

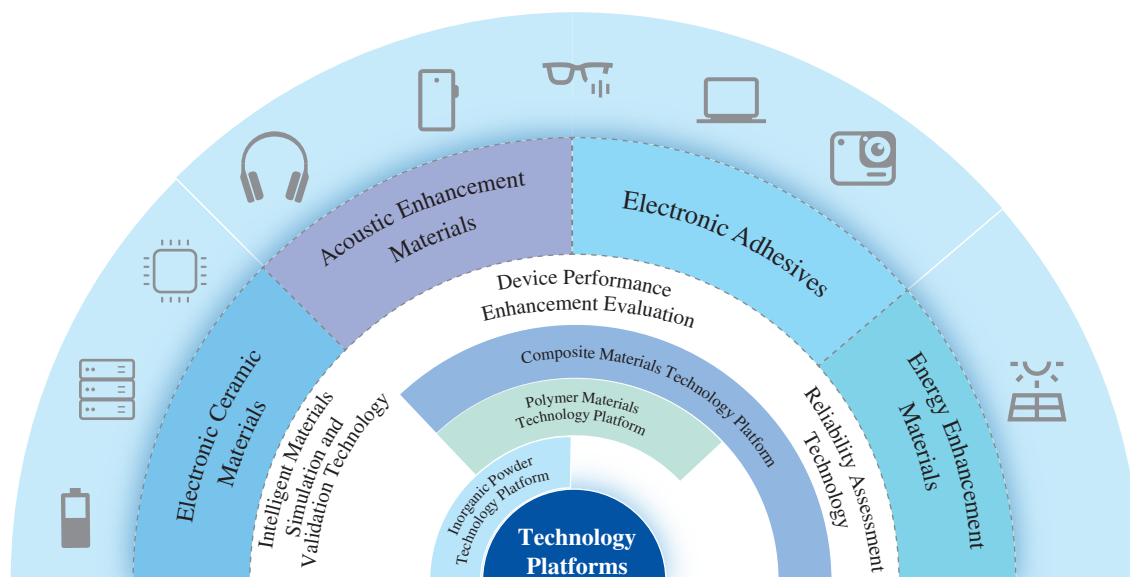
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OVERVIEW

Who We Are

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). We have also integrated advanced technologies such as the intelligent material simulation system to comprehensively enhance research and development efficiency and commercialization speed of our products.

The diagram below sets out our core technology platforms, product portfolio and downstream application 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.

Based on our core technology platforms, our core product lines share the same technology foundation and research and development logics, enabling us to fully capitalize on synergistic effects of our technical resources. This allows us not only to continuously iterate product performance and upgrade product quality, but also to quickly adapt mature technology modules to product development for new application scenarios. Through sustained technological investment and product innovation, we have developed a comprehensive system spanning “technology

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foundation — product portfolio — application expansion.” This advantage has not only strengthened our market position in acoustic enhancement materials but also enabled us to achieve established presence across multiple product lines of electronic ceramic materials and electronic adhesives.

Expanding Our Market Position through In-depth Industry Insight

In 2017, the consumer electronics industry developed into a new phase of functional upgrades and form innovation. During this phase, the sales volume of smartphones remained stable, while consumers increasingly demanded enhanced functions featuring reliability and adaptability across different scenarios. As such, there has been an increasing demand for innovative materials to solve the pain points of higher sound quality within the limited space for speakers in smartphones.

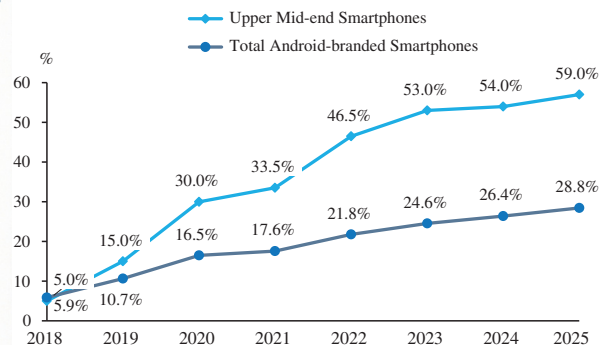
We accurately seized this market opportunity and entered the acoustic materials sector by launching N'BASS acoustic enhancement materials (“N'BASS Materials”). Through dedicated research and development efforts, we built up the mass production capability to cater to the acoustic demands of Android-branded upper-mid-end smartphones. Starting from 2019, we realized the large-scale commercial application of our N'BASS Materials, which were subsequently adopted by numerous leading Android flagship brands.

According to the ranking of smartphone acoustic performance and sound quality released by DXOMARK, an independent technology firm providing authoritative multimedia quality evaluation of consumer electronic products, Android-branded smartphones which adopted our N'BASS Materials ranked top. According to Frost & Sullivan, the number of smartphones incorporating N'BASS Materials increased from 69.8 million units in 2018 to 292.0 million units in 2025. Thus, the global penetration rate of N'BASS Materials in total Android-branded smartphones increased from 5.9% in 2018 to 28.8% in 2025. The number of upper mid-end smartphones incorporating N'BASS Materials increased from 17.5 million units in 2018 to 186.0 million units in 2025. Thus, the penetration rate in upper mid-end smartphones increased from 5.0% in 2018 to 59.0% in 2025.

Ranking of Smartphone Acoustic Performance and Sound Quality

DXOMARK	CAMERA	SELFIE	AUDIO
Xiaomi Mi 10 Pro	128	83	76
Huawei Mate 20 X	111*		75
Asus ROG Phone 3			75
Oppo Find X2 Pro	126	72	74
Apple iPhone XS Max	106*	82	74
Apple iPhone 12			73
Apple iPhone 11 Pro Max	124	92	71
Apple iPhone 11	109*	91	71
Apple iPhone SE (2020)	101*	84	70
Samsung Galaxy S20 Ultra 5G	126	100	69
Asus ROG Phone 2	95*		69
Samsung Galaxy Note20 Ultra 5G	120		68

Global Penetration Rate of N'BASS Materials in Upper Mid-end Smartphones and Total Android-branded Smartphones, 2018-2025



Source: DXOMARK, Frost & Sullivan

Note: Upper mid-end smartphones refer to smartphones with US\$400 ≤ retail price < US\$600, including only Android-branded smartphones

Source: Frost & Sullivan

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Leveraging our shared technology platforms and customer base, we have subsequently launched electronic ceramic materials, electronic adhesives, and energy enhancement materials products. We have been continuously refining our product portfolio, and capitalizing on material innovation opportunities driven by product upgrades in downstream sectors.

Acoustic enhancement materials

From 2017 to 2018, we began to deploy technologies and products related to acoustic enhancement materials. In 2019, our products were put into large-scale commercial application, and we took the lead in proposing the concepts of “Virtual Back Volume (虛擬後腔增大)” and “acoustic enhancement materials (聲學增強材料).” These innovations have significantly improved low-frequency acoustic performance and overall sound quality in smart terminal products such as smartphones, enabling improved acoustic performance within the limited physical space of smart terminals.

According to Frost & Sullivan, our Virtual Back Volume technology products demonstrated superior low-frequency loudness gain, high reliability, and no interference with smart terminal signals when compared with other products of the same technical route. We ranked first globally in the acoustic enhancement materials industry in terms of revenue in 2025, with a market share of 20.0%.

Electronic ceramic materials

Commencing in 2021, leveraging our technical expertise in ceramic powder synthesis and ultra-fine powder processing and manufacturing, we initiated research and development for application opportunities across industries including new energy vehicles and photovoltaics. Concurrently, we carried out research and development of glass frit powder and ceramic material. As the requirements for safety and lithium-ion battery (“LIB”) energy density in new energy vehicles continued to increase, we foresaw substantial growth potential and abundant innovation opportunities for high-quality upstream powder materials in the LIB sector. Consequently, we decided to strategically develop electronic ceramic materials and enter the application fields of ceramic coating materials for LIB separators in the new energy sector, and we strategically acquired Zhejiang AITEK in 2024. According to Frost & Sullivan, we ranked second among the global alumina ceramic materials providers in LIB separator coating sector in terms of revenue in 2025, with a market share of 14.3%.

Electronic adhesives

In 2021, leveraging our shared customer base with N'BASS Materials, we extended our product lines to the electronic adhesives sector. In 2022, we launched a micro-speaker adhesives solution compatible with N'BASS Materials. Through years of dedicated efforts, we have progressively achieved an established presence in the acoustic adhesives market. Based on our accumulated formulations and modification technologies, we further launched our optical adhesives products in 2024, which demonstrated improved reliability and curing shrinkage rate. According to Frost & Sullivan, our acoustic adhesives products ranked fourth globally in terms of revenue in 2025, with a market share of 3.2%, emerging as a key domestic supplier.

Energy enhancement materials

In 2022, leveraging platform-based technologies such as material microstructural regulation, interface performance optimization and inorganic material synthesis, we began to develop our optical glaze business, a sort of energy enhancement materials. We have established a Joint Research and Development Center for Advanced Carbon-neutral Materials (碳中和先進材料聯合研發中心) with a leading science and engineering university in Shanghai, China, and achieved a breakthrough in the high-temperature sintering technology of inorganic glass frits. In 2024, we took the lead in formulating the group standard “High Reflection Glazes for Backplane Glass (《背板玻

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璃增反釉料》)” in conjunction with leading downstream customers, establishing technical specifications and guiding the industry towards high-quality and standardized development. According to Frost & Sullivan, we ranked third globally in the field of high-reflection glaze in terms of revenue in 2025, with a market share of 4.6%.

Our Market Opportunities

Market opportunities for acoustic enhancement materials

AI technological innovation

In the AI era, smart terminal devices play a crucial role in environmental perception and interaction. As voice serves as a key mode of interaction, the acoustic performance of smart terminals has become a critical metric influencing consumer experience. However, with increasing spatial constraints from components such as chips, heat dissipation systems and batteries, designs for acoustic components are increasingly more challenging. As a core material addressing the demand for higher sound quality within smaller physical space, N'BASS Materials are gaining greater importance and expanding into broader application scenarios.

On the other hand, the AI-driven intelligence of smartphones is significantly enhancing user experience and is gradually influencing consumer purchasing decisions. According to Frost & Sullivan, AI smartphones are expected to drive a new wave of smartphone replacement cycles. Global smartphone annual sales are projected to grow from 1,260.3 million units in 2025 to 1,405.5 million units by 2030. Concurrently, driven by the market growth of mid-to-high-end smartphones, the core application market for N'BASS Materials, the global smartphone penetration rate of N'BASS Materials is expected to continue to rise from 28.8% in 2025 to 36.5% by 2030.

Foldable smartphones

Foldable smartphones represent a structural shift in the smartphone market. According to Frost & Sullivan, foldable smartphone shipments are expected to increase from 26.2 million units in 2025 to 73.2 million units in 2030. They are projected to account for 16.9% of high-end smartphone models. Compared with traditional smartphones, foldable smartphones are equipped with more speakers, and due to the demand for ultra-thinness, space constraints are more stringent, leading to a significant increase in the unit consumption of N'BASS Materials. This will further drive the rapid growth of N'BASS Materials market in the foreseeable future.

New acoustic materials

We have progressively launched new product series of N'BASS Materials in the past three years, expanding applications to tablets, laptops and other devices. The tablet and laptop markets are characterized by large unit consumption, gradually increasing N'BASS Materials penetration rate, presenting significant room for further market penetration.

Meanwhile, diaphragm is another key material for the sound quality of speakers. Amid trends toward miniaturization and thinning, achieving higher sound pressure levels and superior bass performance requires material innovation. We began to deploy the third-generation diaphragm technology in 2021 and have already seen initial applications of rubber diaphragms. In the future, there will be broad application scenarios in tablets, laptops, headphones and other relevant fields.

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Market opportunities for electronic ceramic powders

New energy, advanced packaging, computing power and other semiconductor-related industries have demonstrated growing demands for electronic ceramic powder materials. According to Frost & Sullivan, the global electronic ceramic powder market is expected to reach RMB53.5 billion in 2030, with a CAGR of 19.8% from 2025 to 2030. Since our establishment, we have gradually accumulated substantial technical expertise and product application experience in aluminum-based and silicon-based powder materials, and will further expand into related high-end powder products in the future.

Rapid growth of the LIB industry

Given the increasing demand in new energy vehicle and energy storage industry, the market size for LIB separator ceramic coating has grown rapidly, which is widely used in power and energy storage batteries. According to Frost & Sullivan, the global market size of LIB separator ceramic coating materials is projected to reach RMB7.8 billion by 2030, representing a significant growth compared to the RMB2.6 billion market size in 2025, with a CAGR of 24.9%. In addition, the global cathode additives market reached approximately RMB1.6 billion in 2025 and is expected to grow to RMB7.3 billion by 2030.

Advanced packaging and computing power industries

Driven by the rapid development of computing power and the AI industry, chip design, constrained by Moore’s Law, increasingly relies on advanced packaging to enhance integration density and signal transmission speed. This places higher demands on the thermal conductivity, flowability and shrinkage matching of packaging materials such as EMC (epoxy molding compound), LMC (liquid molding compound), underfill, and TIM (thermal interface material). At the server level, high-frequency and high-speed signal transmission imposes significantly high requirements on the dielectric properties of PCBs, rendering the innovation in corresponding materials a focal point for the whole industry. Alumina and silica, as key fillers accounting for over 60% in these materials’ formulation, have a crucial impact on their performances. According to Frost & Sullivan, the demand for high-end powders used in advanced packaging and high-level PCB is projected to reach RMB5.7 billion by 2030.

Semiconductor ceramic powders for domestic substitution

Alongside the gradual development of domestic advanced semiconductor process node capabilities, the localization and substitution of upstream ceramic materials present another major growth opportunity for us. In advanced process node, the requirements for atomic-level flatness and ultra-low surface roughness of wafers are increasingly more stringent, elevating the importance of polishing abrasives focusing on alumina. Furthermore, a large number of precision ceramic components are used in manufacturing processes such as etching, thin-film deposition, ion implantation, lithography and oxidation/diffusion. These ceramic powders require extremely high purity and are currently dominated by Japanese companies, thereby indicating substantial future potential for domestic substitution. According to Frost & Sullivan, advanced ceramic powders are used in numerous semiconductor applications, including high-end ceramic substrates, semiconductor ceramic components and CMP slurries in semiconductor manufacturing and advanced packaging industries. The market size for advanced ceramic powders used in semiconductors is expected to reach RMB28.9 billion by 2030, of which silicon-based and aluminum-based powders accounting for RMB21.5 billion.

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Market opportunities for electronic adhesives

Currently, in the high-end segments of China’s electronic adhesives market, encompassing high-end optical devices, advanced packaging and computing power applications, are still dominated by international adhesives manufacturers from Japan and Europe, leaving considerable room for domestic substitution. In these high-end application fields, the technical integration of inorganic powders and resins has emerged as a key breakthrough point, creating substantial opportunities for material companies like us.

Our Growth Model

Our success originates from the long-termism, technology-oriented approach and customer-centric philosophy upheld by our management team, who possess both strategic perseverance and forward-looking vision. We dynamically and flexibly adjust and optimize strategic directions and implementation measures, fully embrace the philosophy of lean management, and integrate our continuously advancing core technology platform with industrial chain partners to create a thriving collaborative business network. We have cooperated with leading customers in the consumer electronics and new energy industries. By continuously exploring their core needs inspired by industrial transformation, we work alongside customers to solve material challenges in smart terminals, and jointly launch pioneering products that lead the industry’s innovative development, thereby increasing the shipment volume and market share of our products. Meanwhile, our shareholders’ background spans leading enterprises in the consumer electronics and semiconductor industries. These collaborative backgrounds and our technical capabilities give us application access points and resource support for our business growth.

Our Financial Performance

During the Track Record Period, our revenue increased from RMB320.5 million in 2023 to RMB355.1 million in 2024, and further to RMB625.1 million in 2025, respectively. Our revenue increased from RMB283.4 million for the six months ended June 30, 2025 to RMB365.0 million for the six months ended June 30, 2026. Our net profit for the same respective periods amounted to RMB96.2 million, RMB112.5 million, RMB155.3 million, RMB74.5 million and RMB69.6 million, respectively.

OUR STRENGTHS

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

No. 1 supplier of acoustic enhancement materials worldwide: since strategically entering the acoustic materials sector in 2017, we have taken N’BASS Materials as our core, capturing key opportunities in continuous consumer electronics industry upgrading, and achieved technological breakthroughs and large-scale applications. According to Frost & Sullivan, we ranked first in the global acoustic enhancement materials market in terms of revenue in 2025, with a market share of 20.0%. Meanwhile, we have taken the lead in formulating the group standard “Porous Sound-Adsorbing Particles for Micro-Speakers (《微型揚聲器用多孔吸聲顆粒》)” in conjunction with leading downstream enterprises and renowned universities and research institutes, actively promoting the development of the industry standard and spearheading technological progress and quality upgrading.

No. 2 alumina ceramic materials provider in LIB separator coating sector worldwide: in 2021, we strategically expanded into electronic ceramic materials sector and achieved pioneering technological breakthroughs and large-scale supply in the application of coating materials for new energy LIB separators. Meanwhile, we are actively advancing the application expansion of electronic ceramic materials in high-end fields such as advanced packaging and computing power

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materials. We have also actively participated in the formulation of several national standards, including “Fine Ceramics — Determination of Content of Coarse Particles in Ceramic Powders — Wet Sieving Method (《精細陶瓷-陶瓷粉體中粗顆粒含量的測定-濕篩法》),” which governs the testing and quality control for coarse-particle content in ceramic powders. According to Frost & Sullivan, we ranked second among the global alumina ceramic materials providers in LIB separator coating sector in terms of revenue in 2025, with a market share of 14.3%.

A leading domestic acoustic adhesives supplier: in 2021, to address the pain points and customer demands in the acoustic industry, we strategically deployed electronic adhesives business based on our internally shared technology platforms and customer base to achieve domestic substitution. Capitalizing on the synergistic advantages with our N'BASS Materials, we have achieved rapid breakthroughs and established ourselves as a domestic leader in the acoustic adhesives industry. Meanwhile, we initiated and formulated the group standard “Adhesives for Micro-Speakers — Compatibility of Powder and Adhesives Coexistence (《微型揚聲器用膠粘劑-粉膠共存適配性》)” together with multiple leading enterprises in the industrial chain. Thereon, we have continuously expanded the application scenarios of electronic adhesives products and have achieved breakthroughs in high-end application fields of precision electronic components such as optical lens modules and linear motors.

No. 3 supplier of high-reflection glazes: in 2022, leveraging our shared technology platforms, we entered the optical coatings sector in the energy enhancement material sector and achieved rapid growth. We facilitated the establishment of group standards for “High Reflection Glazes for Backplane Glass (《背板玻璃增反釉料》)” in collaboration with leading downstream customers. According to Frost & Sullivan, we are the world’s No. 3 supplier of high-reflection glazes in terms of revenue in 2025, with a market share of 4.6%.

We focus on the key material technological innovation opportunities in three key application scenarios: consumer electronics, new energy and computing power materials. Leveraging forward-looking industrial insights and proprietary technology development platforms, we have accurately identified and established our position in high-growth sectors amid the global intelligence transformation trend. Through lean operation and research and development management, we continuously build higher technological barriers, constantly improve industrialization capabilities, and promote ourselves to achieve long-term, steady and high-quality growth.

We have built a dedicated research and development team, established solid core technology platforms and formulated an efficient innovation system

Our research and development activities are led by a dedicated team comprising multiple industry experts. We have established a highly adaptable technology application system with three core technology platforms, thereby building systematic and sustainable innovation capabilities. By leveraging these platforms and our intelligent material simulation system, we have effectively achieved breakthroughs in cutting-edge technologies and their commercialization.

Inorganic Powder Technology Platform: it possesses strong capabilities in ultra-fine powder synthesis, processing, surface modification and impurity control of powders. Through advanced wet chemical and high-temperature solid-phase synthesis technologies, we optimize ingredients ratios and process conditions based on downstream application requirements, adjusting reactant crystal structures and morphologies to ensure narrow particle distribution and high uniformity in nano-materials. Combined with advanced sub-micron grinding and classification technologies, we efficiently separate components of different particle sizes, meeting downstream customers’ stringent requirements for precise particle size matching and safety. Leveraging impurity control technology, our product purity exceeds 99.99%, with magnetic impurity control outperforming industry standards, fully ensuring reliability and safety in high-end applications.

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Polymer Materials Technology Platform: it possesses solid formulation design capabilities and expertise in raw material modification. Through this platform, we have developed molecular structure design and controllable modification capabilities for diverse material systems including acrylics, epoxy resins, polyurethanes and silicones. We align customer requirements with key technical parameters including resin molecular weight, crosslinking/curing systems, molecular chain structures, as well as the types and quantities of functional groups. By using raw material synthesis, modification, and compounding technologies, our formulation continues to meet evolving customer needs. Based on years of experience in product development, we have established a function-oriented formulation database covering these four major resin systems. During new product development, we efficiently analyze customers’ technical parameters, accurately identify customer needs, and quickly provide differentiated and customized formulation solutions based on database support and modular design methods, significantly shortening the development cycle, ensuring the timely delivery of high-performance products.

Composite Materials Technology Platform: it effectively supports our expansion into new application scenarios. Through this platform, our technical capabilities have successfully extended to hybrid compounding of inorganic and organic materials, facilitating the upgrading of our products and the expansion of different application scenarios. Through advanced modification and hybridization technologies, we ensure the optimal interfacial bonding effect between inorganic powders and organic matrices, achieving synergistic reinforcement effects. This significantly enhances the comprehensive performance of materials in key properties and effectively addresses customers’ technical challenges in complex application scenarios. This platform not only delivers highly diversified and customized solutions to strengthen customer loyalty but also further expands our product portfolio, establishing new growth avenues and continuously strengthening our technological leadership in high-end functional materials.

In addition, through the intelligent material simulation system, we comprehensively enhance research and development efficiency. We have also collaborated with a renowned university in China to launch a materials computation project, focused on advancing intelligent simulation technologies. Leveraging massive research and development data, we build a high-quality training set to train proprietary algorithmic models to realize the intelligence of material performance prediction, formula optimization and process parameter simulation. Through data-driven approaches and simulation iteration, we are able to significantly shorten research and development cycles of materials and effectively accelerate the transformation process from theoretical design to industrial application.

We collaborate closely with leading downstream players to achieve industrial chain collaborative innovation

Guided by a customer-centric approach, we have established long-term strategic partnerships with leading enterprises across the consumer electronics and new energy vehicle industries. Together, we are fostering a collaborative and mutually beneficial business relationship.

We engage in joint technology research and development, co-create products, and co-develop industry standards for electronic functional enhancement materials used in consumer electronics industry. We have taken the lead with key customers in formulating a number of group standards, including “Porous Sound-Adsorbing Particles for Micro-Speakers (《微型揚聲器用多孔吸聲顆粒》),” “High Reflection Glazes for Backplane Glass (《背板玻璃增反釉料》)” and “Adhesives for Micro-Speakers – Compatibility of Powder and Adhesives Coexistence (《微型揚聲器用膠粘劑-粉膠共存適配性》).” These standards promote industry-wide alignment in material performance, testing methodologies and application specifications. This collaborative model continuously enhances our technological capabilities and enables us to build a sustainable competitive edge characterized by technology barriers, high customer loyalty, and long-term operational viability.

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Meanwhile, we work collectively with key customers to address specific key technical challenges, including miniaturization, ultra-fine processing, lightweight design, high integration and enhanced reliability. We have established a comprehensive collaboration system that spans the identification of customer pain points to the delivery of customized solutions. Our sales and technical teams are stationed at customer premises. Endowed with expertise in both downstream applications and materials science, these teams integrate seamlessly into customers’ research and development, as well as production processes. This embedded approach enables us to capture dynamic requirements across the entire lifecycle of innovative product development and application expansion. By participating in early-stage design, joint testing, spec-in activities and continuous optimization processes, we rapidly address core pain points and deliver integrated “Materials + Application Solutions” services.

This customer-embedded collaboration model significantly enhances customer loyalty and strengthens collaborative partnerships, while accelerating the commercialization of innovative products, and continuously increasing our brand influence and industry position.

Lean management operations advance sustainable and high-quality growth

We have developed a proprietary LVC Business System (“LBS”), which enables end-to-end, cross-functional oversight and continuous improvement across our full value chain, encompassing research and development, manufacturing, supply chain management and product delivery. We have also established an integrated business-finance management system anchored by return on invested capital (“ROIC”) as its core value benchmark, which strengthens our capabilities in precise resource allocation and strategic guidance.

Meanwhile, we have systematically refined and integrated core operational methodologies, including Lean Management (“LM”), Key Account Key Project Management (“KAKP”), New Product Introduction (“NPI”), and Intellectual Property Lifecycle Management (“IPLM”). This integrated approach not only standardizes management processes and enhances their replicability but also embeds the lean management philosophy deeply into our corporate DNA, enabling us to build a standardized and highly collaborative LBS. Specifically, we strengthen our core operational foundations through LM, prioritize high-value customers and projects through the KAKP mechanism, accelerate the commercialization of innovations through NPI, and build technological barriers by leveraging IPLM.

Guided by the IPLM system, we put equal emphasis on both value creation and protection, promoting the patenting, standardization and industrialization of innovative achievements. As of the Latest Practicable Date, we had (i) 296 patents, including 168 invention patents and 80 patents overseas; and (ii) 207 patent applications. This patent portfolio forms a multi-dimensional technical protection system covering materials, processes, products and applications. Our patent portfolio spans multiple countries and regions including the United States, Europe, South Korea, Japan, Vietnam and India, achieving comprehensive coverage and effective protection across global core markets. Through our intellectual property management practices, we have been honored as a “National Intellectual Property Advantage Enterprise (國家知識產權優勢企業).”

The successful deployment of this system across multiple business units has validated its universal applicability and adaptability, laying a solid foundation for us to drive rapid growth amid a dynamic market environment and comprehensively supporting our pursuit of long-term, sustainable and high-quality growth. Take our electronic adhesives business as an example. Following the rollout of the KAKP system, we concentrated research and development and sales resources on key customer projects. Breakthroughs in select electronic adhesives projects have fueled rapid revenue growth for the business, lifting it to the RMB tens-of-millions scale within a short time period. Meanwhile, as these projects scaled rapidly, our NPI process ensured zero quality incidents throughout our mass production and delivery of electronic adhesives products.

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We have a professional, dedicated and experienced management team

Our management team comprises senior industry experts with decades of cumulative expertise across industry development, technology research and development, and operational management. Their strengths are highly complementary, enabling efficient collaboration and playing an important role in driving forward-looking strategic positioning, building core technology platforms, and executing lean operations initiatives.

Our core management team has maintained a long-standing, collaborative partnership for over a decade. The Chairman of the Board focuses on the formulation of development strategies and investments in the high-tech manufacturing industry, possessing keen industrial insights and proven track record in resource integration. The Chief Executive Officer (CEO) is deeply committed to product innovation and customer value creation, having successfully led multiple technological breakthroughs and the commercialization of key projects. Most of our core team members boast over 15 years of professional experience in research and development, manufacturing, supply chain management, and strategic planning at multinational corporations or large-scale enterprises, featuring both a global perspective and in-depth local operational expertise.

A mission-driven, high-quality corporate culture fosters sustainable core competitiveness

We steadfastly uphold our corporate mission of “partner with customers to solve challenges in material technology industry.” We deeply integrate technological innovation into customer value creation, and continuously overcome key technical hurdles in the application of high-performance materials across diverse industries.

Guided by this mission, we have fostered a corporate culture centered on the value of “being responsible, accountable and making a difference (負責任、敢擔當、有作為).” We encourage employees to take initiative, rise to challenges, and pursue excellence. We aim to foster alignment between employees’ personal growth with the corporate development initiatives. This culture has been deeply embedded as the foundational principle underpinning our strategic planning and operational management. We steadfastly adhere to our core development principle of “long-term value first”, eschewing short-sighted practices and rejecting overly aggressive decisions that could compromise sustainable growth, thereby safeguarding the continuity, stability and resilience of our business development.

Our corporate culture serves as the foundation for management and operations, fostering strategic alignment, mutual trust and shared success between shareholders and management. Through years of close collaboration and aligned strategic vision, our management has built an efficient, stable governance system that has earned strong recognition and support from upstream and downstream major players, regulatory authorities and local governments. Combined with an effective operational framework and comprehensive risk controls, this culture empowers sustainable growth across all our business units. We leverage cultural momentum to develop core organizational capability, driving innovation breakthroughs, aligning cross-functional synergies and building competitive strength. Ultimately, we have achieved our strategic goals of defining forward-looking strategies, fueling sustainable growth and forging an irreplaceable, long-term competitive edge.

OUR STRATEGIES

Expand our leadership in the global acoustic enhancement materials market and become a comprehensive material solution provider

We will implement a combined product strategy of “vertical deepening + horizontal expansion.” Vertical deepening involves focusing on our existing product portfolio through performance iterations and capacity expansion. By deeply integrating into our downstream customers’ business networks, we aim to continuously increase our market share. Horizontal expansion refers to leveraging our technological accumulation from existing businesses to expand into new products and applications to drive new growth opportunities.

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Technological innovations, such as AI phones and foldable phones, are driving consumers’ premium upgrade and replacement wave in smartphone. To strengthen our competitive advantages and expand our presence in this mid-to-high-end flagship market, we are capitalizing on these trends by further enhancing performance of our N’BASS Materials, to secure our first-launch position for flagship terminals. Beyond smartphones, the pursuit of slim-profile designs across other smart terminals creates broader market opportunities for acoustic enhancement materials. To further meet the slim-design requirements of smart terminals and enhance market penetration, we plan to expand production capacity for new form of material product offerings, to cater to demands for more complex speaker designs. This expansion will further boost our market penetration into a wide range of smart terminal applications, including AI tablets, slim laptops, smart wearables and AI glasses/XR devices.

We will deepen collaboration with existing customers to jointly identify and capitalize on emerging demands, expanding into new smart terminal applications including AI tablets, slim and lightweight laptops, smart wearables and AI glasses/XR devices. Concurrently, we are actively forging partnerships with more customers in the consumer electronics sector. The expanded customer base will serve as a catalyst to broaden our product portfolio, as we co-develop solutions to address complex material technology challenges.

In addition, we are dedicated to advancing research and development for diaphragm materials and its manufacturing process engineering, launching high-performance diaphragm products to enrich our acoustic material portfolio. This initiative will effectively drive the technological upgrading and value enhancement of our acoustic enhancement materials, opening new growth venues for our acoustic materials business.

Further strengthen and enrich our product portfolio in electronic ceramic materials sector

According to Frost & Sullivan, the global power battery shipments are projected to reach 3.8 TWh by 2030 from 1.5 TWh in 2025. Meanwhile, the pursuit of higher energy density in power batteries requires separators to further develop towards ultra-thinness, bringing significant growth expectations for ultra-fine ceramic coating materials. In terms of energy storage batteries, according to Frost & Sullivan, the global shipments reached 419.7 GWh in 2025, which represents a substantial 78.0% year-over-year increase. Coupled with the high safety performance requirements of large energy storage battery cells, the penetration rate of wet-coated separators is rising rapidly and is expected to reach 90% by 2030. This demand will transmit upstream along the industrial chain, ultimately targeting coating materials ensuring safety for batteries. This will drive the volume growth of our LIBs separator coating material demand.

Based on this, we will further strengthen our technological advantages in ceramic coating materials for LIB separators. We will seize the trends towards separator ultra-thinness and safety performance improvement, expand production capacity, and conduct technological innovation and iteration for coating materials to meet the performance indicators of next-generation batteries.

We will actively monitor the evolution of cathode and anode materials for LIBs, dedicating resources to track cutting-edge directions such as high-nickel ternary, high-compaction LFP/LMFP, sodium-ion batteries, solid-state batteries and fuel cells. We aim to identify potential opportunities for the commercialization and industrialization of powder material products. We will simultaneously expand relevant production capacity to capture the growing demand in diversified application scenarios.

In addition, we seek to expand the application of electronic ceramic materials to semiconductor-related sectors. We plan to enhance the relevant core technologies at our Shanghai Research and Development Center, and collaborate with leading research institutions and industrial chain partners. We will accelerate the commercialization of products such as CMP powders, semiconductor ceramic component powders, advanced packaging and computing power materials to expand our growth potential.

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Strengthen and upgrade our market position in electronic adhesives sector

We plan to further increase our electronic adhesives market share in consumer electronics sector through the following approaches.

- We plan to further strengthen our acoustic adhesives market share in consumer electronics sector by leveraging synergies between acoustic adhesives and N'BASS Materials.
- Leveraging the formulation capabilities across multiple resin systems and proven success from our acoustic adhesives development, we have expanded our electronic adhesives business into the optical adhesives market. In the future, we will strategically position ourselves in cutting-edge areas such as optical waveguides, thereby entering the high-value-added field of optical adhesives.
- The advanced packaging materials, such as LMC (liquid molding compound), underfill, and TIM (thermal interface material), require synergy between adhesives and ceramic powder fillers. As one of the few companies in the market mastering the underlying technologies of both major material systems, we will continue to refine these foundational technologies, and commercialize high-performance solutions, aiming to achieve domestic substitution for advanced packaging materials.

Increase research and development investment to enhance diverse technology platforms and innovation capabilities

We will commit to continuous research and development efforts with the following approaches:

- We will prioritize resource allocation and investment in state-of-the-art facilities and equipment for the Shanghai Research and Development Center. Leveraging Shanghai's geographical advantages and scientific research resources, we aim to attract a wide range of talent, to build national-level laboratory capabilities.
- We will continue to enhance our three core technology platform, focusing on building underlying technological capabilities and continuously expanding our research and development expertise.
- We will strengthen the management of medium-to-long-term research and development projects, focusing on frontier material innovation opportunities in the four fundamental functional fields of acoustics, optics, electricity, and thermal management.
- We will persistently enhance the construction of our material database and simulation systems, promoting AI application in material structure prediction, formulation optimization, and performance simulation. This will improve our research and development efficiency, verification efficiency, and cross-product-line technology transfer capabilities. Simultaneously, we will further establish joint research mechanisms with universities and research institutions to form a pipeline of cutting-edge technologies.

Enhance collaboration with major downstream players

We strategically collaborate with major downstream players with leading technological capabilities. We will continuously explore market demand and product design, striving to establish close early-stage co-research and co-creation ties with them. On one hand, we customize and develop function-enhancing materials according to customer needs, ensuring our materials are integral to their core strategies. On the other hand, leveraging the three core technology platforms, we will extend and explore material solutions for broader application scenarios in related fields.

BUSINESS

Within the consumer electronics field, we will expand our engagements from acoustic component customers to whole-machine device customers. This approach allows us to further expand the coverage of diversified application scenarios in the consumer electronics field, tap more scenario value, and lay the foundation for subsequent product innovation and market penetration. Meanwhile, we are committed to enriching the product portfolio of function-enhancing materials into the emerging markets beyond consumer electronics field. In particular, we are continuously cooperating with customers to conduct research and development on the application of function-enhancing materials in high-growth fields such as advanced packaging and computing power materials.

Conduct strategic merger and acquisitions to enhance our competitiveness

We will pursue strategic merger and acquisition opportunities that are valuable for supply chain supplementation, industrial chain extension or platform capability enhancement. We will focus on potential opportunities that can form technological synergies with our existing capabilities. This aims to enhance our overall resource allocation efficiency and business expansion capabilities.

Should suitable merger and acquisition projects arise in the future, we will apply our in-depth technological expertise to integrate acquired capabilities, and expand our mature technical systems into emerging fields. We will also continue to leverage our advantages in management systems and operational capabilities to promote the replication and implementation of the LBS in acquired businesses.

Continuously improve operational efficiency and profitability through lean operation management system

We remain committed to the principles of LBS lean operations and ROIC-driven management. We will leverage the LBS to accelerate the commercialization and mass production of new products. This approach enables end-to-end management and continuous improvement across the entire research and development, manufacturing, supply and market delivery chain, providing support for our growth in a rapidly evolving market environment.

We will retain ROIC as the core performance metric for evaluating our business units. Based on a dynamic evaluation framework that covers the pre-investment assessment, in-operation monitoring and post-investment adjustment stages of our industrial initiatives, we will implement a full-cycle, multi-dimensional financial governance framework. This will optimize our business portfolio, create greater value and further enhance capital efficiency.

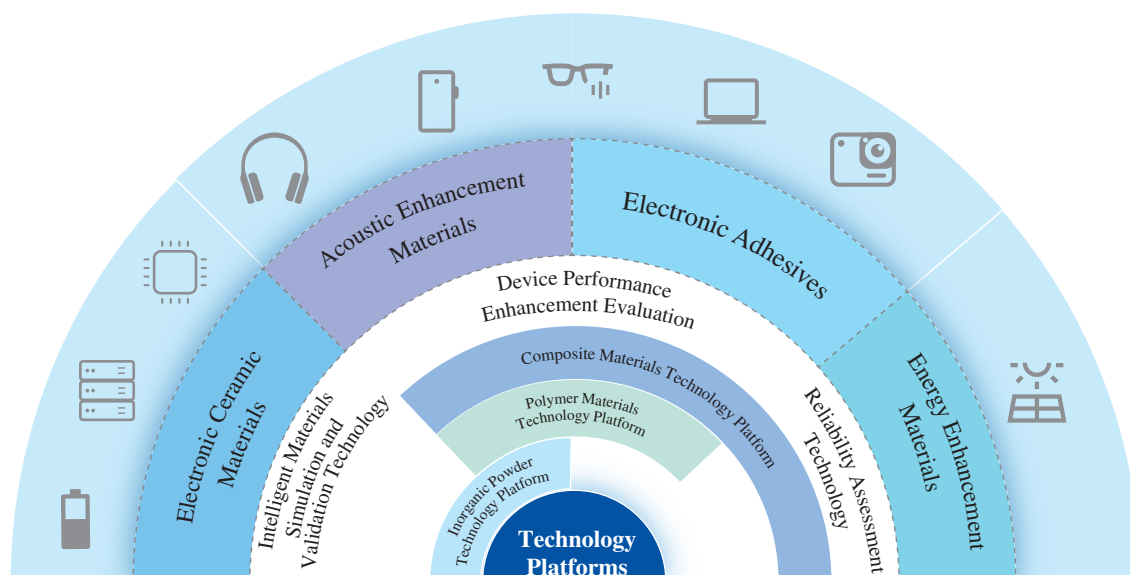
OUR PRODUCTS

Overview

During the Track Record Period, we were primarily engaged in the development, manufacture and sale of electronic functional enhancement materials. 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. 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 diagram below sets forth our core technology platforms, product portfolio and downstream application scenarios.

BUSINESS



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 terminals 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 of new energy vehicles. Concurrently, we are pursuing growth by extending our product applications into 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.

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The table below sets forth the breakdown of our revenue by business unit in absolute amounts and as percentages of our total revenue 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	%
	<i>(Unaudited)</i>									
Acoustic enhancement materials	211,726	66.1	219,128	61.7	303,514	48.6	145,658	51.4	132,359	36.3
Electronic ceramic materials	–	–	–	–	133,939	21.4	60,606	21.4	88,852	24.3
Electronic adhesives	2,272	0.7	9,223	2.6	22,359	3.6	8,673	3.1	11,376	3.1
Energy enhancement materials	106,465	33.2	126,711	35.7	165,284	26.4	68,461	24.1	132,372	36.3
Total	320,463	100.0	355,062	100.0	625,096	100.0	283,398	100.0	364,959	100.0

Acoustic Enhancement Materials

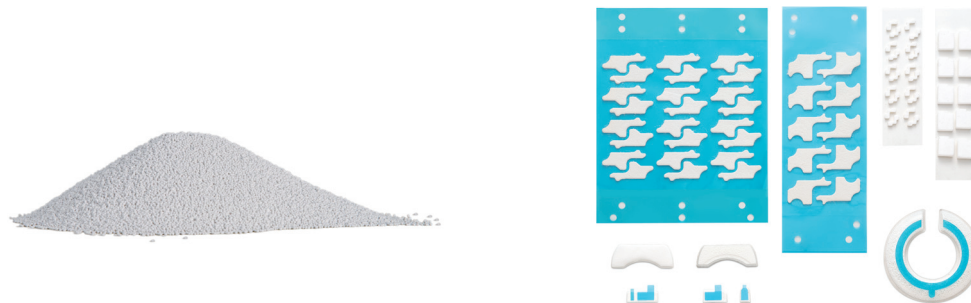
Having recognized the opportunities for material innovation driven by the functional diversification of smartphones, we began exploring acoustic materials in 2017. By seizing key opportunities in successive consumer electronics industry upgrades, we have achieved continuous technological breakthroughs and extended applications. According to Frost & Sullivan, we ranked first globally in acoustic enhancement materials in terms of revenue in 2025.

Our acoustic enhancement material product primarily consists of N'BASS Materials, a type of ceramic materials with nano-scale pores. Characterized by reliability and adaptability across different scenarios, it is customized for micro-speakers in consumer electronics. Such products are widely adopted across smartphones, laptops, tablets, and smart wearables and are expected to tap into AI glasses/XR devices and new energy vehicles sectors. Our smartphone applications are developed primarily for Android-based brands, such as Huawei, Xiaomi, Samsung, OPPO and VIVO, while our laptop and tablet applications mainly target brands including Samsung, Lenovo, Huawei, Xiaomi, Redmi and others. Applications for our other consumer electronic terminals cover a range of well-known domestic brands.

Product display and operating principle

The following images illustrate the macroscopic appearance and operating principle of our N'BASS Materials:

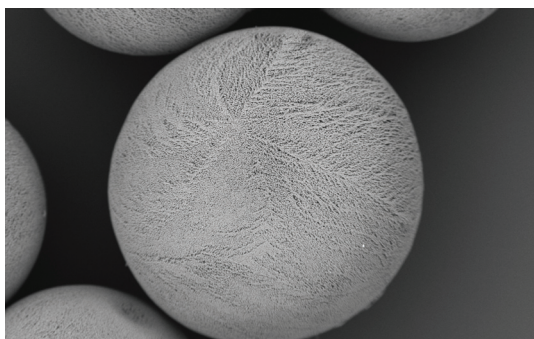
Macroscopic appearance



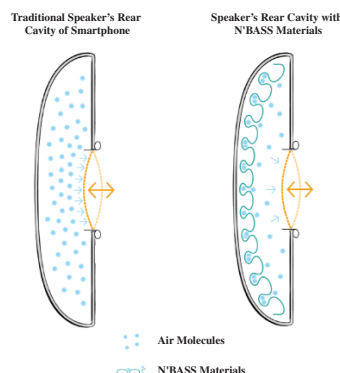
BUSINESS

N'BASS Materials appear as: (i) spherical particles with a diameter ranging from 200 to 800 μm , manufactured from raw powder through a precisely controlled granulation process; or (ii) sheets, blister and bulk, customized special-formed products tailored to customer requirements, specially designed for scenarios where the structure is complex and particle usage is impractical.

Operating principle



Microscopic structure



Operating principle

N'BASS Materials features a three-dimensional pore structure with abundant channels. This structure is achieved through the precise control of raw material composition. The operating principle of N'BASS Materials are based on the dynamic interaction between its proprietary three-dimensional porous structure and air molecules: the precisely controlled pore diameter enables rapid, selective adsorption and desorption of air molecules in the speaker's rear cavity, achieving expansion of virtual rear cavity (虛擬後腔增大) (“**Virtual Back Volume**”). This approach reduces the vibration resistance of the acoustic diaphragm, optimizes the diaphragm's vibration characteristics, increase low-frequency loudness by up to 5dB, and reduce the resonance frequency of micro-speakers by over 100 Hz and ultimately enhances the low-frequency acoustic performance of the speaker.

The Virtual Back Volume technology of N'BASS Materials addresses the pain points of high requirement for acoustic performance within the limited space in micro-speakers:

- For micro-speakers with smaller rear cavities, the virtual expansion coefficient is larger (currently reaching over 2x); and
- For the same rear cavity volume, higher dosages of N'BASS Materials deliver more significant resonance frequency reduction and larger virtual expansion coefficients.

Technological advancement

In 2019, we started to build in-house raw material synthesis capability of N'BASS Materials to lower our cost, and enable us the ability to adjust, optimize the characteristics of raw material and produce better acoustic performance of N'BASS Materials. Over the years, we have mastered hydrothermal synthesis, a critical wet-chemical powder synthesis technology where we optimize ingredients ratios and process parameters, precisely adjust the crystal form and morphology of reactants, and achieve high-efficiency synthesis of nano-scale ceramic materials. On this basis, we use a specialized granulation process to produce products in different shapes and sizes.

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With hydrothermal synthesis technology, we can optimize pore structure to perform excellent acoustic enhancement performance, moisture and heat resistance, and anti-VOC (volatile organic compound) adsorption performance, with negligible performance degradation after long-term reliability testing.

While staying committed to the continuous development and optimization of product forms of N'BASS Materials, we have also successively developed and launched new forms of products over the past few years, such as sheets, 3D form bulk and blister packs. This allows different types of micro-speakers to maintain superior acoustic performance in limited space, addressing the demands of consumer electronics for performance, reliability and adaptability.

Electronic Ceramic Materials

Our N'BASS Materials are one type of porous ceramic material. During our development of N'BASS Materials, we came to master the upstream powder synthesis technology, progressively building key process capabilities in ceramic material synthesis, spheroidization, grinding and classification. Meanwhile, we started to explore the market opportunities of electronic ceramic materials and its role in enhancing the power batteries' safety based on our existing technology foundation. In 2024, we completed the acquisition of Zhejiang AITEK to expand our presence in the electronic ceramic materials market. By empowering it with our technology platform and management capabilities, we ranked second among the global alumina ceramic materials providers in LIB separator coating sector in terms of revenue in 2025, with a market share of 14.3%, according to Frost & Sullivan.

The electronic ceramic materials are inorganic, non-metallic fine powders. Our electronic ceramic materials products comprise coating materials for LIB separators, and cathode additives. LIB separator coating materials are functional powders applied to the separator surface through precision coating technology, forming a dense yet porous ceramic layer. This layer enhances the separator's heat resistance and puncture resistance, and improves LIB safety by maintaining the separator's structural integrity at high temperatures and preventing it from melting or shrinking.

Our cathode additives include multiple types of materials such as alumina, zirconia, and phosphates. As a key functional material for enhancing the comprehensive performance of lithium-ion batteries, cathode additives can achieve performance improvements across multiple dimensions, including energy density, cycle life and safety.

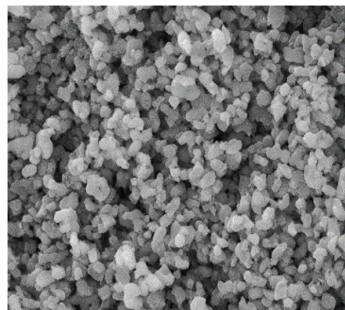
Product display

The following pictures illustrate the macroscopic appearance and microscopic structure of our electronic ceramic materials:

Macroscopic appearance



Microscopic structure



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Technological advancement

The particle size distribution of LIB separator ceramic coating materials is one of the key parameters affecting the performance of wet-coated separators. The dense and porous coating layer formed by ceramic powder on the base film of LIB separator can provide thermal shrinkage resistance for the separator under thermal runaway conditions, preventing short circuits between the cathode and anode. The separator coating also significantly enhances the electrolyte wettability of the separator and reduces the internal resistance of LIBs. In addition, with the iteration of downstream technologies, separator has trended towards greater thinness (current thickness has been reduced from 10 μ m to 5 μ m), and coatings have been evolving toward a target thickness of 1 μ m, with certain high-precision applications even achieving a thickness of 0.5 μ m. Leveraging solid research and development capabilities and expertise in ceramic powder technology, we are able to provide ultra-fine LIB separator coating materials to cater to this industry trend.

Electronic Adhesives

Our electronic adhesives are precision materials delivering critical functions including bonding, sealing, securing, thermal conduction, insulation and protection. Our product portfolio is primarily classified by application into acoustic adhesives and optical adhesives.

Our acoustic adhesives serve as critical bonding and sealing components in smartphones and other smart terminal devices. In particular, we have strategically developed acoustic adhesives to address key challenges in the acoustic industry. These adhesives meet stringent performance requirements and can effectively bond critical components such as diaphragms and speaker units, thereby enhancing the assembly efficiency of speakers. According to Frost & Sullivan, we ranked fourth globally among acoustic adhesives providers in terms of revenue in 2025.

Our optical adhesives are engineered to meet stringent requirements for performance stability, particularly minimal transmittance degradation under UV exposure and high-temperature or high-humidity aging conditions.

Product display

The following pictures illustrate our typical acoustic adhesives and optical adhesives:



Technological advancement

Our electronic adhesives products originated from structural bonding for micro-speakers. Over the years, we have accumulated formulation design capabilities across four major resin systems, including acrylate, epoxy, polyurethane and modified silicone, and have successfully achieved the initial migration of applications from acoustic adhesives to optical adhesives.

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We successfully developed UV-curable acrylate for micro-speaker assembly. Our products can be applied under the environment exceeding 150°C, demonstrating superior heat resistance. By grafting active groups and heat-resistant functional groups, we have significantly enhanced the formulation’s crosslinking density and thermal stability.

Energy Enhancement Materials

Energy enhancement materials serve as the foundational cornerstone underpinning the iteration of new energy technologies. They are transitioning from mere raw material supply toward material focusing on enhancing overall efficiency and reliability in the photovoltaic and other new energy sectors. Our energy enhancement materials primarily consist PV back-glass coating materials, PV conductive paste and PV cell additives.

PV back-glass coating materials are specialized coatings applied to the surface of PV back-glass to enhance the power output of PV modules. They are mainly applied to the surface of photovoltaic back-glass through screen printing technology, forming a highly reflective glaze layer that redirects light passing through the gaps between photovoltaic cells back to the surface of the cells. This further elevates the light utilization rate of PV modules and increases their power output. By elevating product standards and technical thresholds, according to Frost & Sullivan, we ranked third globally in the high-reflection glaze market in terms of revenue in 2025, with a market share of 4.6%.

PV conductive pastes are specialized mixtures of silver powder, organic binders, solvents and additives, formulated into a paste with tailored viscosity and adhesion for precise transfer through screen printing. Curing or sintering removes organic components to form conductive layers with high electrical conductivity, thermal stability and mechanical robustness.

PV cell additives are primarily used in the cleaning, texturing, and etching/polishing processes of photovoltaic cells, by formulating light-trapping structures on the surface of photovoltaic cells with better polishing effects, thereby enhancing the conversion efficiency of the photovoltaic cells.

Technological advancement

Leveraging our Inorganic Powder Technology Platform (無機粉體技術平台) and Composite Materials Technology Platform (複合材料技術平台), our PV back-glass coating materials utilize advanced powder surface modification technology to achieve precise dispersion control of reflective fillers and glass frits within the glaze system. This ensures the formation of a specific layered structure after curing, enhancing both reflectivity and coated back-glass strength. Furthermore, our specialized surface treatment technology enables the material to maintain excellent flowability even with high loading of reflective fillers. This allows customers to reduce consumption per unit area during application, achieving cost reduction and efficiency improvement.

Products under Development

As of the Latest Practicable Date, we were in process of developing the following new products.

In acoustic enhancement materials sector, we have been continuously exploring new product forms of our N’BASS Materials to meet the requirements of various custom-shaped speakers. In addition, we have been promoting the third-generation of rubber diaphragm products as of the Latest Practicable Date. We identified the constraints of current diaphragm materials in line with the continuous advancement trend of micro-speaker diaphragm technologies, and strategically laid out our product portfolio of third-generation diaphragm materials. Through years of research and development efforts, our research and development team has conducted multiple rounds of modification on rubber diaphragm materials, having significantly enhanced their mechanical

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strength. Our diaphragm products will offer better elasticity, wider temperature range performance, and larger vibration amplitude compared to traditional plastic diaphragms. Our diaphragm products can be widely applied in micro-speakers pursuing low distortion and high bass performance.

In the electronic ceramic materials sector, we plan to further develop high-purity nano-alumina for application in high-end ceramic substrates, semiconductor ceramic components and CMP slurries. As of the Latest Practicable Date, we have commenced small-scale shipments of our high-purity nano-alumina products, which are successfully deployed in high-end ceramic substrates and semiconductor ceramic components. Featuring fine and uniformly distributed particle sizes, our products enable low-temperature sintering to form dense microstructures with refined grain boundaries, thereby improving the mechanical strength and service life of ceramic components. For CMP slurry applications, we have successfully developed prototype CMP powders based on high-purity nano-alumina as the core foundational material as of the Latest Practicable Date. The controllable particle size, particle size distribution and morphology of our high-purity nano-alumina support a stable polishing rate and minimized scratching on wafer surfaces.

In electronic adhesives sector, we have been developing optical adhesives for compact camera modules, and as of the Latest Practicable Date, we had commenced small-scale shipments.

OUR TECHNOLOGY PLATFORMS AND CORE TECHNOLOGIES

Leveraging our solid research and development capabilities, we have established three core technology platforms, comprising (i) the Inorganic Powder Technology Platform (無機粉體技術平台), (ii) the Polymer Materials Technology Platform (高分子材料技術平台), and (iii) the Composite Materials Technology Platform (複合材料技術平台).

A platform-based approach lies at the core of our strategy, where our key product lines share foundational technologies and leverage cross-platform synergies. This structure drives the continuous improvement of existing products and supports future product development, laying the foundation for our sustainable growth.

Inorganic Powder Technology Platform

Our inorganic powder technology platform focuses on the synthesis and processing engineering of high-purity, nano-scale ultra-fine powders, covering core technologies such as powder synthesis, ultra-fine powder processing, particle classification, and surface modification.

Inorganic powder synthesis technology

We master multiple ultra-fine nano-powder synthesis technologies, including hydrothermal synthesis, co-precipitation and sol-gel methods, with mature application capabilities.

Through long-term research and development accumulation, we have developed a proprietary, fully independent hydrothermal synthesis process for ceramic materials. During the process design, our hydrothermal synthesis achieves homogeneous reaction, greatly improving purity and precise particle size control. With reaction chamber temperature control accuracy, we resolve uneven heating in large-volume chambers, avoiding nano-powder particle size inconsistency from local overheating, and ensuring stability in particle size and performance. For powder structure, we use molecular simulation to develop a new template agent, building a hierarchical “micropore-mesopore-macropore” structure. The ultra-micropores boost sound wave propagation efficiency, lifting acoustic gain by over approximately 30% for strong functional enhancement. This proprietary technology enables high-performance and stable production of N’BASS Materials.

We have mastered core design and process engineering control technologies, including formulation development, particle size optimization, homogeneous mixing through various pre-treatment methods, as well as precise temperature control and atmosphere protection in kiln

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processes. These technologies have substantially enhanced the advancement of our Powder Synthesis Technology Platform. Leveraging shared technology platforms, we have developed new synthesis methods that synthesize high-purity nano and submicron electronic ceramic materials, such as nano-alumina CMP powder and semiconductor equipment ceramic component powder.

Ultra-fine powder processing technology

Nano-powders exhibit a variety of unique physical effects, including the small-size effect, surface effect, quantum size effect, and macroscopic quantum tunneling effect. The synergistic effect of these phenomena endows nano-powders with excellent properties not found in traditional micron-sized powders, such as mechanical and thermal property, optical property, enormous increase in specific surface area which are key characteristic for high-end application.

By regulating the types and addition amounts of sintering aids, grinding media and precise control of wet-grinding process engineering, we can stably produce particle size ranging from 100nm to 800nm and overcome the dispersion difficulty of submicron powders to meet the requirement of 0.5um and 1um LIB separator coating thickness.

Powder classification technology

Powder classification represents core technical segments in the ceramic materials industry, particularly within the high-value-added advanced material industry. We have mastered two major technical systems: dry classification and wet classification. We can accurately separate the original powder with a particle size distribution range of 300 nm-10 μm into products of different particle size intervals and realize the control of the electrochemical properties of particle surfaces and hydrodynamic states, effectively avoid over-grinding, significantly enhance the overall grinding efficiency and reduce energy consumption.

Powder surface modification technology

The surface properties of untreated raw powders often conflict significantly with their application environments and direct use will lead to a series of performance defects. We have mastered the reaction mechanisms of multiple modifiers and achieved a substantial improvement in the application performance of powders.

By using different treatment techniques, such as surface coating, ion doping, stream treatment, and chemical treatment, we can regulate the surface properties of ceramic powders and achieve excellent application features. By doing so, it has diminished the N'BASS Materials' adsorption capacity for VOCs, especially acidic gases, with a reduction of over 90%. Consequently, it has greatly enhanced the long-term reliability and application durability of N'BASS Materials in complex environments.

To address the agglomeration issue of nano-alumina during downstream customers' slurry preparation, we also apply different modifiers to conduct surface coating on submicron alumina particles, constructing long-chain molecular structures with steric hindrance and electrostatic repulsion effects. This approach significantly improves the dispersion uniformity of alumina particles in both the slurry system and the final coating.

The aforementioned techniques form the fundamental technologies for producing CMP powders and CCL fillers.

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Polymer Materials Technology Platform

Our Polymer Material Technology Platform focuses on the development and application of polymer material formulation design and raw material modification technologies. After years of independent research and development, we have formed four core polymer material formulation systems focusing on acrylate, epoxy resin, modified silica gel, and polyurethane.

Through formulation design and raw material modification technology, we can accurately identify customer needs and, starting from molecular structure design, build a formulation system. We also perform targeted modification of core raw materials, including resins and inorganic fillers, to achieve a balance of various properties within complex formulation systems, thereby meeting customer requirements.

These core technologies have been successfully implemented and widely applied in multiple high-demand fields. Among them, our products have successfully met the high reliability requirements of the consumer electronics and energy sectors, attributable to its advantage of significantly improving long-term durability of adhesives in high-temperature and high-humidity environments.

Composite Materials Technology Platform

When complex technical challenges cannot be addressed through innovation within a single material system, the key lies in cross-material synergistic innovation. Our Composite Materials Technology Platform enables us to integrate our deep expertise in both organic and inorganic materials into a systematic capability, to develop and deliver composite materials solutions.

For instance, we have successfully developed a tailored coating material solution for PV back-glass, a composite formulation comprising titanium dioxide, glass frits and resin. Our integrated materials platform has enabled two advancements. On one hand, drawing on our expertise in inorganic materials, we independently developed a proprietary glass frits synthesis formula that effectively mitigate the glass erosion during the sintering process. On the other hand, leveraging our expertise in polymer formulation and functional customization, we enhanced the coating’s printability through resin innovation, achieving superior performance at the same weight.

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. 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. These core technical professionals possess substantial industry experience in the relevant scientific research fields, supporting our continuous innovation and technology upgrading.

As of June 30, 2026, we had five research and development centers in China, having established a multi-level system covering fundamental research, application development and product testing. Specifically, our research and development center in Shanghai focuses on the research and development of foundational technology platform including inorganic powder, polymer and composite materials; the research and development center in Ningbo is specialized in the application development of electronic ceramic materials and product optimization; two research and development centers in Suzhou are each dedicated to developing simulation technology, exploring new application potential for N’BASS Materials’, and undertaking research and development of high-purity nano-alumina powder technology and its application across semiconductor and advanced packaging sectors; and our research and development center in Zhenjiang is primarily responsible for the development of acoustic enhancement material and process engineering optimization.

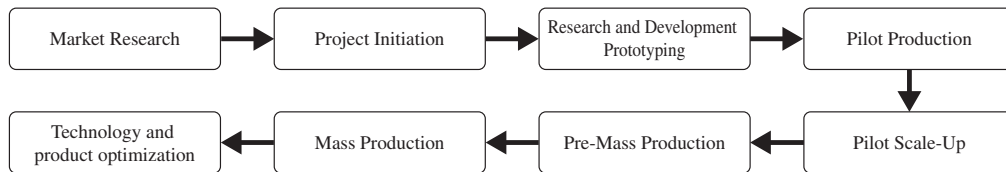
BUSINESS

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.

Research and Development Processes

Our research and development process is a structured, stage-gated system that turns customer and market requirements into manufacturable, high-reliability products. Cross-functional teams lead each phase from intake and feasibility through design, validation, pilot build and transfer to volume production, with clear deliverables and approval gates.

Key stages of our research and development process include:



- *Market research:* market research serves as the compass for our research and development initiatives, defining clear strategic directions for our technological innovation. Our market research is coordinated and overseen by the Strategy Development Committee and the Product and Technology Committee.
- *Project initiation:* through the Strategy Development Committee and Product and Technology Committee, new product development projects are initiated via two approaches: bottom-up (research and development team proposes new product ideas) and top-down (strategic development team researches market and product development trends). Upon approval of the project initiation, the process proceeds to the NPI (New Product Introduction) phase.
- *Research and development prototyping:* the research and development department prepares prototypes and internal test data, while the sales and technical support departments collect customer-side test data and track the customer’s application processes. Upon completion of successful testing, data reports are compiled, and documents such as the BOM (Bill of Materials), initial process flow chart, and inspection specifications are formulated. Initiated by the sales team and aligned with customer sample orders, an NPI team consisting of representatives from research and development, sales, process engineering, quality assurance, and production is convened to conduct a Gate Meeting. Following the meeting’s approval, preparation for pilot production of sample orders commences.
- *Pilot production:* during this phase, the research and development department lead the trial production of new products. The process engineering department evaluates and analyzes the manufacturability of product processes and addresses engineering issues arising from pilot production. The quality assurance department participates in raw material inspection and in-process quality control, while the sales and technical support departments track the application scenarios of pilot production samples from customer’s side. Upon the approval of pilot production samples, we will formulate standard operating procedures to validate the material and product design and assesses the mass production feasibility of the manufacturing process.

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- *Pilot scale-up*: this phase involves further scaled-up production validation of new products. Potential defects and issues arising during the production process are constantly monitored, with relevant departments implementing improvements. After summarizing key data such as output and yield for this phase, a review meeting is conducted to ensure the product meets mass production requirements.
- *Pre-mass production*: during the continuous volume ramp-up validation process, documents such as the mass production test report, mass production control plan, and pre-mass production transfer evaluation report are generated and submitted for review and approval.
- *Mass production*: upon approval of the pre-mass production evaluation, the complete set of documents is transferred to the production department, which schedules and executes production based on customer orders.
- *Technology and product optimization*: Throughout the mass production process, we will regularly monitor our product performance from our customer perspective and carry out targeted optimization. Simultaneously, the process engineering team will persistently enhance the production process to increase our production volume rate.

Joint Research and Development Projects

During the Track Record Period, all of our principal research and development activities were conducted in-house without 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 technology. We have co-founded a Joint Laboratory for Carbon-Neutral Advanced Materials with a leading science and engineering university in Shanghai, China. The laboratory is focused on the exploration of cutting-edge material innovations and the identification of industrialization opportunities amid the global energy transition.

Salient terms of the typical collaboration agreements with universities and research institutions are as followed:

<i>Duration</i>	:	Typically two to five years, renewable based on mutual agreement.
<i>Collaboration scope</i>	:	We are generally responsible for providing technical support, training and guidance for collaborative projects; and the universities and research institutes are generally responsible for coordinating laboratory usage as well as necessary equipment.
<i>IP ownership</i>	:	Intellectual properties arising from the joint development work performed in accordance with the agreement are generally co-owned by us and the collaborative parties or independently by us.

INTELLECTUAL PROPERTY

Intellectual property rights are critical in safeguarding our business. We protect our intellectual property rights through a combination of patents, trade secrets, know-how, trademarks, copyrights, unfair competition laws and contractual rights, such as confidentiality agreements. Our future commercial success depends, in part, on our ability to obtain and maintain patents and other intellectual property and proprietary protections for commercially important technologies,

BUSINESS

inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets and operate without infringing, misappropriating or otherwise violating the intellectual property rights of external parties.

As of the Latest Practicable Date, we formed a comprehensive protection network covering materials, manufacturing processes, and downstream applications through (i) 296 patents, including 168 invention patents and 80 patents overseas; and (ii) 207 patent applications. As of the Latest Practicable Date, we held 35 patents in the United States, 15 patents in Chinese Taiwan, 13 patents in Europe, eight patents in South Korea, five patents in Japan, three patents in Cambodia and one patent in Vietnam. Please refer to “Appendix IV — Statutory and General Information — B. Further Information about the Business — 2. Intellectual Property” in this document for more information of intellectual property rights that are material to our business. We have established a patent portfolio spanning multiple jurisdictions, including the United States, South Korea, Europe, Japan, Vietnam and India.

Our intellectual property also consists of know-how and trade secrets, and we often rely on the technological skills and innovation of our personnel rather than solely on patent protection. We believe that much of our business success is attributable to our design, testing and production capabilities, customer relationships, supply chain management and the technical expertise which we have developed in our business operation.

OUR PRODUCTION

Our Production Base

As of June 30, 2026, we had three production bases in China. The following table sets forth the details of our production bases:

No.	Base	Location	Year of commencement of production	GFA	Key products
1 . . .	Zhenjiang Production Base	Zhenjiang, Jiangsu Province, the PRC	2021	approximately 26,865.2 sq.m.	Acoustic enhancement materials, electronic adhesives, electronic ceramic materials and energy enhancement materials
2 . . .	Ningbo Production Base	Ningbo, Zhejiang Province, the PRC	2024	approximately 11,640.1 sq.m.	Electronic ceramic materials
3 . . .	Suzhou Production Base ⁽¹⁾	Suzhou, Jiangsu Province, the PRC	2021	approximately 1,635 sq.m	Semiconductor ceramic materials (primarily high-purity nano-alumina)

Note:

- (1) We acquired the Suzhou Production Base through acquisition of Suzhou Routao, which was completed on June 30, 2026. For details, please refer to Note 33 to the Accountants’ Report as set out in Appendix I to this document. The acquisition of Suzhou Routao is supported by shared technological foundations between us and Suzhou Routao. Both our acoustic enhancement materials and high-purity nano-alumina are developed based on the same core inorganic powder technologies, covering ultra-fine powder synthesis, microstructure design, surface modification, and control of particle dispersion and sintering activity. Through integration of our respective technologies with Suzhou Routao, we expect to develop more competitive semiconductor ceramic materials, delivering key material solutions for high-end ceramic substrates, semiconductor ceramic components and CMP slurries in semiconductor manufacturing and advanced packaging industries.

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Production Capabilities

The following table sets forth our effective production capacity, production volume and production utilization rate of our key products for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,
	2023	2024	2025	2026
Acoustic enhancement materials				
Designed production capacity				
(kg) ⁽¹⁾	40,000	40,000	40,000	20,000
Production volume (kg)	21,000	38,500	38,000	18,145
Utilization rate (%) ⁽²⁾	52.5	96.3	95.0	90.7
Electronic ceramic materials				
Designed production capacity				
(kg) ⁽¹⁾	—	—	8,000,000	6,000,000
Production volume (kg)	—	—	6,471,900	4,449,526
Utilization rate (%) ⁽²⁾	—	—	80.9	74.2
Electronic adhesives				
Designed production capacity				
(kg) ⁽¹⁾	20,000	50,000	100,000	100,000
Production volume (kg)	10,500	16,000	90,000	80,759
Utilization rate (%) ⁽²⁾	52.5	32.0	90.0	80.8
Energy enhancement materials				
Designed production capacity				
(kg) ⁽¹⁾	500,000	1,000,000	1,000,000	500,000
Production volume (kg)	130,000	570,000	625,000	469,406
Utilization rate (%) ⁽²⁾	26.0	57.0	62.5	93.9

Notes:

- (1) Calculated based on the following assumptions: (i) the production line is functioning at its full capacity; (ii) the production line operates 24 hours per day; and (iii) the production line operates 300 working days per year and 150 days for the six months ended June 30, 2026.
- (2) Utilization rate is calculated as dividing production volume by the production capacity for the same year/period.
- (3) Our designed production capacities for the six months ended June 30, 2026 only reflect production capacities consolidated for the six months ended June 30, 2026, and did not take into account those of Suzhou Production Base as the acquisition of Suzhou Routao was completed on June 30, 2026.

In 2023, the utilization rate of our acoustic enhancement materials was relatively low at 52.5%, primarily attributable to the inventory accumulated in 2022 and the modest recovery of the smartphone industry in 2023, which led us to prioritize the consumption of our existing inventories. In 2024, utilization rate of our acoustic enhancement materials increased to 96.3% and remained stable at 95.0% in 2025.

The utilization rate of our electronic adhesives decreased from 52.5% in 2023 to 32.0% in 2024, primarily attributable to our production expansion in 2024 in preparation for volume production in 2025. In 2025, the utilization rate increased to 90.0%, mainly due to (i) increasing demand of our products due to the expansion of our product type; and (ii) mass production of our optical adhesives products.

The fluctuation of the utilization rates of our energy enhancement materials during the Track Record Period was primarily attributable to the volatility in demand for downstream products.

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Our Production Equipment

During the Track Record Period, our major machinery and equipment included various types of equipment used in the production processes such as grinding, mixing and packaging. As of the Latest Practicable Date, we owned all the machinery used in our production. Our major equipment generally have useful lives of approximately ten to twenty years.

We believe that our equipment are maintained in good operating condition and have implemented relevant procedures and guidelines in respect of the operation, management and maintenance of our equipment. We carry out periodic inspections, repairs and maintenance on our equipment. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material or prolonged disruption to our production as a result of technical failure or shut-down of our equipment.

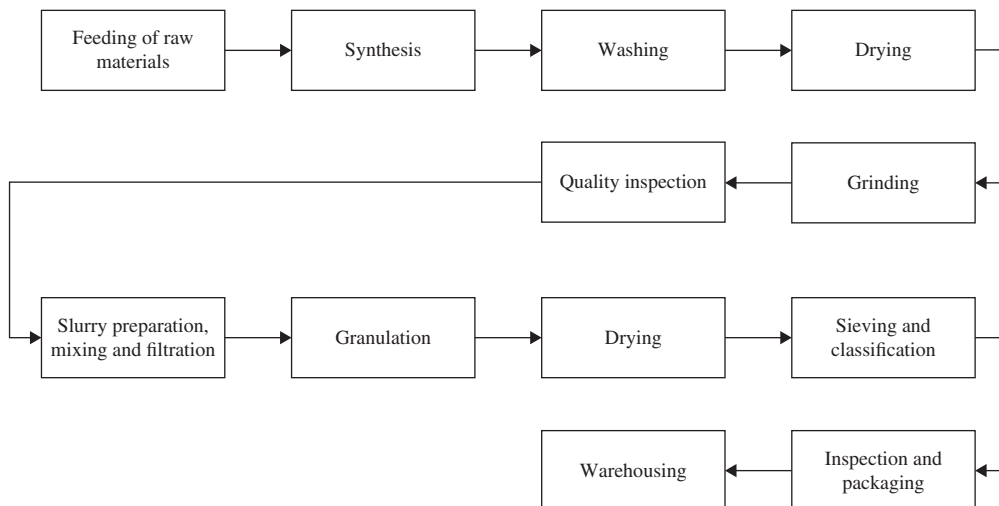
Our Production Expansion Plan

We are in the process of expanding our production capabilities. As of the Latest Practicable Date, we planned to further expand our production capacity for products including acoustic enhancement materials, electronic ceramic materials and electronic adhesives. For details, please refer to the section headed “Future Plans and Use of [REDACTED]” in this document.

Our Production Process

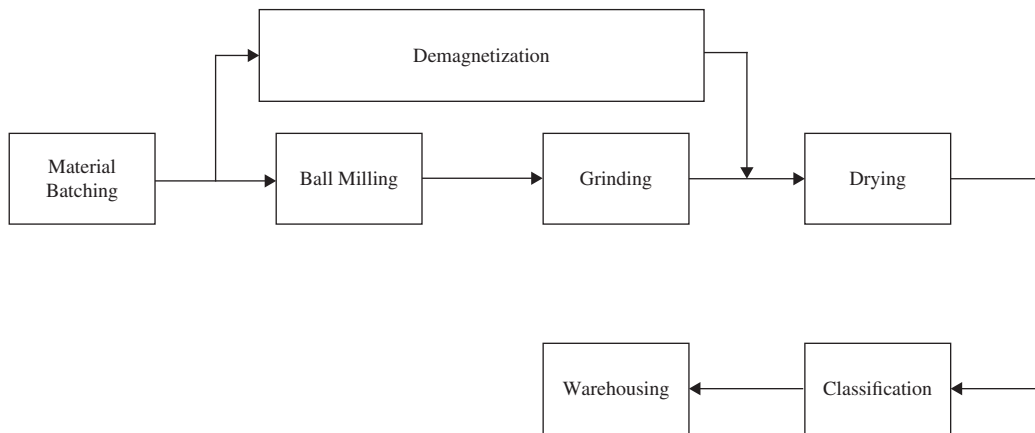
The following charts set forth the typical manufacturing processes of our major products:

Acoustic enhancement materials

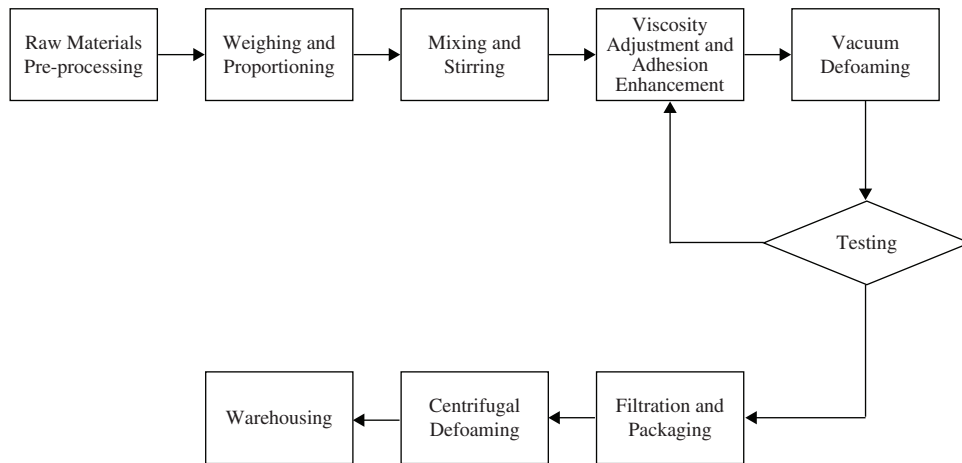


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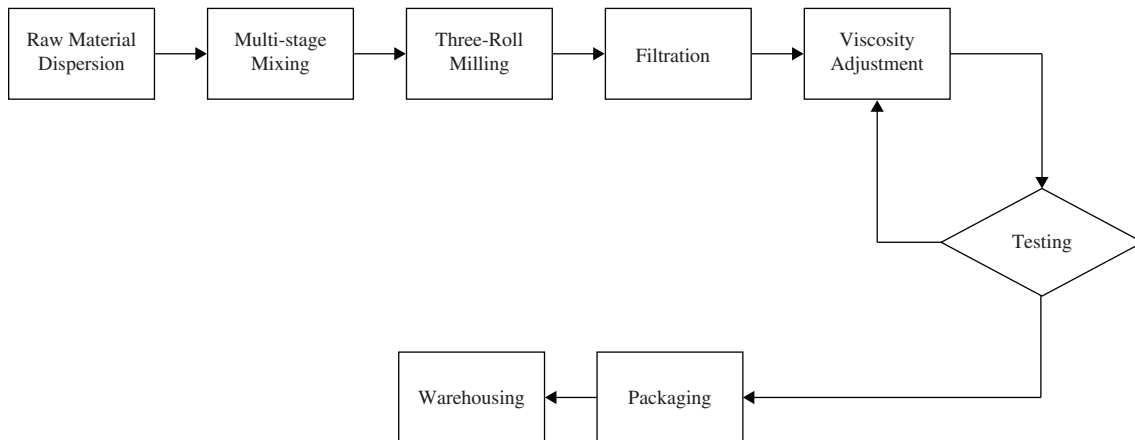
Electronic ceramic materials



Electronic adhesives products



Energy enhancement materials



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Production Management

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. Our production department formulates annual and monthly production plans based on sales orders, projected market demand, and current production capacity. These plans serve as the basis for assigning specific production tasks to our manufacturing facilities. Through close collaboration between our procurement and sales departments, we aim to streamline production processes, optimize resource allocation, and minimize production disruptions to ensure operational efficiency and timely delivery.

SALES, MARKETING AND CUSTOMERS

We continue to enhance our service capabilities to address customer demands, and enhance our brand recognition. Leveraging these service capabilities, we are able to retain and strengthen long-term relationships with existing customers.

As of June 30, 2026, we had a sales and marketing team of 23 personnel, focusing on business development, customer service, brand promotion and sales contract management. We have adopted a distinctive marketing model by offering long term technical support to our key clients. During the product introduction and mass production phases, we deployed our employees permanently stationed at certain key customers’ production bases to provide continuous on-site technical support. Under such deployment, we would assign our employees on a rolling basis and on site support could be extended or continued subject to project requirements and the time required to resolve specific technical issues. After the product launched or completed mass production, our employees would provide online support to our client and no longer station in the client’s production bases to provide on-site support. By integrating into customers’ daily operations, we establish a real-time, efficient demand response mechanism, enabling precise tracking of dynamic needs during product development cycles and ensuring timely, accurate information flow. In addition, our senior sales members typically possess a composite background in application engineering and materials science, supported by relevant academic training or industry experience. This expertise allows them to better understand clients’ specific requirements from the perspective of fundamental technical principles. Such professional competence enables us to accurately interpret customer technical parameters, anticipate acoustic challenges in product design, and provide customized solutions based on material properties.

Our Sales Network

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 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	%
	<i>(Unaudited)</i>									
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

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We primarily adopt the direct sales model. Through direct sales, we have established a close and direct connection with our customers. Our technical support team and sales team will visit the customers at their premises, to better understand customers’ technologies and business development plans, propose technical solutions and product selection, and help customers solve problems with efficiency.

Under our direct sales model, a portion of our revenue during the Track Record Period was recognized on a Vendor Managed Inventory (“VMI”) basis. This primarily applies to the sales of our PV cell additives and electronic ceramic materials. Under this model, we stock standardized products at customer-designated warehouses, maintain agreed inventory levels, monitor consumption, and replenish when inventory reaches the reorder point. Customers pull inventory as needed and are invoiced based on actual consumption. We typically retain title until the customer takes possession of the goods. During the Track Record Period, we had VMI consignment arrangements with four customers. This VMI consignment model is widely used in our industry, according to Frost & Sullivan. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, we generated revenue on VMI basis of RMB52.8 million, RMB48.3 million, RMB72.2 million and RMB41.5 million, respectively, accounting for approximately 16.5%, 13.6%, 11.6% and 11.4% of our total revenue for the corresponding period. As of December 31, 2023, 2024, 2025 and June 30, 2026, amount of inventory under VMI basis amounted to RMB1.4 million, RMB1.0 million, RMB1.5 million and RMB11.6 million, respectively. For details on our inventory management for this model, please refer to “— Warehousing, Logistics and Inventory Management” in this document.

We generally enter into legally binding sales framework agreements with our major customers, followed by individual sales contract for each individual purchase. The table below sets out the principal terms of our typical sales framework agreements with our major customers:

<i>Duration</i>	:	One year to five years, with certain subject to automatic renewal provisions.
<i>Pricing and specification</i>	:	The price and specification are generally specified in each purchase agreement. For details on our pricing policies, please refer to “Pricing” below.
<i>Minimum purchase amount</i>	:	We generally do not stipulate a binding minimum purchase amount.
<i>Payment terms and payment method</i>	:	We generally provide our customers with a credit term of 30 to 120 days and customers are generally required to make partial payment before we deliver the products. Payments are generally settled through bank transfer or bank acceptance.
<i>Transportation arrangement</i>	:	We are generally responsible for delivering the products to locations designated by the customers at our expense. The risks of the products are generally being transferred to our customers upon acceptance by our customers.
<i>Product warranty and return policy</i>	:	We generally provide our customers with a product warranty period ranging six to 12 months for our products. We generally do not accept product returns unless there is defective packaging prior to the customers’ confirmation of acceptance.

Pursuant to the sales framework agreements, we typically enter into separate sales contracts with our customers for each order they place. These sales contracts generally stipulate the product specifications, quantities, prices, model, configuration and features.

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We generally provide our customers with a product warranty period ranging six to 12 months for our products. We generally do not accept product returns unless material product quality defects. According to Frost & Sullivan, our return and warranty policies are generally in line with industry norms.

In response to customer complaints, we have established clear service standards, which require immediate on-site dispatch to investigate reasons of customer complaints. Our investigative team must arrive punctually or earlier, to investigate reasons collaboratively. Upon return, a report is required to be submitted within one working day, followed by a meeting within two working days to establish corrective actions. During the Track Record Period and up to the Latest Practicable Date, we had not received any material product return, exchange, complaints or product liability claims from our customers.

Pricing

Our products are not directly subject to governmental regulatory pricing guidelines and we price our products considering a variety of factors, primarily including customer demands, raw material costs, product specification and competitive landscape of the market. Specifically, we adopt a tiered pricing model for our acoustic enhancement materials. For such sector, we generally set a benchmark price of US\$1,850 per kilogram, which is subject to adjustment based on customers’ historical and forecast procurement volumes. For electronic adhesives and electronic ceramic materials, we primarily implement a cost-plus pricing strategy. The final pricing is determined by comprehensively considering three core factors: the pricing levels of competitors in the market, the scale of customers’ demand, and our own production and operation costs. For PV back-glass coating materials, (i) pricing of coating products is determined through a systematic bidding process conducted on a monthly or quarterly basis; and (ii) for PV conductive paste, we generally lock the silver price at the time when customers place orders. The final price is determined as the sum of the determined silver price plus a fixed processing fee. According to Frost & Sullivan, our pricing for products generally aligns with current market trends.

Marketing

We implement the KAKP (Key Account & Key Project) sales management system, with a focus on key projects of our major customers. In the course of new product development process, we concentrate resources to achieve breakthroughs in specific areas and establish benchmark cases. We adopt a “customer-centric synergy” development strategy, offering customized solutions that meet specific requirement of customers. This enables us to serve customers through a multi-product portfolio, thereby enhancing customer stickiness.

We place great emphasis on the continuous improvement of product quality and conversion efficiency, and we are also dedicated to providing a comprehensive service experience. This includes provision of end-to-end material application solutions during the pre-sales phase, the facilitation of sales coordination efforts throughout the procurement process, and provision of comprehensive after-sales technical support. To grasp potential business opportunities and promote our products, we sponsor industry forums and participate in exhibitions as part of our marketing strategies. We have also engaged in collaboration with core upstream and downstream enterprises in the industrial chain on numerous occasions to jointly formulate group standards as to expand the influence of our products. In addition, we have been able to source new customers through our sales and marketing efforts, word-of-mouth and referrals from our existing customers, many of whom made recommendations based on their positive experience with our quality products, reliable services and competitive pricing. In an effort to further expand our business, we intend to further increase our sales and marketing effort as well as expansion of our geographical coverage and deepen our existing markets’ penetration.

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Seasonality

The sales performance of our major products may be subject to the fluctuations of their respective downstream application markets.

For our acoustic materials and electronic adhesives, one of the current key end markets is the global consumer electronics industry. As most major smartphone brands typically launch new models in August and September each year, downstream manufacturers usually ramp up procurement of components and raw materials in the second half of the year to support new product production and rollout. This leads to higher sales volume and revenue contribution from our acoustic materials and electronic adhesives business in the second half of the year compared to the first half.

Similarly, our electronic ceramic materials products are currently primarily applied in the new energy vehicle and energy storage sectors. The industry’s operational rhythm, including production scheduling for new energy vehicle models and the year-end delivery peak, results in stronger demand for our electronic ceramic materials products in the second half of the year, thereby boosting the corresponding revenue in the latter half of the year.

During the Track Record Period, our revenue did not exhibit any material seasonal fluctuations.

Major 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; accounted for 88.2%, 82.3%, 78.4% and 75.7% of our total revenue for the same periods, respectively; and sales to our largest customer amounted to RMB91.0 million, RMB74.3 million, RMB139.3 million and RMB121.4 million, respectively; accounted for 28.4%, 20.9%, 22.3% and 33.3% of our total revenue for the same periods, respectively.

The following table sets forth the details of our five largest customers in each year/period during the Track Record Period.

Rank	Customer	Background	Year of commencement of business relationship	Products/ services sold	Credit terms	Sales amounts	% of total revenue for the period
						RMB'000	%
<i>For the year ended December 31, 2023</i>							
1	Customer A ⁽¹⁾	A company incorporated in China and listed on the Hong Kong Stock Exchange that primarily engages in the manufacturing of acoustic, optical sensor and other electronic components	2019	Acoustic enhancement materials, electronic adhesives	60-75 days	91,007	28.4

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Rank	Customer	Background	Year of commencement of business relationship	Products/ services sold	Credit terms	Sales amounts <i>RMB'000</i>	% of total revenue for the period %
2 . .	Customer B	A company incorporated in China and listed on the Shenzhen Stock Exchange, that primarily engages in the research and development, manufacturing, and sales of acoustic, optical components and smart terminals, and high-end equipment with its principal operations conducted on a global basis	2018	Acoustic enhancement materials	30 days	65,760	20.5
3 . .	Customer C	A clean energy company incorporated in China and listed on the Shanghai Stock Exchange, that primarily engages in the PV and energy storage business	2018	Energy enhancement materials	30-90 days	57,008	17.8
4 . .	Customer-Supplier D	A company incorporated in China and listed on the Shanghai Stock Exchange, that primarily engages in the photovoltaic industry, with its principal operations conducted in the PRC	2022	Energy enhancement materials	30-90 days	38,542	12.0
5 . .	Customer E	A company incorporated South Korea that primarily engages in the consumer electronics industry	2018	Acoustic enhancement materials	30-60 days	30,315	9.5
Total						282,632	88.2%
<i>For the year ended December 31, 2024</i>							
1 . .	Customer A ⁽¹⁾	As stated above	2019	Acoustic enhancement materials, electronic adhesives	60-75 days	74,300	20.9
2 . .	Customer B	As stated above	2018	Acoustic enhancement materials	30 days	66,015	18.6

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Rank	Customer	Background	Year of commencement of business relationship	Products/ services sold	Credit terms	Sales amounts <i>RMB'000</i>	% of total revenue for the period %
3 . .	Customer-Supplier D	As stated above	2022	Electronic adhesives, energy enhancement materials	30-90 days	53,974	15.2
4 . .	Customer C	As stated above	2018	Energy enhancement materials	30-90 days	52,260	14.7
5 . .	Customer E	As stated above	2018	Acoustic enhancement materials	30-60 days	45,589	12.8
Total						292,138	82.3

For the year ended December 31, 2025

1 . .	Customer-Supplier D	As stated above	2022	Electronic adhesives, energy enhancement materials	30-90 days	139,274	22.3
2 . .	Customer A ⁽¹⁾	As stated above	2019	Acoustic enhancement materials, electronic adhesives	60-75 days	129,084	20.7
3 . .	Customer F	A new materials group incorporated in China and listed on the Shenzhen Stock Exchange, that primarily engages in the battery materials business, with its principal operations conducted in the PRC	2021	Electronic ceramic materials	120 days	87,654	14.0
4 . .	Customer B	As stated above	2018	Acoustic enhancement materials	30 days	85,716	13.7
5 . .	Customer E	As stated above	2018	Acoustic enhancement materials	30 days	47,901	7.7
Total						489,629	78.4

For the six months ended June 30, 2026

1 . .	Customer-Supplier D	As stated above	2022	Electronic adhesives, energy enhancement materials	30 days	121,396	33.3
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Rank	Customer	Background	Year of commencement of business relationship	Products/ services sold	Credit terms	Sales amounts <i>RMB'000</i>	% of total revenue for the period %
2 . .	Customer A	As stated above	2019	Acoustic enhancement materials, electronic adhesives	60 days	62,916	17.2
3 . .	Customer F	As stated above	2021	Electronic ceramic materials	120 days	40,286	11.1
4 . .	Customer B	As stated above	2018	Acoustic enhancement materials	30-60 days	36,146	9.9
5 . .	Customer E	As stated above	2018	Acoustic enhancement materials	30 days	15,457	4.2
Total						276,201	75.7

Note:

- (1) Customer A is a non-controlling shareholder of us, holding approximately 2.82% of our Shares as of the Latest Practicable Date.

During the Track Record Period, transactions with major customers were generally settled through bank transfer or bank acceptance bills.

To the best of our knowledge and as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to the termination of our relationships with any of our major customers. None of our Directors and their respective associates, or Shareholders who own 5% or more of the total issued Shares had any interest in any of our five largest customers during the Track Record Period.

Customer Concentration

During the Track Record Period, we generated a large proportion of revenue from a group of major customers. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, revenue from our top five customers in each year/period amounted to RMB282.6 million, RMB292.1 million, RMB489.6 million and RMB276.2 million, respectively, accounting for approximately 88.2%, 82.3%, 78.4% and 75.7% of our total revenue for the same respective periods.

The customer concentration during the Track Record Period was primarily due to concentrated nature of downstream markets. Such market concentration involves both component manufacturers and brand owners in the consumer electronics and new energy vehicles sectors. As advised by Frost & Sullivan, market concentration of downstream component manufacturers of acoustic enhancement materials and electronic ceramic powders industries is relatively high due to combination of technical complexity, massive capital requirements and strategic supply chain dynamics.

Specifically, our acoustic enhancement materials and electronic adhesives are primarily applied in the consumer electronics industry. During the Track Record Period, our customers for these two product lines were primarily speaker manufacturers for smartphones. According to Frost & Sullivan, the global smartphone market has been highly concentrated in recent years. The top five

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brands accounted for over 68% of global smartphone shipment volume in 2025. These leading smartphone brand owners impose stringent requirements on acoustic performance, and they generally select only industry-leading companies as their speaker suppliers. Given that we operate as a secondary supplier to these prominent smartphone brand owners, providing key acoustic materials to their designated top-tier speaker manufacturers, our customer base in these two business sectors is naturally concentrated among a limited number of leading industry participants. This explains the relatively high customer concentration associated with our acoustic enhancement materials and electronic adhesives business units.

In the electronic ceramic materials sector, our customers during the Track Record Period were primarily manufacturers of LIB separators coating materials. According to Frost & Sullivan, the market for LIB separator coating materials manufacturers is relatively concentrated. In 2025, the top five manufacturers accounted for approximately 78.0% of the market share in terms of shipment volume. Our electronic ceramic material products are characterized by small particle size, which are specifically designed for ultra-thin separator applications. Such products are typically adopted by leading separator coating materials manufacturers, resulting in a high level of customer concentration in this business unit. Among them, Customer F is a leading domestic manufacturer of separators coating materials in the battery materials industry. Following our acquisition of Zhejiang AITEK, we have maintained a sound and cooperative relationship with Customer F. In 2025 and for the six months ended June 30, 2026, revenue derived from Customer F represented approximately 65.4% and 45.3% of our electronic ceramic materials business unit, respectively. With the technological advancement in the separator industry, we expect an increasing number of industry players to adopt ultra-thin separator technology. Leveraging our established product positioning, we anticipate further expansion and diversification of our customer base. By continuously optimizing our product portfolio, enhancing product performance, we aim to penetrate deeper into existing market sector while exploring new customer groups and application scenarios.

In the energy enhancement materials sector, we primarily focus on the development and supply of differentiated PV conductive paste products. The technical routes we adopted were mainly tailored to the production processes of PV cells manufactured by Customer-Supplier D. Meanwhile, given the intense competition in the PV industry and our long-term development strategy, we did not conduct proactive customer expansion for such products. As a result, our sales of PV conductive paste are relatively concentrated. In addition, with respect to our PV cell additives, we mainly identified the specific product demand of Customer C. Leveraging our established customer relationship and operational capabilities, we procured and supplied PV cell additives that met Customer C’s requirements. From 2023 to 2024, Customer C was the principal customer for this product line. Since 2025, we strategically scaled down the sales of PV cell additives due to the intense market competition.

We have maintained stable collaborative relationships with our five largest customers in each period during the Track Record Period. We have entered into long-term agreements with the majority of our major customers with a term of over three years, and have maintained business relations with our key customers of acoustic enhancement material products for over seven years. We believe that we have maintained our customers’ loyalty through providing high-quality products that have met, and continue to meet, our customers’ functional needs and technical requirement. Our performance over the years, market share and consistent supply capabilities have enabled us to secure recurring business opportunities from these customers. We did not have any material disputes with our top five customers during each period of the Track Record Period. Going forward, we will further expand our customer base by expanding our product portfolio.

For risks associated with our customer concentration, please refer to “Risk Factors — Risks Relating to our Industry and Business — 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.” in this document.

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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. Substantially all of our purchases during the Track Record period were sourced from domestic suppliers.

We dynamically formulate our procurement plans based on production schedules, sales demands, and prevailing market conditions. We closely monitor market conditions and regularly negotiate pricing and procurement terms with our suppliers. Silver powder is a major raw material for the production of our PV conductive pastes products. It is a precious metal, with its price subject to fluctuations in line with prevailing market conditions. We typically lock in the price of silver powder with upstream suppliers at the time when customers place orders. Meanwhile, we also implement economic hedging arrangements to further mitigate potential adverse impacts arising from fluctuations in silver powder prices. For details, please refer to “— Internal Control and Risk Management – Economic Hedging Activities” in this document. We strategically adjust inventory levels based on anticipated price fluctuations, ensuring an optimal balance between cost control and supply stability. For further details of our inventory management, see “— Warehousing, Logistics and Inventory Management.” During the Track Record Period and up to the Latest Practicable Date, we did not experience quality issues or shortages with our procurement that materially affected our operations.

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 subsequently sold to our customers. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, revenue from our self-manufactured PV conductive pastes amounted to RMB38.4 million, RMB44.3 million, RMB113.4 million and RMB100.0 million, accounting for approximately 98.9%, 78.3%, 81.2% and 82.3% of total revenue from sale of PV conductive pastes for the same respective periods. Meanwhile, revenue from reselling externally sourced PV conductive pastes amounted to RMB0.4 million, RMB12.3 million, RMB26.3 million and RMB21.5 million, accounting for 1.1%, 21.7%, 18.8% and 17.7% of total revenue from sale of PV conductive pastes for the same respective periods. We primarily adopted such arrangements for PV conductive paste under the following circumstances: (i) to ensure stable and consistent supply to our customers amid rapid shifts in their demand, when we were temporarily unable to adjust our product portfolio and achieve mass production in a timely manner; and (ii) the in-house production of certain product models was uneconomical given their specific technical requirements, and we therefore sourced such products externally for resale. To guarantee the quality of our externally sourced PV cell additives and PV conductive paste, we have established a standardized supplier quality management procedure. Under this framework, our procurement team selects qualified suppliers based on comprehensive criteria covering quality control capability, pricing competitiveness, service quality and delivery time. Following initial supplier screening and assessment, our procurement team coordinates with relevant functional teams to conduct in-depth quality evaluation, whereby suppliers are graded from Grade A to Grade D according to their quality performance. We conduct regular assessments on low-grade suppliers and issue rectification requirements for identified quality deficiencies. Should relevant suppliers fail to take effective remedial actions to address non-compliance issues, we will terminate our cooperation with such suppliers.

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We have established a comprehensive supplier management policy that covers the entire engagement process, including supplier selection, evaluation, and continuous monitoring. We consider a variety of factors when selecting suppliers, including production capabilities and contractual performance track records. New suppliers must undergo rigorous qualification processes, which require them to provide essential documents such as qualifications, product technical specifications, third-party test reports, and transportation qualifications.

We continuously monitor the performance of our suppliers, evaluating factors such as cost-effectiveness, delivery timelines, and adherence to environmental and safety regulations. We conduct evaluations of our suppliers to assess their performance periodically. Our supplier evaluation focuses on multiple criteria, including quality, delivery time, price, and customer service. We aim to build long-term partnerships with our suppliers while ensuring the high quality and compliance of the materials they provide.

During the Track Record Period, we generally entered into purchase agreements with our suppliers on an order-by-order basis. The table below sets out the salient terms of the typical purchase agreement with our suppliers:

<i>Duration</i>	:	Generally no fixed term.
<i>Pricing and product specification</i>	:	The product type, specification, price and quantity are generally specified in the agreement.
<i>Payment terms and payment method:</i>	:	We are generally granted with a credit period from nil to 120 days upon the receipt of goods and products. Payments are generally settled through bank acceptance bills or bank transfer.
<i>Transportation arrangement</i>	:	Our suppliers are responsible for delivering the products to locations designated by us at their own expenses. The risks associated with the products are generally transferred to us upon our acceptance.
<i>Product warranty and return policy:</i>	:	We are generally granted with a product warranty period of 180 days to one year upon acceptance by us depending on specific product type. We are generally granted with the right for product return if there are material quality defects.
<i>Termination</i>	:	The agreement is generally terminated by mutual consent or material breach of contract by either party.

Major Suppliers

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 periods, respectively; our purchases from our largest suppliers in each respective period amounted to RMB56.3 million, RMB45.5 million, RMB84.4 million and RMB72.6 million, representing 41.3%, 35.9%, 30.7% and 37.1% of our total purchase amounts for the same periods, respectively.

The following table sets forth the details of our five largest suppliers for other products in each year/period during the Track Record Period.

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Rank	Supplier	Background	Year of commencement of business relationship	Products/ services purchased	Credit terms	Purchase amounts <i>RMB'000</i>	% of total purchase for the period %
<i>For the year ended December 31, 2023</i>							
1 . .	Customer-Supplier D	A company incorporated in China and listed on the Shanghai Stock Exchange, that primarily engages in the photovoltaic industry, with its principal operations conducted in the PRC	2020	PV cell additives	120 days	56,250	41.3
2 . .	Supplier B	A private company incorporated in China that primarily engages in new materials business	2022	PV conductive paste	N/A	25,250	18.5
3 . .	Supplier C	A private company incorporated in China that primarily engages in the manufacturing of inorganic raw material	2023	Silver powder	N/A	19,973	14.7
4 . .	Supplier D	A private company incorporated in China that primarily engages in wholesale business	2023	Silver powder	N/A	19,840	14.6
5 . .	Supplier E	A private company incorporated in China that primarily engages in the manufacturing of inorganic raw material	2023	Glass frits	N/A	2,975	2.2
Total						124,288	91.3
<i>For the year ended December 31, 2024</i>							
1 . .	Customer-Supplier D	As stated above	2020	PV cell additives	120 days	45,533	35.9
2 . .	Supplier B	As stated above	2022	PV conductive paste	N/A	16,581	13.1
3 . .	Supplier F	A private company incorporated in China that primarily engages in the manufacturing of inorganic raw material	2024	PV conductive paste	N/A	14,187	11.2
4 . .	Supplier G	A private company incorporated in China that primarily engages in the manufacturing of equipment and wholesale business	2024	PV conductive paste	N/A	11,519	9.1

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Rank	Supplier	Background	Year of commencement of business relationship	Products/ services purchased	Credit terms	Purchase amounts <i>RMB'000</i>	% of total purchase for the period %
5 . .	Supplier H	A private company incorporated in China that primarily engages in the manufacturing of inorganic raw material	2024	Silver powder	N/A	9,541	7.5
Total						97,361	76.8
<i>For the year ended December 31, 2025</i>							
1 . .	Supplier I	A private company incorporated in China that primarily engages in the manufacturing of inorganic raw material	2023	Silver powder	N/A	84,376	30.7
2 . .	Supplier J	A private company incorporated in China that primarily engages in the manufacturing of inorganic raw material	2021	Alumina powder	30 days	38,764	14.1
3 . .	Supplier K	A private company incorporated in China that primarily engages in international trading business	2025	Oxide intermediate	N/A	31,207	11.3
4 . .	Supplier G	As stated above	2024	PV conductive paste	N/A	16,242	5.9
5 . .	Supplier L	A private company incorporated in China that primarily engages in the research and development and sale of new materials	2022	Alumina powder	30-60 days	13,686	5.0
Total						184,275	67.0
<i>For the six months ended June 30, 2026</i>							
1 . .	Supplier I	As stated above	2023	Silver powder	N/A	72,573	37.1
2 . .	Supplier M	A private company incorporated in China that primarily engages in sale of specialized electronic materials	2025	PV conductive paste	N/A	18,928	9.7
3 . .	Supplier J	As stated above	2021	Oxide intermediate	30 days	13,805	7.1
4 . .	Supplier K	As stated above	2025	PV conductive paste	N/A	12,588	6.4

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Rank	Supplier	Background	Year of commencement of business relationship	Products/ services purchased	Credit terms	Purchase amounts <i>RMB'000</i>	% of total purchase for the period %
5	Supplier L	A private company incorporated in China that primarily engages in the research and development and sale of new materials	2022	Alumina powder	60 days	9,729	5.0
Total						127,623	65.3

During the Track Record Period, our transactions with major suppliers were mainly settled through bank transfer and bank acceptance bills.

To the best of the knowledge of our Directors, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers in each year/period of the Track Record Period.

Supplier Concentration

For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, our purchases from the five largest suppliers in each period during the Track Record Period amounted to approximately 91.3%, 76.8%, 67.0% and 65.3% of our total purchase amounts, respectively.

The relatively high concentration of our five largest suppliers during the Track Record Period is attributable to the following two factors:

On one hand, a significant portion of our purchase amounts comprised silver powder (being the core raw material for production of PV conductive paste) and PV conductive paste (being purchased for resale to customers to effectively meet their demand). Given the precious metal nature of silver, which has a relatively high unit price, such purchases contributed substantially to our total purchase amounts during the Track Record Period. According to Frost & Sullivan, this situation is consistent with industry norms.

On the other hand, we also purchased a large amount of PV cell additives during the Track Record Period for resale to customers in response to their procurement needs. We have strategically scaled down this product line in 2025 due to the lower profitability as a result of the intensified market competition, allowing us to focus resources on our proprietary material products.

To enhance our supply chain resilience, we aim to diversify our supplier base and maintain strategic partnership with our suppliers to ensure stable supply of raw materials. For associated risks, please refer to “Risk Factors — Risks Relating to our Industry and Business — Any changes to our business relationships with our major suppliers may adversely affect our business, results of operations, financial results and prospects.” in this document.

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, we primarily purchased PV cell additives from Customer-Supplier D. In the meantime, we sold PV conductive paste to them. For the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, the revenue generated from sales to Customer-Supplier D amounted to RMB38.5 million, RMB54.0 million, RMB139.3

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million, RMB51.4 million and RMB121.4 million, respectively, accounting for approximately 12.0%, 15.2%, 22.3%, 18.1% and 33.3% of our total revenue for the same respective period; and our purchase amounts from Customer-Supplier D for the same periods was RMB56.3 million, RMB45.5 million, RMB7.7 million, RMB6.3 million and RMB4.0 million, respectively, accounting for approximately 41.3%, 35.9%, 2.8%, 5.6% and 2.0% of our total purchase amounts for the same respective period. Our purchase from Customer-Supplier D decreased for the year ended December 31, 2025, mainly because we have strategically scaled down the product line of PV cell additives due to the lower profitability as a result of the intensified market competition.

Customer-Supplier D is a listed company in China primarily engaged in the photovoltaic industry. It operates three core different business units spanning materials, equipment and cells. During the Track Record Period, we maintained a normal commercial supplier-customer relationship with Customer-Supplier D on an arm’s length basis. Specifically, we procured PV cell additives from Customer-Supplier D, which are products under its materials segment, and we supplied PV conductive paste to Customer-Supplier D for use in its PV cell manufacturing process, which falls under its PV cell segment. These two product lines belong to separate and independent business segments operated by Customer-Supplier D.

This reciprocal customer-supplier arrangement is driven by clear commercial rationale and the complementary positioning of both parties within the PV industrial chain, as well as the independent operational nature of Customer-Supplier D’s relevant business segments. On one hand, from a procurement perspective, Customer-Supplier D is a leading provider of high-quality PV cell additives in the PRC, with established production capacity, stringent quality control systems and a solid reputation in the materials segment. Leveraging its reliable supply, we are able to source these critical PV materials to fulfil the specific procurement needs of our customers, thereby expanding our product offering. On the other hand, from a sales perspective, our PV conductive paste offers performance characteristics that align with the manufacturing requirements of Customer-Supplier D’s PV cell segment. Our products support it in enhancing the efficiency and reliability of its PV cells, making us a valued supplier for its core PV cell manufacturing business.

During the Track Record Period, the sales and procurement transactions between us and Customer-Supplier D were independent transactions, all conducted in accordance based on commercial terms negotiated on an arm’s length basis. This is because the materials and PV cell segments of Customer-Supplier D operate with separate management teams, independent procurement and sales functions, and distinct business objectives. Each transaction is negotiated and executed based on prevailing market prices, product specifications and commercial terms that are customary for the relevant product categories. As advised by Frost & Sullivan, this type of arrangement is in line with industry norm, having considered supply chain stability requirements and certification barriers in the industry.

QUALITY CONTROL

Our Quality Control Department

We have established a comprehensive quality management system that ensures rigorous control from the raw material supply chain to product manufacturing. We rigorously adhere to product safety and quality control standards, implementing corresponding control measures across each stage of our production process to ensure that all products comply with applicable national and international standards. Our quality control director has approximately 15 years of quality control and work experience.

Our Quality Accreditations and Assurance

Our commitment to high quality and reliability helps strengthen the recognition and trust among our customers. We have obtained multiple certifications primarily including: (i) IATF 16949 Certification (International Automotive Task Force 16949 Certification) for our Quality

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Management System (QMS), accredited by United Registrar of Systems (URS); (ii) ISO 9001 Certification (International Organization for Standardization 9001 Certification) for our QMS, accredited by China Federation of Logistics & Purchasing Certification Center (CFLPCC); (iii) ISO 14001 Certification for our Environmental Management System (EMS), accredited by CFLPCC; (iv) ISO 45001 Certification for our Occupational Health and Safety Management System (OHSMS), accredited by CFLPCC; and (v) IPMS Certification (Intellectual Property Management System Certification) accredited by China Intellectual Property Certification Co., Ltd. (CIPCC).

In order to monitor production quality and to ensure that our products meet all the stringent benchmarks and specifications of our customers and ourselves, we take a comprehensive approach to quality control, establishing a quality management system that complies with relevant national and international standards, covering procurement, production, finished products and logistics.

We procure raw materials from suppliers who have passed quality and reliability assessments and meet both our standards and those of our customers. We occasionally conduct onsite inspections of our suppliers’ raw material facilities and make regular evaluations on our suppliers. Upon receiving the raw materials, we perform sample testing on each batch of raw materials. Our quality control system is designed to identify and address any defective or substandard materials at an early stage in the production process.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any product quality issues that had a material adverse effect on our business, results of operations or financial condition.

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

As of June 30, 2026, we operated one self-owned warehouse and two leased warehouses in China.

Our inventories primarily consist of raw materials, components, work-in-progress products and finished products. Our inventory management system is supported by efficient internal procedures, including standardized submission and approval processes for logistics and purchase orders. Before placing into our warehouses, raw materials must be inspected and approved by our Quality Department and labelled as qualified to complete our system approval process. We have adopted a “First in, First out” principle to optimize the turnover days for our inventory receipt and storage, by requiring stocks from different batches to be separated and placed in a chronological order, specifying that the goods which are received at the earliest should be placed at the front of warehouses. The goods must be issued in the order of their entry into the warehouse. Furthermore, the storage duration of our materials is monitored adopting the warehouse management system to ensure that the “First in, First out” principle is effectively implemented.

Our inventory management system allows us to monitor stock movements in real-time, ensuring alignment with product delivery schedules and customer demands. We strive to maintain an optimal inventory level and conduct regular inventory checks to enhance accuracy and completeness of records. As part of our quality control for inventory storage, we have also implemented operation procedures for our warehousing facilities, which include record keeping in a timely manner, proper and clear labelling and periodic stocktaking.

To optimize inventory levels, we also adopt the Vendor Managed Inventory (“VMI”) model, pursuant to which we store finished products at warehouses designated by our customers, and customers take delivery of such products upon placement of orders. Under this model, we retain ownership of the products until customers extract the finished goods against specific orders. We will dynamically adjust the inventory volumes based on the demand forecasts provided by our customers to ensure that inventory levels are consistently maintained at or above the minimum thresholds as stipulated in the relevant contracts. Under the VMI model, we have established warehouse management standards that set out requirements applicable to VMI warehouses, including inventory

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ownership management, inventory alert thresholds, inventory reconciliation, and physical inventory count management. We have also implemented a regular reconciliation mechanism to verify and confirm actual customer consumption. In particular, customers sign stock collection forms upon each withdrawal of goods from the warehouses. These documents allow us to monitor actual inventory levels at individual warehouses. We also conduct monthly settlements with customers to complete account reconciliation and invoicing. In addition, we conduct annual physical inventory counts at VMI warehouses. In the event of any inventory discrepancies, we will investigate the causes thereof and determine liability in accordance with the relevant agreements. During the Track Record Period, no material inventory discrepancies have been identified. Our Directors believe that our existing internal control measures are adequate to effectively monitor and track inventory movements under the VMI model.

Based on the independent due diligence work conducted, nothing has come to the attention of the Sole Sponsor that would reasonably cast doubt of our Directors’ views that our existing internal control measures are adequate to effectively monitor and track inventory movements under the VMI model.

As of December 31, 2023, 2024, 2025 and June 30, 2026, our inventories amounted to RMB27.2 million, RMB40.6 million, RMB58.1 million and RMB61.3 million, respectively. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, our inventory turnover days were 66 days, 78 days, 53 days and 46 days, respectively.

We generally contract third-party logistics providers to handle product deliveries. Typically, finished products that successfully pass our quality inspection are transported by our logistics providers directly from our production facilities to our customers, designated warehouses, or other customer-specified locations.

We select logistics partners based on stringent criteria, including their reputation, operational scale, track record, and pricing. Agreements with these providers are typically structured as long-term contracts or short-term contracts with automatic renewal clauses. During the Track Record Period and up to the Latest Practicable Date, we did not encounter any significant disruptions in our warehousing or delivery operations, nor did we suffer material losses attributable to delayed deliveries or mishandling by our service providers.

We coordinate with suppliers to confirm the overall raw material procurement status, including procurement lead times and/or any potential delays, which are then submitted to our planning team for record-keeping. The team calculates safety stock levels based on procurement lead times, while also aligning with forecasted customer demand. To maintain our competitive edge and meet evolving market demands, we have implemented a series of measures to optimize inventory levels, including reducing inventory backlogs and enhancing inventory management processes.

A dedicated working group oversees inventory audits and inspections, with findings and discrepancies promptly reported to senior management. Based on these measures, our Directors confirm that our inventory management systems and policies have been effective throughout the Track Record Period and up to the Latest Practicable Date. We have not experienced any material supply shortages or significant overstocking issues during this period.

COMPETITION

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

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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” for further information.

LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant government authorities that are material to our business operations in China. The table below sets forth our material licenses, approvals and permits.

Holder	Name of License, Approval and Permit	Expiration Date
Our Company	Pollutant Discharge License	May 2029
Our Company	Permit for Discharge of Urban Waste Water into the Drainage Network	February 2027
Zhejiang AITEK . . .	Fixed Pollution Source Discharge Registration Receipt	August 2029
Suzhou Routao . . .	Fixed Pollution Source Discharge Registration Receipt	March 2028

We are required to renew such certificates, permits and licenses from time-to-time, and we are continually overseeing the compliance with the relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulties in renewing the licenses, approvals and permits, and currently we do not expect any material difficulties in such renewal.

INFORMATION TECHNOLOGIES

Our information technology systems are essential to our business operations. We have developed or employ various information technology systems covering all material aspects of our operations, including sales, supply chain management, inventory management, production and quality control. Our information technology department is responsible for developing and maintaining information technology systems to support our business operations and growth. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material IT system failure that had a material adverse effect on our business operations.

EMPLOYEES

As of June 30, 2026, we had 332 full-time employees, with substantially all of them locating in China. The table sets forth a breakdown of our employees by function as of June 30, 2026.

Function	Number	Percentage of Total Number (%)
Manufacturing	175	52.7
Research and Development	68	20.5
Operation	48	14.5
Sales and marketing	23	6.9
Administrative	18	5.4
Total	332	100.0

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We consider our employees as a vital asset to our business operations and are committed to attracting, retaining, and motivating skilled personnel across all levels. Our recruitment strategies include on-campus recruitment, employment websites, and internal referrals. We offer a comprehensive remuneration structure comprising base salaries, performance-based bonuses, and other allowances. Employee performance is assessed on a regular basis to determine salary adjustments and promotions.

We emphasize continuous learning and development for our employees, aiming to enhance their professional skills and align their growth with our business objectives. Upon joining, all new hires undergo induction training covering administrative procedures, quality control, safety protocols, and accommodation arrangements. In addition to orientation programs, we implement periodic training sessions for managerial staff, focusing on enhancing leadership skills, technical capabilities, and compliance awareness. High-performing employees are enrolled in targeted development programs to advance to supervisory and senior roles.

We enter into standard employment agreements with all full-time employees. We have established a sound intellectual property and trade secret protection system. Specifically, we generally sign non-compete agreements and confidentiality agreements with all employees. These agreements strictly restrict employees from engaging in businesses competitive with ours during and after employment, and obligate them to keep confidential all our core technical information, customer resources, and business data to effectively safeguard our core competitiveness and operational security.

We believe that we maintain good working relationships with our employees, and we had not experienced any material labor disputes, strikes, protests or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

Social Insurance and Housing Provident Funds

During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident funds with respect to certain of our employees as required by the relevant PRC laws and regulations, primarily because certain employees were unwilling to pay their full share of social insurance and housing provident fund contributions, as this would require additional payments from them.

For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, the shortfall in our social insurance and housing provident fund contributions amounted to approximately RMB0.9 million, RMB1.2 million, RMB3.0 million and RMB1.6 million, respectively. As advised by our PRC Legal Advisers, pursuant to the applicable PRC laws and regulations, if an employer fails to make full social insurance and housing provident funds contributions, the relevant authorities may (i) order the employer to pay the outstanding social insurance amount within a prescribed time limit, together with an additional overdue fine calculated at a daily rate of 0.05%. If the employer still fails to pay the overdue contributions within such time limit, a fine of one to three times the outstanding amount may be imposed on the employer; and (ii) order the employer to pay the outstanding housing provident fund contributions within a prescribed time period, failing which the relevant PRC authorities may apply to the People’s Court for compulsory enforcement. Therefore, we could be subject to fines of up to one to three times the total amount of the social insurance contribution shortfall during the Track Record Period and a late fee of 0.05% of the outstanding amount for each day of delay. As advised by our PRC Legal Advisers, we may be subject to a maximum penalty of approximately RMB13.0 million for the shortfall in our social insurance and housing provident funds during the Track Record Period.

In addition, as advised by our PRC Legal Advisers, the likelihood that we would be subject to be integrated collection or material administrative penalties due to our failure to provide full social insurance and housing provident fund contributions is remote provided that there are no significant changes in current policies, regulations, local government supervision, and law

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enforcement requirements related to social insurance and housing provident fund and based on the following reasons: (i) during the Track Record Period, we had not received any notification from relevant government authorities requiring us to pay shortfalls or the penalties with respect to social insurance or housing provident funds; (ii) we had not been subject to any administrative penalties with respect to social insurance or housing provident funds; (iii) we and our material subsidiaries in the PRC have obtained written confirmations from competent local government authorities which confirmed that no administrative penalties had been imposed on us with respect to social insurance or housing provident funds during the Track Record Period; and (iv) we will make full contributions or pay any shortfall within prescribed time limit if requested by the relevant social insurance and housing provident fund authorities. Based on above, we have not made provisions for the shortfalls of social insurance and housing provident funds contributions during the Track Record Period.

According to the Interpretation (II) of the Supreme People’s Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)) (“**The New Judicial Interpretation**”), which was promulgated by the Supreme People’s Court in July 2025 and came into effect in September 2025, an employer and an employee conclude an agreement, or an employee makes a promise to an employer, that there is no need to pay social insurance premiums, such agreement or promise shall be determined invalid; where an employer fails to pay social insurance premiums in accordance with the law, and the relevant employee requests to terminate the labor contract and requests such employer to pay economic compensation, the people’s court shall support such requests in accordance with the law. In the event that an employer, after making up the social insurance contributions, requests such relevant employee to return the social insurance compensation already paid, the people’s court shall support such request. As advised by our PRC Legal Adviser, the New Judicial Interpretation does not repeal or change the existing social insurance laws and regulations and therefore does not by itself increase our social insurance exposure, its impact on our business, financial performance and position, as well as our operations and compliance with the relevant laws and regulations, is not significant.

In respect of our social insurance and housing provident funds contributions, we have adopted or plan to adopt remedial measures, including: (i) we have enhanced our compliance policy with respect to social insurance and housing provident fund contribution in accordance with the PRC laws and regulations; (ii) we have designated our human resources department to review and monitor the reporting and contributions of social insurance and housing provident fund on a regularly basis; (iii) we will consult our PRC counsels on a regular basis for advice on the relevant PRC laws and regulations to keep us abreast of relevant regulatory development; and (iv) new joiners of us are informed the latest social insurance and housing provident laws, regulations and company policies.

INSURANCE

Pursuant to PRC social insurance regulations, we provide social insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees based in the PRC.

We also maintain insurance policies to cover various aspects of our business, including personal accident insurance, and property insurance, to safeguard our business continuity. In line with general market practice, we do not maintain any business interruption insurance or insurance policies covering damages to our network or information technology systems. We regularly review our insurance policies to ensure compliance with statutory requirements. We believe that our existing insurance coverage is adequate for our operations and aligns with industry standards.

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During the Track Record Period, we were not subject to any material claim of insurance. However, we may still be exposed to potential claims and liabilities exceeding our insurance coverage. For further details, please refer to “Risk Factors — Risks relating to our Industry and Business — Our insurance coverage may be insufficient to cover the risks or losses related to our business and operations.” in this document.

PROPERTIES

Owned Properties

As of the Latest Practicable Date, we owned the land use rights of one land parcel in Zhenjiang, Jiangsu, China, with an aggregate land area of approximately 26.9 thousand sq.m., which are mainly used as our Zhenjiang production base and office premises. As of the Latest Practicable Date, we owned a total aggregate GFA of approximately 15.2 thousand sq.m. of buildings in China which were primarily used for production and operation purposes. As advised by our PRC Legal Advisers, we have obtained the land use right certificates and building ownership certificates for all our owned properties since our commencement.

Lease Properties

As of the Latest Practicable Date, we leased 30 properties mainly for production and operations in the PRC, with an aggregate GFA of approximately 20.5 thousand sq.m., which were mainly used for production and office premises. Our leases generally have a term ranging from one to five years. We are generally allowed to terminate lease agreements with a prior notice, which provides us with operational flexibility. We believe that there is sufficient supply of properties in the PRC, and we do not rely on the existing leases for our business operations. We believe that our current facilities are adequate to meet our current needs.

Pursuant to the applicable PRC laws and regulations, property lease agreements shall be registered with the relevant government authorities. As of the Latest Practicable Date, our lease agreements relating to our 29 leased properties in China with approximately 12,406 sq.m had not been filed with the relevant PRC housing administration authorities. According to the relevant PRC laws, a company may be subject to an administrative fine up to a maximum of RMB10,000 for each lease agreement that is not filed with the relevant PRC housing administration authority, if the company fails to rectify such non-compliance under the prescribed time limit. As advised by our PRC Legal Advisers, the absence of registration will not affect the validity of the lease agreements, nor materially and adversely affect our operations. Please also refer to “Risk Factors — Risks relating to our Industry and Business — Failure to comply with PRC property-related laws and regulations regarding certain of our leased properties may adversely affect our business, financial condition and results of operations.” in this document.

Property Valuation

As of the Latest Practicable Date, (i) we had no property interests of property activities; and (ii) we had no single property interest of non-property activities with a carrying amount of 15% or more of our total assets. On this basis, we are not required by Rule 5.01A of the Listing Rules to include any valuation report in this document. A similar exemption applies under section 6 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), with respect to the requirement under section 342(1)(b) of, and paragraph 34(2) of the Third Schedule to, the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Governance

We value the diverse experience of directors and have formulated and implemented the Board of Directors’ Diversity Policy (《董事會多元化政策》) to ensure that Board members maintain balance and diversity in terms of gender, age, race, nationality, cultural and educational background, professional skills, industry experience, and other aspects.

We have established an ESG organizational structure with clear responsibilities and formulated the Environmental, Social and Governance Work Management System (《環境、社會及管治工作管理制度》) to advance the implementation of ESG initiatives and enhance the quality of ESG information disclosure.

The Board of Directors is the highest decision-making body for our ESG efforts and assumes full responsibility for our ESG strategies and reporting. The Audit Committee serves as a specialized committee for ESG management, overseeing ESG matters and regularly reporting significant ESG-related matters to the Board. To support the Board in implementing ESG-related work, we have established an ESG Working Group under the Audit Committee, responsible for overall planning, comprehensive promotion, supervision and feedback, and continuous improvement, ensuring the effective integration of ESG strategies into corporate governance and operations. The ESG Working Group and the Board of Directors communicate regularly to ensure the effective implementation of various ESG policies and continuously enhance the effectiveness of ESG governance. The remuneration and appraisal directors and senior management are linked to ESG performance to ensure no major safety production accidents or product quality incidents occur, guarantee the timeliness and completeness of ESG information disclosure, and prevent the occurrence of fraud cases.

ESG Materiality Assessment And Risk Management

To better understand the needs and expectations of our stakeholders, and in accordance with the Environmental, Social and Governance Reporting Code of Hong Kong Exchanges and Clearing Limited, we systematically identify ESG issues and potential risks that have a material impact on our business development and are of concern to stakeholders. Based on the materiality assessment results, the highly material ESG issues we have identified include product quality, customer service, research and development and innovation, sustainable supply chain, occupational health and safety, carbon emissions management, climate change response, and energy management.

We have formulated the Risk Control and Management System (《風險控制管理制度》). We also continuously optimize and upgrade our internal control policy framework to build a comprehensive prevention and control network. By conducting risk assessment and control, we identify, analyze, and manage risks across all aspects of our operations. We also leverage risk management tools to support the entire risk control process, ensuring that unacceptable risks trigger timely re-evaluation and improvement mechanisms for continuous enhancement. This systematically elevates our risk resilience and operational management capabilities.

Environment

Environmental Management

We strictly adhere to the Environmental Protection Law of the People’s Republic of China and other relevant laws, regulations, and applicable environmental standards. We continuously enhance our environmental management system, designate the Chief Executive Officer as the primary person responsible for environmental protection and overseeing all corporate environmental work, and authorize the Comprehensive Pollution Control Leading Group for specific management. We have formulated and implemented systems such as the Environmental Protection Responsibility System

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(《環境保護責任制》), Environmental Supervision and Assessment Management Rules (《環保監督與考核管理細則》), and Environmental Protection Training and Education Management System (《環境保護培訓教育管理制度》) to ensure the effective operation of environmental protection facilities, reduce pollutant emissions, and improve regional environmental quality. We strictly comply with the Jiangsu Provincial Regulations on Biodiversity Conservation (《江蘇省生物多樣性保護條例》). Through regular awareness campaigns and training, we integrate biodiversity conservation and environmental protection concepts into our daily operations, continuously enhance employees’ environmental awareness, promote green practices, and genuinely fulfill our corporate social responsibility.

Based on our current business development and environmental management, we have set the following environmental management targets to promote green and low-carbon initiatives:

- *Greenhouse gas (GHG) emission reduction target:* We actively respond to the national strategy of carbon peaking and carbon neutrality, and plan to achieve a reduction of 5% in carbon emissions per unit of revenue by 2030, using 2025 as the base year. Currently, the majority of GHG emissions are attributable to Scope 2, primarily resulting from purchased electricity. To support progress toward our GHG emission reduction target, we will gradually install rooftop photovoltaic systems at eligible factories and office buildings.
- *Waste management target:* 100% of our factories responsibly dispose of hazardous wastes in accordance with regulations. To support our target, we have established a waste classification list and a waste management record to ensure accurate identification and complete recordkeeping of hazardous waste. Hazardous waste is entrusted to third-party treatment providers holding valid qualifications for hazardous waste disposal. We conduct regular verification of these providers’ credentials and disposal records to ensure compliance with applicable environmental regulations.
- *Energy efficiency target:* We continuously enhance energy efficiency, and are committed to implementing various energy-saving initiatives to maximize the benefits of energy use. We also plan to achieve a reduction of 5% in energy consumption per unit of revenue by 2030, using 2025 as the base year. We will progressively phase out high-energy-consuming equipment and replace it with energy-efficient alternatives. Concurrently, production scheduling will be optimized to minimize equipment idling and standby energy consumption, thereby enhancing overall energy efficiency.
- *Water efficiency target:* We will continue to explore solutions for reclaimed and reusable water in our factories. We also plan to achieve a reduction of 5% in water consumption per unit of revenue by 2030, using 2025 as the base year. To support our target, we identify key water consumption processes and assess water-saving potential across all manufacturing facilities. Concurrently, we are actively increasing the utilization of reclaimed and recycled water to enhance overall water efficiency.

Emissions Management

We strictly comply with laws and regulations such as the Atmospheric Pollution Prevention and Control Law of the People’s Republic of China, the Water Pollution Prevention and Control Law of the People’s Republic of China, the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, and the Law of the People’s Republic of China on the Prevention and Control of Noise Pollution. Moreover, we have formulated internal management systems, including the Wastewater, Waste Gas, and Noise Pollution Control Management Procedures (《廢水、廢氣、噪聲污染控制管理程序》), the Environmental Protection Management System for Production Processes (《生產過程環境保護管理制度》), and the Environmental Monitoring Management System (《環境監測管理制度》).

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- *Waste gas management:* the air pollutants generated during production and operations primarily include nitrogen oxides, sulfur dioxide, and particulate matter. For waste gas generated during the manufacturing process, we have established an online pollutant monitoring system to monitor emission concentrations in real-time. We use collection and treatment equipment such as VOC adsorption devices to ensure that air pollutants are discharged in accordance with the relevant standards.
- *Wastewater management:* during the production process, our production departments reasonably control water consumption according to production plans. They also adopt a cooling water circulating system and upgrade the wastewater treatment and advance purification system to ensure wastewater discharge meets standards and enhance water resource utilization efficiency.
- *Waste management:* for hazardous wastes such as waste oil and slag generated during the production process, we strictly classify them and entrust qualified professional entities for proper disposal. For non-hazardous wastes such as office wastes, domestic wastes, and kitchen wastes, we encourage employees to sort and dispose of them.
- *Noise management:* we effectively control noise through standardized management. Equipment, such as air compressors, chillers, fans, and air conditioners, is inspected daily, regularly maintained, and immediately repaired if abnormal noise is detected. External vehicles are prohibited from honking in no-honking zones so as to minimize honking. If mechanical equipment produces abnormal noise during operation, it’s reported for repair promptly. Through various collaborative measures, the impact of noise on the working environment and employee health is effectively reduced.

The table below sets out details of our waste discharges for the periods indicated:

Indicator	Unit	For the year ended December 31,			For the six months ended June 30,
		2023	2024	2025 ¹	2026
Emissions of exhaust gas . . .	Kilograms	312	417	1,511	609
Of which: Nitrogen oxides emissions	Kilograms	270	332	982	343
Of which: Sulfur dioxide emissions	Kilograms	16	24	194	33
Of which: Particulate matter emissions	Kilograms	26	61	336	233
Total hazardous wastes generated	Tons	80	100	120	68
Total non-hazardous waste generated	Tons	3	5	7	2

¹ The environmental data of Zhejiang AITEK has been included in our unified disclosure scope since 2025.

² The environmental data of Suzhou Routao is not included within our reporting scope for the six months ended June 30, 2026.

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Resource Usage Management

We adhere to laws and regulations such as the Energy Law of the People’s Republic of China, the Energy Conservation Law of the People’s Republic of China, and the Water Law of the People’s Republic of China. By promoting green office practices, water conservation, and the use of clean energy, we enhance resource utilization efficiency to drive green and low-carbon operations. In 2024, we were designated as a National Green Factory.

- *Energy management:* We utilize energy-efficient lighting equipment for all indoor production lighting (including emergency lighting) and outdoor street lighting in our factories, achieving a 100% utilization rate of energy-efficient lighting equipment. Our factories implement energy-saving retrofits for production equipment. General energy-consuming equipment they use, such as air conditioners, are all high-efficiency energy-saving products.
- *Water resource management:* We primarily rely on municipal water for its water supply. We vigorously promote water-saving technological transformation, widely adopt water-saving fixtures in our factories, and conduct water-saving awareness campaigns for employees to reduce water consumption during production and office processes.
- *Consumables management:* We strictly control the use of product packaging materials such as plastics, cartons, and aluminum cans. We implement precise packaging design and quantitative control of packaging materials for standard products, and recycle and reuse some recyclable waste packaging materials to effectively reduce packaging material usage, resource waste, and environmental burden.

The table below sets forth details of our resource consumption for the periods indicated:

Indicator	Unit	For the year ended December 31,			For the six months ended June 30,
		2023	2024	2025 ²	2026
Electricity consumption	kWh	1,961,698	3,841,512	16,054,651	8,776,604
Water consumption	Cubic meters	7,590	17,232	58,124	42,285
Gasoline consumption	Liters	11,860	10,744	17,709	4,803
Diesel consumption	Liters	0	1,059.84	0	80
Natural gas consumption	Cubic meters	15,040	37,458	1,058,737	699,506
Packaging material usage . . .	Tons	20	57	258	156

Addressing Climate Change

To mitigate the potential impacts of climate change on our financial performance and sustainable development, we systematically identify the risks and opportunities it brings through policy research and business analysis. We also formulate corresponding strategies to effectively manage these risks while seizing growth opportunities and actively taking measures to enhance our climate resilience.

3 The environmental data of Zhejiang AITEK has been included in our unified disclosure scope since 2025.

4 The environmental data of Suzhou Routao is not included within our reporting scope for the six months ended June 30, 2026.

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Impact category	Response measures
<p>Physical risks</p> <p>Extreme weather events, including floods, typhoons, heavy rainfall and heatwaves, may damage the factory buildings and production equipment, pose risks to employee health and safety, and disrupt normal business operations.</p>	<p>During the project site selection phase, we seek to avoid establishing facilities in areas prone to extreme weather. During the operational phase, we have developed emergency response plans for extreme weather events. Concurrently, we provide employees with heatstroke and cold prevention supplies and equip flood prevention facilities to reduce personnel and property losses caused by extreme weather events.</p>
<p>Transition risks</p> <p>Legal and policy risks:</p> <p>International and domestic laws and regulations related to environmental management, climate change, and carbon emission reduction are becoming stricter, leading to increased compliance costs.</p>	<p>At the compliance level, we continuously monitor environmental and climate-related legal and regulatory requirements in our operating locations and promptly carry out compliance work; at the management level, we establish special working groups to implement response measures for new regulations and mitigate risks.</p>
<p>Technological risks:</p> <p>Increased demand downstream for low-carbon green products, rapid technological iteration for some products, and short product upgrade cycles present us with continuous pressure for technological adaptation and innovation.</p>	<p>We have established a green technology research and development fund to systematically support the research and development and implementation of low-carbon technologies, energy-saving process, and sustainable innovation projects.</p>
<p>Market risks:</p> <p>Customers and investors are increasingly concerned about environmental responsibility, and impose clear requirements for product carbon footprint certification. At the same time, entry standards for green supply chains continue to rise, and compliance thresholds are steadily increasing.</p>	<p>We actively respond to low-carbon development trends by systematically advancing emission reduction initiatives, such as installing photovoltaic panels. In the meantime, we comprehensively enhance our carbon management capabilities by applying for Green Factory certification and actively exploring pathways to obtain carbon footprint certification and relevant green qualifications.</p>

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Impact category	Response measures
Opportunities. Utilizing low-carbon energy and circular economy projects may help a company reduce operational costs, improve resource utilization efficiency, and enhance its competitiveness.	We install photovoltaic power generation equipment on suitable factory rooftops and continuously increase the coverage of such equipment. We also build energy storage facilities, purchase green electricity, and implement lean production and circular economy projects to reduce electricity procurement costs.

The table below presents our GHG emissions for 2023, 2024, 2025 and the six months ended June 30, 2026:

Indicator	Unit	For the year ended December 31,			For the six months ended June 30,
		2023	2024	2025 ³	2026
Scope 1 GHG emissions	Tons of CO ₂ equivalent	157.08	182.13	2,437.89	1,526.68
Scope 2 GHG emissions	Tons of CO ₂ equivalent	1,052.65	2,061.36	8,614.93	4,656.87
Total GHG emissions (Scope 1 and Scope 2)	Tons of CO ₂ equivalent	1,209.73	2,243.49	11,052.82	6,183.55
Scope 1 and Scope 2 GHG emissions intensity	Tons of CO ₂ equivalent per RMB1 million revenue	3.77	6.32	17.68	16.94
Scope 3 GHG emissions	Tons of CO ₂ equivalent	115,981.59	99,503.50	135,595.64	87,247.47

Note: Scope 1 GHG emissions primarily result from the consumption of direct energy sources (e.g., gasoline, diesel, natural gas) during our operations; Scope 2 GHG emissions primarily come from the consumption of indirect energy sources (purchased electricity) during our operations; and Scope 3 GHG emissions include Category 1: Purchased goods and services, Category 6: Business Travel. The calculation methodology for greenhouse gas emissions refers to the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, the Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the Sixth Assessment Report (AR6) published by the Intergovernmental Panel on Climate Change (IPCC). Relevant emission factors and parameters refer to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, the Announcement on the Release of 2022 and 2023 Electricity CO₂ Emission Factors issued by the Ministry of Ecology and Environment of the People’s Republic of China, China Products Carbon Footprint Factors Database, etc.

Social

We strictly adhere to laws and regulations such as the Labor Law of the People’s Republic of China and the Labor Contract Law of the People’s Republic of China. We have formulated internal management systems, including the Employee Handbook (《員工手冊》), the Employee Diversity Policy (《僱員多元化政策》), and the Assessment and Incentive Management System (《考核及激

5 The environmental data of Zhejiang AITEK has been included in our unified disclosure scope since 2025.

6 The environmental data of Suzhou Routao is not included within our reporting scope for the six months ended June 30, 2026.

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勵管理制度》), to establish a compliant employment system. We value the employee care and the protection of their rights and interests. We formulate competitive salary strategies based on market conditions and the comprehensive capabilities of its employees. In addition to basic salary and performance bonuses, we also provide employees with compensatory remuneration. To enhance employees’ sense of belonging and well-being, we provide employees with traditional holiday benefits during traditional festivals.

Health and Safety

We strictly adhere to relevant laws and regulations such as the Law of the People’s Republic of China on Work Safety and the Law of the People’s Republic of China on Prevention and Control of Occupational Diseases. We have formulated systems including the Work Safety Management System (《安全生產管理制度》), the Safety Accident Management System (《安全事故管理制度》), and the Occupational Health and Safety Management Operation Control Procedures (《職業健康安全管理運行控制程序》), explicitly defining the safety responsibilities of leaders at all levels to ensure that safety responsibilities are implemented at every level. We implement an occupational health and safety management system covering occupational health management, work safety control, and emergency rescue disposal to strengthen our work safety management, and have successfully obtained ISO 45001 Occupational Health and Safety Management System certification.

Concurrently, we continuously enhance employees’ occupational health and safety awareness through regular safety training, thematic lectures, case exhibitions, and knowledge competitions. Awareness is also promoted through routine methods such as bulletin board announcements, pre-shift safety activities, and accident analysis meetings in a bid to foster a safety culture of full participation and prevention first.

Development and Training

We place great importance on the continuous learning and development of our employees, and have established a comprehensive training system that covers all employees and spans their entire career. We encourage and support employees to participate in various internal and external training programs.

Product Responsibility

We are committed to building a systematic, full-process product quality management system, and by formulating and implementing relevant policies such as the Product Quality Management System (《產品質量管理制度》), we define quality standards and control requirements for all stages from raw material procurement, production and manufacturing, to finished product delivery. We have established a cross-departmental collaborative quality management mechanism, where departments of quality, production, process, and warehousing cooperate through division of labor to ensure stable and reliable product quality through daily inspections, critical process management and control, and multi-level testing. We have obtained the certification of ISO 9001 Quality management systems.

Supply Chain Management

We have established a systematic supply chain management system and formulated the Supplier Quality Management Standard Process Document (《供應商質量管理規範流程文件》), which covers all management aspects such as supplier development and access, daily monitoring, performance evaluation, optimization and elimination. We also implement strict on-site quality audits for critical material suppliers through a comprehensive tiered audit and assessment mechanism. New suppliers must undergo procurement screening and on-site audits in environmental and other aspects, with critical material suppliers being required to pass a quality audit. We conduct regular dynamic evaluations of suppliers based on indicators such as product quality, delivery performance, and response to quality incidents. The evaluation results are directly

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linked to their tiered management and cooperation priority, continuously driving improvement in supplier capabilities. For suppliers that repeatedly fail to meet requirements or encounter significant quality issues, we will take measures such as warnings, reduced orders, or even termination of cooperation to ensure the stability, transparency, and sustainability of the supply chain.

Business Ethics and Anti-Corruption

We strictly comply with laws and regulations such as the Anti-Money Laundering Law of the People’s Republic of China and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. We have formulated internal policies like the Anti-Fraud, Anti-Bribery, and Anti-Corruption Management System (《反舞弊、反賄賂及反腐敗管理制度》) and the Anti-Money Laundering and Anti-Economic Sanctions System (《反洗錢及反經濟制裁制度》) to require employees to maintain integrity, self-discipline, and adhere to business ethics.

We are committed to fostering a culture of integrity and honesty, requiring our management team to lead by example. Through employee codes of conduct, company-wide training, and specialized education for new hires, we continuously reinforce compliance awareness and business ethics among all employees to promote their participation in building a culture of integrity. We have established accessible reporting channels, including hotlines and email addresses, to accept anonymous or real-name reports. We implement strict confidentiality measures for reporting information and the identity of whistleblowers, prohibiting disclosure of their identities to ensure their rights and interests are fully protected.

Community Contribution

As a technology innovation enterprise, while continuously exploring new technologies and creating new products, we also actively fulfill our corporate social responsibilities and obligations. We continuously invest resources in multiple areas, including rural revitalization, education support, and industrial assistance, growing together with society.

In 2023, we continued to deepen its local community ties by donating RMB10,000 to the Zhenjiang New District Charity Federation to support regional charity projects.

IMPACT OF COVID-19 PANDEMIC

During the Track Record Period, the COVID-19 pandemic did not have a material impact on our business operations. Any impact on us was primarily driven by changes in downstream market demand amid the pandemic. While shifts in consumer behavior exerted a modest influence on end-market demand, such impact was not material in the aggregate and did not have a material effect on our business operations and financial performance during the Track Record Period.

Specifically, our research and development activities and industrialization efforts remained unaffected by COVID-19 pandemic and continued to progress steadily. We have continuously launched acoustic enhancement materials and successfully expanded their applications into laptops, tablets, smart wearables and other segments. Concurrently, our electronic adhesives and energy enhancement materials have achieved initial market entry and were in the process of scaling up their market presence.

In addition, our raw material procurement operations proceeded smoothly throughout the Track Record Period, with timely deliveries secured on a demand-driven basis and in line with our cash management policies. We did not experience any material supply shortages, primarily due to two key factors: (i) our raw materials are predominantly sourced from domestic suppliers; and (ii) 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. These measures have effectively prevented our operations from material disruptions arising from external market volatility.

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Furthermore, our effective contingency response mechanisms ensured the seamless operation of our key business functions, including research and development, production, sales and logistics, while also safeguarding the health and safety of our employees. For instance, we have established an emergency response team to monitor personnel movement and mitigate the risk of infection among employees. We also implement decentralized inventory management to mitigate the risks associated with centralized storage. During the Track Record Period, our production operations did not experience any material suspension or shutdown due to the pandemic.

DATA SECURITY AND PRIVACY

The data collected by us comprises administrative data (including office, human resources, operational and inventory data), production data (including production management, production operations and product quality data), research and development data (including product design and workmanship process data), and business operation data (including customer, supplier, sales and logistics data). Such collected data constitutes general data and does not fall within the scope of important data or core data as defined under the PRC Data Security Law. The personal information contained in the data collected by us relates to no more than 1,000 employees, and does not contain personal information of customers.

We have established comprehensive data security policies, including the Data Security Management Policy and the Data Classification and Grading Policy. These policies clearly specify requirements in respect of matters such as the data security management system throughout the entire data lifecycle, data security education and training, and emergency response procedures for data security incidents. We have set up an Information Security Team, which is led by our General Manager and is responsible for formulating data security policies as well as providing guidance and supervision to all departments on the implementation of such policies. We have implemented stringent data security technical measures, including but not limited to isolating the network of research and development equipment, centrally managing data storage, and encrypting the transmission of sensitive data.

During the Track Record Period and up to the Latest Practicable Date: (i) we had not been subject to any claim for infringement of rights asserted by any third party arising from the alleged violation of any laws and regulations relating to data security and personal information protection; (ii) we had not been subject to any investigation or other pending or potential legal proceedings initiated by any governmental authority or any third party in connection with data security and personal information protection; and (iii) no material data security incident involving non-compliance with the PRC laws and regulations relating to data security and personal information protection had occurred to us. Accordingly, our Data Legal Advisers are of the opinion that, during the Track Record Period and up to the Latest Practicable Date, we had complied in all material respects with the requirements of the relevant laws and regulations concerning data security and personal information protection in the PRC.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, results of operations and financial conditions.

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According to our PRC Legal Advisers, the business operations we engaged in had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

INTERNAL CONTROL AND RISK MANAGEMENT

Economic Hedging Activities

Silver powder constitutes the principal raw material for our PV conductive paste products. As a precious metal, silver is subject to inherent price volatility in the global market. To mitigate the operational and financial risks arising from such silver price fluctuations, we have adopted the following prudent hedging strategy.

Upon receipt of customer purchase orders for PV conductive paste products, we promptly enter into price-locking procedure with both our silver powder suppliers and the respective customers, whereby the silver price applicable to the relevant transactions is fixed at the time of order confirmation. In addition, in anticipation of potential future order volumes from existing and prospective customers, we maintain a certain level of silver powder inventory to ensure the timely fulfillment of customer demand. For the portion of such silver powder inventory without confirmed purchase orders, we further employ forward futures contracts as a derivative instrument to mitigate the adverse impact of potential silver price movements. We generally enter into futures contracts with standard silver powder quantity of 15kg and maximum maturity periods of two months. We select such futures contracts primarily based on the following considerations: (i) they are the dominant contracts at the relevant time, ensuring corresponding close-out transactions can be executed upon sale of physical products; (ii) dominant contracts better reflect real-time silver price movements and are highly aligned with physical silver prices, avoiding material divergence and preserving hedging effectiveness; (iii) given high silver prices and related risks, we generally complete the process from procurement of silver powder to sale of finished products within two months; and (iv) contracts are opened and closed dynamically with purchases and sales. When switching is required, we continue to use dominant contracts and complete such switching within short time to mitigate price fluctuation risks and maintain hedging effectiveness. We do not engage in any speculative activities.

Our futures contracts are recognized in the financial statements as follows: (i) realized gains and losses on closed future positions and unrealized gains and losses on open futures positions are presented in other gains and losses; (ii) deposits related to futures are presented in trade, bills and other receivables; and (iii) open futures positions are presented as derivative financial instruments. In 2023, 2024 and 2025, our realized losses on closed futures positions amounted to RMB0.5 million, RMB3.2 million and RMB1.0 million, respectively. For the six months ended June 30, 2026, our realized gains on closed futures positions amounted to RMB0.2 million. In addition, we recorded unrealized losses on open futures positions of RMB0.3 million in 2023 and unrealized gains on open futures positions of RMB0.3 million, RMB0.0 million and RMB0.7 million in 2024, 2025 and for the six months ended June 30, 2026, respectively.

To ensure the effectiveness of our economic hedging activities, we have established a comprehensive internal control framework. These measures include, but are not limited to, (i) when we hold physical inventories of silver powder that are not matched with confirmed customer purchase orders or sales orders and are therefore exposed to silver price fluctuations, we may establish short futures positions against such exposed silver powder inventory, subject to our internal economic hedging policies and risk limits. When the silver powder subject to economic hedging arrangements is processed into PV conductive paste and sold to customers, we close out the corresponding short futures positions; (ii) the risk level of futures trading accounts is maintained below 25% to ensure account safety and avoid forced liquidation due to rapid increases in silver prices; (iii) professional research reports are reviewed daily to assess upside risks in silver prices, and silver price movements are monitored during both day and night trading sessions; (iv) additional funds are injected promptly when the account risk level approaches approximately 20%, ensuring the risk level remains below 25% to avoid forced liquidation of futures accounts; and (v) reports are prepared on the gains and losses associated with futures and physical position for internal review.

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Our economic hedging policies and overall risk management strategies are subject to the oversight of the Board. All transactions involving the entering into of forward futures contracts must be jointly reviewed and approved by our CEO and Chief Financial Officer prior to execution, to ensure that all hedging activities are consistent with our operational needs and risk management objectives and free from speculative purposes.

Based on the independent due diligence work conducted, the Sole Sponsor is of the view that, since our Group does not apply hedge accounting, all silver futures gains or losses are recognized independently under “other gains and losses” and do not directly affect the reported gross profit margin; economically, based on historical data, these positions functioned as a risk mitigation mechanism to soften raw material price volatility, with the aggregate financial outcomes representing a relatively low proportion of our Group’s net profit during the Track Record Period.

Internal Control and Risk Management

We have established a comprehensive risk management and internal control system aimed at identifying, assessing, and mitigating risks across all aspects of our operations. Our Board of Directors oversees the implementation of risk management policies and procedures that address key operational, financial, legal, and market risks, including information system risk, financial reporting risk, human resources risk, and anti-corruption risk. These policies are integral to our internal control framework, which is periodically reviewed to ensure effectiveness and alignment with our strategic objectives.

To further enhance our risk management capabilities, we have implemented internal control procedures designed to systematically identify, assess, and prioritize material risks, including ESG-related risks, through structured risk and opportunity analysis. This ongoing process supports our commitment to maintaining sufficient risk oversight and fostering a culture of compliance throughout the organization. To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [REDACTED], we have implemented, or will continue to implement, among other things, the following risk management measures:

- establish an Audit Committee to review and supervise our financial reporting process and internal control system. For the qualifications and experience of the committee members, see “Directors and Senior Management”;
- adopt various policies to ensure compliance with the Listing Rules, including, but not limited to, aspects related to risk management and connected transaction;
- provide training periodically to our senior management and employees on professional behavior requirements and ethics standards to enhance their knowledge of, and compliance with, applicable laws and regulations and include relevant policies against non-compliance in our employee discipline measures and supervision guidelines;
- organize training sessions for our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies [REDACTED] in Hong Kong;
- enhance our reporting and records system for production facilities, including centralizing their quality assurance and safety management systems and conducting regular inspections of the facilities;
- establish a set of emergency procedures in the event of major quality-related issues; and
- provide enhanced training programs on quality assurance and product safety procedures.

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We have engaged an internal control consultant to conduct a general internal control review in relation to the [REDACTED]. It’s associated with our major business processes to identify deficiencies and areas for improvement, provide recommendations, and review the implementation status of these remedial actions. We also conduct periodic reviews of our policies and procedures to mitigate risks and align with regulatory requirements and business objectives.

AWARDS AND RECOGNITIONS

The following table sets forth major awards and recognitions we received as of the Latest Practicable Date:

Award/Recognition	Award Year	Awarding Institution/Authority
Zhejiang AITEK – 2025 Annual Innovation Award of Fine Alumina Industry (浙江愛科 – 2025年度精細氧化鋁行業創新獎)	2026	Zhuhai Mingding Technology Co., Ltd. (珠海銘鼎科技有限公司)
National Postdoctoral Research Workstation (國家級博士後科研工作站)	2026	Ministry of Human Resources and Social Security (人力資源和社會保障部)
Advanced-level Smart Factory of Jiangsu Province (江蘇省先進級智能工廠)	2025	Department of Industry and Information Technology of Jiangsu Province (江蘇省工業和信息化廳)
2023 Zhenjiang Municipal Industrial Development “Jinshan Award” (2023年度鎮江市產業發展“金山獎”)	2024	Zhenjiang Municipal People’s Government (鎮江市人民政府)
2024 National-level Green Factory (2024年國家級綠色工廠)	2024	Ministry of Industry and Information Technology of the People’s Republic of China (中華人民共和國工業和信息化部)
Shanghai Runshi – Municipal-level Specialized, Refined, Characteristic and Innovative Enterprise (上海潤勢 – 市專精特新企業)	2024	Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會)
2024 Jiangsu Province Gazelle Enterprise (2024年江蘇瞪羚企業)	2024	Jiangsu Provincial Productivity Promotion Center (江蘇省生產力促進中心)
Jiangsu Provincial Engineering Research Center for High-Gain Nano Metasurface Acoustic Materials (江蘇省高增益納米超構聲學材料工程研究中心)	2023	Jiangsu Provincial Development and Reform Commission (江蘇省發展和改革委員會)
China Good Technology (中國好技術)	2023	China Productivity Promotion Center (中國生產力促進中心)
National-level Specialized, Refined, Differential and Innovative Little Giant Enterprise (專精特新“小巨人”企業)	2023	Ministry of Industry and Information Technology of the People’s Republic of China (中華人民共和國工業和信息化部)
2022 Zhenjiang Municipal Science and Technology Innovation Mengxi Award (2022年鎮江市科技創新“夢溪獎”)	2023	Zhenjiang Municipal People’s Government (鎮江市人民政府)
Jiangsu Provincial Potential Unicorn Enterprise (江蘇潛在獨角獸企業)	2021	Jiangsu Provincial Productivity Promotion Center (江蘇省生產力促進中心)
Zhenjiang Municipal Engineering Technology Research Center for Acoustic Metasurface Materials (鎮江市聲學超構材料工程技術研究中心)	2020	Zhenjiang Municipal Bureau of Science and Technology (鎮江市科學技術局)