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OVERVIEW

We are the global leader and pioneer in mica-based composite materials and related products for new energy applications, distinguished by our technological innovation and industry expertise. According to Frost & Sullivan, the global and China market sizes of mica products in the new energy sector were RMB4.7 billion and RMB3.9 billion in 2025, respectively. We ranked first globally and in China in the mica product market for the new energy sector in terms of revenue in 2025, with market shares of 22.7% and 12.7%, respectively. Leveraging our robust technological innovation capabilities, customer-centric collaborative R&D and globally integrated lean manufacturing capabilities, we have established ourselves as a leading provider of advanced mica-based composite materials and related products for the new energy sector. Our mica-based composite materials and related products are designed to provide thermal protection, flame-retardant insulation and electrical safety, and are primarily applied in new energy vehicles, household appliances and fire-resistant cable applications. Leveraging our cross-sector expertise in precision processing technologies and our close alignment with customer requirements, we have successfully expanded our business from mica products into key precision structural components for robotics. Looking ahead, as policies and safety standards become more stringent, downstream sectors are placing greater emphasis on safety. At the same time, advances in product performance and technology are enabling mica products to meet a broader range of application requirements. As a result, the use of mica products in the new energy sector is expected to expand into more scenarios, further increasing our addressable market.

As an industry pioneer, we have focused on the R&D and production of mica materials for over two decades. Capitalizing on the rapid development of the new energy sector, we entered the NEV and energy storage sectors at an early stage, accurately identifying market opportunities and providing high-quality mica products for new energy applications. According to Frost & Sullivan, mica products began to see preliminary application in the power battery and energy storage sectors in 2012, and gradually achieved scaled adoption after 2016. Our Company commenced the research and development of mica products for new energy applications in 2013. Through the continuous accumulation of customer insights, we have deepened our understanding of industry trends and customer requirements. Supported by technological innovation and guided by customer requirements, we provide customers with comprehensive assurance across the value chain, from collaborative R&D to high-quality product delivery. We have focused on continuously enhancing product quality, improving operational efficiency, optimizing customer experience and exceeding customer expectations, thereby creating long-term and stable value for our global customers.

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We have achieved notable results in market position, R&D innovation, manufacturing capabilities and customer accumulation. The following table sets forth our leading market position and key business highlights:



Notes:

- (1) According to Frost & Sullivan, in terms of revenue in 2025.
- (2) As of the Latest Practicable Date.
- (3) According to Frost & Sullivan, the world’s top five NEV manufacturers are ranked based on sales volume in 2025, while the top five power battery suppliers and top five energy storage suppliers are ranked based on revenue in 2025.

We focus on technological innovation and precise market insight, leveraging our industry-leading position to provide customers with comprehensive assurance and collaborative R&D across the value chain. We strengthen lean manufacturing and product quality, ensuring timely and high-quality delivery as well as robust assurance services, thereby deepening stable partnerships with leading global customers. Internationally, we have established a deep-processing base in Vietnam and a production base in Thailand, which was undergoing trial production as of the Latest Practicable Date. We also plan to further expand

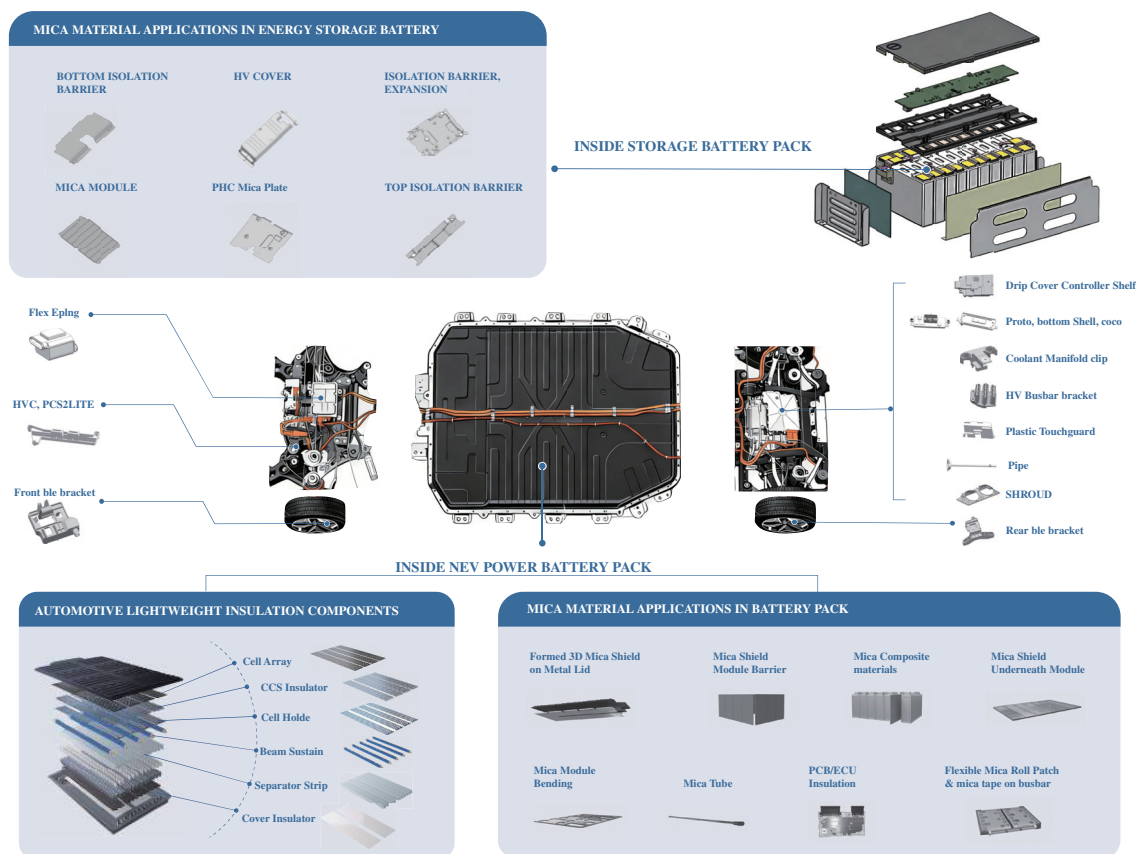
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the production capacity of our Thailand production base to expand our global footprint and enhance our overseas manufacturing and delivery capacity. As of the Latest Practicable Date, our products were sold in more than 40 countries and regions worldwide.

Drawing on our established technological and manufacturing strengths and our quality customer resources in mica materials, we have strategically entered the market of key precision structural components for robotics through acquisitions. We will continue to strengthen product R&D and refine manufacturing processes in this segment, aiming to achieve large-scale and stable supply and to build a robust foundation for our key precision structural components business. At the same time, we are actively exploring new application scenarios for key precision structural components, such as their applications in robotics, commercial low-altitude economy and new types of industrial engineering applications, to comprehensively enhance our core competitiveness and drive sustainable growth.

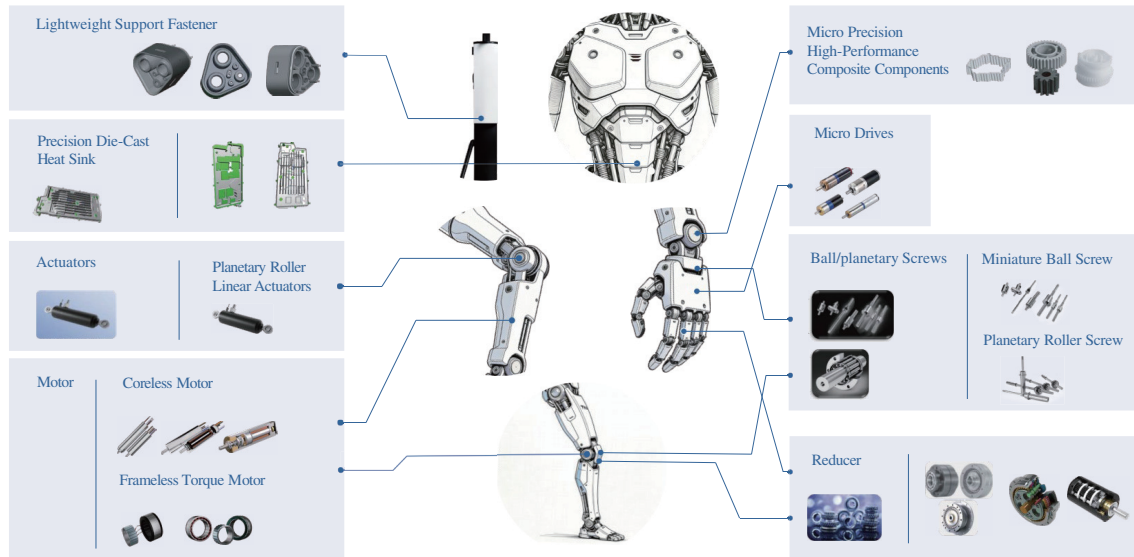
Our Product Portfolio

The following diagram illustrates our mica-based composite materials and related products for new energy applications:



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The following diagram illustrates our precision structural components and related products for key robotics applications:



Our Milestone

Since our conversion into a limited liability company in 2004, we have focused on the research, development, production and sales of mica-based composite materials and related products. Over the past two decades, we have expanded our product applications from home appliances and cables to the new energy sector. Through ongoing technological innovation and close collaboration with leading customers, we have consistently strengthened our R&D and manufacturing capabilities, further consolidating our industry leadership.

Our key development milestones are as follows:



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Our Collaborations with Leading Customers

We have developed a deep understanding of customer requirements and can accurately identify new market opportunities, providing customers with end-to-end collaborative R&D and timely delivery. Through years of collaboration with leading industry participants, we have built a strong reputation and earned the trust of our customers, supporting a strong base of top-tier customers.

In NEV applications, we have established long-term and stable business relationships with globally renowned NEV manufacturers and Tier-1 automotive component suppliers. In the power battery sector, we maintain partnerships with leading global power battery manufacturers. In energy storage battery applications, we have formed long-term cooperation with globally recognized energy storage battery suppliers. In addition, we also serve leading customers in other industrial applications, including home appliances and cables. We have established relationships with leading global humanoid robot manufacturers and certain NEV manufacturers. We are actively exploring new industry application areas and, going forward, will continue to focus on the development and delivery of products centering on core precision structural components and their extended assemblies and modules.

We adopt a customer-oriented approach, underpinned by technological innovation, to provide customers with products of outstanding quality, deepen existing customer relationships, expand our customer base and enhance our core competitiveness and market influence.

Our Financial Performance

During the Track Record Period, our revenue, results of operations and profitability continued to improve. Our revenue increased by 41.8% from RMB800.3 million in 2023 to RMB1,134.8 million in 2024, and further increased by 21.2% to RMB1,375.8 million in 2025. Our revenue increased by 56.9% from RMB572.5 million in the six months ended June 30, 2025 to RMB898.4 million in the six months ended June 30, 2026. Our gross profit increased by 28.7% from RMB282.3 million in 2023 to RMB363.4 million in 2024, and further increased by 25.3% to RMB455.3 million in 2025. Our gross profit increased by 60.6% from RMB190.2 million in the six months ended June 30, 2025 to RMB305.5 million in the six months ended June 30, 2026. Our gross profit margin was 35.3%, 32.0%, 33.1%, 33.2% and 34.0% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Our net profit increased by 34.0% from RMB171.8 million in 2023 to RMB230.3 million in 2024, and further increased by 22.7% to RMB282.6 million in 2025. Our net profit increased by 26.3% from RMB123.7 million in the six months ended June 30, 2025 to RMB156.3 million in the six months ended June 30, 2026.

OUR STRENGTHS

Established Operating History and Application Know-how in Mica-Based Composite Materials for New Energy Applications

Since our conversion into a limited liability company in 2004, we have focused on insulation materials and developed operating experience in mica-based composite materials and related products. Our high-temperature insulation products were initially used primarily in home appliances, cables and industrial applications. As downstream application requirements evolved, we expanded our product applications to NEVs, energy storage systems and other new energy applications.

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Through our experience in material formulation, product processing and customer-specific application requirements, we have developed mica-based composite materials and related products for multiple application scenarios, including NEV passenger vehicles, NEV commercial vehicles, power batteries and energy storage systems. Our products are designed to provide thermal protection, flame-retardant insulation and electrical safety, and are adapted to different battery cells, modules, battery packs and other customer application systems.

Our long operating history and application know-how allow us to respond to evolving product specifications, safety requirements and application scenarios in the new energy sector. According to Frost & Sullivan, we ranked first globally and in China in the mica product market in the new energy sector in 2025 in terms of revenue, with market shares of 22.7% and 12.7%, respectively.

Technology-Driven Collaborative R&D with Customers

Foundational Research-Anchored R&D Platform

We focus on technological innovation as the driving force for sustainable development. We have built a platform-based strategic R&D system that integrates in-house R&D, expert-led cooperative R&D and joint R&D with universities and research institutes, enabling continuous progress in foundational material science and product innovation. Our Zhejiang headquarters hosts a provincial-level enterprise technology center, a provincial key enterprise research institute, a provincial-level industrial design center and a provincial high-tech enterprise R&D center, which are government-recognized R&D platforms established to support sustained research activities, applied research and technology commercialization on an institutional basis. We also maintain long-term, close R&D collaborations with the Zhejiang Tsinghua Yangtze River Delta Research Institute, Zhejiang University of Technology, Tongji University Zhejiang College and Jiaying University (used to known as Jiaying College (嘉興學院)).

In 2018 and 2021, our self-developed projects “High-weather-resistant Mica Composite Insulation Materials for NEVs” and “R&D and Industrialization of High-insulation and Refractory Mica Composite Materials for High-power Induction Furnaces” were recognized as Zhejiang provincial key high-tech product development projects.

In 2023, we led the development of “Insulation Silicone Foam Mica Board” and “Flexible Coating Mica Composite Materials,” which were recognized as Zhejiang provincial industrial new product development projects. Together, these achievements demonstrate our strong and sustained R&D capabilities across foundational research, technology industrialization and continuous product innovation. Leveraging years of foundational research and application-driven innovation, we have led or participated in the formation of 12 national, industry or group standards. As of the Latest Practicable Date, we held 283 patents in the PRC, including 74 invention patents, 201 utility model patents and eight design patents.

We place great emphasis on R&D team development under this platform-based structure, with four dedicated R&D teams:

- Products for NEV applications, focusing on power battery insulation and thermal runaway protection solutions;
- Home appliance and industrial products, supporting optimization of our traditional businesses;

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- New materials, pursuing foundational material research and new technologies in specialized domains;
- Key precision structural components, focusing on core component technologies and products for robotics.

Customer-Driven, End-to-End R&D Collaboration

We implement R&D innovation based on customer needs and market insight, engaging throughout the customer development cycle. We participate from the early design stage, working closely with customers on component design, matching solutions, prototype development, mold design, module development and fitness testing across NEV, energy storage and traditional industrial applications. Supported by advanced laboratory and testing capabilities, our R&D team works end-to-end from product design through validation and development, integrating technical expertise and advanced manufacturing processes with customer requirements to deliver a collaborative R&D model that enhances competitiveness and fosters long-term customer partnerships.

In the new energy sector, we have developed numerous model-specific products adapted to different customer platforms and battery pack structures, and continue to iterate these offerings, earning strong recognition from leading global OEMs and top energy storage suppliers. In robotics applications, we design and develop precision structural components and related joint modules, and maintain stable cooperation with leading global humanoid robot manufacturers. Through collaborative R&D, we have delivered motors, linear actuators, transmission components, gearboxes and auxiliary components, to customers in the field of robotics, while advancing our robotics key components toward greater functionality and modularization. This collaborative approach has enabled us to build deep, long-term partnerships and foster strong customer loyalty.

Lean Manufacturing and Comprehensive Quality Management, Enabling Timely and Reliable Product Delivery

Continuous Optimization of Production Efficiency

We focus on lean manufacturing and have accelerated the development of intelligent manufacturing facilities, enhancing the digitalization, informatization and automation of our operations.

Through advanced information management, our global supply chain and production lines are seamlessly integrated, enabling flexible line configuration, precise cost control and improved production efficiency. We maintain long-term, stable partnerships with global suppliers of key raw materials such as mica ore, ensuring stable sourcing and price visibility.

Our production lines support numerical and intelligent control across mold design, material flow and precision processing. Our manufacturing processes are mature and stable, operated by experienced professional technical personnel and supported by advanced production and testing equipment. The lean manufacturing model shortens production cycles, reduces material waste and lowers defect rates, enabling us to continuously optimize cost control and enhance production efficiency while maintaining consistent product quality.

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Stringent Quality Management System and Full-Process Traceability

We adhere to a quality-first philosophy and have established a stringent quality management system with standardized controls to ensure consistently stable and reliable product quality. As of the Latest Practicable Date, we had obtained IATF 16949 automotive quality management, the automotive-specific quality management system standard mandating defect prevention and supply-chain consistency, ISO 9001 quality management, ISO 14001 environmental management and ISO 45001 occupational health and safety certifications. Our products had passed major international certifications, including UL certification, and complied with applicable regulatory and conformity requirements, such as FDA, RoHS and REACH.

In 2021, our thermal runaway protection insulation components received Zhejiang’s “Pin” quality mark certification; in 2022, “Glory Mica” was recognized as a “Zhejiang Export Famous Brand”; in 2022, our product “Hard phlogopite board for NEVs” was included in the Zhejiang “Manufacturing Excellence” list. We operate a digitalized full-process traceability system based on blockchain technologies, enabling real-time tracking of product information from raw material input to finished-product delivery, and utilize batch identification, process records, in-process quality inspections and labeling throughout the manufacturing process to support product-level traceability. Customers can access detailed product information, specifications, parameters, raw material inspection reports and finished product inspection reports via product barcodes.

We continuously upgrade our quality management practices, exploring advanced quality improvement methods to further enhance product reliability and stability. Our relentless pursuit of quality has earned us a strong reputation and high recognition from global partners.

Integrated Domestic and Overseas Manufacturing Footprint for Cost Efficiency and Global Market Responsiveness

Domestic Production Bases for Cost Efficiency

We have established production bases in Jiaxing, Zhejiang and Yueyang, Hunan, forming an integrated manufacturing network that supports cost efficiency, supply chain coordination and scalable production. By locating manufacturing close to upstream supply sources for production materials and downstream customers, we are able to optimize logistics, reduce procurement and transportation costs and enhance overall supply chain responsiveness.

Our Jiaxing base has been continuously upgraded and optimized, with a focus on lean manufacturing, standardized processes and capacity integration. Our newly invested NEV safety components capacity expansion project at this site has commenced production, which increased domestic production capacity and further enhanced economies of scale through higher utilization, standardized production lines and consolidated procurement. This scale-up strengthens our cost competitiveness while supporting consistent quality and delivery for high-volume applications. Our Yueyang base focuses on the R&D, production and sales of mica boards and other products, serving as a key upstream integration platform for high-temperature insulation products. In 2023, to support business growth, we invested in a new energy mica product manufacturing project for the production of mica boards in Yueyang, Hunan Province. The project has completed construction and commenced trial production in September 2025, and is expected to complete overall acceptance and commence full-scale commercial production in 2026. Together, our Jiaxing and Yueyang facilities enable large-scale, integrated production of mica-based materials and components, supported by lean manufacturing

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practices and coordinated capacity planning. This integrated and scaled domestic manufacturing footprint underpins our cost advantages, supports consistent product quality and provides a solid foundation for serving both domestic and international customers efficiently.

Overseas Deep-Processing and Production Bases with Extensive Sales Channel Networks

Since our inception, we have placed strong emphasis on developing overseas markets. Through years of sustained effort, our products have gained broad market recognition, and are sold across Asia, Europe and Americas. To further strengthen our global market presence and support overseas demand, we have established international sales networks and local operational capabilities in key markets, including Singapore, Germany, Sweden and the United States, covering major customer regions. In parallel, we have progressively developed overseas manufacturing and deep-processing capabilities to support the globalization of our manufacturing capacity in line with the electrification trend in the automotive industry. We commenced operations at our deep-processing and manufacturing base in Vietnam, which serves as our overseas hub for assembling mica-based composite products from semi-finished boards and paper materials. As of the Latest Practicable Date, our Thailand production base was undergoing trial production, further expanding our international manufacturing capacity for mica products and precision structural components.

Our global manufacturing and deep-processing footprint, together with our extensive sales networks, bring us closer to local customers and enable us to better understand their needs and market trends. By leveraging localized supply chains and production, we are able to deliver high-quality products to global customers more quickly and efficiently. This structure also allows us to respond promptly and effectively to fluctuations in overseas demand and supply chain conditions.

Stable Partnerships with Leading Global Customers, Jointly Advancing Industry Innovation

Our products are widely adopted by leading global customers across the new energy, automotive, industrial and robotics sectors, and have received broad recognition and high evaluation from premium customers. Through deep and stable cooperation, we have continuously strengthened our relationships with these key customers, enabling us to anticipate and respond to evolving market needs and drive sustained growth. We have received multiple supplier and quality awards, including “Best Supplier,” “Excellence in Quality,” “Quality Collaboration” and “Sustainable Development” from well-known European and Asian automobile manufacturers.

Our NEV-related business serves three of the world’s top five NEV manufacturers, and, in the power battery and energy storage sectors, we maintain long-term cooperation with four of the world’s top five power battery suppliers and three of the world’s top five energy storage suppliers. In industrial applications, we work closely with leading customers in the home appliance and cable industries. In robotics, we have built strong partnerships with leading global humanoid robot manufacturers and certain NEV manufacturers, and we continue to develop new products for customers in the embodied intelligence sector, focusing on core precision components and related modules.

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Building on the recognition of our products and services, we pursue collaborative R&D with our customers. Through forward-looking technology planning, product development and system solution innovation, we maintain ongoing interactions with customers, promptly addressing technical challenges and meeting emerging needs. This mutual empowerment enables us and our customers to jointly explore frontier technologies and industry innovation, fostering a mutually beneficial, collaborative and dynamic industry ecosystem.

Strategic Expansion into Robotics Precision Components, Building a Synergistic Second Growth Engine

Backed by sustained R&D capabilities and a track record of reliable product quality, we have developed solid technical foundations, mature manufacturing processes and a diversified customer base across multiple industries. Based on our assessment of industry value chains and technology pathways, we identified strategic opportunities arising from the commonality of precision processing technologies and the alignment of customer requirements between our existing businesses and emerging robotics applications. Leveraging these synergies, we have expanded into robotics precision components, forming a complementary business line that supports diversified growth alongside our core operations.

In 2025, we completed the acquisition of Dizi Precision, a domestic manufacturer specializing in precision structural components. The acquisition was undertaken to strategically extend our manufacturing capabilities from mica-based materials and components into precision structural components, particularly for robotics and advanced automation applications. Dizi Precision’s products are widely used in applications such as robotics, medical equipment, 3C electronics, semiconductors and precision actuators. Through this acquisition, we expanded our involvement in precision structural component manufacturing within the robotics supply chain.

Robotics applications place increasingly stringent requirements on precision, reliability and consistency of key precision structural components. Such products typically involve high manufacturing thresholds and process expertise, creating natural barriers to entry. By integrating Dizi Precision’s manufacturing capabilities with our existing engineering experience, supply chain resources and quality management systems, we are able to support the development and delivery of key precision structural components for robotics applications in an orderly and disciplined manner.

Building on our established customer relationships and operational foundation, we have steadily expanded our presence in the robotics segment, enriched our product offerings and deepened cooperation with customers. The integration of Dizi Precision enables closer coordination between our mica-based material business and precision structural component manufacturing, including through the provision of integrated product offerings in application scenarios such as NEVs and robotics, where customers may procure both mica-based component materials and key precision structural components within the same project or system. This facilitates cross-selling opportunities, shared customer engagement and more efficient resource utilization. We leverage our established customer relationships in the new energy sector to introduce precision structural component products to customers with evolving needs. During the Track Record Period, certain customers, including a leading global electric vehicle manufacturer, procured both our mica-based products and precision structural components, evidencing the initial commercialization of such cross-selling. Customer engagement is centrally managed, with our Group responsible for customer interface and sales, and Dizi Precision focusing on product development and manufacturing, enabling efficient customer coverage and resource allocation. In addition, we realize operational synergies across procurement, manufacturing and quality control, including centralized procurement of partially

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shared components to optimize costs and integrated production management through MES, WMS and ERP systems. Supported by our integrated supply chain, material research capabilities and lean manufacturing experience, we believe this strategic expansion positions us to cultivate a second growth curve while maintaining operational stability and long-term development resilience.

Experienced, Professional and Forward-Looking Management Team with Strong Accountability

Our management team is composed of seasoned professionals with deep industry experience, a pragmatic management style and a strong sense of responsibility. Members of our management team have been engaged in the high-temperature insulation mica materials industry for decades, leading our R&D, technology, manufacturing and market functions with a combination of technical expertise and practical insight. Under their leadership, we have achieved stable organic growth and delivered outstanding results of operations.

Our management team’s extensive industry experience brings a forward-looking vision and the ability to anticipate and adapt to industry trends. We have a proven track record of timely adjusting and refining our development strategies and business layouts in response to market direction and customer needs. This agility has enabled us to seize market opportunities through strategic acquisitions, such as the integration of Dizi Precision, and resource consolidation, enriching our product portfolio and expanding our business footprint.

Our management team’s commitment to innovation and operational excellence is reflected in our continuous investment in R&D, intelligent manufacturing and global expansion. We have built a culture that encourages accountability, collaboration and high performance, which has been instrumental in maintaining our leading position in the industry and supporting our long-term sustainable development.

OUR STRATEGIES

Expand Lean Manufacturing Capacity and Sustain Market Leadership

We focus on expanding our global production capacity for mica products in the new energy sector to capture the rapid growth of the NEV, power battery and energy storage markets, and to further consolidate our market leadership.

To support this growth, we will continue to expand our global manufacturing footprint and enhance localized production capabilities. In Thailand, our production base in Nong Yai was undergoing trial production as of the Latest Practicable Date. We plan to further expand the production capacity of our Thailand production base to support future large-scale production and stable delivery. By strengthening our supporting supply chain, warehousing and logistics systems, we aim to reduce operational complexity, improve efficiency and better manage global trade dynamics and raw material price volatility. See “Use of [REDACTED].”

In parallel, we will continue to advance lean manufacturing across our global production bases through disciplined investment in intelligent factory construction. By optimizing supply chain and production line coordination, introducing advanced production and testing equipment and upgrading local workforce capabilities, we will further enhance digitalization, automation and process control. These initiatives are expected to support more precise cost management, higher production efficiency and consistent product quality, reinforcing our competitive position in the global market.

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Accelerate R&D and Product Iteration, and Deepen Collaborative R&D with Customers

We will continue to strengthen foundational technology research, enhance our R&D industrialization capabilities and accelerate the iteration of mica-based composite materials and related products and key precision structural components. We will integrate internal and external R&D resources, deepen our technical advantages and participate more actively at the forefront of the value chain through collaborative R&D and process optimization with customers.

In the new energy sector, we will continue to align with the electrification trends of global automotive OEMs, consolidate and expand our NEV product portfolio and maintain close dialogue with both existing and new customers to accelerate product upgrades. In robotics, we will focus on core precision components and extend to modules and assemblies, providing systematic support to leading global robot manufacturers and broadening application scenarios for our robotics business.

Strengthen Global Marketing Network and Expand Customer Base

We operate with a market- and customer-oriented approach, continuously deepening our global footprint and advancing our globalization strategy to better serve international customers and capture new market opportunities. Our global marketing and service network covers the United States, Germany, Sweden, Singapore and Thailand, enabling us to respond rapidly to customer needs and industry trends worldwide.

To further consolidate our market share and expand our influence, we are actively building and optimizing sales and service channels in major overseas markets, including Europe and the Americas. We are also investing in digital marketing, localized customer support and after-sales service systems to enhance customer engagement and satisfaction.

By leveraging our strong brand reputation, comprehensive product portfolio and proactive marketing efforts, we have established long-term partnerships with leading global NEV manufacturers, power battery and energy storage suppliers and robotics firms. We will continue to strengthen our global marketing network, accelerate the development of new and overseas customers and broaden our market reach, ensuring that we remain at the forefront of the industry and drive sustainable growth.

Enhance Global Operational and Management Efficiency through Coordinated Domestic and Overseas Operations

We will implement informatized and intelligent management approaches in group management, cross-company communication and coordination to improve operational efficiency and overall management effectiveness. Using high-efficiency intelligent software, we will continue to invest in information systems across R&D, production, human resources, financial management, administration, marketing and visualized process management to make remote collaboration easier, facilitate smoother employee communication and raise overall group management standards.

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Increase Investment in Mica-Based Composite Materials and Key Precision Structural Components to Support Long-Term Growth

We have already established a presence in robotics key precision structural components through strategic acquisitions, enriching our product matrix, enabling more comprehensive customer solutions and creating greater value. We will continue to analyze industry ecosystems and value, leverage advantages in process commonality and customer correlation, evaluate the coupling and synergy of our strengths and identify new directions and fields that can bring strategic value. Through strategic investments or acquisitions, we aim to achieve vertical deepening and horizontal integration of industry value.

OUR BUSINESS MODEL

We specialize in the R&D, production and sales of (i) high-temperature resistant mica-based composite materials and related products and (ii) key precision structural components. Our business is driven by technological innovation, close customer collaboration and integrated supply chain management, underpinned by our commitment to delivering advanced electrical and thermal insulation products to leading manufacturers worldwide, primarily in the new energy sector. Our product portfolio primarily comprises (i) mica-based composite materials and related products for new energy sector and other applications, and (ii) key precision structural components for robotics and other advanced automation applications. Leveraging collaborative R&D, lean manufacturing and a global supply chain and service network, we support customers through customized product development, enabling us to respond efficiently to their requirements on safety, performance and cost.

During the Track Record Period, we generated revenue primarily through the sales of mica-based composite materials and related products, including safety component for NEVs, flame-retardant insulation parts for home appliances and flame-retardant insulation tapes for cables, among others. Following our acquisition of Dizi Precision in June 2025, we expanded our product portfolio to include precision structural components and began generating revenue from the sales of precision structural components, primarily for robots and advanced automation applications. For revenue breakdown by product categories, see “Financial Information — Description of Major Components of our Results of Operations Revenue — Revenue by Product Categories.”

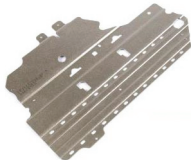
OUR PRODUCTS

We provide a range of advanced mica-based composite materials and related products and key precision structural components used mainly across NEVs, home appliances, cables and robotics. Our mica-based composite products deliver thermal protection, flame-retardant insulation and electrical safety mainly for NEVs, home appliances and cables. For NEVs, our solutions cover all battery-system levels, cells, modules and packs, offering safety components, precision-machined mica parts, boards, rolls, tubes and lightweight insulation that meet strict fire resistance and electrical standards, with additional applications in energy storage battery systems in non-NEV sectors. We collaborate with major NEV manufacturers early in development to align with evolving technical and regulatory needs. For home appliances, we supply mica heaters, boards, rolls and tailored components that ensure reliable thermal management for microwave ovens, hair dryers, electric cookers, toasters and smart toilets. In cables, our mica tapes provide robust fire-resistant insulation for specialty cables, ensuring durability and compliance with international requirements.

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In addition, we manufacture key precision structural components primarily for robots and advanced automation applications. Our capabilities span the entire process from design and development to mass production, supported by advanced computer numerical control equipment and flexible manufacturing systems. These products include lightweight frames, transmission modules, and other structural parts tailored for robotics and intelligent manufacturing. Leveraging our expertise in mold design, precision machining, and modular integration, we provide customized and project-based offerings that enable close collaboration with customers’ R&D processes and ensure responsiveness to evolving requirements across the robotics value chain. Through advanced R&D, flexible manufacturing and close collaboration with our customers, we integrate these products into system-level offerings that deliver superior performance, reliability and compliance with international safety standards. Our expertise in material science and engineering allows us to provide tailored, advanced mica-based composite materials and key precision structural components that support innovation and long-term value creation for our clients in high-value industries.

The following chart presents our key application scenarios and related products:

Key Application Areas	Products	Use Cases	Illustration
NEV	Thermal runaway protection insulation components, lightweight structural components and other mica-based products	Thermal runaway protection and electrical insulation for battery cells, modules, battery packs and entire vehicles; insulation and structural support for autonomous driving systems, energy storage systems and low-altitude aircraft	
Home Appliances . . .	Mica heaters, mica boards, mica rolls and precision-machined mica components	Flame-retardant insulation for home appliances with heating functions, including microwave ovens, hair dryers, electric cookers, toasters and smart toilets	
Cable	Mica tapes	Flame-retardant insulation protection for cables and specialty cables	
Robotics Applications	Motors, linear actuators, transmission components, gearboxes and auxiliary components	High-precision motion control and structural components for robotics and automation equipment	

The following table sets forth our key operating metrics for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Shipment volume ⁽¹⁾ (tons) . . .	19,184	25,785	27,035	15,590
Number of customers during the period ⁽²⁾	1,281	1,350	1,904	1,476

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Notes:

- (1) Shipment volume in 2025 and the six months ended June 30, 2026 included the shipment volume of precision structural components of Dizi Precision following the completion of its acquisition in June 2025.
- (2) The number of customers in 2025 and the six months ended June 30, 2026 included all customers of Dizi Precision following the completion of its acquisition in June 2025.

Our customer base remained relatively stable with a gradual upward trend during the Track Record Period. In addition, shipment volume increased significantly from 19,184 tons in 2023 to 27,035 tons in 2025, and reached 15,590 tons in the six months ended June 30, 2026, primarily due to higher sales of mica-based composite materials and related products.

Mica-based Composite Products and Related Products

Our offerings span both new energy and non-new energy sectors, addressing diverse customer needs in safety, insulation and system reliability. Building on our core mica-based material technologies, we have developed a comprehensive product portfolio that serves distinct application scenarios across these sectors.

Our mica-based composite materials constitute an important part of this product portfolio. These materials are engineered around natural or synthetic mica, which provides the core thermal resistance, fire resistance and electrical insulation performance required across our application scenarios. In production, mica is combined with resin-based adhesive systems, such as silicone- or epoxy-based binders, and, where appropriate, reinforcing materials including glass fibre cloth or polymer films, to achieve the necessary mechanical characteristics and processability. The fire-resistant and high-temperature performance of our products is primarily determined by the mica substrate, changes in adhesive content would generally not materially affect such performance, but may affect the strength and structural integrity of the product. Different mica types and resin systems may affect the fire-resistant and high-temperature performance of our products, as well as their mechanical characteristics and cost structure, depending on the application scenario. For risks related to the material cost, please refer to “Risk Factors — Risks Relating to Our Business and Industry — Our reliance on third-party suppliers for production materials may expose us to risks relating to supply chain disruptions, quality control or non-compliance, which may harm our business.” There is no industry-wide standard prescribing a uniform minimum mica content for a product to be considered “mica-based.” Instead, product formulations vary depending on the intended application and the required thermal, fire-resistant, electrical insulation and mechanical performance.

Mica-based composite materials and related products primarily comprise mica-based products, and also include certain ancillary or supporting components that are not based on mica as the principal material or functional component. These ancillary or supporting components are made primarily from engineering plastics or elastomer materials for structural, sealing or protective purposes, are integrated together with our mica-based composite materials in end-use systems, and are not marketed or sold separately as standalone products.

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The following table sets forth the breakdown of shipment volumes and average selling prices of our mica-based composite materials and related products for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,	
	2023		2024		2025		2026	
	Sales Volume	ASP	Sales Volume	ASP	Sales Volume	ASP	Sales Volume	ASP
<i>(Sales volume in tons, ASP in RMB'000/ton)</i>								
Mica-based composite materials and related products								
Products for NEV applications⁽¹⁾								
Thermal runaway protection insulation components	9,844	58.3	14,526	60.8	17,341	60.3	9,952	61.3
Lightweight structural components	2	147.0	104	146.8	126	141.4	572	153.6
Products for non-NEV applications								
Home appliances	5,705	19.7	6,355	18.9	5,189	20.4	2,685	18.9
Cables	2,170	24.1	2,515	23.1	2,593	23.2	1,110	23.8
Other products ⁽²⁾	1,440	30.5	2,149	19.9	1,717	25.9	1,249	19.3
Key precision structural components⁽³⁾								
Motor ⁽⁴⁾	—	—	—	—	N/A	N/A	N/A	N/A
Linear actuators	—	—	—	—	5	8,180.7	5	8,458.5
Transmission Components	—	—	—	—	12.4	2,890.1	12	3112.4
Gearboxes ⁽⁴⁾	—	—	—	—	N/A	N/A	N/A	N/A
Auxiliary Components ⁽⁴⁾	—	—	—	—	N/A	N/A	N/A	N/A
Others⁽⁵⁾	23	756.9	136	117.8	52	224.4	4	818.5
Total	19,184	41.7	25,785	44.0	27,035	50.9	15,590	57.6

Note:

- (1) Mica-based products, including tapes and plates, were included in thermal runaway protection insulation components and lightweight structural components.
- (2) Other products primarily included products applied in industrial, rail transportation, 3C, general machinery and other industry applications.
- (3) The ASP of key precision structural components in 2025 was relatively higher, primarily due to variations in product sizes, models and technical specifications. The relatively lower sales volume during the year/period was mainly attributable to the lighter weight of such precision components, which also contributed to the relatively higher ASP. Accordingly, the ASP may not be fully representative.
- (4) The production and sales volumes of our key precision structural components are measured based on the weight of key transmission components (i.e. screws), and the unit price is therefore calculated on a per-weight basis. In contrast, motors, gearboxes and auxiliary components do not include such screws, and we do not measure or track these products on a weight basis. As such, the relevant weight information and unit price are not applicable on a per-weight basis for these products.
- (5) Others primarily comprised primary mica products and scrap.

Products for NEV applications

We focus on mica-based safety and insulation solutions for the new energy sector, with an emphasis on enhancing battery thermal runaway protection and electrical insulation performance. Leveraging high-performance mica-based composite materials, we provide a range of products serving distinct functions within battery systems, including thermal runaway protection insulation components and lightweight structural components. Our thermal runaway protection insulation components are primarily designed to provide thermal barrier protection and electrical insulation, while our lightweight structural components are primarily designed to provide structural support, positioning and lightweight integration. Our products cover the

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full spectrum from individual cells and modules to battery packs and complete systems. We offer end-to-end customization to meet requirements for safety, durability and sustainability across different application scenarios, supported by rapid technical assistance throughout the project lifecycle to ensure efficient implementation. To deliver these advanced products, we rely on a portfolio of high-performance mica-based composite products, including thermal runaway protection insulation components, lightweight structural components and other mica-based materials and related products.

Thermal Runaway Protection Insulation Components

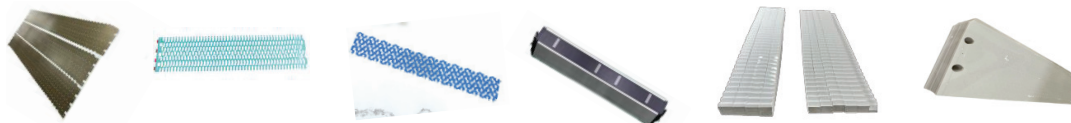


Our precision-engineered thermal runaway protection insulation components are primarily designed for power battery systems in new energy vehicles, with additional applications in energy storage battery systems in non-NEV sectors. During the Track Record Period, revenue attributable to thermal runaway protection insulation components applied in battery energy storage and other non-NEV application scenarios remained below 2% of the revenue from thermal runaway protection insulation components in each year. These components include shrouds, coolant manifold clips, anti-drip covers, controller brackets, flexible insulation covers and formed three-dimensional mica protection panels. They are developed using mica and high-performance resin-based composite materials through compression-molding processes.

These components maintain structural integrity under extreme thermal and electrical conditions, providing exceptional high-temperature resistance and electrical insulation performance. Their primary function is to provide thermal barrier protection and electrical insulation within battery systems, particularly during thermal runaway events. Their superior mechanical strength and resistance to chemical exposure, including acids and alkalis, ensure long-term durability in the demanding environments of new energy vehicles.

With fully customizable dimensions and precise tolerance control, our products can be tailored to specific battery system configurations, enabling accurate integration and reliable insulation within battery modules and packs. This adaptability allows our solutions to effectively support the safety, stability and performance requirements of next-generation power battery systems and energy storage battery applications.

Lightweight Structural Components



We provide a specialized range of lightweight structural components designed for advanced electric vehicles, ensuring superior thermal and electrical protection while supporting structural integrity and weight reduction. These advanced components are primarily designed to support structural integration, mechanical stability and lightweight design under normal operating conditions, covering multiple critical areas within the battery system. In particular, our products include battery array insulation barriers for cell-to-cell thermal isolation and electrical safety, CCS charging interface insulators for the protection of high-voltage connectors and fast-charging interfaces, cell support frames that provide

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lightweight yet high-strength support for secure cell positioning and vibration resistance, reinforced crossbeam support elements that enhance module rigidity and mechanical stability, thin separator strips that improve module-to-module safety and thermal management, and flame-retardant upper cover insulation sheets that provide protection against heat and electrical hazards.

These components are engineered to provide essential mechanical support and insulation during routine operation of battery systems, contributing to overall system stability, efficiency and weight optimization. By integrating these mica-based composite materials and related products, such as cell holders, beam sustain elements, cover insulation products and flexible mica roll patches, automotive manufacturers can achieve optimal safety, efficiency and lightweight design for electric vehicle battery packs. Our components are tailored to meet stringent industry standards and customer-specific requirements, delivering reliability and performance for modern NEV platforms.

Other Mica-based Products



We offer a comprehensive range of mica tapes and mica plates, which serve as foundational insulation materials for NEV battery systems and other advanced applications. These products are engineered to meet stringent fire-resistance, electrical insulation and mechanical performance standards, supporting the safety and reliability of battery modules, packs and related components.

Mica tapes are advanced fire-resistant insulation materials manufactured using high-quality synthetic, phlogopite or calcined mica paper, reinforced with glass fiber cloth or polymer films. They provide critical fire barriers and insulation layers within battery cells, modules and packs, effectively isolating and protecting against thermal runaway. Mica tapes exhibit exceptional fire resistance, withstanding temperatures of no less than 750 °C and maintaining insulation integrity at 1,000 V for up to 90 minutes. Their superior mechanical strength and flexibility ensure reliable performance during high-speed wrapping and integration into complex battery geometries. Mica tapes are resistant to acids, alkalis and aging, and are compliant with RoHS and REACH regulations. Available in various thicknesses, widths and extended lengths, they support large-scale NEV battery production and ensure compliance with international fire-resistance standards (IEC60331, BS6387).

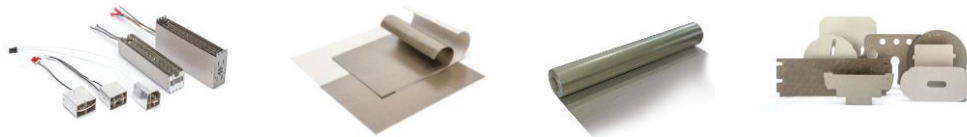
Mica plates are high-performance laminated insulation materials available in rigid, flexible, glossy and extra-thick variants. In NEVs, mica plates function as structural insulation panels, separators and protective barriers within battery assemblies, including module bottom shields, formed 3D mica shields and cover insulation products, as illustrated in our product applications. These plates deliver outstanding high-temperature and insulation performance, with dielectric strength of up to 15 kV/mm and reliable insulation at 500-1,000 °C. Their mechanical properties include high flexural strength, hardness and elasticity, making flexible plates suitable for integration into complex battery designs. Mica plates are environmentally safe, free from toxic substances and emit no harmful gases at high temperatures. They can be machined or cut to bespoke shapes, ensuring seamless integration into diverse NEV battery configurations.

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By integrating mica tapes and mica plates into NEV battery systems, automotive manufacturers can achieve robust fire protection, electrical insulation and structural reliability, supporting optimal safety and performance for advanced electric vehicles.

Products for non-NEV applications

Home Appliances



We offer a comprehensive range of mica-based insulation products for home appliances with heating functions. Our portfolio includes mica heaters, boards, rolls and precision-machined mica components, all designed to provide flame-retardant insulation and reliable thermal management tailored to the specific requirements of modern home appliances. These products are widely used in applications such as microwave ovens, hair dryers, electric cookers, toasters and smart toilets. Engineered for exceptional fire-resistant performance, our mica-based insulation ensures user safety and compliance with stringent appliance standards, even under repeated high-temperature cycles. With high dielectric strength and thermal stability, our products maintain insulation integrity and operational reliability throughout the product’s lifecycle. The customizable shapes and integration options support diverse appliance designs, enabling seamless incorporation into compact or complex assemblies. All of our home appliance insulation components are free from toxic substances and fully compliant with RoHS and REACH regulations. By integrating our mica-based heaters, insulation panels, rolls and custom-machined parts, appliance manufacturers can achieve superior safety, energy efficiency and design flexibility, meeting evolving consumer expectations for both performance and reliability in the home appliance sector.

Cables



We also provide a specialized portfolio of mica-based insulation materials for flame-retardant and other specialty cables, supporting critical infrastructure and industrial safety. Our cable insulation products, including mica tapes are engineered to deliver robust flame-retardant protection and reliable electrical insulation in demanding environments. These materials are widely adopted in fire-resistant power cables and specialty cables for industrial, commercial and transport applications. With outstanding flame-retardant and insulation performance, our mica-based materials ensure cable integrity and operational safety under extreme temperature and voltage conditions. Their superior mechanical strength and flexibility facilitate efficient cable wrapping and installation, supporting both large-scale manufacturing and custom cable designs. Our products are resistant to acids, alkalis and aging, and are fully compliant with RoHS and REACH regulations. Available in a range of thicknesses, widths and lengths, they can be tailored to meet diverse cable specifications and project requirements. By integrating our mica-based tapes, cable manufacturers can achieve reliable flame-retardant insulation, meet international fire-resistance standards such as IEC60331 and BS6387 and safeguard critical systems against fire hazards. Our products empower clients to deliver high-performance, safety-compliant cables for modern infrastructure and industrial needs.

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Key Precision Structural Components

We offer a comprehensive portfolio of key precision structural components and motion control products for robots and advanced automation applications. Our product range includes motors, linear actuators, transmission components, gearboxes and other auxiliary components, all engineered to deliver high performance, reliability and integration flexibility for intelligent robotics.

Motors



Our frameless motors and brushless coreless cup motors are designed for collaborative robots, humanoid robots and high-end automation systems. Frameless motors cover stator diameters from 14 to 200 mm and feature segmented concentrated windings, high-grade silicon steel and premium magnets, achieving efficiency of over 92% and power density up to 38 NŁm/kg. These motors are vacuum-potted for durability and compact integration. Brushless coreless motors are available in various diameter specifications, with customizable lengths and gearbox ratios, delivering ultra-low noise, high power-to-weight ratio and rapid dynamic response for robotics and precision automation.

Linear actuators



Our robot linear actuators combine thrust bearing, hollow motor, roller screw, encoder, seal and housing in a compact, integrated architecture. Available in models with diameters of 30 mm, 50 mm, and 58 mm, these linear actuators deliver thrust outputs of 50 kg, 400 kg, and 800 kg, respectively, supporting linear joints from the arms to the legs. They offer superior efficiency, low noise and micro-vibration for smooth posture control, and are customizable for diverse joint requirements. Additional linear actuator offerings include compact linear actuators (such as PRMC30, Z-axis actuator, SLS miniature linear actuator and SSD miniature screw electric actuator), each engineered for space-constrained installations, high thrust, precision motion and closed-loop servo integration.

Transmission Components



Our miniature ball screws and planetary roller screws enable high-efficiency power transmission and precise motion control in robotic joints. Miniature ball screws are manufactured down to 1.4 mm diameter, achieving C1 grade accuracy for micrometer-level positioning, while planetary roller screws cover diameters from 4 mm to 180 mm, optimized for heavy-load actuation and high-frequency operations. These components are produced using advanced grinding and inspection processes to ensure dimensional uniformity and stable performance.

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Gearboxes



We provide miniature precision gearboxes designed for high-accuracy transmission in space-constrained installations. Gear modules reach a minimum of 0.075 mm, with outer diameters from 6 to 100 mm, supporting high load capacity, low noise and long-life, reliable operation. These precision gearboxes can be paired with same-size stepper motors, brushed and brushless DC motors or coreless motors, and are customizable for reduction ratios and torque to meet diverse application requirements.

Auxiliary Components



Our portfolio also includes micro drives and precision die-cast heat sinks, among others, supporting efficient power transmission and thermal management for robotics. By integrating these precision-engineered products, robotics and automation manufacturers can achieve superior performance, reliability and scalability for collaborative robots, humanoid robots and intelligent manufacturing platforms.

OUR TECHNOLOGIES

Our core technologies are the foundation of our leadership in the high-temperature insulation and fire protection materials industry, enabling us to deliver advanced products for NEVs, energy storage batteries, specialty cables and industrial applications. Our core technologies are protected by a robust intellectual property portfolio and are continuously advanced through internal R&D and industry collaboration. They enable us to deliver reliable, high-performance and customizable insulation and fire protection products for the world’s most demanding applications. Key product and manufacturing technologies include:

Integrated Lamination and Composite Technology

Utilizing self-developed silicone resin systems and multi-layer lamination processes, we produce a wide range of rigid and flexible mica composites. By integrating mica paper with glass fiber cloth, ceramic fiber and high-performance polymer films, we achieve products with superior fire resistance, mechanical strength and customizable thickness profiles. This technology forms the foundation of our high-performance mica plates, mica tapes and structural parts.

Three-Dimensional Forming and Molding Technology

We have pioneered three-dimensional hot-pressing and integrated molding techniques, overcoming the inherent brittleness and low ductility of traditional mica materials. According to Frost & Sullivan, our Company commenced relevant technology research and development in 2018 and obtained the relevant national invention patent certificates during the period from

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2021 to 2022. This allows for the manufacture of complex, multi-surface and multi-cavity insulation components, particularly for battery modules and electrical drive systems in NEVs. Our technology supports the production of seamless, high-strength and precisely shaped mica parts.

Fire-Resistant Mica Tape Production and Coating

Our continuous production lines employ modified silicone resin impregnation, precision coating and high-temperature drying to manufacture mica tapes that maintain insulation integrity at 1,000 °C and 1,000 V for up to 90 minutes. These tapes meet or exceed IEC 60331 and BS 6387 international fire-resistance standards and are widely used in fire-resistant cables for critical infrastructure.

High-Performance Mica Tube and Epoxy Laminate Technology

We have developed advanced formation technologies for mica tubes, significantly enhancing their dielectric and mechanical properties. Our in-house epoxy lamination processes enable the production of large-scale, high-strength insulating boards for demanding industrial and energy applications.

Functional Mica-Based Composite Material Development

Through the integration of mica with vermiculite, ceramic fibers and nano-materials, we have created new composite materials with enhanced strength, insulation and lightweight properties. These innovations expand the application of mica-based materials and related products into emerging fields such as energy storage, robotics and advanced industrial automation.

High-Precision Micro-Transmission Manufacturing

We have developed advanced manufacturing processes for miniature ball screws, planetary roller screws and micro gearboxes, enabling ultra-miniaturization and extreme accuracy for robotic joints and actuators. Utilizing high-precision internal and external thread grinding, multi-process heat treatment and full gear profile inspection, we achieve screw diameters as small as 1.4 mm and gear modules down to 0.08 mm. These processes ensure micrometer-level positioning accuracy (up to JIS C0 grade for ball screws), minimal transmission error and consistent quality across large-scale production, supporting the demanding requirements of robots and precision automation.

Integrated Compact Actuation Architecture

Our proprietary integration technology combines thrust bearings, hollow motors, roller screws, encoders, seals and housings into a single, highly compact actuator module. This one-piece architecture eliminates external couplers, significantly reduces installation volume and enhances structural stability by minimizing error and wear. The result is a new generation of linear actuators and motion modules that deliver high thrust output, rapid dynamic response and long-term reliability for robot joints and other space-constrained applications.

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Advanced Motor Winding and Assembly Technologies

We employ segmented concentrated winding, multi-strand winding with PCB end connections and vacuum potting with epoxy resin to produce frameless and coreless motors with exceptional efficiency, power density and durability. Kevlar-reinforced rotors and integrated sealing processes further enhance environmental resistance and operational lifespan. These technologies enable our motors to improve efficiency and power density, and achieve ultra-low noise and vibration, supporting high-performance collaborative robots, humanoid robots and precision automation systems.

RESEARCH AND DEVELOPMENT

We implement an R&D strategy that combines market orientation with technological innovation, ensuring the preservation of our traditional business advantages while expanding into new areas. Our R&D team consists of dedicated talent focusing on developing and commercializing our products, which helps maintain our technological advantages and market competitiveness. As of June 30, 2026, our R&D team consisted of 187 personnel. Our R&D process is standardized and includes project application and approval, research project implementation and management, final evaluation and the transformation and protection of technological achievements. Our products are continuously iterated and upgraded in line with market demand and technological progress. There is no material difference in the R&D capabilities required for developing mica composite materials and related products compared to key precision structural components and related products. During the Track Record Period, our research and development expenses amounted to RMB45.1 million, RMB61.3 million, RMB65.5 million, RMB26.4 million and RMB47.6 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 39.4%, 44.1%, 37.3%, 35.6% and 38.8% of our total operating expenditure, which included selling and marketing expenses, administrative expenses and research and development expenses for the respective periods.

R&D Process

Our product development process is built on a structured and safety-oriented framework, with each stage designed to ensure that our core self-developed technologies meet stringent reliability and performance standards. The R&D workflow incorporates rigorous validation and integration checkpoints throughout, supporting efficient and high-quality product delivery. The overall R&D process is divided into the following key phases:

- *Project Initiation.* Formal approval of new product development projects based on market demand and strategic direction.
- *Design Phase.* Definition of technical architecture, materials selection and process planning tailored to application requirements.
- *Prototype Development.* Fabrication of prototypes and initial samples for functional and performance assessment.
- *Testing and Validation.* Comprehensive testing of prototypes, including electrical, thermal, mechanical and safety evaluations.

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- *Final Evaluation and Approval.* Review of test results and technical performance to confirm readiness for commercialization.
- *Technology Transformation and Protection.* Transfer of validated designs to production, with systematic protection of intellectual property.

Each phase is managed by dedicated teams and subject to strict internal controls, ensuring that our products consistently achieve industry-leading standards for quality and reliability.

SALES AND MARKETING

We have adopted a direct sales model to sell products to leading NEV manufacturers, major home appliance enterprises, cable manufacturers and trading companies. Leveraging our sales network, we effectively expand sales opportunities for our products and increase brand awareness. This approach also allows us to accumulate valuable market and process expertise, focusing on R&D-driven strategies to refine our products and nurture customer relationships. We have earned the strong loyalty of these customers who are willing to maintain a stable business relationship with us.

We have established a comprehensive sales and marketing network covering both domestic and international markets, covering over 40 countries and regions worldwide, ensuring extensive market coverage and diverse customer touchpoints. Our overseas sales are primarily generated through exports from China. Entities and individuals engaged in foreign trade or the import and export of goods shall comply with PRC laws and regulations, including the Foreign Trade Law of the People’s Republic of China (《中華人民共和國對外貿易法》), the Regulations of the People’s Republic of China on the Administration of the Import and Export of Goods (《中華人民共和國貨物進出口管理條例》), the Export Control Law of the People’s Republic of China (《中華人民共和國出口管制法》), as well as the Catalogue of Goods Prohibited from Export (《禁止出口貨物目錄》) and the Catalogue of Goods Prohibited from Import (《禁止進口貨物目錄》) issued from time to time by the competent authorities for import and export.

During the Track Record Period, our export products primarily consisted of mica-based composite materials and related products. As advised by our PRC Legal Advisor, our products were not subject to export control restrictions under PRC laws and regulations during the Track Record Period and up to the Latest Practicable Date. Nor have we been notified by our customers of any control restrictions under PRC laws and regulations in connection with their purchase of our products.

Our revenue derived from exports to Vietnam amounted to RMB1.3 million, RMB2.3 million, RMB2.9 million, RMB1.4 million and RMB1.2 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, and we are not aware of any export restrictions applicable to such exports. For revenue contribution from overseas markets, see “Financial Information — Description of Major Components of our Results of Operations Revenue — Revenue by Geographic Region.”

Sales Team and Network

As of June 30, 2026, our sales team consisted of 91 personnel with strong technical knowledge of our product applications and experience in the electrical materials industry. We provide systematic training covering product technology and sales processes, regular technical training and participation in industry conferences to stay abreast of the latest trends.

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Domestically, our sales team works closely with major customers, particularly in the new energy sector, where we participate in early-stage R&D and provide after-sales warehousing and on-site support. Overseas sales and technical support teams are responsible for customer maintenance and technical consultation, while cross-border coordination meetings are held regularly to synchronize project progress and address customer needs.

We are strengthening our global sales and service network by expanding our presence across Asia, Europe, the Americas and other key regions. This diversified sales deployment brings us closer to local customers and enhances our responsiveness across major markets.

Pricing

Our pricing policy is mainly based on a cost-plus approach. In determining prices, we consider raw material, processing and labor costs, technical differences, customer requirements, supply chain dynamics, procurement strategies, expected gross margin for each product and the competitive landscape in the relevant market. This methodology is consistently applied across both new energy and robotics sectors to ensure that prices accurately reflect actual costs and targeted profitability.

Certain sales, including those involving large institutional or enterprise customers, are secured through structured procurement processes that may involve competitive bidding or negotiation. For international customers, pricing is typically determined through direct discussions and long-term commercial arrangements, reflecting prevailing market conditions and the nature of the business relationship.

We maintain open communication with customers regarding changes in raw material prices, logistics costs and exchange rates and negotiate pricing adjustments as needed. Our pricing strategy is reviewed regularly to ensure alignment with market trends and business objectives. Our pricing is not subject to government guidance or regulatory restrictions, allowing us to respond flexibly to evolving customer needs and market conditions.

Marketing

We leverage our strong brand reputation, comprehensive product portfolio and proactive marketing efforts to drive order acquisition. We target NEV manufacturers and other accounts, supported by tailored promotional strategies according to customer tier and product line. The marketing team plays a central role in enhancing brand visibility and promoting our proprietary insulation and fire protection products through technical exchanges, product showcases and joint development initiatives with leading customers in the new energy sectors. We actively participate in industry exhibitions and technical forums, both domestically and internationally, to demonstrate our technological capabilities and product innovations. Our marketing strategy emphasizes customized offerings, cost efficiency and end-to-end responsiveness, differentiating us from foreign competitors through a lean cost structure and rapid service cycles. At the same time, we build competitive advantages among domestic brands by delivering superior product quality, technical expertise and continuous innovation.

After-Sales and Warranty

We provide practical after-sales support to customers across all business lines. Our approach emphasizes prompt communication and assistance, ensuring that customer inquiries and requests are addressed efficiently. For orders requiring ongoing technical support or follow-up, we engage with customers as needed to resolve issues. We provide essential after-sales services, including maintenance of customer-specific molds, throughout the

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applicable warranty period or such other service period as contractually agreed with our customers. Such ongoing technical support and follow-up primarily relate to orders for both mica-based composite materials and key precision structural components, which require continuous technical assistance during the trial production and mass production phases. Customers are also provided with compliance documentation and testing reports to meet regulatory and quality requirements.

Our sales, after-sales and technical teams maintain regular communication to ensure customer feedback is addressed promptly. For customized or significant orders, we assemble dedicated teams as necessary to manage the entire process, from requirements confirmation through to delivery and post-delivery support. Effective coordination and issue resolution are achieved through ongoing communication and digital platforms. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material sales returns, any contract terminations or material losses arising from after-sales matters, and we did not experience any material product liability incidents.

OUR PRODUCTION

Production Bases

As of June 30, 2026, we operated a network of production bases in China and internationally, including the Jiaxing Production Base, Yueyang Production Base, Shanghai Production Base and the Vietnam Advanced Processing Base. We have obtained all material permits and licenses required for our self-owned production sites and operate such facilities in compliance with applicable laws and regulations. Our facilities provide integrated manufacturing capabilities for a range of products, including mica-based composite materials and key precision structural components, thereby ensuring stable supply, enhanced production efficiency and rigorous quality control.

The following table sets forth the key information of our production bases as of June 30, 2026:

Production Base	Main Products	Gross Floor Area (sq.m.)
Jiaxing Production Base	Mica-based composite products	166,363
Yueyang Production Base	Mica materials	89,606
Shanghai Production Base	Precision structural components	12,523
Vietnam Advanced Processing Base ⁽¹⁾ .	Mica-based composite products	8,149

Note:

- (1) The Vietnam advanced processing base is dedicated exclusively to downstream assembly operations, whereby mica-based composite products are assembled using semi-finished boards and paper materials supplied by us. As the facility does not perform any independent upstream manufacturing or deep-processing activities, it is excluded from our production capacity calculations to avoid double counting, given that the assembled output has already been fully reflected in the manufacturing capacity of our principal production bases.

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Our production bases comprise both self-owned and leased properties. The Jiaxing Production Base includes both self-owned and leased premises, the Yueyang Production Base operates entirely on self-owned land and premises, while the Shanghai Production Base and the Vietnam Advanced Processing Base operate on leased properties. We have obtained all material permits and licenses required for our self-owned production sites in compliance with applicable laws and regulations. During the Track Record Period, five lease agreements were not registered for filing. See “Properties — Leased Properties.” Save as disclosed above, our Directors confirm that, we have obtained all material approvals and completed the necessary procedures for our production facilities, and as advised by our PRC Legal Advisor, the non-registration of such lease agreements does not affect their validity under PRC law and is not expected to have a material adverse effect on our business.

The following table sets forth the designed production capacity, actual production volume and utilization rate of our production bases for the years/periods indicated:

	Year ended December 31,									Six months ended June 30,		
	2023			2024			2025			2026		
	Designed production capacity ⁽¹⁾	Actual production volume ⁽²⁾	Utilization rate ⁽³⁾	Designed production capacity ⁽¹⁾	Actual production volume ⁽²⁾	Utilization rate ⁽³⁾	Designed production capacity ⁽¹⁾	Actual production volume ⁽²⁾	Utilization rate ⁽³⁾	Designed production capacity ⁽¹⁾	Actual production volume ⁽²⁾	Utilization rate ⁽³⁾
<i>(production volume in tons; utilization rate in percentage)</i>												
Jiaxing Production Base . . .	15,000	12,271	81.8	15,740	15,106	96.0	17,314	13,513	78.0	9,732	7,969	81.9
Yueyang Production Base . . .	11,100	8,025	72.3	12,600	11,982	95.1	16,400	14,931	91.0	10,200	9,352	91.7
Shanghai Production Base . . .	—	—	—	—	—	—	17	12	73.9	21	18	85.7
Total	26,100	20,296	77.8	28,340	27,088	95.6	33,731	28,456	84.4	19,953	17,338	86.9

Notes:

- (1) The designed capacity for the year/period is calculated based on the following assumptions: (i) all production lines operate at full capacity; (ii) for our production facilities in Jiaxing, operations are assumed to run for 310 days per year, with daily operating hours of 22 hours; and (iii) for our production facility in Yueyang, operations are assumed to run for 310 days per year, with daily operating hours of 22 hours; (iv) for our production facility in Shanghai, operations are assumed to run for 310 days per year, with daily operating hours of 10 hours. The assumed daily operating hours are determined with reference to the actual shift arrangements and effective equipment utilization at each production base, with the Jiaxing and Yueyang production bases operating on a two-shift basis (22 hours) and the Shanghai production base operating primarily on a single daytime shift (10 hours).
- (2) The actual production for the year/period refers to the total volume of products produced during that year/period.
- (3) The utilization rate for the year/period equals the actual production volume divided by the designed production capacity for the same year/period.

Production schedules and plans are formulated in accordance with customer demand forecasts, inventory levels and facility utilization rates. We maintain robust internal policies to ensure compliance with applicable national and international standards, and conduct regular inspections, maintenance and repairs of our production equipment. A strict reporting system is in place for all incidents and equipment malfunctions, with comprehensive records maintained. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material disruptions to our production activities or any material incidents of disruption at our production facilities.

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Our principal products are manufactured entirely in-house, and we retain full ownership over all products produced at our facilities. We do not engage subcontractors for the production of our core product lines, allowing us to uphold consistent quality standards across our operations. During the Track Record Period, third-party manufacturers were engaged on a limited basis for certain processing steps within our production process, including mould processing, outsourced extrusion of PC/PBT pellets into rolls, die-cutting after mica lamination, and certain injection moulding processes, with related costs of nil, RMB1.1 million, RMB1.4 million, RMB1.4 million and RMB4.9 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing nil, 0.1%, 0.2%, 0.2% and 0.8% of our cost of sales.

Production Process

The principal steps of the production process applicable to our major products include product design, raw material procurement, manufacturing, quality inspection and packaging and delivery. Our production activities are structured around several key product categories.

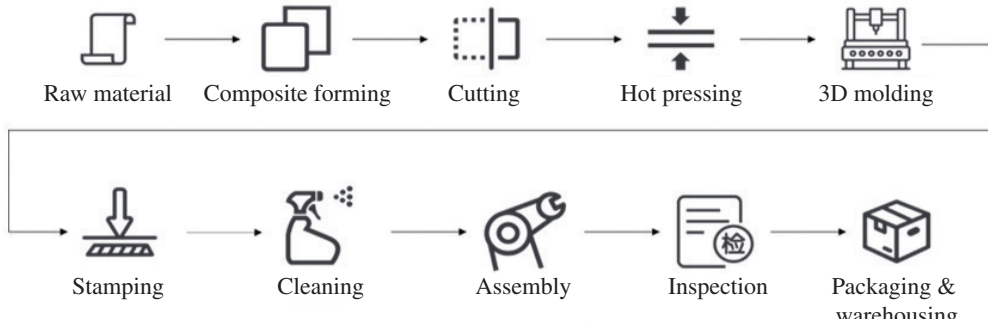
Prior to our entry into the electric vehicle sector, our core business focused on the production and sale of mica materials, which are categorized as rigid and flexible mica products. The initial stages of production for both types are largely consistent, comprising adhesive application, coating, cutting, lamination and drying, after which the processes diverge according to the specific material type. Following our entry into the electric vehicle industry, we have implemented an enhanced and more comprehensive materials analysis and performance verification process to support increasingly complex and diversified production requirements. We have expanded our material testing capabilities from single halogen-content analysis to full-element testing using X-ray fluorescence spectroscopy, and from mechanical performance testing under ambient conditions to dynamic mechanical analysis across varying temperatures, complemented by microstructural and morphological characterization through scanning electron microscopy with energy-dispersive spectroscopy, thereby providing a more precise basis for tailored production. In line with these technological upgrades, the physical form of our mica materials has evolved from traditional flat sheets and rolls to three-dimensional structures, and we have progressively adopted more advanced and refined molding processes within our production flow.

In recent years, driven by the rapid development of the new energy sector, our products have been increasingly supplied to NEV manufacturers, and we provide both standard mica-based composite material and customized solutions incorporating assembled components to satisfy specific customer needs. We also adopt differentiated production strategies across product categories to ensure that our processes and offerings are tailored to the unique requirements of our customers and the industries we serve.

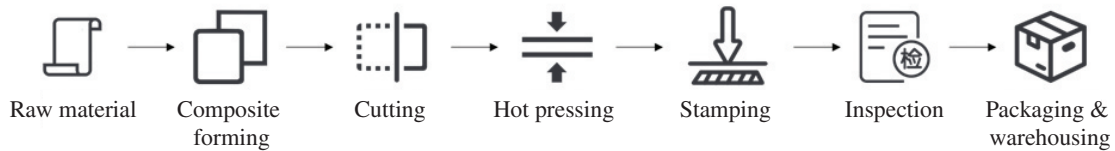
BUSINESS

The following diagram outlines the production process of our mica-based composite materials:

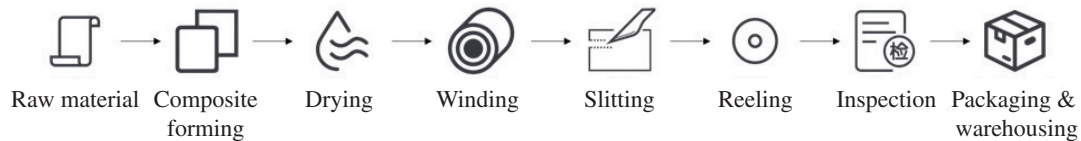
New energy sector



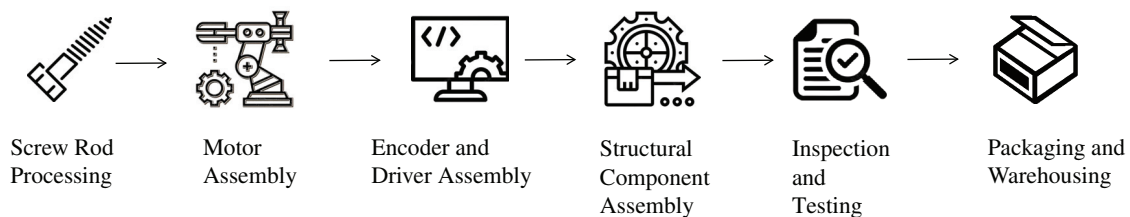
Home appliance



Cable



The following diagram outlines our production process of our key precision structural components:



Production Expansion Plan

As part of our efforts to establish a stronger manufacturing presence in Southeast Asia, have established a production base in Thailand, which was undergoing trial production as of the Latest Practicable Date. The Thailand production base has a planned land area of approximately 85,985 sq.m. The construction work commenced in May 2025, with completion anticipated by March 2026. Upon reaching full production capacity, the facility is designed to have an annual production capacity of approximately 18,000 tons, comprising mica products and new composite materials. The Thailand facility is expected to enhance the production capacity of products serving our new energy and robotics application segments, and is currently planned to primarily support the production of thermal runaway protection insulation components, lightweight structural components, roller screw components and motor-related products.

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OUR SUPPLY CHAIN MANAGEMENT

Our Procurement

We primarily procure mica, fiberglass cloth, chemicals, adhesive tapes and foam materials, packaging materials, and other ancillary materials to support our manufacturing operations. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our material costs amounted to RMB236.4 million, RMB419.2 million, RMB483.5 million, RMB189.2 million and RMB334.3 million, respectively.

For our key raw material, mica, we procure natural mica and synthetic mica paper separately. Natural mica is a mineral ore extracted from natural sources and may contain varying ore contents and impurities depending on its source. Synthetic mica is an artificially produced mica material manufactured from chemical raw materials through high-temperature manufacturing processes, and is not made from natural mica ore. While natural mica and synthetic mica generally exhibit comparable fire-retardant performance, they differ primarily in composition and structural characteristics, and both are capable of meeting the required heat resistance and performance standards in their respective applications.

The pricing of natural mica is primarily influenced by mining sources, ore quality, extraction and purification costs, transportation costs and market supply and demand. The pricing of synthetic mica is mainly driven by raw material costs, manufacturing processes, technical complexity, energy consumption and economies of scale.

During the Track Record Period, our mica-based products were predominantly derived from natural mica, and synthetic mica paper accounted for only approximately 1.0% of our mica-related material costs in each year/period during the Track Record Period.

We adopt a systematic procurement process covering supplier selection, contract execution, order management, quality inspection and payment settlement. Supplier evaluation criteria include qualifications, technical capabilities, quality performance, cost competitiveness, production capacity and delivery efficiency. For major raw materials, we typically enter into framework agreements supplemented by quality and compliance undertakings.

Our procurement model is primarily order-based and integrated with our Enterprise Resource Planning (“**ERP**”) system, which enables comprehensive planning based on customer forecasts, inventory levels and payment terms. We maintain safety stock and multiple supply routes for domestic and overseas deliveries to mitigate supply chain risks.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material supply shortages, delivery delays or price volatility, or any material disruptions in the supply of key raw materials or components, that materially affected our operations. We have implemented cost control measures through centralized and consolidated procurement, competitive bidding for large-volume purchases and annual cost-reduction targets linked to departmental KPIs.

To enhance transparency and efficiency, we operate ERP and supplier relationship management systems for procurement and supplier collaboration, enabling real-time synchronization of shipping notices and order information. We also enforce strict compliance protocols, including anti-bribery clauses and integrity agreements with all suppliers.

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The following is a summary of the salient terms of our agreements with major suppliers during the Track Record Period:

- *Product Specifications.* The contract specifies the product type, quantity, price, packaging and delivery location. The supplier is required to deliver products according to these specifications.
- *Payment and Delivery.* Following acceptance of the delivered goods and receipt of the corresponding VAT invoice at our factory, payment is generally made either within the same month or within 60 days. The supplier is responsible for delivering the products to the designated location and bears the transportation risks before delivery.
- *Quality Control.* The supplier must meet the agreed quality standards. If the products do not conform, the buyer may delay payment or deduct from the total amount.
- *Product Recall and Returns.* The buyer reserves the right to return or request replacement of products due to quality or specification issues, with associated costs borne by the supplier. Disputes are resolved through negotiation or, if necessary, legal proceedings.
- *Termination.* The contract becomes effective upon signing and stamping by both parties. Changes require mutual agreement. Termination does not affect the right to pursue remedies for losses.

Warehouses and Logistics

We maintain a centralized warehouse management system to support our production and supply chain operations. As of the Latest Practicable Date, our warehouse network comprised warehouses under our direct management and leased warehouses. We also engage third-party warehousing service providers as needed to supplement our storage capacity. These third-party warehousing services allow us to respond flexibly to fluctuations in demand and optimize our supply chain efficiency.

Our warehouses are managed through an ERP system, which enables real-time inventory tracking and ensures strict adherence to the first-in first-out principle. Barcode scanning technology is used to maintain consistency between physical stock and system records. We maintain safety stock for all critical materials and conduct monthly reviews to identify and address slow-moving inventory.

Inbound logistics for domestic procurement typically follow delivery terms under which suppliers bear transportation costs and risks. For overseas shipments, we engage licensed customs clearance service providers to ensure compliance with applicable regulations. Outbound logistics are handled by independent third-party service providers selected based on qualifications and competitiveness. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption or loss due to late delivery or mishandling by logistics service providers.

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Inventory Management

Our inventories primarily comprise raw materials, work in progress, finished goods and goods in transit. As of December 31, 2023, 2024, 2025 and June 30, 2026, our inventories were RMB171.0 million, RMB251.1 million, RMB378.4 million and RMB443.0 million, respectively. In 2023, 2024, 2025 and the six months ended June 30, 2026, our inventory turnover days were 118 days, 100 days, 125 days and 125 days, respectively.

We implement strict inventory control policies and a centralized management system to maintain optimal stock levels and minimize obsolete inventory. Inventory planning is based on production schedules derived from customer forecasts, typically three to six months in advance, and incorporates safety stock requirements for all critical materials. To prevent long-aged inventory, we conduct monthly reviews of slow-moving materials and implement corrective measures, including disposal plans and accountability tracking. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortages, obsolescence or losses due to inventory damage, loss or theft, nor any material claims arising from such events.

OUR CUSTOMERS

Our customers primarily comprise leading NEV manufacturers and battery manufacturers. In 2023, 2024, 2025 and the six months ended June 30, 2026, our revenue from the five largest customers in each year/period during the Track Record Period was RMB333.9 million, RMB480.7 million, RMB585.1 million and RMB428.5 million, respectively, accounting for 41.7%, 42.3%, 42.5% and 47.7% of our total revenue, respectively. In the same year/period, our revenue from the single largest customer in each year/period during the Track Record Period was RMB86.2 million, RMB140.8 million, RMB191.1 million and RMB103.5 million, accounting for 10.8%, 12.4%, 13.9% and 11.5% of our total revenue, respectively. For risks relating to our major customers, see “Risk Factors — Risks Relating to Our Business and Industry — We are subject to the risk of customer concentration, and our revenue could be adversely affected if we lose or are prevented from selling to any of our top customers.”

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The following tables set forth the details of our five largest customers in each year/period during the Track Record Period:

Six months ended June 30, 2026

No.	Customers	Background	Products sold	Revenue contribution (RMB'000)	% of our total revenue	Year of commencement of business relationship with us	Credit terms
1	Customer B	A leading Chinese company located in Fujian Province, China, listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange specializing in the development and manufacturing of lithium-ion batteries and energy storage solutions for electric vehicles and renewable energy systems.	Mica roll, mica plate	103,498	11.5	2019	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
2	Customer H	A Japanese trading company listed on Tokyo Stock Exchange and Nagoya Stock Exchange that engages in global procurement, logistics and supply chain management, providing a wide range of products and services to the automotive and industrial sectors.	Mica plate	103,105	11.5	2022	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
3	Customer I	A Korean company listed on the Korea Exchange with businesses covering electronics, chemicals, telecommunications and energy solutions.	Mica plate	83,013	9.3	2024	Payment due 60 days after invoice date, with settlement by bank transfer
4	Customer A	A Germany-based automotive company listed on the Frankfurt Stock Exchange that designs, manufactures and sells passenger and commercial vehicles, focusing on innovation and sustainable mobility solutions.	Mica plate	81,998	9.1	2020	Payment due 60 days after invoicing or receipt of goods, whichever is later, with settlement by bank transfer
5	Customer C	A private company in Korea that focuses on advanced battery technologies and energy solutions for electric vehicles and clean energy applications.	Mica plate	56,861	6.3	2022	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer
Total				428,475	47.7		

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Year ended December 31, 2025

No.	Customers	Background	Products sold	Revenue contribution (RMB'000)	% of our total revenue	Year of commencement of business relationship with us	Credit terms
1 . .	Customer B	A leading Chinese company located in Fujian Province, China, listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange specializing in the development and manufacturing of lithium-ion batteries and energy storage solutions for electric vehicles and renewable energy systems.	Mica roll, mica plate	191,078	13.9	2019	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
2 . .	Customer A	A Germany-based automotive company listed on the Frankfurt Stock Exchange that designs, manufactures and sells passenger and commercial vehicles, focusing on innovation and sustainable mobility solutions.	Mica plate	189,026	13.7	2020	Payment due 60 days after invoicing or receipt of goods, whichever is later, with settlement by bank transfer
3 . .	Customer D	A global company in the United States listed on NASDAQ that designs and manufactures electric vehicles, energy storage systems and clean energy products, driving innovation in sustainable transportation.	Mica plate	77,595	5.6	2016	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
4 . .	Customer C	A private company in Korea that focuses on advanced battery technologies and energy solutions for electric vehicles and clean energy applications.	Mica plate	72,366	5.3	2022	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer
5 . .	Customer H	A Japanese trading company listed on Tokyo Stock Exchange and Nagoya Stock Exchange that engages in global procurement, logistics and supply chain management, providing a wide range of products and services to the automotive and industrial sectors.	Mica plate	55,033	4.0	2022	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
Total				585,098	42.5		

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Year ended December 31, 2024

No.	Customers	Background	Products sold	Revenue contribution (RMB'000)	% of our total revenue	Year of commencement of business relationship with us	Credit terms
1..	Customer A	A Germany-based automotive company listed on the Frankfurt Stock Exchange that designs, manufactures and sells passenger and commercial vehicles, focusing on innovation and sustainable mobility solutions.	Mica plate	140,829	12.4	2020	Payment due 60 days after invoicing or receipt of goods, whichever is later, with settlement by bank transfer
2..	Customer B	A leading Chinese company located in Fujian Province, China, listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange specializing in the development and manufacturing of lithium-ion batteries and energy storage solutions for electric vehicles and renewable energy systems.	Mica roll, mica plate	136,670	12.0	2019	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
3..	Customer D	A global company in the United States listed on NASDAQ that designs and manufactures electric vehicles, energy storage systems and clean energy products, driving innovation in sustainable transportation.	Mica plate	99,390	8.8	2016	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
4..	Customer E	A global automotive company, a wholly owned subsidiary of a company listed on NASDAQ in Sweden, that produces passenger cars, emphasizing safety, quality and sustainable mobility solutions.	Mica plate	52,278	4.6	2020	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
5..	Customer C	A private company in Korea that focuses on advanced battery technologies and energy solutions for electric vehicles and clean energy applications.	Mica plate	51,498	4.5	2022	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
Total				480,665	42.3		

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Year ended December 31, 2023

No.	Customers	Background	Products sold	Revenue contribution (RMB'000)	% of our total revenue	Year of commencement of business relationship with us	Credit terms
1..	Customer D	A global company in the United States listed on NASDAQ that designs and manufactures electric vehicles, energy storage systems and clean energy products, driving innovation in sustainable transportation.	Mica plate	86,219	10.8	2016	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
2..	Customer E	A global automotive company, a wholly owned subsidiary of a company listed on NASDAQ in Sweden, that produces passenger cars, emphasizing safety, quality and sustainable mobility solutions.	Mica plate	81,812	10.2	2020	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
3..	Customer F	A private company based in Germany that specializes in composite materials and lightweight solutions for automotive, agricultural and industrial applications.	Mica plate	66,605	8.3	2020	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
4..	Customer B	A leading Chinese company located in Fujian Province, China, listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange specializing in the development and manufacturing of lithium-ion batteries and energy storage solutions for electric vehicles and renewable energy systems.	Mica roll, mica plate	57,957	7.2	2019	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
5..	Customer G	A private automotive company in Shanghai, China that designs, manufactures and sells passenger and commercial vehicles, focusing on innovation and sustainable mobility solutions.	Mica plate	41,283	5.2	2020	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
Total				333,876	41.7		

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As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year/period during the Track Record Period.

Below sets forth the salient terms of our agreements with customers:

- *Product specifications.* We provide customers with mica-based composite materials and related products and key precision structural products, and the specifications are subject to relevant purchase orders or agreements.
- *Delivery and acceptance.* Products are usually delivered to the customer’s designated business address.
- *Payment.* We usually use an installment or lump sum payment model. The payment time is generally 60-90 business days after the issuance of the invoice, and the specific agreement is subject to the contract.
- *Warranty and after-sales.* Our products are typically covered by warranties of three years or more, depending on product type, contractual commitments between the customer and its end customers, and any longer statutory or regulatory warranty periods that apply.
- *Confidentiality.* The parties to the contract must maintain the confidentiality of all commercial, technical and operational information obtained during the performance of the contract.
- *Termination.* In the event of material breach or failure to perform, the customer may terminate the contract; if the contract cannot be performed due to force majeure or other legal reasons, the parties may negotiate to terminate the contract.

Collaboration with Our Customers

We primarily serve corporate customers across new energy, home appliance, cable and robotics sectors, delivering highly customized mica-based composite materials and related products and key precision structural products that address complex technical requirements. Our engagement model emphasizes early-stage collaboration, typically commencing at the product development phase to ensure seamless integration with customer specifications and project milestones.

For both mica-based composite materials and key precision structural components, we adopt an interactive co-development process. By embedding this collaborative mechanism into the development workflow, we ensure that each product aligns precisely with performance objectives and compliance standards.

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To support long-term cooperation, we establish multi-year framework agreements with core customers, defining service scope, pricing structures and renewal or termination provisions. Our commercial and technical teams work in close coordination with customers to advance design, prototyping and rigorous validation, guaranteeing adherence to stringent reliability and regulatory benchmarks.

This integrated, customer-centric model enables us to deliver tailored offerings across diverse applications, from automotive systems to precision robotic parts, while maintaining flexibility to adapt to evolving technical requirements throughout the entire product lifecycle, from initial concept and engineering through to production and post-delivery support.

OUR SUPPLIERS

Our suppliers primarily consist of manufacturers and trading companies. In 2023, 2024, 2025 and the six months ended June 30, 2026, purchases from our five largest suppliers in each year/period during the Track Record Period were RMB101.3 million, RMB138.1 million, RMB155.2 million and RMB139.1 million, respectively, accounting for 30.7%, 27.7%, 30.4% and 35.8% of our total purchases, respectively. In the same year/period, purchases from our largest supplier in each year/period during the Track Record Period were RMB36.7 million, RMB42.0 million, RMB41.6 million and RMB69.0 million, accounting for 11.1%, 8.4%, 8.2% and 17.9% of our total purchases, respectively. For risks relating to our major suppliers, see “Risk Factors — Risks Relating to Our Business and Industry — Our reliance on third-party suppliers for production materials may expose us to risks relating to supply chain disruptions, quality control or noncompliance, which may harm our business.” During the Track Record Period, our overseas procurement primarily included foam tape, mica ore and precision components. Our major overseas suppliers were mainly located in regions including South Korea, Russia, and Hong Kong. Purchases from our overseas suppliers during the Track Record Period were RMB16.4 million, RMB28.3 million, RMB42.5 million and RMB19.5 million in 2023, 2024, 2025 and the six months ended June 30, 2026, accounting for 5.0%, 5.7%, 8.3% and 5.0% of our total purchases, respectively. To the best of our knowledge, we are not aware of any export control measures imposed on foam tape and mica ore by the countries and regions from which we imported such materials during the Track Record Period and up to the Latest Practicable Date; nor have we received any notice from any supplier regarding control restrictions on foam tape and mica ore under the laws and regulations of Chinese mainland or other relevant countries.

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The following tables set forth the details of our five largest suppliers in each year/period during the Track Record Period:

Six months ended June 30, 2026

No.	Suppliers	Background	Products/services provided to us	Purchase amount	% of our total purchase amount	Year of commencement of business relationship with us	Credit terms
				(RMB'000)			
1	Supplier E	A company in Guangdong Province, China that focuses on manufacturing eco-friendly and innovative packaging products for global markets.	Foam tape	68,996	17.9	2024	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
2	Supplier K	A company in Shandong Province, China that focuses on electronic chemicals and insulation materials for electronics, energy storage and new energy vehicles.	Silicone adhesive	24,851	6.5	2024	Payment due 90 days after the end of the month of invoice, with settlement by commercial bills
3	Supplier D	A company in Jiangsu Province, China that provides high-quality electronic components and technology solutions for diverse industries.	Foam tape	19,280	5.0	2021	Payment due 90 days after the end of the month of invoice, with settlement by commercial bills
4	Supplier A	A company in Hubei Province, China that focuses on developing advanced new materials for industrial and technological applications.	Silicone adhesive	13,276	3.4	2022	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
5	Supplier L	A company in Shanghai, China that focuses on manufacturing and selling adhesive tapes, electronic components and related materials for electronics and industrial applications.	Foam tape	12,684	3.0	2021	Payment due 120 days after the end of the month of invoice, with settlement by commercial bills
	Total			139,087	35.8		

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Year ended December 31, 2025

No.	Suppliers	Background	Products/services provided to us	Purchase amount	% of our total purchase amount	Year of commencement of business relationship with us	Credit terms
				(RMB'000)			
1.	Supplier A	A private company in Hubei Province, China that focuses on developing advanced new materials for industrial and technological applications.	Silicone adhesive, chemicals	41,609	8.2	2022	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
2.	Supplier D	A private company in Jiangsu Province, China that provides high-quality electronic components and technology solutions for diverse industries.	Foam tape	31,367	6.2	2021	Payment due 90 days after the end of the month of invoice, with settlement by commercial bills
3.	Supplier C	A company in Korea listed on KOSDAQ that specializes in advanced battery technology and sustainable energy solutions.	Foam tape	29,561	5.8	2022	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer
4.	Supplier B	A private company in Jilin Province, China that specializes in organic silicon products and innovative chemical solutions.	Silicone adhesive	27,884	5.5	2012	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
5.	Supplier E	A private company in Guangdong Province, China that focuses on manufacturing eco-friendly and innovative packaging products for global markets.	Foam tape	24,788	4.9	2024	Payment due 60 days after the end of the month of invoice, with settlement by bank transfer
	Total			155,209	30.4		

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Year ended December 31, 2024

No.	Suppliers	Background	Products/services provided to us	Purchase amount	% of our total purchase amount	Year of commencement of business relationship with us	Credit terms
				(RMB'000)			
1.	Supplier A	A private company in Hubei Province, China that focuses on developing advanced new materials for industrial and technological applications.	Silicone adhesive, chemicals	41,960	8.4	2022	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
2.	Supplier B	A private company in Jilin Province, China that specializes in organic silicon products and innovative chemical solutions.	Silicone adhesive	30,340	6.1	2012	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
3.	Supplier F	A private company in Zhejiang Province, China that provides high-performance adhesive technologies for diverse industrial uses.	Foam tape	24,761	5.0	2019	Payment due 90 days after the end of the month of invoice, with settlement by commercial bills
4.	Supplier G	A private company in Zhejiang Province, China that manufactures electrical materials and solutions for power and electronics industries.	Mica ore	20,997	4.2	2019	Payment due 30 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
5.	Supplier C	A company in Korea listed on KOSDAQ that specializes in advanced battery technology and sustainable energy solutions.	Mica tape	20,028	4.0	2022	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer
	Total			138,086	27.7		

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Year ended December 31, 2023

No.	Suppliers	Background	Products/services provided to us	Purchase amount	% of our total purchase amount	Year of commencement of business relationship with us	Credit terms
				(RMB'000)			
1.	Supplier A	A private company in Hubei Province, China that focuses on developing advanced new materials for industrial and technological applications.	Silicone adhesive, chemicals	36,695	11.1	2022	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
2.	Supplier B	A private company in Jilin Province, China that specializes in organic silicon products and innovative chemical solutions.	Silicone adhesive	29,960	9.1	2012	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
3.	Supplier H	A private company in Hunan Province, China that focuses on international trade and high-quality import and export services.	Mica ore	13,871	4.2	2019	Payment due 90 days after the end of the month of invoice, with settlement by commercial bills
4.	Supplier I	A private company in Jiangsu Province, China that specializes in advanced insulation materials for electrical and industrial applications.	Fiberglass cloth	10,519	3.2	2021	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
5.	Supplier J	A private company in Hunan Province, China that provides mica-based products and solutions for electronics and industrial sectors.	Mica paper	10,278	3.1	2005	Payment due 90 days after the end of the month of invoice, with settlement by bank transfer and commercial bills
	Total			101,323	30.7		

As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year/period during the Track Record Period.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

Supplier C was our customer during the Track Record Period and our major supplier in 2024, 2025 and the six months ended June 30, 2026. Supplier C is engaged in the manufacturing and supply of advanced industrial materials and components, with a strategic focus on the energy and automotive sectors. As our customer, Supplier C purchased mica products from us, with revenue of RMB5.8 million in 2024, accounting for 0.5% of our total revenue for the year, RMB10.9 million in 2025, accounting for 0.8% of our total revenue for the year, and RMB1.4 million in the six months ended June 30, 2026, accounting for 0.2% of our total revenue for the period. As our supplier, Supplier C provided us with raw materials,

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with purchase amounts of RMB20.0 million in 2024, representing 4.0% of our total purchases for the year, RMB29.6 million in 2025, representing 5.8% of our total purchases for the year, and RMB12.2 million in the six months ended June 30, 2026, representing 3.2% of our total purchases for the period.

Supplier G was our customer during the Track Record Period and our major supplier in 2024 and the six months ended June 30, 2026. Supplier G primarily engaged in trading and wholesale distribution of mica materials. As our customer, Supplier G mainly purchased mica products from us, with revenue amounting to RMB9.8 million in 2024, accounting for 0.9% of our total revenue for the year and RMB2.0 million in the six months ended June 30, 2026, accounting for 0.2% of our total revenue for the period. As our supplier, Supplier G primarily provided us with mica ore, with purchase amounts of RMB21.0 million in 2024, representing 4.2% of our total purchases for the year and RMB7.9 million in the six months ended June 30, 2026, representing 2.0% of our total purchases for the period.

Negotiations of the terms of our sales to and purchases from these overlapping customer-suppliers were conducted on an individual basis, and the sales and purchases were neither interconnected nor inter-conditional. All transactions were conducted in the ordinary course of business, on normal commercial terms and on an arm’s length basis, and the terms were comparable to those of our other customers and suppliers. During the Track Record Period and up to the Latest Practicable Date, there was no set-off of trade receivables and payables with these customer-suppliers.

Save as disclosed above, to the best of our knowledge, none of our other top five customers during each period of the Track Record Period was our supplier, and none of our other top five suppliers was our customer.

QUALITY CONTROL

We have established a comprehensive quality management system covering the entire production process and aligned with international automotive standards. Our framework is based on the IATF 16949 quality management system and incorporates VDA 6.3 process audit requirements. A formal quality manual governs all procedures, including design, procurement, production, inspection and delivery, ensuring consistency and compliance throughout our operations.

- *Design and Development.* At the design stage, we integrate safety, environmental and occupational health considerations into product development, and ensure that all required approvals and filings are obtained prior to production.
- *Procurement.* We enforce strict supplier qualification and audit processes, supported by incoming inspection and traceability measures, to ensure the quality and consistency of raw materials and components.
- *Production.* We implement standardized operating procedures and conduct in-process inspections to prevent defects. Our quality assurance team monitors production steps, and finished goods are subject to sampling inspection prior to delivery, and full traceability is maintained across the product lifecycle.
- *Continuous Improvement and Delivery.* We operate a continuous improvement mechanism that reviews customer feedback and addresses issues promptly.

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In addition, we maintain a digitalized full-process traceability system based on blockchain technologies covering material sourcing, production and delivery. This system enables real-time tracking of product information from raw-material input to finished-product shipment, supported by batch identification, process records, in-process quality inspections and labeling throughout manufacturing, as well as key logistics and customs documentation maintained along the supply chain. During the Track Record Period and up to the Latest Practicable Date, we had not conducted any material product recalls of defective offerings and had not experienced any material disputes with customers concerning product quality.

INTELLECTUAL PROPERTY

We regard intellectual property as a strategic asset fundamental to our long-term competitiveness. To safeguard our proprietary technologies and innovations, we have established a comprehensive intellectual property management system. This framework includes maintaining a robust portfolio of patents, software copyrights and registered trademarks, as well as implementing confidentiality measures and internal policies to protect technical expertise and trade secrets. Our policies, such as the technical confidentiality policy and intellectual property confidentiality policy, are strictly enforced and supported by rigorous access controls and advanced information security measures for sensitive technical data. We actively collaborate with major customers on product development, design and customization through dedicated joint development teams.

In addition, we operate a provincial-level enterprise research institute and maintain partnerships with leading universities and research institutions on key R&D projects, which are government-recognized R&D platforms established to support sustained research activities, applied research and technology commercialization on an institutional basis. Intellectual property and project outcomes arising from such collaborations are contractually assigned to us, with no restrictions on our use or commercialization of the results.

As of the Latest Practicable Date, we held 283 patents in the PRC, including 74 invention patents, 201 utility model patents and eight design patents. We also held ten software copyrights and 28 registered trademarks in the PRC. For details, see “Appendix VI — Statutory and General Information — Further Information about Our Business — Intellectual Property.” For risks related to intellectual property rights, see “Risk Factors — Risks Relating to Our Business and Industry — We may not be able to adequately establish, maintain, protect and enforce our intellectual property and proprietary rights or prevent others from unauthorized use of our technology and intellectual property rights, which could harm our business and competitive position and also make us subject to litigations brought by third parties.”

COMPETITION

We primarily operate in the mica product market for new energy applications, which is characterized by high safety requirements, stringent customer certification processes and increasing market concentration as leading players expand production capacity and accelerate technology upgrading. In addition, our key precision structural components are applied in the embodied intelligence market, supporting motion transmission, structural stability and system integration in robotics and intelligent automation applications. Globally, the mica product market is increasingly segmented into applications for NEVs, power batteries and energy storage batteries, each exhibiting distinct competitive dynamics driven by material performance requirements and downstream technical standards. According to Frost & Sullivan,

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the global and China mica products market size in the new energy sector are expected to reach RMB4.7 billion and RMB3.9 billion in 2025, respectively, and further grow to RMB14.7 billion and RMB12.1 billion in 2030, representing CAGRs of 26.2% and 24.9% from 2026 to 2030, respectively.

According to Frost & Sullivan, Chinese companies occupy a dominant position in the global mica product market for new energy applications. The market is moderately concentrated, with top players benefiting from long-term cooperation with leading battery and NEV manufacturers, deep material formulation expertise and large-scale manufacturing capabilities.

Competition in the global market is primarily driven by the ability to deliver high-performance electrical insulation and flame-retardant materials that meet stringent safety standards, including thermal-runaway protection and high-voltage insulation. Leading Chinese manufacturers have secured their competitive position through long-term technological accumulation in mica paper formulation, process advancements in pulping, sheet forming and lamination, and consistent delivery performance across large-scale NEV and battery platforms. International competitors remain active in specialized high-end applications, but generally lack cost-performance advantages in large-volume new energy use cases. See “Industry Overview.”

BUSINESS ACTIVITIES SUBJECT TO INTERNATIONAL SANCTIONS

The United States and certain other jurisdictions or organizations, including the European Union, the United Kingdom and Australia, have implemented economic sanctions through executive orders, legislation or other governmental measures. Such sanctions may target specific jurisdictions, industry sectors, entities or individuals. In particular, the U.S. government maintains (i) comprehensive territorial sanctions targeting certain jurisdictions, including Cuba, Iran, North Korea, the Crimea region of Ukraine and the so-called Donetsk People’s Republic and Luhansk People’s Republic (collectively, the “**Comprehensively Sanctioned Jurisdictions**”), (ii) sector-based sanctions that restrict activities in specified industries within certain jurisdictions, including Russia (the “**Broadly Sector-Sanctioned Jurisdictions**”), which primarily encompass the energy, manufacturing, transportation, architecture, engineering, construction, and metals and mining sectors, among others designated by OFAC and (iii) list-based sanctions targeting designated entities and individuals, including those on the SDN List and SSI List.

During the Track Record Period, we conducted limited business with customers located in Russia and Iran, which are respectively classified as a Broadly Sector-Sanctioned Jurisdiction and a Comprehensively Sanctioned Jurisdiction. Specifically, we engaged in transactions with nine customers in Russia and two customers in Iran during the Track Record Period. None of such customers were on the SDN lists.

Based on advice from our legal advisor as to international sanctions laws, our Directors are of the view, as concurred by the Sole Sponsor, that these transactions did not involve any U.S. nexus (including, among others, the involvement of U.S. citizens, residents, or entities; the use of U.S.-origin items or services; shipments transiting the U.S.; or U.S. dollar payments cleared through or processed via the U.S. financial system) and therefore did not constitute U.S. Primary Sanctioned Activity as described in Section 4.4, thereby not giving rise to primary U.S. sanctions risks. They further consider that such transactions did not constitute material U.S. Secondary Sanctioned Activity as described in Section 4.4, thereby giving rise to relatively low secondary sanctions risks, taking into account the scale, nature and historical status of such transactions, as discussed below.

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Russian-related transactions

Pursuant to executive orders and interpretative guidance issued by the Office of Foreign Assets Control of the U.S. Department of the Treasury, certain activities in the manufacturing sector of the Russian economy may expose non-U.S. persons to secondary sanctions. Our sales of products to customers in Russia could, in principle, fall within this category. However, our Directors consider that the secondary sanctions risk arising from our historical Russian-related transactions was relatively low for the following reasons: (i) the volume and frequency of such transactions were limited, with sales to customers in Russia accounting for approximately 0.3%, 0.5%, 0.2% and 0.4% of our total revenue in 2022, 2023, 2024 and 2025, respectively; (ii) all such transactions were fully completed in March 2026, and we ceased entering into any new transactions within Russia, besides, we have implemented a policy to abstain from entering into any further Russia-related transactions; (iii) we have implemented internal sanctions screening and compliance procedures to identify and manage sanctions risks; and (iv) none of the counterparties involved in such transactions was designated on the SDN List.

Iranian-related transactions

Pursuant to Executive Order 13846 and Executive Order 13902 issued by the U.S. government, certain activities in the automotive and manufacturing sectors of the Iranian economy may expose non-U.S. persons to secondary sanctions. Our historical sales of products to customers in Iran could potentially fall within this scope.

Our Directors consider that such transactions did not constitute material U.S. Secondary Sanctioned Activity, thereby giving rise to relatively low secondary sanctions risks, taking into account that: (i) the scale of such transactions was immaterial, with sales to customers in Iran accounting for approximately 0.6%, 0.3%, 0.1%, 0.1%, 0.1%, 0.1% and 0.1% of our total revenue in 2019, 2020, 2021, 2022, 2023, 2024 and 2025, respectively; (ii) all Iran-related transactions were fully completed in October 2025, and we ceased entering into any new transactions within Iran, besides, we have adopted a strict policy to abstain from any future Iran-related engagements; (iii) we have implemented internal sanctions compliance procedures; and (iv) none of the counterparties involved was designated on the SDN List.

Transactions involving sanctioned entities

Apart from the transactions described above, during the Track Record Period we also engaged in transactions with three entities that were designated on the SDN List. Specifically, we conducted transactions with one supplier after its designation and with one customer after its designation. We also had dealings with another customer prior to its designation, but did not enter into any new transactions with that customer following such designation.

Based on advice from our legal advisor as to international sanctions laws, our Directors are of the view that these transactions did not involve any U.S. nexus and therefore did not constitute U.S. Primary Sanctioned Activity. Further, the total value of transactions conducted after the relevant designations was immaterial. Specifically, the aggregate historical transaction amount with the customer designated on the SDN List was less than RMB50,000, and no transactions have been conducted with such SDN-listed customer since May 2022. The aggregate historical transaction amount with the supplier designated on the SDN List was less than RMB60,000 and we ceased to conduct transactions with SDN-listed suppliers as of the Latest Practicable Date. We have also undertaken to abstain from entering into any future transactions with SDN-listed entities and further strengthen the sanctions compliance controls and procedures applicable to our subsidiaries.

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Additionally, we have conducted transactions with two entities that are concurrently designated on both the CMC List and the NS-CMIC List. Our historical transaction volumes with these two companies amounted to approximately RMB190,000 and RMB1,390,000 during the Track Record Period, respectively. Furthermore, we have also transacted with one entity designated solely on the CMC List, with a historical transaction volume of approximately RMB514 million during the Track Record Period up to the Latest Practicable Date. As our transactions did not involve the purchase or sale of affected securities and we had no dealings with the U.S. Department of Defense, such transactions did not fall within the scope of the relevant prohibitions.

Sanctions compliance and internal controls

We have implemented written internal control measures to identify and manage sanctions-related risks in connection with our sales and procurement activities. For transactions involving customers or suppliers in different countries or regions, we conduct a preliminary sanctions risk assessment by reference to the applicable sanctions regimes of the relevant jurisdictions and, where appropriate, seek further legal assessment. Such assessment includes screening against relevant sanctions lists, including, among others, the UN Security Council sanctions list, the OFAC SDN List, the BIS Entity List, the EU sanctions list, the UK sanctions list and the relevant PRC counter-sanctions lists, as well as review of ownership and control and potential association with sanctioned parties.

For new customer onboarding or supplier selection, the relevant business department initiates the internal approval process by collecting and submitting necessary counterparty information and transaction details, and the transaction may proceed only after review by our legal/compliance department and final approval by our General Manager. Our anti-sanctions work is coordinated and overseen by our General Manager, with the assistance of the head of finance, head of legal and the board secretary, and implemented by the relevant business departments, the finance department and the office of the board secretary in accordance with their respective responsibilities. We have further enhanced these procedures by designating the relevant business department heads or team leaders as the primary responsible persons for customer and supplier management within their respective departments or teams, and by adding system-based approval control gates to ensure that counterparty qualification materials, sanctions screening records and approval information are properly captured before transactions proceed. We have also strengthened the control of funds and legal and compliance oversight, including re-checking key approval documents before payment processing, incorporating customer and supplier onboarding and sanctions-related compliance controls into our annual legal and compliance work plan, and conducting random sampling audits on the implementation of our sanctions policy. Where sanctions risks are identified, we adopt appropriate risk mitigation measures, including limiting transaction scope or size, monitoring fund flows and requiring counterparty undertakings. Such transactions may only proceed subject to implementation of appropriate risk control measures and approval through the internal anti-sanctions procedures. Such screening and approval requirements also apply to material transactions with existing customers or suppliers and upon the occurrence of material changes in their ownership, control or business profile, including changes in shareholding structure, ultimate beneficial ownership, name or business scope. We conduct ongoing monitoring by periodically reviewing existing customers and suppliers and updating applicable sanctions lists and policies, including conducting quarterly reviews of existing counterparties, and will promptly suspend or terminate transactions and business relationships upon identification of sanctions risks.

Having reviewed the abovementioned internal control measures, including the enhanced internal control measures described above, and the views of the Internal Control Consultant, our Directors are of the view, and the Sole Sponsor concurs, that these measures provide a reasonably adequate and effective framework for identifying and monitoring material risks relating to international sanctions laws.

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BUSINESS ACTIVITIES SUBJECT TO U.S. TARIFFS

The United States has implemented and adjusted various tariff measures in recent years, including under Sections 122 and 301 of U.S. trade laws. Certain products exported to the United States may therefore be subject to additional import tariffs.

During the Track Record Period, our revenue derived from exports to customers located in the United States amounted to approximately RMB97.9 million, RMB139.0 million, RMB144.4 million, RMB64.1 million and RMB69.0 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, representing approximately 12.2%, 12.2%, 10.5%, 11.2% and 7.7% of our total revenue for the corresponding years/periods, primarily relating to mica sheets, mica tubes, related products and key precision structural components. As advised by our legal advisor as to international sanctions laws, during the Track Record Period and as of the Latest Practicable Date, the additional cumulative U.S. tariffs applicable to our products generally ranged from 20% to 37.5%. Such tariffs mainly comprised Section 301 tariffs of either 7.5% or 25% and a 12.5% Section 301 Forced Labor Tariff, as applicable. In addition, only three types of our products, in addition to being subject to the applicable 25% Section 301 tariff, may also be subject to additional Section 232 tariffs ranging from 25% to 50%, depending on their material composition and applicable tariff classification. However, the export volume of these three types of products during the Track Record Period was relatively limited. To the best of our knowledge, any applicable tariffs were borne by our major customers in the United States pursuant to the relevant contractual arrangements, and we did not bear such tariff costs. Therefore, based on the above, our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, our Group did not experience any material decrease in its selling prices or overall financial performance, nor did it receive any customer requests for order cancellation or material renegotiation of contract terms as a result of the increase in U.S. or other overseas tariffs. Furthermore, no other material indirect adverse impact has occurred arising from the U.S. tariff policies during the same period.

With respect to our procurement, we do not currently procure any raw materials originating from the United States. Consequently, our Directors are of the view that our procurement activities will not be affected by the relevant tariff policies during the Track Record Period and up to the Latest Practicable Date. Based on advice from our legal advisor as to international sanctions laws and having regard to our contractual arrangements and historical experience, our Directors are of the view that the applicable U.S. tariffs, including the additional tariff rate currently applicable to our products, did not have, and were not expected to have, a material adverse impact on our business operations or financial performance as of the Latest Practicable Date. We continue to monitor developments in U.S. tariff policies as part of our internal risk management processes. To effectively manage and mitigate potential tariff and trade-related risks, we have established a trade compliance monitoring mechanism. Under this mechanism, we regularly track updates on tariff codes, Harmonized Tariff Schedule rates, and trade remedy investigations in our major overseas markets. Furthermore, we conduct periodic reviews of our pricing strategies and cost-sharing clauses in our commercial contracts, and continuously evaluate alternative logistical routes and global supply chain diversifications to safeguard our operational resilience against any sudden shifts in international trade policies.

BUSINESS ACTIVITIES SUBJECT TO U.S. EXPORT CONTROLS

Based on advice from our legal advisor as to international sanctions laws, during the Track Record Period and up to the Latest Practicable Date, as our products are not of U.S. origin, are not within the U.S., and do not fall within the scope of either the De Minimis Rules (which subject certain foreign-made items to the EAR if they incorporate more than a de minimis level, typically 25%, of controlled U.S.-origin content by value) or the Foreign-Direct Product Rules (which extend EAR jurisdiction to certain foreign-produced items that are the

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direct product of specified U.S. technology or software), such products are not subject to the U.S. Export Administration Regulations (“EAR”) because none of the criteria set forth under the EAR has been met and, consequently, are not subject to U.S. export licensing requirements, as such licensing requirements under the EAR only apply strictly to items that are subject to the jurisdiction of the EAR.

Based on such advice, our Directors are of the view that our past and current transactions with customers included on the U.S. Entity List — under which the primary restriction is the prohibition on the export, reexport, or transfer (in-country) of items subject to the EAR to the designated entities — that are not subject to footnote restrictions did not give rise to U.S. export control issues and did not have a material impact on our financial position or results of operations during the Track Record Period and up to the Latest Practicable Date. In addition, none of our suppliers was designated on the Entity List during the same period.

Having regard to the foregoing, as advised by our legal advisor as to international sanctions laws, our Directors consider that U.S. export control regulations did not, and were not expected to, have a material adverse impact on our business operations or financial performance as of the Latest Practicable Date.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

To fully implement the sustainable development strategy, we conduct comprehensive and in-depth identification and assessment of key ESG factors that may impact the operations and development of our Company by complying with the requirements of the Environmental, Social and Governance Reporting Code set out in Appendix C2 to the Listing Rules of the Hong Kong Stock Exchange. We deeply integrate core ESG issues into key steps such as daily operation management, long-term strategic planning and capital allocation decisions, ensuring that the concepts of environmental protection, social responsibility and corporate governance are embedded throughout the entire process and all levels of business operations, helping us achieve long-term sustainable value growth.

Governance Framework for ESG Issues

We have established a three-level governance structure consisting of the Board of Directors, Strategy Management and ESG Committee (the “Committee”) and various executive departments. The Board of Directors assumes ultimate supervision and strategic guidance responsibilities for ESG issues. Its key responsibilities include: (i) approving the ESG strategic plan, vision, goals and medium- and long-term development plans of our Company to ensure ESG requirements align with the overall development strategy of our Company; (ii) supervising the effectiveness of mechanisms for identifying, assessing and responding to material ESG risks, and conducting final reviews of material transaction decisions related to high environmental impact or sensitive social issues; (iii) reviewing and approving the annual ESG report and relevant disclosure documents to ensure the information is true, accurate, complete and compliant with the regulatory requirements of the place where the shares of our Company are listed; (iv) authorizing the scope of responsibilities and authority of the ESG Committee, and reviewing the performance reports, system effectiveness assessment opinions and major improvement plans submitted by the ESG Committee; and (v) regularly listening to special reports on ESG work progress, evaluating the achievement of ESG performance and making final decisions on material ESG issues.

The Committee, established under the Board and composed of the Chairman, independent non-executive Directors and professionals with a full-time support team, provides consulting advice to the Board, reviews ESG policies and systems, tracks strategy implementation and proposes optimizations.

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The Committee holds quarterly special meetings to review major ESG issues, clarify responsibilities, timelines and milestones, track progress and coordinate problem-solving. It holds at least two formal meetings annually (extraordinary meetings for major system adjustments, unmet core indicators or major risks) and submits an annual performance report to the Board, detailing ESG progress, system assessment results and improvement effectiveness.

Each executive department implements Board and Committee resolutions, coordinates daily ESG management and establishes standardized data collection, accounting and quality control processes (all ESG data verified by internal audit).

ESG Risk Identification and Assessment

We have built a systematic ESG risk identification and assessment system aligned with our ESG strategy, covering all business scenarios and core areas (environment, health and safety, human rights and labor, corporate ethics), supervised by the Board and the Committee. We adopt the LEC risk assessment method, considering risk possibility, frequency and consequence severity, and classify risks as major, general or tolerable through quantitative analysis, with a Risk Registration and Evaluation Form covering all core ESG dimensions.

Core ESG risks specifically include:

- *Chemical leakage risk:* Improper chemical management leading to leakage may cause poisoning, fire, explosion, environmental pollution and other risks. We adopt standardized management (separate storage of hazardous chemicals, equipped fire-fighting equipment and gas masks, and emergency measures) to minimize losses.
- *Fire safety risk:* Fires from electrical faults or human factors may cause property damage and casualties. We conduct regular fire training, drills and equipment inspections, and formulate emergency measures to minimize losses and resume production quickly.
- *Inventory backlog risk:* Overstocked finished products or excessive procurement may affect capital turnover or cause inventory impairment. We set inventory standards and a first-in-first-out system, and regularly inspect overdue products to avoid deterioration.
- *Major work-related injury risk:* Mismanagement or poor working conditions may cause fatalities or serious injuries. We require pre-employment safety training for new employees, establish a safety committee to inspect hazards, analyze accidents and promote safety awareness.
- *Packaging design compliance risk:* Non-compliant packaging materials, text, barcodes or labels may fail to meet customer or regulatory requirements. We prioritize environmentally friendly packaging materials, and all packaging standards require customer approval before implementation.

We have a regular risk assessment and update mechanism: annual comprehensive risk identification and evaluation to inspect risk control implementation. Special reviews are conducted immediately for major changes in laws, business environment, products or ESG strategy. All risks are detailed in the Risk Registration and Evaluation Form, with the Committee coordinating targeted response plans and responsible departments reporting progress regularly.

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Environmental Protection

We recognize environmental protection as a core responsibility for sustainable development and a key measure to address global ecological challenges. We focus on energy utilization, water resource management, greenhouse gas emissions and waste disposal, establishing a full-process environmental management mechanism. Through green energy procurement, refined monitoring, phased carbon reduction targets and classified waste disposal, we reduce operational environmental impact and upgrade environmental management and technologies. We hold ISO 14001 and Energy Management System certifications, and our Zhejiang headquarters is a “2025 Zhejiang Province Green and Low-carbon Factory”.

Energy

We have established a full-process management mechanism covering energy procurement, consumption monitoring and energy-saving optimization to ensure the compliance, efficiency and sustainability of energy utilization. We prioritize the selection of energy types and related equipment with leading energy efficiency and qualified environmental performance and actively expand green energy procurement channels. Our Zhejiang headquarters base purchased 11,500 mWh of green electricity certificates during the Track Record Period during 2025, and our Hunan branch base purchased 1,072,472 kWh, 987,592 kWh, 970,409 kWh and 319,386 kWh of photovoltaic power generation during 2023, 2024, 2025, and up to June 30, 2026, respectively.

We have a standardized energy data collection, accounting and statistical system, regularly collecting data on purchased electricity, heat, natural gas, gasoline and diesel. Our Zhejiang headquarters has an energy and carbon management system for real-time monitoring of energy consumption and new energy power generation. We improve energy efficiency through energy-saving technologies, process optimization and green office advocacy.

The following table sets forth our energy consumption during the Track Record Period:

Indicator	Unit	Year ended December 31,			Six months ended June 30,
		2023	2024	2025	2026
Purchased heat ⁽¹⁾	Tons	47,093	66,523	84,015	44,500
Purchased electricity ⁽²⁾	kWh	35,459,194	43,450,909	49,651,887	25,874,214
Natural gas consumption ⁽³⁾	Cubic meter	4,911,154	6,336,347	6,157,829	3,226,965

Notes:

- (1) The increase in thermal consumption is mainly due to the full operation of the mica belt production line, which has raised the basic usage volume, and the addition of the toluene recovery device has further increased the consumption.
- (2) In addition to the increased electricity consumption due to the commissioning of the new energy vehicle safety component project, the installation of environmental air conditioners to improve the working environment in the assembly workshop, and the addition of smoke treatment equipment to enhance the production environment, there has also been an increase in electricity usage.
- (3) The increase in natural gas usage was mainly due to the official commissioning of the safety component project for new energy vehicles that primarily use natural gas as their energy source at the end of 2023.

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We will continue to promote the systematic and refined upgrading of energy management, our goals by 2027 are: (i) increasing green electricity coverage to 50%; (ii) reducing energy consumption per unit of product by 5% from the 2024 level. To achieve these targets, we will: (i) construct distributed photovoltaic power generation projects with an expected additional installed capacity of 0.3MW and annual power output of 300,000 kWh; (ii) fully promote laser cleaning technology for hot-pressing machines, which is expected to cut energy consumption by 3% and reduce carbon dioxide emissions by 700 tonnes.

Water Resources

We strengthen water-saving awareness through regular promotion and training, integrating water-saving practices into daily operations. We install water-saving facilities to curb waste at the source. We have a refined full-process water use monitoring system, standardizing water consumption data collection, accounting and statistics, regularly tracking total water consumption and density, and conducting pipeline inspections to quickly rectify leaks. Wastewater is treated to meet Class III of the Integrated Wastewater Discharge Standard before discharge to minimize environmental impact.

The following table presents our water resource consumption during the Track Record Period:

Indicator	Unit	Year ended December 31,			Six months ended June 30,
		2023	2024	2025	2026
Total water consumption . .	Cubic meter	1,301,780	1,656,538	1,567,697	497,191
Water consumption per unit of product	m ³ /ton of product	56.65	60.47	49.06	26.98

We will continue to promote the systematic and refined upgrading of water resource management, our tiered measurable goals based on the 2024 baseline are: (i) cutting water consumption per unit of product by 20% by the end of 2027; (ii) cutting water consumption per unit of product by 22% by the end of 2028; (iii) cutting water consumption per unit of product by 25% by the end of 2030. To achieve this goal, we will: (i) focusing on water-saving technology innovation and facility/process upgrades, exploring water recycling paths to boost reuse rates; (ii) enhancing refined water use monitoring and data management, strengthening full-process dynamic control and analysis to support water-saving decisions; (iii) conducting regular water-saving promotion and training to deepen employee awareness and foster a companywide water-saving culture.

Greenhouse Gas Emissions

We have established a systematic greenhouse gas emission management system, covering all aspects such as emission identification, monitoring, accounting, reporting and continuous improvement. During the Track Record Period, our greenhouse gas emissions mainly included Scope 1, Scope 2 and Scope 3 emissions. Scope 1 emissions include direct emissions from purchased natural gas consumption and fuel consumption of gasoline vehicles, generators, forklifts and trucks. Scope 2 emissions include indirect emissions from purchased heat and electricity. Scope 3 emissions include other indirect emissions from business travel and daily commuting of employees.

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The increase in Scope 1 emissions is mainly attributed to higher fuel consumption of natural gas, gasoline and diesel vehicles. The rise in Scope 2 emissions is directly linked to increased heat and electricity consumption. The following table presents our greenhouse gas emissions during the Track Record Period:

Indicator	Unit	Year ended December 31,			Six months ended June 30,
		2023	2024	2025	2026
Scope 1 emissions ⁽¹⁾	Tons of Carbon Dioxide	10,695	13,812	13,444	7,057
Scope 2 emissions ⁽²⁾	Tons of Carbon Dioxide	32,496	42,341	50,671	26,611
Scope 3 emissions ⁽³⁾	Tons of Carbon Dioxide	334	382	431	493
Scope 1 and 2 emissions . .	Tons of Carbon Dioxide	43,191	56,153	64,115	33,668
Total greenhouse gas emissions	Tons of Carbon Dioxide	43,524	56,536	64,546	34,161

Notes:

- (1) Our Scope 1 (direct emissions) greenhouse gas emissions come from purchased natural gas consumption and direct emissions from fuel consumption of gasoline vehicles, generators, forklifts and trucks. Scope 1 is calculated based on the characteristic parameters of common fossil fuels promulgated by the National Development and Reform Commission of the PRC.
- (2) Our Scope 2 (indirect emissions) greenhouse gas emissions come from emissions generated by purchased heat and electricity consumption. Purchased electricity is calculated based on the national average carbon dioxide emission factor for electricity issued by the Ministry of Ecology and Environment of the PRC. The emission factor for purchased heat is derived from the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions of Land Transportation Enterprises.
- (3) Our Scope 3 (other indirect emissions) greenhouse gas emissions mainly come from emissions generated by business travel and daily commuting of employees. Business travel includes emissions from airplanes, trains, high-speed rail, online car-hailing and accommodation, while daily commuting includes emissions from fuel-powered vehicles and electric vehicles.

Based on Frost & Sullivan’s research, three peer automotive manufacturing enterprises recorded carbon dioxide equivalent emissions ranging from 126,949.4 to 938,844.8 tonnes for the period ended 2025. Comparing with our 64,546 tonnes of carbon dioxide equivalent, we assess our carbon emission management to be at a sound level. Our phased unit product carbon reduction targets: 6% (2025), 8% (2026), 10% (2027). Measures: optimize energy structure and upgrade processes; promote clean energy substitution and toluene waste gas recovery; install waste heat recovery devices and intelligent monitoring equipment; conduct at least two annual environmental training sessions; incorporate emission reduction targets into departmental KPIs with performance deductions for non-compliance.

Waste Emissions

We strictly comply with the Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the PRC (《中華人民共和國固體廢物污染環境防治法》) and the Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》) to ensure that waste disposal meets environmental protection regulations and sustainable development requirements. We control waste generation from the source, train employees on waste classification and strengthen hazardous chemical and waste management capabilities.

General industrial solid waste is disposed of through unified storage facilities. Hazardous waste (waste packaging, industrial waste liquid, etc.) is subject to separate collection, standardized labeling and special storage, with trained personnel responsible. Both general and hazardous waste are entrusted to qualified entities for disposal to promote recycling.

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The following table sets forth our waste emissions during the Track Record Period:

Indicator	Unit	Year ended December 31,			Six months ended June 30,
		2023	2024	2025	2026
General waste	Tons	8,742	13,527	13,946	7,539
Hazardous waste	Tons	129	121	138	75

We will continue to improve the monitoring and review mechanism for waste management and set waste emission targets by 2027: (i) reduce VOCs by 8.15 tonnes; (ii) reduce SO₂ by 0.21 tonnes; (iii) reduce wastewater discharge by 4,522 tonnes. To achieve these targets, we will: (i) install additional toluene recovery equipment to improve single-stage adsorption efficiency; (ii) establish a special emission reduction task force to conduct regular progress assessments; (iii) proactively apply for green manufacturing subsidies and environmental protection tax reductions and exemptions.

Climate-related Risks

We recognize climate change’s profound impact on global ecology, economic structure and enterprise sustainable development. We classify climate-related risks into physical risks (from extreme weather or long-term climate trends) and transition risks (from policy, technology and market changes in the low-carbon transition).

Climate-related Physical Risks:

We identify potential impacts of extreme weather (heavy rains, typhoons, high temperatures, etc.) on operations (production disruptions, facility damage, etc.) and have established standardized controls based on the Typhoon and Heavy Rain Prevention Management Procedure. We clarify departmental responsibilities, implement pollution prevention measures (rainwater-sewage diversion, pipe network maintenance) and have an emergency response mechanism with containment, collection and wastewater treatment measures. We strengthen infrastructure and employee training, forming a closed-loop management system to reduce extreme weather impacts.

Climate-related Transition Risks:

Stricter carbon regulations and carbon taxes may increase compliance costs; low-carbon technology iteration may lead to equipment obsolescence and increased upgrading investment; growing low-carbon product demand and investor ESG attention may affect competitiveness and financing conditions.

We promote cleaner production and implement energy-saving and carbon reduction measures, including: (i) phased out ten inefficient YB3 series motors and one SCB10-800/10 transformer; (ii) installed a 0.5MW photovoltaic power generation system on the factory roof to replace traditional grid power; (iii) optimized glue preparation and application processes, improving organic waste gas collection rate with closed devices; (iv) added two robotic arms to replace manual loading/unloading of small presses, improving automation and reducing labor/energy costs; (v) optimized production processes, reducing unit product energy consumption from 0.55tce/Tons to 0.48tce/Tons, unit electricity consumption by 14% and unit organic waste gas emissions by 43%.

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We will continue to deepen cleaner production, plan to expand the scale of photovoltaic power generation installation, improve the carbon footprint accounting of the entire product line and promote process upgrading in more energy-intensive aspects, systematically responding to climate-related transition risks through regular green transition initiatives.

Corporate Social Responsibility

We regard corporate social responsibility as a core support for sustainable development, building a system covering employee rights, health and safety, career development and supply chain collaboration. We adhere to equal employment, zero major safety accidents/occupational diseases, dual employee career channels and responsible supply chain management. We hold ISO 45001 Occupational Health and Safety Management System certification.

Employee Rights and Interests Protection

We strictly comply with the Labor Law of the People’s Republic of China (《中華人民共和國勞動法》), establishing a standardized recruitment system through the Recruitment and Interview Selection Management System, opposing all discrimination and prohibiting child labor, prisoner labor or bonded labor. We have a scientific salary and welfare system, matching salaries to job responsibilities/performance/market conditions, paying labor remuneration on time and fully paying five social insurances and one housing fund. We standardize labor contract management (signing, performance, termination) to clarify rights and obligations and ensure statutory rest rights. Our Employee Reward and Punishment System clarifies reward/penalty rules, with standardized approval, appeal and supervision mechanisms to ensure fairness.

The employee turnover rate and the gender ratio of the management team are shown in the table below:

Indicator	Unit	Year ended December 31,			Six months ended June 30,
		2023	2024	2025	2026
Overall employee turnover rate ¹	%	12.8	15.1	13.7	–
Gender ratio of the management team					
The proportion of male managers	%	73.7	77.7	77.9	79.6
The proportion of female managers . . .	%	26.3	22.3	22.1	20.4

Notes:

(1) The turnover rate is calculated on an annual basis.

Employee Health and Safety

We prioritize employee health and safety, signing Annual Work Safety Responsibility System with departments, conducting regular safety inspections, fire equipment checks and emergency drills, and inspecting special equipment. Special operations personnel receive external training and hold qualification certificates to ensure zero major environmental safety accidents.

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We train employees in hazardous positions, entrust legal entities to verify workplace harmful factors annually, formulate labor protection supply rules, establish an occupational hazard position list, organize annual employee physical examinations and compile occupational disease statistics to ensure zero occupational diseases. We identify high-risk diseases, optimize factory hygiene, establish monitoring and isolation measures, and popularize epidemic prevention knowledge.

We assess 24 core production processes based on the Classification Standard for Physical Labor Intensity, focusing on heavy object handling, repetitive movements and improper postures. High-risk processes are equipped with labor-saving equipment and two-person collaboration; medium-risk processes adopt a 20-minute rotation system with protective equipment.

Career Development and Training

We attach importance to employee career growth, establishing a standardized training system through the Employee Training Management System and External Training Management System. We build dual career channels (management and professional) and link training participation/effectiveness to career development and performance evaluation to optimize the talent team.

Community Contributions

We fulfill social responsibility through public welfare initiatives, relying on the trade union and special love fund to provide precise support to employees in need. The trade union conducts regular employee assistance (home visits, material support, economic subsidies). We distribute cooling supplies to front-line employees in summer, donated pandemic prevention materials to communities during COVID-19, and delivered daily necessities to community households to improve living conditions.

Product Safety

Our core product, calcined mica tape, has excellent high-temperature resistance and fire-resistant insulation performance, complying with IEC 60331 and BS 6387 international standards. It uses environmentally friendly materials (no heavy metals) and has a three-level quality control process (raw material screening, full-process inspection, third-party testing) to ensure key indicators meet standards. We hold ISO 9001 certification, with complete product quality traceability records from raw materials to end products. We follow product recall regulations, conduct annual recall simulation drills and ensure full product traceability within two hours.

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any major claims or fines due to any product safety issues and have complied with relevant laws and regulations in all material respects.

Responsible Supply Chain Traceability Management

We have established a full-chain compliance and traceability system for mica mining, transportation and trading in line with OECD guidelines and international labor standards. We maintain zero tolerance for severe human rights violations including torture, forced labor and child labor, and will suspend or terminate cooperation with suppliers involved in such violations. We respect the rights of indigenous and local communities, oppose employment discrimination and support freedom of association. We prohibit all forms of bribery, prevent

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money laundering and terrorist financing risks, and ensure lawful payments of taxes and royalties to governments. We ban mining in protected areas, control toxic and hazardous substance emissions, and comply with international standards for dangerous goods transportation. We conduct supply chain due diligence in accordance with the OECD five-step process to mitigate risks of conflict, human rights abuse and corruption.

Anti-corruption and Anti-bribery

We enforce strict anti-corruption and anti-bribery compliance procedures through our Code of Business Ethics, and prohibit all improper interest transfers including solicitation or acceptance of kickbacks, rebates and facilitation fees. Gifts exceeding business etiquette must be declared or handed over as required. We maintain a multi-channel confidential reporting system to protect whistleblowers from retaliation and reward eligible informants. Violations are subject to hierarchical penalties including warnings, dismissal and judicial referral for suspected crimes. We conduct regular anti-corruption compliance training and integrate ethical performance into employee evaluation. We perform due diligence on business partners and include integrity compliance clauses in cooperation agreements to enforce liability for breaches.

Information Disclosure Risks

We maintain a closed-loop information disclosure management system to ensure disclosures are truthful, accurate, complete, timely and fair. Periodic and interim reports are reviewed by the Audit Committee and approved by the Board of Directors. We maintain an insider registration and confidentiality system to control information access. We standardize the process for suspension and exemption of information disclosure for state secrets and trade secrets, and resume timely disclosure after such reasons are eliminated. We maintain an accountability system for material errors in annual report disclosures with penalties including warnings, reassignment and loss compensation based on violation severity.

Public Opinion Management Risks

We maintain a standardized public opinion classification and disposal mechanism to address negative reports and rumors without damaging business reputation or investor interests. General public opinion is handled by the Board Secretary and the Securities Department; major public opinion triggers a working group meeting for verification, media communication, investor guidance and clarification announcements. Internal personnel violating confidentiality obligations face disciplinary action; we reserve the right to pursue legal liability against external entities fabricating or spreading false information to ensure rapid and proper public opinion disposal and safeguard the legitimate rights and interests of the Company and investors.

For risk management relating to financial reporting, investment and internal control, see “ — Risk Management and Internal Control.”

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EMPLOYEES

As of June 30, 2026, we had 2,082 full-time employees. The following table sets forth the numbers of our employees categorized by function as of the date indicated:

Function	Number of Employees	Percent (%)
R&D	187	9.0
General and administration	307	14.8
Production	1,497	71.9
Sales	91	4.4
Total	2,082	100.0

To enhance human resource management, we have implemented a comprehensive set of internal management measures, clearly defining procedures and criteria for recruitment, training, internal referrals and other key processes. Our recruitment strategies include a variety of channels such as campus recruitment, online platforms and external recruitment agencies as well as internal referrals and transfers. Beyond competitive salaries and benefits, we offer performance-based bonuses to incentivize and reward our full-time employees. Additionally, we have established a robust employee training and development system and are dedicated to fostering an engaging and supportive working environment for our employees. To formalize our employment relationships, we enter into standard labor contracts and confidentiality agreements with all full-time employees.

In accordance with PRC laws and regulations, we enroll our employees in various social security schemes administered by local governments, including pension insurance, medical insurance, maternity insurance, work-related injury insurance, unemployment insurance and housing provident funds.

During the Track Record Period and up to the Latest Practicable Date, we did not make full contributions to social insurance and housing provident funds for certain employees based on their actual salaries. We estimate that the shortfall of social insurance and housing provident fund contributions in 2023, 2024, 2025 and the six months ended June 30, 2026 was approximately RMB7.5 million, RMB9.9 million, RMB15.5 million and RMB7.9 million. The aggregate amount of the aforesaid shortfall of social insurance and housing provident fund contributions is less than 3.0% of our revenue in 2025. Pursuant to the applicable PRC laws and regulations, if an employer fails to make social insurance contributions in full, the relevant authorities could order the employer to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05%, and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. Additionally, where an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the authority could order it to make the payment and deposit within a prescribed time limit, and where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a court in China for compulsory enforcement. Therefore, the maximum potential late fees for which we may be liable in connection with the inadequate contributions to the social insurance would be approximately RMB1.1 million, RMB2.6 million, RMB4.9 million and RMB3.0 million for 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Given that we have undertaken to make timely and full contributions, the maximum potential penalty would be limited to the shortfall in our social insurance and housing provident fund contributions.

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To monitor our compliance with relevant laws and regulations in respect of social insurance and housing provident fund contributions, we have taken and will take the following internal control measures and actions to rectify the non-compliance: (i) provide training to our human resources department to not enter into any arrangements with our employees for the waiver of social insurance contributions; (ii) designate our human resources department to review and monitor the reporting and contributions of social insurance and housing provident funds; (iii) consult our PRC Legal Advisor on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant PRC laws and regulatory developments, including but not limited to PRC laws and regulations in relation to social insurance and housing provident funds, and will provide relevant employees with legal compliance trainings relating to the same; and (iv) in the event that competent government authorities require us to make the contributions to the social insurance and housing provident funds within a stipulated time period or make supplementary contributions and late fees, we will duly comply in a timely manner.

As of the Latest Practicable Date, we have duly completed the registration for social insurance and housing provident funds and made contributions for our employees in accordance with the local regulations and policies. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material administrative actions, fines or penalties by the relevant authorities for violations of PRC laws relating to social insurance and housing provident funds. We have not received any notice from the authorities requiring us to make up contributions, nor have we been subject to any inspection, investigation or material employee complaints or reports in this regard. We have obtained confirmation from the local authorities in charge of social insurance and housing provident funds and, where applicable, through relevant credit reports, that no administrative penalties were imposed on us in connection with the above matters during the Track Record Period and up to the Latest Practicable Date.

According to the Interpretation II by the Supreme People’s Court of the PRC on Legal Issues in the Trial of Labor Dispute Cases, promulgated by the Supreme People’s Court on August 1, 2025 and effective from September 1, 2025, any agreement between a PRC employer and an employee or an employee’s undertaking to the employer on the non-contribution of social insurance shall be deemed invalid by the People’s Court. If an employee requests to terminate the employment agreement and seek economic compensation on the grounds that the employer has failed to pay social insurance contributions in accordance with the applicable laws, the People’s Court shall support such claims. As advised by our PRC Legal Advisor, the Interpretation does not expand the scope of penalties nor change or abolish existing laws and regulations.

We had not made provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date. Our Directors believe, and our PRC Legal Advisor is of the view, that provided there are no material changes to current policies, regulations or regulatory practice and in the absence of group employee complaints, reports or related litigation or arbitration, the risk of us being subject to major administrative penalties and collective recovery of social insurance and housing provident fund contributions by the competent authorities due to not making full contributions based on employees’ actual salaries is low. The Reporting Accountants have reviewed our Group’s assessment and concur with the management’s judgement that no provision is required under the applicable accounting standards.

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PROPERTIES

Our corporate headquarters office is located in Jiaxing, Zhejiang. As of the Latest Practicable Date, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Owned Properties

As of the Latest Practicable Date, we owned five properties in China with an aggregate gross floor area of approximately 227,728 sq.m., which were primarily used for industrial purposes.

As of the Latest Practicable Date, we owned a total of five parcels of land in China with an aggregate land use right area of approximately 208,852 sq.m., primarily utilized for production, office, warehousing and other operational purposes. We had obtained the land use right certificates for all of our parcels of land in China. As of the Latest Practicable Date, we also owned one parcel of land in Thailand with a total land area of approximately 85,985 sq.m., which is designated for industrial development purposes.

Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, we had obtained and held all relevant title certificates in respect of the land and properties owned by us in compliance with the applicable PRC laws and regulations relating to land and properties.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalties imposed by the relevant governmental authorities in connection with the foregoing. According to the opinion of our PRC Legal Advisor, we legally and validly own the land use rights to the above parcels in China. Such land use rights are free from any ownership disputes or potential disputes, and our exercise is not subject to any restrictions or to any mortgage, encumbrance or other third-party security interest.

Leased Properties

As of the Latest Practicable Date, we leased six properties in China with an aggregate gross floor area of approximately 40,939 sq.m., which were primarily used for office, production and warehouse purposes. The leases generally have a term ranging from three to eight years.

As of the Latest Practicable Date, five of our leased properties have not been registered for lease filing as required under PRC regulations. Under the relevant PRC regulations, we may be ordered by the competent authorities to register the relevant lease agreements within a prescribed period and we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to comply.

As advised by our PRC Legal Advisor, the validity and enforceability of the lease agreements are not affected by the failure to register or file the lease agreements with the relevant government authorities. While there is a risk of being ordered to rectify and being subject to administrative penalties for overdue non-registration, the statutory penalty amounts

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are relatively low and such non-registration does not affect our right to use the leased properties in accordance with the lease agreements. See “Risk Factors — Risks Relating to Our Business and Industry — Any unfavorable changes to our lease arrangements or any defects or delays associated with our land use rights could adversely affect our business and financial performance.” During the Track Record Period and as of the Latest Practicable Date, we were not required by the authorities to register these leases and had not been subject to any penalties for such non-registration. Our PRC Legal Advisor is of the view that this matter does not have a material adverse impact on our business operations.

INSURANCE

We believe that our insurance coverage is adequate for our business and in line with general market practice. Our principal insurance policies primarily include employee benefits insurance and employer’s liability insurance, which we believe have covered major risks in our daily operations in the jurisdictions in which we operate. During the Track Record Period and up to the Latest Practicable Date, we did not make any material insurance claims in relation to our business.

In line with general market practice, we do not maintain certain insurance policies that are not available in the jurisdictions in which we operate, or that are not generally required by law. See “Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may be insufficient to cover all customer losses or potential claims, which could adversely affect our business, financial condition and results of operations.”

RISK MANAGEMENT AND INTERNAL CONTROL

We have formulated and implemented comprehensive risk management and internal control policies that span various aspects of our business operations to oversee and address a spectrum of operational, financial, legal and market risks that may be or have been identified in connection with our operations. These comprehensive risk management and internal controls are supported by our specific monitoring and reporting procedures and systems, as outlined in the relevant policies. Our Board bears the responsibility for overseeing our overall risk management, ensuring that our risk management policies are not only implemented but also regularly reviewed and updated to reflect the changing business environment.

We established a dedicated internal audit team which takes responsibility for establishing risk management and internal control policies, conducting internal audit, providing internal control consultation and guiding any rectification.

Business Operational Risk Management

We have established a series of internal procedures to manage business operational risks, including risks related to incomplete or problematic internal processes, personnel mistakes, IT system failures and external events. We take a comprehensive approach to operational risk management and implement a mechanism with detailed and decentralized responsibilities, clear rewards and penalty systems. Our business operations, finance, IT and human resources departments are collectively responsible for ensuring that our business operations comply and conform with internal procedures. On the occurrence of a major adverse event, the matter will be escalated to our senior management, and the Board of Directors may need to take appropriate measures. Through effective business operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

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Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, including financial report management policies, budget management policies, financial statements preparation policies and financial department and staff management policies. We have various procedures in place to implement accounting policies, and our financial department reviews our management accounts based on such procedures. We also provide regular training for our financial department staff to ensure that they understand financial management and accounting policies and implement them in our daily operations.

Intellectual Property Risk Management

See “— Intellectual Property.”

Human Resources Risk Management

We provide regular and specialized training tailored to the needs of our employees in different departments. Our human resources department regularly organizes internal training sessions conducted by internal or external experts on topics of interest. Our human resources department schedules online training sessions, reviews the content of the training programs and follows up with employees to evaluate the impact of such training. Through these training courses, we ensure that our staff’s skills remain up to date, enabling them to better discover and meet consumers’ needs. We have in place an employee handbook approved by our management and distributed to all of our employees, which contains internal rules and guidelines regarding best commercial practices, work ethics, fraud prevention mechanisms, negligence and corruption. We provide employees with regular training and resources to explain the guidelines contained in the employee handbook.

We also have in place an anti-corruption policy to safeguard against any corruption within our Company. The policy explains potential corruption conduct and our anti-corruption measures. We make our internal reporting channel available for our staff to report any corruption acts, and our staff can also make anonymous reports to our internal audit department. Our internal audit department is responsible for investigating any reported incidents and taking appropriate measures. We also have regular training for employees regarding the anti-bribery policy to facilitate the implementation of the policy. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any anti-bribery incident committed by our employees in relation to our customers.

Investment Risk Management

Our investment strategy is grounded in the principles of compliance, prudence, safety and effectiveness. We consider the following criteria in making investment decisions: (i) size, expected returns and associated risks; (ii) compliance with applicable laws and regulations; (iii) consistency with our growth strategies; (iv) appropriateness of enterprise resource allocation; and (v) optimization of our portfolio.

We set up investment plans in line with our business strategies with input from various business departments. An investment budget is set up based on our business strategies every year. We generally intend to hold our investments for the long term. With surplus cash on hand, we may also make investments in cash management products to generate finance income at a yield higher than the current bank deposit interest rates, with an emphasis on capital preservation. Each investment decision is made based on internal vetting and discussions, considering factors such as market dynamics, expected returns and risks involved.

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We believe that our internal strategy and policies regarding investments and the related risk management mechanisms are adequate, and that our investment decisions have been in full compliance with our investment strategy and policies.

INFORMATION SECURITY AND PRIVACY

We place significant emphasis on information security management, drawing on the best international practices in our operations. We strictly abide by the Cybersecurity Law of the People’s Republic of China, the Data Security Law of the People’s Republic of China, the Personal Information Protection Law of the People’s Republic of China and other national or regional laws and regulations to conduct business.

In the course of our daily operations, we may need to collect and process the personal information of our employees, visitors and business partners, involving various scenarios including personal information collection and use and entrusted third-party processing. We strictly comply with applicable laws and regulations, including the Personal Information Protection Law of the People’s Republic of China, the Data Security Law of the People’s Republic of China, the Cybersecurity Law of the People’s Republic of China and other applicable laws and regulations, and enhance our data compliance management practices. We proactively follow the developments and interpretations of laws and regulations, conduct compliance risk assessments, perform compliance reviews and provide relevant training to our employees. During the Track Record Period, our personal information processing activities were limited to ordinary-course business contact information of customers’ and suppliers’ representatives and employees’ personal information for internal administration and human resources management purposes. Based on the due diligence conducted and documents reviewed by our PRC data compliance legal advisers, our Group has proper legal basis for the relevant processing activities under applicable PRC data protection laws and regulations, and has obtained consent or separate consent where required, including for employees’ sensitive personal information. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data leakage or loss of data or information. Based on the due diligence conducted and documents reviewed by our PRC data compliance legal advisers on information security and privacy, during the Track Record Period and up to the Latest Practicable Date, we were in material compliance with the PRC laws and regulations relating to cybersecurity, data security and privacy protection, and had not been involved in any material violations, including the unlawful collection, use or provision of data. No material non-compliance or risk of material administrative penalty has been identified in this regard. In addition, except for the cross-border transfer of personal information for the purpose of the [REDACTED], we had not conducted any data processing activities outside the PRC.

LICENSES, APPROVALS AND PERMITS

We are required to obtain various licenses, permits, approvals and certificates for our business. As advised by our PRC Legal Advisor, we had obtained the requisite licenses, permits, approvals and certificates from applicable authorities which are material to our operations, and such licenses, permits, approvals and certificates are valid and subsisting as of the Latest Practicable Date.

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LEGAL PROCEEDINGS

Legal Proceedings

Occasionally, we may be subject to legal proceedings, investigations and claims arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

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

AWARDS AND RECOGNITIONS

We have received a number of awards and recognitions in respect of our technologies and products. The following table sets forth major awards and recognitions we received during the Track Record Period and up to the Latest Practicable Date:

Year	Name of Award or Recognition	Awarding Authority
2025	Public List of Enterprises that Passed the Review for the Third Batch of “Specialized, Refined, Distinctive and Innovative Little Giants” in Zhejiang Province (浙江省第三批專精特新“小巨人”覆核通過企業公示名單)	Ministry of Industry and Information Technology of the People’s Republic of China
2025	The Ninth Batch of Manufacturing Industry Single Champion Enterprises (第九批製造業單項冠軍企業)	Department of Economy and Information Technology of Zhejiang Province
2025	“Zhejiang Manufacturing Excellence” (“浙江製造精品”)	Department of Economy and Information Technology of Zhejiang Province
2025	Zhejiang Export Premium Brand (浙江出口名牌)	Department of Commerce of Zhejiang Province
2025	Zhejiang Provincial Green and Low-Carbon Industrial Parks and Factories (2025年浙江省綠色低碳工業園區、工廠)	Department of Economy and Information Technology of Zhejiang Province

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Year	Name of Award or Recognition	Awarding Authority
2024	2024 Zhejiang Provincial Enterprise Technology Centers (2024年浙江省企業技術中心)	Department of Economy and Information Technology of Zhejiang Province Department of Finance of Zhejiang Province State Taxation Administration Zhejiang Provincial Tax Service Hangzhou Customs of the People’s Republic of China
2023	2023 Zhejiang Provincial Science and Technology Leading Enterprise & Technology Little Giant Enterprise (2023年度浙江省科技領軍企業、科技小巨人企業)	Department of Science and Technology of Zhejiang Province
2023	Zhejiang Provincial Intellectual Property Model Enterprises (浙江省知識產權示範企業)	Zhejiang Provincial Administration for Market Regulation
2023	Zhejiang Provincial Science and Technology Progress Award (浙江省科學技術進步獎)	People’s Government of Zhejiang Province
2023	2023 Zhejiang Provincial First Batch of New Materials (2023年度浙江省首批次新材料)	Department of Economy and Information Technology of Zhejiang Province
2023	2023 Zhejiang Provincial May Day Labor Award, Medal and Worker Pioneer Title (2023年浙江省五一勞動獎狀、獎章和工人先鋒號)	Zhejiang Federation of Trade Unions