtedness since 31 May 2026 and up to the Latest Practicable Date.

COMMITMENTS

The following table sets forth our contracted commitments as of the dates indicated:

	As of 31 December			As of 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	7,237	5,400	—	187

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet commitments or arrangements.

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MATERIAL RELATED PARTY TRANSACTIONS

Transactions with Related Parties

During the Track Record Period, we had no transactions with related parties. As of 31 December 2023, 2024, 2025, and 31 May 2026, certain of our bank loans were guaranteed by Mr. Chen, our Controlling Shareholder, or companies in which an associate of Mr. Chen is the controlling shareholder. The underlying bank borrowings and such guarantees as of the Latest Practicable Date had been settled. See note 30 to the Accountants’ Report set out in Appendix I to this Document for further details about our related party transactions during the Track Record Period.

Our Directors are of the view that each of the related party transactions set out in note 30 to the Accountants’ Report in Appendix I to this Document was conducted on an arm’s length basis and would not distort our track record results or cause our historical results to be not reflective of our future performance.

KEY FINANCIAL RATIOS

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

	As of/For the year ended 31 December			As of/For the five months ended 31 May
	2023	2024	2025	2026
Gross profit margin ⁽¹⁾	3.9%	3.3%	4.7%	2.0%
Net profit margin ⁽²⁾	2.2%	2.0%	3.3%	1.4%
Current ratio ⁽³⁾	1.1	1.3	1.9	1.8
Quick ratio ⁽⁴⁾	0.7	0.8	1.3	1.2
Gearing ratio ⁽⁵⁾	61.6%	63.4%	59.6%	47.8%

Notes:

- (1) Gross profit margin is calculated using gross profit for the year/period divided by revenue and multiplied by 100%.
- (2) Net profit margin is calculated using profit for the year/period divided by revenue and multiplied by 100%.
- (3) Current ratio is calculated using total current assets divided by total current liabilities.
- (4) Quick ratio is calculated using total current assets less inventories divided by total current liabilities.
- (5) Gearing ratio is calculated using debt (being trade and bills payables, payroll payable, accrued [REDACTED], deposit and other payables, and interest-bearing bank borrowings) divided by total assets.

Gross Profit Margin

In 2023, 2024, 2025 and for the five months ended 31 May 2026, our gross profit margin was 3.9% 3.3%, 4.7%, and 2.0%, respectively. See “— Review of Historical Results of Operations” for factors affecting our gross profit margin during the respective periods.

Net Profit Margin

In 2023, 2024, 2025 and for the five months ended 31 May 2026, our net profit margin was 2.2%, 2.0%, 3.3%, and 1.4%, respectively. See “— Review of Historical Results of Operations” for factors affecting our net profit margin during the respective periods.

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Current Ratio

Our current ratio increased from 1.1 as of 31 December 2023 to 1.3 as of 31 December 2024, primarily attributable to the increase in trade and bills receivables. Our current ratio increased further to 1.9 as of 31 December 2025, primarily due to the increase in cash and cash equivalents. Our current ratio remained relatively stable at 1.8 as of 31 May 2026.

Quick Ratio

Our quick ratio increased from 0.7 as of 31 December 2023 to 0.8 as of 31 December 2024, primarily attributable to the increase in trade and bills receivables. Our quick ratio increased further to 1.3 as of 31 December 2025, primarily attributable to the increase in cash and cash equivalents. Our quick ratio remained relatively stable at 1.2 as of 31 May 2026.

Gearing Ratio

Our gearing ratio increased from 61.6% as of 31 December 2023 to 63.4% as of 31 December 2024, primarily attributable to the increase in trade and bills payables and interest-bearing bank borrowings. See also “Liquidity and Capital Resources — Cash Flows — Net Cash Flows Used in Operating Activities”. Our gearing ratio decreased from 63.4% as of 31 December 2024 to 59.6% as of 31 December 2025 and further to 47.8% as of 31 May 2026, primarily attributable to the decrease in interest-bearing bank borrowings and the increase in total assets.

MARKET RISKS

We are exposed to various types of financial and market risks, including credit risk and liquidity risk. Our Directors review and agree on financial management policies and practices for managing each of these risks. See note 33 to the Accountants’ Report set out in Appendix I to this Document for further details.

Credit Risk

We are exposed to credit risk in relation to our cash and cash equivalents, trade and bills receivables and financial assets included in prepayments, other receivables and other assets. The carrying amounts of each class of the above financial assets represent our maximum exposure to credit risk in relation to financial assets.

We trade mainly with recognised and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance the operations and mitigate the effects of fluctuations in cash flows.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See Appendix II to this Document.

DIVIDEND POLICY

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

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

DISTRIBUTABLE RESERVES

As of 31 May 2026, we had retained profits of RMB249.4 million, representing the distributable reserves available for distribution to our Shareholders.

[REDACTED]

[REDACTED] represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. We estimate that our total [REDACTED] (including [REDACTED]) will be approximately RMB[REDACTED], accounting for [REDACTED]% of the [REDACTED] from the [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range stated in this Document and the [REDACTED] is not exercised). During the Track Record Period, [REDACTED] of RMB[REDACTED], RMB[REDACTED], and RMB[REDACTED] were charged to our consolidated statements of profit or loss for the years/period ended 31 December 2024 and 2025 and the five months ended 31 May 2026, respectively, and RMB[REDACTED], RMB[REDACTED], and RMB[REDACTED] were capitalised to our consolidated statements of financial position and recognised as deferred [REDACTED] as of 31 December 2024 and 2025 and 31 May 2026, respectively, which are expected to be deducted from equity upon [REDACTED] as they are directly attributable to the [REDACTED] of the Shares to the [REDACTED]. The estimated remaining [REDACTED] of approximately RMB[REDACTED] are expected to be charged to our consolidated statements of profit or loss for the year ending 31 December 2026, and approximately RMB[REDACTED] are expected to be deducted from equity upon [REDACTED]. The [REDACTED] consist of RMB[REDACTED] [REDACTED] and RMB[REDACTED] [REDACTED] (including fees and expenses of legal advisers and the Reporting Accountants of RMB[REDACTED] and other fees and expenses of RMB[REDACTED]).

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

RECENT DEVELOPMENT

See “Summary — Recent Development and No Material Adverse Change” in this Document for further details of the impact of recent developments on our business, operations and financial positions.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, since 31 May 2026 and up to the date of this Document, there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially affect the information shown in our financial information set forth in the Accountants’ Report included in Appendix I to this Document.