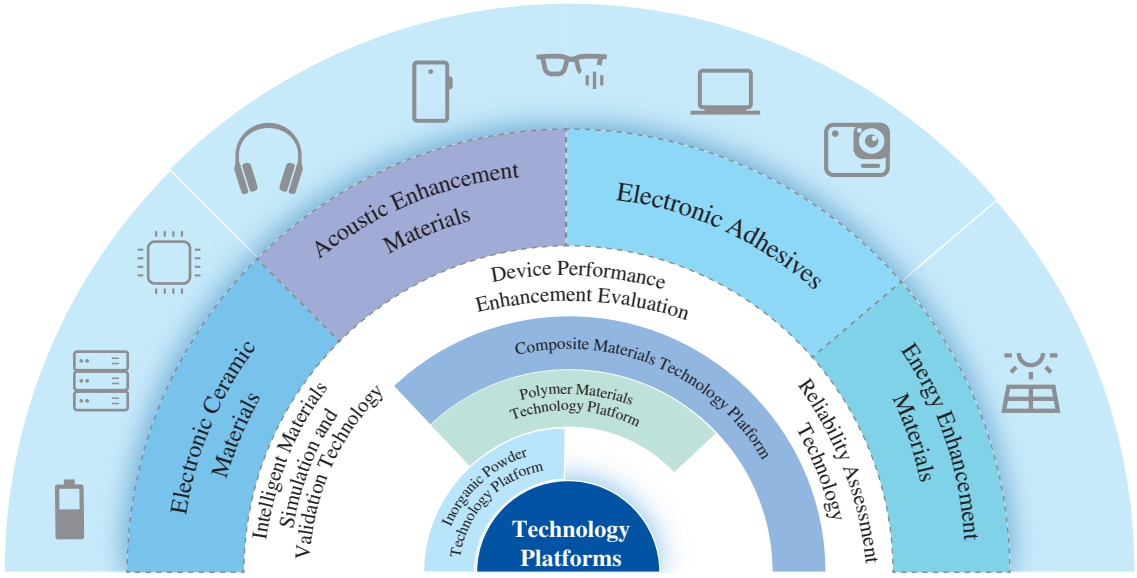
SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to* [REDACTED] *in the* [REDACTED]. *There are risks associated with any* [REDACTED]. *Some of the particular risks in* [REDACTED] *in the* [REDACTED] *are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to* [REDACTED] *in the* [REDACTED]. *Various expressions used in this section are defined or explained in "Definitions" and "Glossary" in this document.

OVERVIEW

We are an electronic functional enhancement materials company with an established presence across acoustic enhancement materials, electronic ceramic materials, electronic adhesives and energy enhancement materials. Based on our profound insights of the industry development and technology evolution and leveraging our solid research and development capabilities and lean-management expertise, we have built three core technology platforms, namely the Inorganic Powder Technology Platform (無機粉體技術平台), the Polymer Materials Technology Platform (高分子材料技術平台) and the Composite Materials Technology Platform (複合材料技術平台). The diagram below sets out our core technology platforms, product portfolio and downstream scenarios.



Our electronic functional enhancement materials are primarily used to enhance acoustical, optical, thermal and electrical performance of components and devices in consumer electronics and new energy sectors. This enables us to deliver comprehensive functional enhancement material solutions for a wide range of downstream application scenarios, including smartphones, laptops, tablets, smart wearables and new energy vehicles. As our technologies mature and product capabilities continuously improve, the downstream application scenarios of our products are gradually expanding into high-growth sectors such as advanced packaging, computing power and other semiconductor-related sectors.

According to Frost & Sullivan, in terms of revenue in 2025, we ranked (i) first in the global acoustic enhancement materials market, with a market share of approximately 20.0%; (ii) second in the global alumina ceramic materials market in LIB separator coating sector, with a market share of approximately 14.3%; (iii) fourth in the global acoustic adhesives market, with a market share of approximately 3.2%; and (iv) third globally in the high-reflection glaze market, with a market share of 4.6%.

OUR PRODUCTS

During the Track Record Period, we were primarily engaged in the development, manufacture and sale of electronic functional enhancement materials. Leveraging our established core technology platforms, we built up four business units: (i) acoustic enhancement materials, (ii) electronic ceramic materials, (iii) electronic adhesives, and (iv) energy enhancement materials. The following table provides a brief introduction of our major products:

No.	Business units	Sub-categories	Major application
(i)	Acoustic enhancement materials (聲學增強材料)	Primarily our N'BASS acoustic enhancement materials (N'BASS聲學增強材料) ("**N'BASS Materials**")[(1)]	Featuring reliability and adaptability across different scenarios, our N'BASS Materials are currently widely used in mid-to-high-end smartphones and broader consumer electronics industry including tablets, laptops, smart wearables, with ongoing expansion into new energy vehicle industry.
(ii)	Electronic ceramic materials (電子陶瓷材料)	Primarily our coating materials for LIB separators (with core expertise in ultra-thin coatings), and lithium-ion battery cathode additives	Our electronic ceramic materials products are used in the lithium-ion battery ecosystem for energy storage and new energy vehicles. Concurrently, we are pursuing growth by extending our product applications into advanced domains such as advanced packaging, computing power and other semiconductor-related sectors.
(iii)	Electronic adhesives (電子膠粘劑)	Primarily our acoustic adhesives and optical adhesives	Our electronic adhesives serve as critical bonding and sealing materials for micro-speakers and optical modules.
(iv)	Energy enhancement materials (能源增強材料)	Primarily PV back-glass coating materials, PV conductive paste and PV cell additives	Widely used in the photovoltaic industry, our PV back-glass coating materials are primarily used in PV module assembly, and our PV conductive paste and PV cell additives are primarily used for manufacturing PV cells.

Note:

(1) Our N'BASS Materials are our proprietary products, which are categorized as a type of sound-adsorbing particles within the industry. As of the Latest Practicable Date, our N'BASS Materials were covered by 169 granted patents and 134 pending patent applications out of the total number of patents and patent applications, relating to materials, production processes and application scenarios.

The following table sets forth the breakdown of our revenue, sales volume and average selling price by major products for the periods indicated:

	For the year ended December 31,											
	2023				2024				2025			
	Revenue		Sales volume	Average selling price	Revenue		Sales volume	Average selling price	Revenue		Sales volume	Average selling price
	RMB'000	*%*	*kg*	*RMB/kg*	*RMB'000*	*%*	*kg*	*RMB/kg*	*RMB'000*	*%*	*kg*	*RMB/kg*
Acoustic enhancement materials	211,726	66.1	28,446	7,443	219,128	61.7	28,973	7,563	303,514	48.6	40,927	7,416
Electronic ceramic materials	–	–	–	–	–	–	–	–	133,939	21.4	6,411,076	21
Electronic adhesives	2,272	0.7	3,010	755	9,223	2.6	11,880	776	22,359	3.6	80,869	276
Energy enhancement materials	106,465	33.2	4,929,839	22	126,711	35.7	6,344,770	20	165,284	26.4	1,940,775	85
Total	**320,463**	**100.0**	**N/A**	**N/A**	**355,062**	**100.0**	**N/A**	**N/A**	**625,096**	**100.0**	**N/A**	**N/A**

	For the six months ended June 30,							
	2025				2026			
	Revenue		Sales volume	Average selling price	Revenue		Sales volume	Average selling price
	RMB'000 *(Unaudited)*	*%*	*kg*	*RMB/kg*	*RMB'000*	*%*	*kg*	*RMB/kg*
Acoustic enhancement materials	145,658	51.4	19,936	7,306	132,359	36.3	18,500	7,155
Electronic ceramic materials	60,606	21.4	2,964,600	20	88,852	24.3	4,129,076	22
Electronic adhesives	8,673	3.1	16,178	536	11,376	3.1	83,018	137
Energy enhancement materials	68,461	24.1	1,385,424	49	132,372	36.3	784,702	169
Total	**283,398**	**100.0**	**N/A**	**N/A**	**364,959**	**100.0**	**N/A**	**N/A**

Our revenue increased by 10.8% from RMB320.5 million in 2023 to RMB355.1 million in 2024, primarily attributable to the following factors: (i) our revenue from electronic adhesives increased by 305.9% from RMB2.3 million in 2023 to RMB9.2 million in 2024. This was mainly due to an increase in sales volume from approximately 3.0 thousand kg to approximately 11.9 thousand kg, mainly attributable to growing customer recognition of our electronic adhesives after the products exited the ramp-up stage in 2023. The average selling price remained relatively stable during the period; and (ii) our revenue from energy enhancement materials increased by 19.0% from RMB106.5 million in 2023 to RMB126.7 million in 2024, primarily driven by an increase in sales volume from approximately 4.9 million kg to approximately 6.3 million kg, supported by our established market presence, while the average selling price remained relatively stable.

Our revenue increased by 76.1% from RMB355.1 million in 2024 to RMB625.1 million in 2025, primarily attributable to the following factors: (i) our revenue from acoustic enhancement materials increased by 38.5% from RMB219.1 million in 2024 to RMB303.5 million in 2025, primarily attributable to an increase in sales volume driven by (a) the steady growth of end markets in consumer electronics smart terminals during the same year; (b) the increased penetration rate of N'BASS Materials in upper mid-end smartphones; and (c) our successive development and launch of new product forms, such as powder sheets; and (ii) our revenue from electronic ceramic materials increased from nil in 2024 to RMB133.9 million in 2025, following our acquisition of Zhejiang AITEK at the end of 2024.

Our revenue increased by 28.8% from RMB283.4 million for the six months ended June 30, 2025 to RMB365.0 million for the six months ended June 30, 2026, primarily attributable to the following factors: (i) our revenue from electronic ceramic materials increased by 46.6% from RMB60.6 million for the six months ended June 30, 2025 to RMB88.9 million for the six months ended June 30, 2026, primarily attributable to an increase in sales volume from approximately 3.0 million kg to approximately 4.1 million kg, driven by rising demand for lithium-ion batteries; (ii) our revenue from energy enhancement materials increased by 93.4% from RMB68.5 million for the six months ended June 30, 2025 to RMB132.4 million for the six months ended June 30, 2026, primarily attributable to an increase in average selling price from RMB49 per kg to RMB169 per kg for the corresponding periods, mainly due to the increase in price of silver powder, the major raw materials for our PV conductive pastes. Its pricing is determined based on the silver powder price plus processing fees. The increase in prices of silver powder has therefore led to an increase in the selling prices of such products; and (iii) our revenue from acoustic enhancement materials decreased by 9.1% from RMB145.7 million for the six months ended June 30, 2025 to RMB132.4 million for the six months ended June 30, 2026, which was attributable to a decrease in order demand from certain Android smartphone brands, in line with the cyclical fluctuations of downstream consumer electronic industry, while the average selling price of our acoustic enhancement materials remained relatively stable.

The table below sets forth the gross profit and gross profit margin by major products for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	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)			
Acoustic enhancement materials	161,071	76.1	183,048	83.5	250,571	82.6	118,616	81.4	110,388	83.4
Electronic ceramic materials	–	–	–	–	28,914	21.6	12,113	20.0	17,872	20.1
Electronic adhesives	272	12.0	5,706	61.9	10,304	46.1	4,994	57.6	2,837	24.9
Energy enhancement materials	11,824	11.1	10,529	8.3	1,344	0.8	742	1.1	761	0.6
Total	**173,167**	**54.0**	**199,283**	**56.1**	**291,133**	**46.6**	**136,465**	**48.2**	**131,858**	**36.1**

Our gross profit margin increased from 54.0% in 2023 to 56.1% in 2024, primarily attributable to the following factors: (i) the gross profit margin for acoustic enhancement materials increased from 76.1% in 2023 to 83.5% in 2024. This improvement was primarily the result of the continuous improvement in our production technologies and enhanced production efficiency; and (ii) the gross profit margin for electronic adhesives increased significantly from 12.0% in 2023 to 61.9% in 2024. This was primarily attributable to economies of scale achieved through a substantial increase in sales volume after the products exited the ramp-up stage in 2023, which reduced unit costs including labor and allocated fixed costs such as depreciation. The increase was partially offset by a decrease in gross profit margin for energy enhancement materials from 11.1% in 2023 to 8.3% in 2024. This was mainly due to intensified market competition within the PV industry, which is the primary end market for these materials.

Our gross profit margin decreased from 56.1% in 2024 to 46.6% in 2025, primarily attributable to the following factors: (i) our development of new businesses following the acquisition of Zhejiang AITEK, whose gross profit margin of 21.6% was lower than that of our acoustic enhancement materials; (ii) the gross profit margin for energy enhancement materials decreased from 8.3% in 2024 to 0.8% in 2025, primarily due to the increased price of silver powder which we procured as raw materials as well as a reduction in sales of PV cell additives in this sector;

and (iii) the gross profit margin for electronic adhesives decreased from 61.9% in 2024 to 46.1% in 2025, primarily due to the expansion of product portfolio resulting in the higher proportion of relatively low-margin products in 2025.

Our gross profit margin decreased from 48.2% for the six months ended June 30, 2025 to 36.1% for the six months ended June 30, 2026, primarily attributable to changes in revenue mix of our products. The revenue contribution of acoustic enhancement materials, which delivered higher gross margins, declined from 51.4% for the six months ended June 30, 2025 to 36.3% for the six months ended June 30, 2026. In comparison, revenue contribution of energy enhancement materials with a lower gross margin increased from 24.1% to 36.3% during the same corresponding periods.

OUR STRENGTHS

We believe that the following strengths contribute to our market position, ensuring our success and distinguishing us from our competitors: (i) we are an electronic functional enhancement materials company with an established presence across acoustic enhancement materials, electronic ceramic materials, electronic adhesives and energy enhancement materials; (ii) we have built a dedicated research and development team, established solid core technology platforms and formulated an efficient innovation system; (iii) we collaborate closely with leading downstream players to achieve industrial chain collaborative innovation; (iv) our lean management operations advance sustainable and high-quality growth; (v) we have a professional, dedicated and experienced management team; and (vi) our mission-driven, high-quality corporate culture fosters sustainable core competitiveness.

OUR STRATEGIES

We plan to pursue the following strategies: (i) expand our leadership in the global acoustic enhancement materials market and become a comprehensive material solution provider; (ii) further strengthen and enrich our product portfolio in electronic ceramic materials sector; (iii) strengthen and upgrade our market position in electronic adhesives sector; (iv) increase research and development investment to enhance diverse technology platforms and innovation capabilities; (v) enhance collaboration with major downstream players; (vi) conduct strategic mergers and acquisitions to enhance our competitiveness; and (vii) continuously improve operational efficiency and profitability through lean operation management system.

RESEARCH AND DEVELOPMENT

Continuous research and development are the backbones of our business operation. We are committed to develop new technologies, design new products and upgrade existing product offerings to enhance our market position. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development expenses amounted to RMB37.6 million, RMB39.4 million, RMB45.2 million, RMB21.1 million and RMB20.5 million, representing 11.7%, 11.1%, 7.2%, 7.5% and 5.6% of our total revenue in the respective periods. As of June 30, 2026, we have established an in-house research and development team comprising more than 68 professionals. The team is led by two senior personnel holding doctoral degrees with extensive academic and industrial expertise, and most of our core research and development personnel hold a master's degree or above. During the Track Record Period, all of our principal research and development activities were conducted in-house without any outsourcing arrangements. Meanwhile, we have established collaborative research and development partnerships with leading domestic universities and research institutions that possess distinctive advantages in ceramic powder and electronic adhesives sectors. For example, we have co-founded a Joint Laboratory for Carbon-Neutral Advanced Materials with a leading science and engineering university in Shanghai, China.

OUR PRODUCTION

As of June 30, 2026, we had three production bases in China. We have implemented a comprehensive production planning management system to ensure efficient utilization of our manufacturing resources and to align production volume with market demand and customer orders. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, utilization rates for (i) our acoustic enhancement materials were 52.5%, 96.3%, 95.0% and 90.7%, respectively; (ii) our electronic ceramic materials were nil, nil, 80.9% and 74.2%; (iii) our electronic adhesives were 52.5%, 32.0%, 90.0% and 80.8%, respectively; and (iv) our energy enhancement materials were 26.0%, 57.0%, 62.5% and 93.9%, respectively. For details, please refer to "Business — Our Production — Production Capabilities" for further information in this document.

SALES AND MARKETING

We primarily adopt the direct sales model. Through direct sales, we have established a close and direct connection with our customers. Our customer base primarily comprises component manufacturers in the consumer electronics and new energy sectors. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, sales to our five largest customers in each year/period amounted to RMB282.6 million, RMB292.1 million, RMB489.6 million and RMB276.2 million, respectively, accounting for 88.2%, 82.3%, 78.4% and 75.7% of our total revenue for the same respective periods. In addition, sales to our largest customer in each respective period, amounted to RMB91.0 million, RMB74.3 million, RMB139.3 million and RMB121.4 million, accounting for 28.4%, 20.9%, 22.3% and 33.3% of our total revenue for the same periods, respectively.

During the Track Record Period, we primarily sold our products to customers in China. The following table sets forth the breakdown of our revenue by geographical location (based on the places of registration of our direct customers) for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Chinese Mainland	289,628	90.4	289,040	81.4	518,483	82.9	235,723	83.2	308,449	84.5
Outside of Chinese Mainland	30,835	9.6	66,022	18.6	106,613	17.1	47,675	16.8	56,510	15.5
– Vietnam	520	0.2	20,433	5.8	54,713	8.8	25,938	9.1	32,880	9.0
– South Korea	30,315	9.4	45,589	12.8	51,900	8.3	21,737	7.7	20,166	5.5
– Malaysia	–	–	–	–	–	–	–	–	3,464	1.0
Total	**320,463**	**100.0**	**355,062**	**100.0**	**625,096**	**100.0**	**283,398**	**100.0**	**364,959**	**100.0**

RAW MATERIALS, PROCUREMENT AND SUPPLIERS

During the Track Record Period, with respect to our core product N'BASS Materials, we primarily procured various basic inorganic materials and catalysts for in-house production following our proprietary formulations and processes. Key raw materials for our other products are set forth as follows: (i) for electronic ceramic powders: alumina powder; (ii) for electronic adhesives: resins (mainly including acrylic resin, epoxy resin, silicone resin and polyurethane resin), as well as thixotropic agents and diluents; and (iii) for energy enhancement materials: silver powder, resin, glass frit and electronic chemicals. During the Track Record Period, substantially all of our purchases of raw materials were sourced from domestic suppliers, who engaged in providing various inorganic materials and basic chemicals. We also procured all PV cell additives and a portion of PV conductive paste from domestic suppliers, which was sold to our customers.

For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, our purchases from our five largest suppliers in each year/period amounted to RMB124.3 million, RMB97.4 million, RMB184.3 million and RMB127.6 million, respectively, representing 91.3%, 76.8%, 67.0% and 65.3% of our total purchase amounts for the same respective periods; our purchases from our largest supplier amounted to RMB56.3 million, RMB45.5 million, RMB84.4 million and RMB72.6 million, respectively, representing 41.3%, 35.9%, 30.7% and 37.1% of our total purchase amounts for the same periods, respectively.

COMPETITIVE LANDSCAPE

We primarily operate in the electronic functional enhancement materials industry, with our products mainly applied downstream in the consumer electronics and new energy sectors. The industry's dynamic and competitive landscape varies by segment and application. According to Frost & Sullivan, in terms of revenue in 2025, we ranked (i) first in the global acoustic enhancement materials market, with a market share of approximately 20.0%; (ii) second in the global alumina ceramic materials market in LIB separator coating sector, with a market share of approximately 14.3%; (iii) fourth in the global acoustic adhesives market, with a market share of approximately 3.2%; and (iv) third globally in the high-reflection glaze market, with a market share of 4.6%. For details, please refer to "Industry Overview" in this document.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

The table below summarizes our results of operations in absolute amounts and as percentages of our total revenue for the periods indicated, which are derived from our consolidated statements of profit or loss and other comprehensive income included in the Accountants' Report as set out in Appendix I to this document.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Revenue	**320,463**	**100.0**	**355,062**	**100.0**	**625,096**	**100.0**	**283,398**	**100.0**	**364,959**	**100.0**
Cost of sales	(147,296)	(46.0)	(155,779)	(43.9)	(333,963)	(53.4)	(146,933)	(51.8)	(233,101)	(63.9)
Gross profit	**173,167**	**54.0**	**199,283**	**56.1**	**291,133**	**46.6**	**136,465**	**48.2**	**131,858**	**36.1**
Other income	11,999	3.7	5,968	1.7	11,616	1.9	4,400	1.6	6,304	1.7
Other gains and losses	(94)	(0.0)	1,998	0.6	344	0.1	1,556	0.5	(2,053)	(0.6)
Selling and marketing expenses	(9,254)	(2.9)	(10,500)	(3.0)	(16,812)	(2.7)	(9,365)	(3.3)	(6,474)	(1.8)
Administrative expenses	(27,125)	(8.5)	(29,464)	(8.3)	(47,950)	(7.7)	(25,788)	(9.1)	(24,757)	(6.8)
Research and development expenses	(37,629)	(11.7)	(39,441)	(11.1)	(45,163)	(7.2)	(21,138)	(7.5)	(20,483)	(5.6)
[REDACTED] expenses	–	–	–	–	(10,245)	(1.6)	–	–	(5,816)	(1.6)
Net impairment (losses) reversal under expected credit loss ("ECL") model	(1,791)	(0.6)	256	0.1	(1,153)	(0.2)	(562)	(0.2)	564	0.2
Finance cost	(207)	(0.1)	(261)	(0.1)	(1,952)	(0.3)	(404)	(0.1)	(565)	(0.2)
Profit before tax	**109,066**	**34.0**	**127,839**	**36.0**	**179,818**	**28.8**	**85,164**	**30.1**	**78,578**	**21.5**
Income tax expenses	(12,910)	(4.0)	(15,308)	(4.3)	(24,510)	(3.9)	(10,643)	(3.8)	(8,977)	(2.5)
Profit for the year/period	**96,156**	**30.0**	**112,531**	**31.7**	**155,308**	**24.8**	**74,521**	**26.3**	**69,601**	**19.1**
Profit (loss) attributable to:										
Owners of our Company	97,321	30.4	114,090	32.1	152,462	24.4	73,409	25.9	66,022	18.1
Non-controlling interests	(1,165)	(0.4)	(1,559)	(0.4)	2,846	0.5	1,112	0.4	3,579	1.0

For detailed analysis, please refer to the section headed "Financial Information — Results of Operations" in this document.

Summary of Consolidated Statements of Financial Position

The table below sets forth a summary of our consolidated statement of financial position as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	253,059	270,421	231,553	263,010
Total current assets	505,695	689,617	679,601	637,777
Total assets	758,754	960,038	911,154	900,787
Total non-current liabilities	24,696	27,497	4,836	9,393
Total current liabilities	108,918	208,346	292,702	199,976
Total liabilities	133,614	235,843	297,538	209,369
Net current assets	396,777	481,271	386,899	437,801
Total equity/Net assets	625,140	724,195	613,616	691,418
Non-controlling interests	1,172	28,669	27,176	35,742

Our net current assets increased from RMB386.9 million as of December 31, 2025 to RMB437.8 million as of June 30, 2026. This was primarily attributable to (i) a decrease in trade, bills and other payables of RMB76.9 million, primarily due to the payment of a dividend of RMB77.0 million in March 2026; and (ii) an increase in receivables at FVTOCI of RMB35.2 million. The increase was partially offset by (i) the decrease of RMB51.6 million in cash and cash equivalents; and (ii) the decrease of RMB30.5 million in trade, bills and other receivables, mainly attributable to a more proactive collection strategy and shorter credit terms granted to certain customers.

Our net current assets decreased from RMB481.3 million as of December 31, 2024 to RMB386.9 million as of December 31, 2025. This was primarily attributable to (i) a decrease in financial assets at FVTPL of RMB152.2 million, primarily due to increased cash outflows during the year; and (ii) an increase in trade, bills and other payables of RMB59.3 million, primarily due to an addition of RMB77.0 million in dividend payable resulting from our shareholders' resolution to distribute retained profit as of November 30, 2025 and an addition of RMB6.3 million in accrued [**REDACTED**] expenses. This overall decrease was partially offset by an increase in cash and cash equivalents of RMB77.8 million, primarily due to an increase in bank balances.

Our net current assets increased from RMB396.8 million as of December 31, 2023 to RMB481.3 million as of December 31, 2024. This was primarily attributable to (i) an increase of RMB238.5 million in financial assets at FVTPL, primarily as a result of our investment in certain wealth management products; and (ii) an increase of RMB35.5 million in our trade, bills, other receivables, mainly due to the recognition of trade, bills and other receivables of Zhejiang AITEK upon the completion of our acquisition of such company on December 31, 2024. This overall increase was partially offset by (i) a decrease in cash and cash equivalents of RMB161.4 million mainly as a result of our investment in wealth management products; and (ii) an increase in trade, bills and other payables of RMB54.5 million, mainly due to the recognition of trade, bills and other payables of Zhejiang AITEK upon the completion of our acquisition of such company on December 31, 2024.

Our net assets increased from RMB625.1 million as of December 31, 2023 to RMB724.2 million as of December 31, 2024, primarily attributable to (i) profit for the year of RMB112.5 million, and (ii) non-controlling interests of RMB29.1 million as a result of acquisition of Zhejiang AITEK, which was partially offset by dividends recognized as distribution of RMB40.8 million. Our net assets decreased from RMB724.2 million as of December 31, 2024 to RMB613.6 million as of December 31, 2025, primarily attributable to (i) dividends recognized as distribution of RMB317.8 million, which were partially offset by (i) profit for the year of RMB155.3 million; and (ii) issue of shares of RMB31.5 million. Our net assets increased from RMB613.6 million as of December 31, 2025 to RMB691.4 million as of June 30, 2026, primarily attributable to (i) profit for the period of RMB69.6 million and (ii) recognition of equity-settled share-based payment expense of RMB4.0 million.

For detailed analysis, please refer to the section headed "Financial Information — Discussion of Certain Selected Items of Consolidated Statements of Financial Positions" in this document.

Summary of Consolidated Cash Flow Statements

The following table sets forth a summary of our consolidated statements of cash flows for the years/periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Net cash from operating activities	28,738	143,681	108,184	71,129	91,124
Net cash from (used in) investing activities	70,299	(260,411)	168,925	44,505	(51,975)
Net cash used in financing activities	(33,134)	(44,626)	(199,342)	(46,674)	(90,743)
Net increase/(decrease) in cash and cash equivalents	65,903	(161,356)	77,767	68,960	(51,594)
Cash and cash equivalents at beginning of the year/period	200,359	266,262	104,906	104,906	182,673
Cash and cash equivalents at end of the year/period	266,262	104,906	182,673	173,866	131,079

Our cash and cash equivalents decreased from RMB266.3 million as of December 31, 2023 to RMB104.9 million as of December 31, 2024, mainly due to the reallocation of our cash holdings to increase investment in wealth management products in 2024. Our cash and cash equivalents increased to RMB182.7 million as of December 31, 2025, due to increased deposits resulting from our increased revenue. Our cash and cash equivalents decreased to RMB131.1 million as of June 30, 2026, primarily attributable to the payment of a dividend of RMB77.0 million in March 2026. For detailed analysis on our cash flow, please refer to the section headed "Financial Information — Liquidity and Capital Resources" in this document.

KEY FINANCIAL RATIOS

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

	As of/For the year ended December 31,			As of/For the six months ended June 30,
	2023	2024	2025	2026
Current ratio[(1)]	4.64	3.31	2.32	3.19
Quick ratio[(2)]	4.39	3.12	2.12	2.88
Gearing ratio[(3)]	1.11%	7.57%	12.26%	9.53%
Return on equity[(4)]	16.3%	17.1%	23.2%	10.7%
Return on total assets[(5)]	13.5%	13.1%	16.6%	7.7%
Net debt to equity ratio[(6)]	(42.4)%	(8.3)%	(18.5)%	(10.3)%

Notes:

1. Current ratio is calculated by dividing current assets by current liabilities as of the same date.
2. Quick ratio is calculated by subtracting inventories from total current assets, and then dividing the result by current liabilities as of the same date.
3. Gearing ratio is calculated based on derivative financial instruments, borrowings and lease liabilities divided by the ending balance of total equity and multiplied by 100%.
4. Return on equity equals profit for the year/period divided by total average of the opening and closing balances of total equity of the respective year/period, multiplied by 100%.
5. Return on assets equals profit for the year/period divided by total average of the opening and closing balances of total assets of the respective year/period, multiplied by 100%.
6. Net debt to equity ratio was calculated based on net debts (being total loans and borrowings net of cash and cash equivalents) as at the respective date divided by total equity as at the respective date.

RISK FACTORS

Our operations involve certain risks and uncertainties. The more significant risks relating to our business and industry include: (i) our business is exposed to the supply-demand dynamics of the end markets in which our products are applied, including consumer electronics and new energy; (ii) we may fail to continuously expand our existing product lines or develop new products or our new products may not be successful, which could adversely affect our business, results of operations, and financial condition; (iii) a substantial portion of our revenue has been derived from a small number of customers. The loss of, or significant reduction in the purchases by, one or more of such customers could materially and adversely affect our business, financial condition and results of operations; (iv) we may fail to keep pace with the continuous technological advancements in our industry, and our research and development initiatives may not deliver commercially viable or otherwise positive outcomes; (v) any failure to protect our intellectual property rights could undermine our competitive position and adversely affect our business prospects; and (vi) new market opportunities may not develop as quickly as we expect, or at all, which may limit our ability to successfully sell our products. For further details, please refer the section headed "Risk Factors" in this document.

USE OF [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**] range), we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] million from the [**REDACTED**] after deducting the [**REDACTED**] and other estimated expenses in connection with the [**REDACTED**], and assuming the [**REDACTED**] is not exercised. In alignment with our strategy and development plans, we intend to allocate the net [**REDACTED**] for the following purposes:

- approximately [**REDACTED**]% of the net [**REDACTED**] (equivalent to HK$[**REDACTED**] million) will be used to expand the production capacity of our current products and facilitate the development and commercialization of our new products.

- approximately [**REDACTED**]% of the net [**REDACTED**] (equivalent to HK$[**REDACTED**] million) will be used to establish our research and development centers. We plan to to further expand the diversified application scenarios of our products in consumer electronics sector, strengthen the development and application of functional enhancement materials in high-growth industries including advanced packaging, computing power, and other semiconductor-related fields, and advance the development of our information systems.

- approximately [**REDACTED**]% of the net [**REDACTED**] (equivalent to HK$[**REDACTED**] million) will be used to conduct potential mergers and acquisitions in the future.

- approximately [**REDACTED**]% of the net [**REDACTED**] (equivalent to HK$[**REDACTED**] million) will be used to develop our sales and service network, primarily for recruiting sales staff with specialized technology backgrounds; and

- approximately [**REDACTED**]% of the net [**REDACTED**] (equivalent to HK$[**REDACTED**] million) will be used for working capital and general corporate purposes.

For details, please refer to the section headed "Future Plans and Use of [**REDACTED**]" in this document.

[REDACTED] STATISTICS

All statistics in the following table are based on the assumptions that (i) [**REDACTED**] H Shares are issued pursuant to the [**REDACTED**], (ii) the [**REDACTED**] is not exercised, and (iii) [**REDACTED**] Shares (excluding treasury shares) are issued and outstanding following the completion of the [**REDACTED**].

	Based on an [REDACTED] of HK$[REDACTED] per H Share	**Based on an [REDACTED] of HK$[REDACTED] per H Share**
[**REDACTED**] of our Shares[(1)]	HK$[**REDACTED**] million	HK$[**REDACTED**] million
Unaudited [**REDACTED**] adjusted net tangible asset per Share[(2)]	HK$[**REDACTED**]	HK$[**REDACTED**]

Notes:

1. The calculation of [**REDACTED**] is based on [**REDACTED**] Shares expected to be in issue upon the Completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), excluding [**REDACTED**] treasury shares.

2. Unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share is calculated after making adjustments referred to in "Appendix II — Unaudited [**REDACTED**] Financial Information" in this document.

[REDACTED] EXPENSES

[**REDACTED**] expenses represent professional fees, [**REDACTED**] and fees incurred in connection with the [**REDACTED**] and the [**REDACTED**]. As of June 30, 2026, we incurred [**REDACTED**] expenses of RMB[**REDACTED**] million (or approximately HK$[**REDACTED**] million), of which (i) RMB[**REDACTED**] million (or approximately HK$[**REDACTED**] million) was charged to the consolidated statements of profit or loss and other comprehensive income for the year ended December 31, 2025 and the six months ended June 30, 2026, and (ii) RMB[**REDACTED**] million (or approximately HK$[**REDACTED**] million) was directly attributable to the issuance of our [**REDACTED**] and will be deducted from equity upon the [**REDACTED**]. Our total [**REDACTED**] expenses are estimated to be approximately HK$[**REDACTED**] million (including [**REDACTED**]), accounting for [**REDACTED**]% of the gross [**REDACTED**] of the [**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of the [**REDACTED**] range stated in this document, and no exercise of the [**REDACTED**]). Among our total [**REDACTED**] expenses, approximately HK$[**REDACTED**] million is directly attributable to the [**REDACTED**] of H Shares and will be charged to equity upon completion of the [**REDACTED**], and approximately HK$[**REDACTED**] million was and will be charged to our consolidated statements of profit or loss and other comprehensive income. Our total [**REDACTED**] expenses would consist of (i) approximately HK$[**REDACTED**] million [**REDACTED**] related expenses and fees (including [**REDACTED**] and fees), (ii) approximately HK$[**REDACTED**] million [**REDACTED**]-related expenses and fees of the Sole Sponsor, legal advisers and reporting accountant, and (iii) approximately HK$[**REDACTED**] million for other [**REDACTED**]-related fees and expenses.

DIVIDENDS

In 2023, a dividend of RMB34.6 million was declared by our Company to our equity shareholders, of which RMB34.6 million was paid in the same year. In 2024, a dividend of RMB40.8 million was declared by our Company to our equity shareholders, of which RMB40.8 million was paid in the same year. In April 2025, we declared and paid a dividend of RMB40.8 million. During the same year, we declared a special dividend of RMB 277.0 million to our equity shareholders, of which RMB 200.0 million was paid in the same year. In March 2026, we paid a dividend of RMB77.0 million, and no further dividend was declared during the six months ended June 30, 2026. For details, please refer to Note 13 to the Accountants' Report as set out in Appendix I to this document.

Currently, we do not have a formal dividend policy nor a fixed payout ratio. Any future declarations and payments of dividends will be at the discretion of our Directors and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors which our Directors consider relevant. Any future net profit that we make may be used to pay or declare dividends after our Board has formulated a profit distribution plan and approved by our Shareholders in a general meeting. However, according to applicable PRC Laws and regulations, such net profit must be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such statutory common reserve fund has reached more than 50% of our registered capital.

PREVIOUS SZE LISTING ATTEMPT

Our Company previously considered the possibility of seeking an initial public offering on the Shenzhen Stock Exchange in the PRC ("**SZE Listing Attempt**") and engaged Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司) to provide guidance and preliminary compliance advice regarding the requirements of the CSRC on October 28, 2021; and subsequently received the Letter Regarding the Completion of Inspection and Acceptance Work for Tutoring Work from Jiangsu Bureau of the CSRC (中國證券監督管理委員會江蘇監管局) on June 23, 2022, pursuant to which, Jiangsu Bureau of the CSRC confirmed that it finished the inspection and acceptance of the tutoring work in relation to the SZE Listing Attempt. However, in consideration of the reasons as set out in "History, Development and Corporate Structure – Previous SZE Listing Attempt," we decided not to proceed with the SZE Listing Attempt. See "History, Development and Corporate Structure – Previous SZE Listing Attempt" for details. To the best knowledge and belief of our Directors, they are not aware of any other matters relating to the SZE Listing Attempt that need to be brought to the attention of the Stock Exchange and [**REDACTED**].

OUR CONTROLLING SHAREHOLDERS

Immediately after the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Zhengxin Dexu, Shanghai Lejin, Shanghai Zhengxingu and Mr. Lin Lijun will be considered as a group controlling shareholders for the purpose of the Listing Rules and will control approximately [**REDACTED**]% of the enlarged total issued share capital of our Company. See "History, Development and Corporate Structure" and "Relationship with Our Controlling Shareholders" for details.

[**REDACTED**] INVESTMENTS

We have completed [**REDACTED**] equity financings to fund our business expansion. See "History, Development and Corporate Structure — [**REDACTED**] Investments" for details.

IMPACT OF COVID-19 PANDEMIC

During the Track Record Period, the COVID-19 pandemic did not have a material impact on our business operations or financial performance. Any modest impact was driven by shifts in downstream market demand and consumer behavior, which were insignificant in the aggregate. Our research and development activities and industrialization efforts progressed steadily, with the continuous launch of acoustic enhancement materials and their expansion into laptops, tablets, smart wearables and other segments. Meanwhile, our electronic adhesives and energy enhancement materials achieved initial market entry and were in the process of scaling up. Raw material procurement operated smoothly without material supply shortages, supported by our focus on domestic suppliers and in-house production of core N'BASS Materials using proprietary formulations that mitigated disruptions from external volatility. Additionally, our effective contingency mechanisms ensured the seamless operation of key business functions, safeguarded employee health and safety, and prevented any material suspension or shutdown of production. For details, see "Business — Impact of COVID-19 Pandemic" in this document.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Silver powder is a key raw material for production of our PV conductive paste. In 2026 going forward, prices of silver powder are expected to remain relatively volatile following a massive surge in the broader silver market from 2023 to 2025, driven by persistent industrial demand. The volatility in silver prices in 2026 did not and will not materially and adversely affect our business operations based on the following factors. PV conductive paste serves as a core process material in the production activities of downstream customers in PV industry. As long as downstream customers maintain continuous production, our business is expected to remain stable and sustainable. Meanwhile, despite fluctuations in silver powder prices, the gross margin of our PV conductive paste has remained positive. In addition, the PV conductive paste contributes only a small portion to our overall gross profit, and our overall gross profit has been relatively stable. Accordingly, volatility in silver powder prices did not have a material adverse effect on our financial performance.

Our Directors confirmed that, as of the date of this document, there has been no material adverse change in our financial position since June 30, 2026, and there has been no event since June 30, 2026 that would materially affect the information as set out in the Accountants' Report as set out in Appendix I to this document.

We anticipate that our net profit may decline for the year ending December 31, 2026 compared with 2025, primarily attributable to an expected decrease in revenue contribution from our acoustic enhancement materials as well as an expected increase in share-based payments and [**REDACTED**] expenses, partially offset by growth in other product categories. According to Frost & Sullivan, the potential decline in revenue contribution from acoustic enhancement materials is primarily attributable to expected lower shipments of certain Android smartphone brands, reflecting cyclical changes in downstream industries. As the downstream consumer electronics market is expected to maintain a growth trend in the medium and long term, as disclosed in the "Industry Overview," shipments of Android smartphones are expected to resume growth, which will drive a corresponding increase in sales of our acoustic enhancement materials. The anticipated decline in net profit is not related to the pending patent invalidation proceedings, which are disclosed in "Risk Factor — Risks Relating to our Industry and Business — Any failure to protect our intellectual property rights could undermine our competitive position and adversely affect our business prospects" in this document.