This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this document. You should read the entire **[REDACTED]** *before you decide to* **[REDACTED]** *in the* **[REDACTED]**.

There are risks associated with any **[REDACTED]**. *Some of the particular risks in* **[REDACTED]** *in the* **[REDACTED]** *are set forth in "Risk Factors" in this document. You should read that section carefully before you decide to* **[REDACTED]** *in the* **[REDACTED]**.

OVERVIEW

We are a fine chemical materials supplier which produces and sells cement admixture (水泥外加劑), concrete admixture (混凝土外加劑) and their respective upstream raw materials. Leveraging our R&D endeavours and capabilities, we also provide technical support to our customers relating to the products provided by us. According to Frost & Sullivan, we ranked first in the PRC in terms of both sales volume and revenue of cement admixtures in FY2023, with a market share of approximately 28.3% and 32.3%, respectively (in particular, we ranked first in the PRC in terms of sales volume and revenue of cement grinding aids (水泥助磨劑)[1] in FY2023, with a market share of approximately 34.6% and 34.1%, respectively). Our sales volume of concrete admixtures accounted for approximately 0.8% of the total sales volume of concrete admixtures in the PRC in FY2023, whereas our revenue of concrete admixtures accounted for approximately 0.6% of the total revenue of concrete admixtures in the PRC in FY2023. Our sales volume of processed alcohol amines accounted for approximately 4.7% of the total sales volume of processed alcohol amines in the PRC in FY2023, whereas our revenue of processed alcohol amines accounted for approximately 3.9% of the total revenue of processed alcohol amines in the PRC in FY2023. Our sales volume of polyether monomers accounted for approximately 0.9% of the total sales volume of polyether monomers in the PRC in FY2023, whereas our revenue of polyether monomers accounted for approximately 1.0% of the total revenue of polyether monomers in the PRC in FY2023. We were established by Conch Holdings, a Fortune China 500 company that ranks the 135th in 2024, to explore the fine chemical materials market as a key enterprise with a full industrial spectrum of abilities to achieve energy conservation and efficiency improvement for the cement and concrete industry.

Our history can be traced back to 2018 when our Predecessor Company was established and subsequently began its business of production of cement and concrete admixture industry through the acquisition of Shandong Hongyi (currently known as Linyi Conch) and its subsidiary (i.e. Guizhou Conch) in 2018, and further acquisition of Meishan Conch and Xiangyang Conch in the same year, which was facilitated by a cooperation agreement entered into between our Predecessor Company and Hubei Xintongling. Before these acquisitions, Shandong Hongyi and Xintongling Group did not have any business relationship with our Controlling Shareholders and its subsidiaries and associates.

1 Cement grinding aids is a principal type of cement admixture. The production volume of cement grinding aids accounted for approximately 81.8% of total production volume of cement admixtures in the PRC in FY2023.

During the Track Record Period, we mainly sold cement admixture and concrete admixture, and their respective in-process intermediaries, namely, processed alcohol amine, polyether monomers and polycarboxylic acid mother liquor (聚羧酸母液) in the PRC. Respective in-process intermediaries of cement and concrete admixtures also serve as raw materials in the production of cement and concrete admixtures. As at 30 June 2024, we mainly sold our products under the brand trademarks of "CONCH" and "Hongyi", which have strong brand influence and are highly attractive to customers.

For FY2021, FY2022, FY2023 and 6M2024, our revenue derived from cement admixture and its respective in-process intermediaries was RMB1,449.6 million, RMB1,357.8 million, RMB1,427.7 million and RMB618.4 million respectively, accounting for 94.3%, 73.8%, 59.6% and 56.0% of our total revenue in the same year/period. For FY2021, FY2022, FY2023 and 6M2024, our revenue derived from concrete admixture and its respective in-process intermediaries was RMB84.8 million, RMB460.4 million, RMB962.5 million and RMB482.7 million respectively, accounting for 5.5%, 25.1%, 40.2% and 43.7% of our total revenue in the same year/period.

We have a nationwide presence owing to our 11 production facilities located across the PRC. Our production facilities are each equipped with its own technical team and sales team. Our production facilities are located in Ningbo of Zhejiang Province, Linyi of Shandong Province, Guigang of Guangxi Zhuang Autonomous Region, Qiannan Buyi and Miao Autonomous Prefecture of Guizhou Province, Meishan of Sichuan Province, Tongling of Anhui Province, Xiangyang of Hubei Province, Xianyang of Shaanxi Province, Haidong of Qinghai Province, Kunming of Yunnan Province and Huludao of Liaoning Province, and had a total GFA of 123,950.22 m^2 as at the Latest Practicable Date.

In order to promote our business growth, our R&D efforts focus on developing new products and new applications and improving production technologies to diversify our product portfolio and improve production efficiency. Our widely recognized R&D efforts have won us a number of awards and recognitions. In particular, we were awarded by State Council State-owned Enterprise Reform Leading Group* (國務院國有企業改革領導小組) "Scientific Reform Demonstration Enterprise* (科改示範企業)" with a top ranking consecutively in 2022 and 2023. Further, we were awarded by China Building Materials Enterprise Management Association (中國建築材料企業管理協會) the "China's Top 100 Innovative Building Materials Enterprises in 2022", "China's Top 100 Building Materials Enterprises with the Most Growth Potential in China in 2022" and "China's 2022 Harmonious Building Materials Enterprises" in 2022.

OUR STRENGTHS

We believe that the following strengths have contributed to our success and distinguish us from our competitors:

- We are China's leading cement admixture supplier integrating R&D, production, sales and technical support.

- Our R&D effort contributes to our leading position in the industry in China.

- Our stable cooperation with upstream and downstream partners can effectively reduce production costs, ensure supply and achieve business growth.

- Our advanced and mature production technology and strict quality control procedures can meet the unique needs of our customers and ensure excellent product quality and reliable reputation.

- We have experienced management team with visionary leadership and excellent execution capabilities.

OUR FUTURE STRATEGY

We plan to continue to increase our market share in the cement admixture industry and concrete admixture industry. To achieve our goals, we plan to adopt the following strategies:

- Optimising our Group's production capacity, while effectively extending our geographical presence in the PRC and certain overseas countries to consolidate our position as one of the leading suppliers of fine chemical materials in the PRC.

- Consolidating our R&D capabilities and diversifying our product portfolio.

- Strengthening environment-friendly production facilities, promoting the production efficiency and energy conservation and emission reduction, and achieving long-term sustainable development.

- Conducting strategic acquisitions and establishing joint ventures to expand our industrial chain layout and enhance our competitiveness.

BUSINESS MODEL

During the Track Record Period, we mainly sold cement admixture and concrete admixture, and to a lesser extent, their respective in-process intermediaries, namely, processed alcohol amine, polyether monomers and polycarboxylic acid mother liquor in the PRC.

The following table sets out a breakdown of our revenue by geographical regions and the revenue generated from each region as a percentage of our revenue during the Track Record Period:

	FY2021		FY2022		FY2023		6M2023		6M2024	
	RMB million	*% of total revenue*	*RMB million*	*% of total revenue*	*RMB million*	*% of total revenue*	*RMB million* (unaudited)	*% of total revenue*	*RMB million*	*% of total revenue*
PRC										
Eastern region	751.7	49.0	1,079.9	58.8	1,409.4	58.7	631.5	61.0	606.1	54.9
Western region	281.5	18.3	260.3	14.1	313.0	13.1	142.8	13.8	158.1	14.3
Southern region	189.7	12.3	213.6	11.6	282.0	11.8	104.7	10.1	146.3	13.3
Northern region	82.2	5.3	83.2	4.5	97.4	4.1	38.1	3.7	56.1	5.1
Central region	232.4	15.1	202.6	11.0	293.7	12.3	118.4	11.4	136.5	12.4
Southwest Asia	—	—	—	—	—	—	—	—	0.3	0.0
Total	1,537.5	100.0	1,839.6	100.0	2,395.5	100.0	1,035.5	100.0	1,103.4	100.0

Note: Eastern region includes Shandong Province, Anhui Province, Zhejiang Province, Jiangsu Province, Shanghai City, Fujian Province, Hebei Province, Beijing City, Tianjin City, Jiangxi Province and Hainan Province.

Western region includes Yunnan Province, Guizhou Province, Sichuan Province, Chongqing City, Tibet Autonomous Region and Gansu Province.

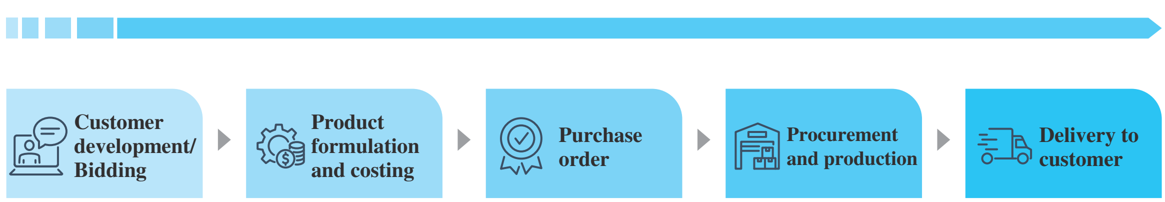
Southern region includes Guangdong Province and Guangxi Zhuang Autonomous Region.

Northern region includes Shanxi Province, Qinghai Province, Xinjiang Uygur Autonomous Region, Ningxia Province, Shaanxi Province, Liaoning Province, Jilin Province, Heilongjiang Province and Inner Mongolia Autonomous Region.

Central region includes Hunan Province, Hubei Province and Henan Province.

After Ningbo Conch obtained requisite export licence and completed the relevant procedure for direct sales to overseas in May 2024, we started to directly sell our products through Ningbo Conch to our overseas customers in Southwest Asia.

Our target customers mainly include manufacturers of cement and concrete which have their own cement, and concrete mixing plants, manufacturers of cement and concrete admixtures and companies which trade our products. Set below is our operation flow:



OUR PRODUCTS

Our products mainly include (i) the various types of cement admixture and concrete admixture, (ii) the in-process intermediary of cement admixture, being alcohol amine, and (iii) the in-process intermediaries of concrete admixture, being polyether monomers and polycarboxylic acid mother liquor. Our products are mainly applied in the production process of cement and concrete to enhance production process, overall quality, performance and functionality of cement and concrete (such as durability and liquidity), and lower energy consumption during production process, and therefore improve the economic benefits of cement and concrete producers. In particular, our cement admixture can enhance the grindability of cement, and therefore can accelerate production efficiency and increase the production volume of cement. Our concrete admixture can reduce the amount of water applied in the production of concrete, and therefore can improve the quality of concrete by enhancing its stability and durability. For details of how admixture products achieve such results, see "Business — Products" in this document.

PRODUCTS

Our products primarily include cement admixture and concrete admixture, and their respective in-process intermediaries namely processed alcohol amine, polyether monomers and polycarboxylic acid mother liquor. The table below sets out an analysis of our revenue, sales volume, average selling price, gross profit and gross profit margin by product types for the Track Record Period:

	FY2021						FY2022						FY2023						6M2023						6M2024					
	Revenue	% of total revenue	Sales volume	Average selling price (Note 3)	Gross profit	Gross profit margin	Revenue	% of total revenue	Sales volume	Average selling price (Note 3)	Gross profit	Gross profit margin	Revenue	% of total revenue	Sales volume	Average selling price (Note 3)	Gross profit	Gross profit margin	Revenue	% of total revenue	Sales volume	Average selling price (Note 3)	Gross profit	Gross profit margin	Revenue	% of total revenue	Sales volume	Average selling price (Note 3)	Gross profit	Gross profit margin
	RMB 'million	*%*	*Tonnes ('000)*	*RMB per tonne*	*RMB' million*	*%*	*RMB 'million*	*%*	*Tonnes ('000)*	*RMB per tonne*	*RMB' million*	*%*	*RMB 'million*	*%*	*Tonnes ('000)*	*RMB per tonne*	*RMB' million*	*%*	*RMB 'million (unaudited)*	*%*	*Tonnes ('000)*	*RMB per tonne*	*RMB' million (unaudited)*	*%*	*RMB 'million*	*%*	*Tonnes ('000)*	*RMB per tonne*	*RMB' million*	*%*
Cement admixture and in-process intermediaries																														
Cement admixture (水泥外加劑)	962.6	62.6	261	3,694.8	299.7	31.1	916.5	49.8	256	3,569.8	325.7	35.5	930.2	38.8	274	3,390.4	375.8	40.4	422.4	40.8	123	3,446.1	163.2	38.6	411.2	37.2	126	3,252.3	177.3	43.1
— Related party customers	803.6	52.2	226	3,563.1	263.0	32.7	731.7	39.7	216	3,387.4	267.2	36.5	730.3	30.4	226	3,244.8	307.8	42.1	327.2	31.6	100	3,285.6	134.8	41.2	320.4	29.0	102	3,141.8	140.8	44.0
— Third party customers	159.0	10.4	35	4,542.8	36.7	23.1	184.8	10.1	40	4,537.2	58.5	31.7	199.9	8.4	48	4,054.9	68.0	34.0	95.2	9.2	23	4,142.1	28.4	29.9	90.8	8.2	24	3,713.3	36.5	40.2
Processed alcohol amine (醇胺產品)	487.0	31.7	49	9,997.0	17.5	3.6	441.3	24.0	56	7,811.0	18.2	4.1	497.5	20.8	71	7,032.3	18.8	3.8	208.5	20.1	29	7,140.3	8.8	4.2	207.2	18.8	33	6,343.0	7.8	3.7
— Related party customers	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.7	0.2	0	6,521.6	0.1	5.8
— Third party customers	487.0	31.7	49	9,997.0	17.5	3.6	441.3	24.0	56	7,811.0	18.2	4.1	497.5	20.8	71	7,032.3	18.8	3.8	208.5	20.1	29	7,140.3	8.8	4.2	205.5	18.6	33	6,341.6	7.7	3.7
	1,449.6	94.3	310	4,687.6	317.2	21.9	1,357.8	73.8	312	4,334.7	343.9	25.3	1,427.7	59.6	345	4,137.0	394.6	27.6	630.9	60.9	152	4,156.9	172.0	27.3	618.4	56.0	159	3,887.0	185.1	29.9
Concrete admixture and in-process intermediaries																														
Concrete admixture (混凝土外加劑)	71.9	4.7	46	1,601.9	18.1	25.1	97.4	5.3	69	1,411.8	14.9	15.3	153.3	6.4	124	1,231.6	29.8	19.4	61.8	6.0	50	1,253.0	9.0	14.6	91.5	8.3	77	1,197.8	12.7	13.9
— Related party customers	46.4	2.9	29	1,678.2	14.7	31.8	43.9	2.4	28	1,553.1	11.7	26.8	47.3	1.8	40	1,192.4	9.9	20.8	18.9	1.8	15	1,278.6	4.1	21.4	28.2	2.6	25	1,134.8	4.1	14.4
— Third party customers	25.5	1.8	17	1,479.3	3.4	12.9	53.5	2.9	41	1,326.0	3.2	5.9	106.0	4.6	84	1,250.0	19.9	18.8	42.9	4.1	35	1,242.0	4.9	11.5	63.3	5.7	52	1,228.2	8.6	13.6

	FY2021						FY2022						FY2023						6M2023						6M2024					
	Revenue	% of total revenue	Sales volume	Average selling price (Note 3)	Gross profit	Gross profit margin	Revenue	% of total revenue	Sales volume	Average selling price (Note 3)	Gross profit	Gross profit margin	Revenue	% of total revenue	Sales volume	Average selling price (Note 3)	Gross profit	Gross profit margin	Revenue	% of total revenue	Sales volume	Average selling price (Note 3)	Gross profit	Gross profit margin	Revenue	% of total revenue	Sales volume	Average selling price (Note 3)	Gross profit	Gross profit margin
	RMB 'million	*%*	*Tonnes ('000)*	*RMB per tonne*	*RMB' million*	*%*	*RMB 'million*	*%*	*Tonnes ('000)*	*RMB per tonne*	*RMB' million*	*%*	*RMB 'million*	*%*	*Tonnes ('000)*	*RMB per tonne*	*RMB' million*	*%*	*RMB 'million (unaudited)*	*%*	*Tonnes ('000)*	*RMB per tonne*	*RMB' million (unaudited)*	*%*	*RMB 'million*	*%*	*Tonnes ('000)*	*RMB per tonne*	*RMB' million*	*%*
Polyether monomers (聚醚單體)	–	–	–	–	–	–	315.5	17.2	58	5,486.0	(9.0)	(2.9)	695.1	29.0	126	5,510.4	25.5	3.7	301.9	29.2	56	5,400.7	7.2	2.4	302.5	27.4	50	6,050.9	6.6	2.2
– Related party customers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1.0	0.1	0	6,401.2	0.0	1.6
– Third party customers	–	–	–	–	–	–	315.5	17.2	58	5,486.0	(9.0)	(2.9)	695.1	29.0	126	5,510.4	25.5	3.7	301.9	29.2	56	5,400.7	7.2	2.4	301.5	27.3	50	6,049.8	6.6	2.2
Polycarboxylic acid mother liquor (聚羧酸母液)	12.9	0.8	3	4,348.7	0.9	7.0	47.5	2.6	12	4,118.7	1.8	3.9	114.1	4.8	31	3,671.8	6.6	5.8	36.2	3.5	10	3,689.6	1.9	5.3	88.7	8.0	26	3,442.7	3.9	4.3
– Related party customers	0.0	0.0	0	3,982.3	0.0	7.7	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
– Third party customers	12.9	0.8	3	4,348.8	0.9	7.0	47.5	2.6	12	4,118.7	1.8	3.9	114.1	4.8	31	3,671.8	6.6	5.8	36.2	3.5	10	3,689.6	1.9	5.3	88.7	8.0	26	3,442.7	3.9	4.3
	84.8	5.5	49	1,772.2	19.0	22.4	460.4	25.1	139	3,335.4	7.7	1.7	962.5	40.2	281	3,417.0	61.9	6.4	399.9	38.6	116	3,474.8	18.1	4.5	482.7	43.7	153	3,171.6	23.1	4.8
Others (Note 1)	3.1	0.2	N/A (Note 2)	N/A (Note 2)	2.0	64.5	21.4	1.1	N/A (Note 2)	N/A (Note 2)	12.1	56.5	5.3	0.2	N/A (Note 2)	N/A (Note 2)	2.7	50.6	4.7	0.5	N/A (Note 2)	N/A (Note 2)	1.0	22.0	2.3	0.3	N/A (Note 2)	N/A (Note 2)	0.8	39.1
Total	1,537.5	100.0	359	4,297.1	338.2	22.0	1,839.6	100.0	451	4,029.1	363.7	19.8	2,395.5	100.0	626	3,813.4	459.2	19.2	1,035.5	100.0	268	3,862.7	191.1	18.5	1,103.4	100.0	312	3,538.9	209.1	19.0

Notes:

1. Others include the sale of raw materials and desulfurizer (脱硫劑) and grinding aids (耦合劑) sold by one of our operating subsidiaries, Anhui Haicui. Grinding aids are applied as a special additive designed for the intelligent testing of cement. Desulfurizer is a chemical used to remove sulfur from a material. Anhui Haicui did not generate revenue from desulfuriser after it was acquired by our Group.

2. Our Directors considered that sales volume and average selling price is of no reference value as sales of other products is incidental to our business rather than our major revenue stream.

3. Average selling price is calculated by using revenue in absolute amount divided by sales volume in absolute amount.

Gross profit and gross profit margin for sales to related party customers and third party customers

Unlike our in-process intermediary products, which are generally standardised, our admixture products generally need to be formulated before sales to customers in order to ensure that they meet specific performance requirements and can be effectively used in construction projects. Our related party customers generally have more specific requirements than our third party customers, which entails that their products require more specific formulations so as to ensure the quality of the products delivered to them. However, it should be noted that while the level of which our products are formulated and the type of formulation bears an impact on our price and margin, our price and margin are also affected by other factors such as market competition, delivery distance, volume purchased, lead time and our customers' profile. As such, the level of formulation is not the only determining factor as to our price and margin.

Cement admixture

Despite the fact that our sales to related party customers are determined on arm's length basis, there was a difference between our gross profit margin for sales to related party customers and our gross profit margin for sales to third party customers during the Track Record Period. Our gross profit margin for sales to related party customers was 32.7%, 36.5%, 42.1% and 44.0% for FY2021, FY2022, FY2023 and 6M2024, respectively; while our gross profit margin for sales to third party customers was 23.1%, 31.7%, 34.0% and 40.2% for the corresponding year/period, respectively. Such difference was mainly due to the provision of value-added services to related party customers such as the provision of long-distance delivery service and ancillary services and higher product quality to larger scale customers, as mentioned below. According to Frost & Sullivan, (i) the gross profit margin of our Group to both related party customers and third party customers during the Track Record Period fell within the industry range; and (ii) such variance between the gross profit margin from our related party customers and from our third party customers is commercially justifiable. The difference in the gross profit margin between related party customers and third party customers during the Track Record Period were primarily due to the following reasons:

- Our related party customers, being the leading players in the cement industry, generally need admixture providers which can provide large volume orders nationwide, requisite technical requirements and timely technical support, as well as cater to their production needs across the nation. As such, we took into account the aforesaid needs and the competitive landscape (such as features of our competitors, which generally have requisite scale, large number of technical staff and nationwide coverage) to set a reasonable and competitive price when participating in the tenders of our related party customers so as to maximise our possible chance of success.

- Our related party customers have a nationwide presence which may require delivery of our products across provinces while third party customers normally required delivery within provinces, higher transportation costs are incurred for related party customers which warrant a higher selling price to reflect the higher transportation costs (which is one of the cost components of our total cost of sales; while the per tonne transportation cost did not increase as much as the selling price because provision of long-distance delivery, which is one of our value-added services, provides an opportunity to improve transportation efficiency through route planning such that we can obtain a higher gross profit margin). We provided value-added services to related party customers including provision of ancillary facilities such as the provision and maintenance of flow pump, flow metering system and level meter and storage tank in stainless steel with automatic flow system which could reduce the delivery time and maintain stability of materials and ensure stable supply of materials to related party customers, the provision of which enabled us to charge a higher selling price and further increased our gross profit margin as the per tonne material cost did not increase by a large extent despite the provision of additional services to related party customers because the cost of the above mentioned ancillary facilities was not recorded in cost of sales.

- Our related party customers generally had more specific requirements than smaller scale customers, which were generally third party customers. For example, the level of active ingredients and the strength of cement after application of our cement grinding aids required by large scale customers like our related party customers are different; the difference in such requirements, entail that products requested by large scale customers require more specific formulations so as to ensure the quality of the products delivered to them. Generally, the end-customers of related party customers will apply their cement with higher quality to large-scale national infrastructure construction projects such as railway, highways and airports as well as urban real estate development, while cement admixture used in the production of cement end-products purchased by third party customers is mostly applied to civil projects.

Concrete admixture

Our gross profit margin for sales to related party customers was 31.8%, 26.8%, 20.8% and 14.4% for FY2021, FY2022, FY2023 and 6M2024, respectively; while our gross profit margin for sales to third party customers was 12.9%, 5.9%, 18.8% and 13.6% for the corresponding year/period, respectively. Such difference in gross profit margin between our third party customers and related party customers was due to the difference in our selling prices of admixture products to these two types of customers, which was determined after taking into account of the respective market landscapes of our third party customers (generally being manufacturers without nationwide presence) and related party customers, as well as, our desires to expand our market share and develop new customers. Gross profit margin for sales to related party customers decreased from 21.4% for 6M2023 to 14.4% for 6M2024, mainly due to the increase in sales to Related Party A as it extended to the field of commodity concrete in order to enhance its product offering which can attract new customers, so as to maintain its competitiveness and control in the market. For details relating to the difference in gross profit margin between Related Party A and Related Party B, see "Financial Information — Gross profit and gross profit margin — Gross profit and gross profit margin by customer type — Concrete admixture" in this document.

For FY2022, gross profit margin for sales to third party customers was lower than that of FY2021 and FY2023, mainly due to the commencement of operation of Tongling Production Plant and Guigang Production Plant in late 2021 and Ningbo Production Plant in 2022 which resulted in higher cost per tonne as sales volume was low and a portion of the cost such as depreciation and amortisation and staff cost was of a fixed nature. Gross profit margin for sales to third party customers then increased for FY2023 primarily owing to the decrease in per unit production cost as sales volume of the aforementioned production plants increased. Gross profit margin for sales to third party customers increased from 11.5% for 6M2023 to 13.6% for 6M2024, primarily due to the facts that production volume of certain production plants that commenced operation during Track Record Period increased, resulting in reduced cost per tonne as a portion of the cost such as depreciation and amortisation and staff cost was of a fixed nature.

For the gross profit margin for our sales to related party customers and third party customers, see "Financial Information — Gross profit and gross profit margin — Gross profit and gross profit margin by customer type" in this document.

PRICING

The price of our products is generally determined taking into account various factors, mainly consisting of the price of the raw materials, labour costs, transportation cost, the market prospects of the geographical area in which the customer operates, specifications of products requested by customers, our profit margin with reference to the market demand, anticipated market trends, historical sales data and prices of our competitors' products.

PRODUCTION FACILITIES AND CAPACITIES

As at the Latest Practicable Date, we had 11 production facilities across the PRC for the production of cement and concrete admixture and their respective in-process intermediaries.

As at the Latest Practicable Date, we had 21, 24, 16, 5 and 46 production lines respectively for the production of cement admixture, concrete admixture, processed alcohol amine, polyether monomers and polycarboxylic acid mother liquor . For further details, see "Business — Production — Production facilities and capacities" in this document.

The table below sets forth our maximum annual/half year production capacity, actual production volume and utilisation rate of each of our production facilities during the Track Record Period:

	FY2021			FY2022			FY2023			6M2024		
	Maximum annual production capacity(1)	Actual production volume	Utilisation rate(2)	Maximum annual production capacity(1)	Actual production volume	Utilisation rate(2)	Maximum annual production capacity(1)	Actual production volume	Utilisation rate(2)	Maximum half-year production capacity(1)	Actual production volume	Utilisation rate(2)
	tonnes ('000)	*tonnes ('000)*	%	*tonnes ('000)*	*tonnes ('000)*	%	*tonnes ('000)*	*tonnes ('000)*	%	*tonnes ('000)*	*tonnes ('000)*	%
Cement admixture	373	257	68.0	592	258	43.6	762	276	36.3	393	128	32.6
Processed alcohol amine	100	97	97.0	224	107	47.8	313	117	37.3	158	57	36.1
Concrete admixture	58	41	70.7	387	61	15.8	586	108	18.3	314	66	21.0
Polyether monomers	N/A	N/A	N/A	119	72	61.5	204	157	77.2	102	75	73.5
Polycarboxylic acid mother liquor	38	12	31.6	257	26	10.1	411	59	14.3	215	44	20.5

Notes:

(1) The maximum annual/half year production capacity is calculated based on the maximum hourly output volume of our production lines multiplied by the respective hours worked per day and the days worked per year/period. See "Business — Production — Average utilisation rate" for details of the maximum hourly output volume of our production lines, the average among production facilities for working days and hours.

(2) The utilisation rate is calculated by dividing the actual production volume by the maximum annual/half-year production capacity and multiplied by 100%.

COMPETITIVE LANDSCAPE

According to Frost & Sullivan, the cement admixture market in the PRC is highly concentrated. As at 31 December 2023, the top five PRC cement grinding aids providers accounted for approximately 49.6% of the total sales volume of cement grinding aids in the PRC. The table below sets out our rankings and market shares in terms of the sales volume of our products in the PRC cement admixture markets in FY2023:

In terms of sales volume of	Our market share	Our ranking
In the PRC		
Cement admixture	28.3%	1st
Cement grinding aids(1)	34.6%	1st
Processed alcohol amine(2)	4.7%	N/A(3)

Notes:

(1) The production volume of cement grinding aids accounted for approximately 81.8% of total production volume of cement admixtures in the PRC in FY2023.

(2) The production volume of processed alcohol amine that applied in the manufacturing of cement admixtures accounted for approximately 40% of total production volume of raw materials that applied in the manufacturing of cement admixtures in the PRC in FY2023.

(3) Our ranking in this respect falls outside the top ten.

While the market size of China's cement production has shrunk from 2019 to 2023, specifically at a CAGR of -3.5%, our ability to expand our market share in the cement admixture market in the PRC remains relatively unaffected due to (i) market consolidation, (ii) our leading position in the cement admixture industry, and (iii) our business strategies, details of which are set out in "Our Future Strategy" in this section.

According to Frost & Sullivan, the concrete admixture market has a large number of participants, with approximately 4,000 concrete admixture providers in the PRC, resulting in a relatively fragmented market. In recent years, the market share of high-performing concrete water reducing admixture has continuously increased due to its satisfactory performance. In the future, the market share of high-performing concrete water reducing admixture is expected to further increase. The table below sets out our rankings and market shares in terms of the sales volume of our products in the PRC concrete admixture markets in FY2023:

In terms of sales volume of	**Our market share**	**Our ranking**
In the PRC		
Concrete admixture	0.8%	N/A[1]
High-performing concrete water reducing admixture[2]	1.3%	N/A[1]
Polyether monomers[3]	0.9%	N/A[1]
Polycarboxylic acid mother liquors[4]	1.7%	N/A[1]

Notes:

(1) Our ranking in this respect falls outside the top ten.

(2) The production volume of high-performing concrete water reducing admixtures accounted for approximately 60.2% of total production volume of concrete admixtures in the PRC in FY2023.

(3) The production volume of polyether monomers that applied in the manufacturing of concrete admixtures accounted for approximately 60% of total production volume of raw materials that applied in the manufacturing of concrete admixtures in the PRC in FY2023.

(4) Polycarboxylic acid mother liquors, produced from polyether monomers, are applied to produce high-performing concrete water reducing admixtures through a physical process of compounding.

While there was an overall negative growth of the industry in the PRC due to economic downturn in real estate industry, resulting in a decrease in production volume and consumption volume of concrete admixtures, our Company was still able to record an increase in our sales volume as (i) our annual/half-year production capacity for concrete admixture was expanded by the commencement of new production plants during the Track Record Period, which in turn expanded our Group's geographical coverage; (ii) our Group has been leveraging on our brand image and reputation to expand our customer base and build a stable relationship with our strategic customers, which allowed us to maintain a level of turnover growth during the Track Record Period, despite economic downturn in real estate industry; (iii) our Group adopted a competitive pricing strategy after taking into account of the requisite scale and product requirements of our existing and potential customers in order to maintain and expand our market share, while the average selling price of our industry peers remained relatively stable or slightly decreased during the Track Record Period, according to Frost & Sullivan; and (iv) our Group only started to engage in the business of production of concrete admixture in 2018 with a lower base of production capacity, which was relatively late in joining the industry as compared to our industry peers, and, thus has more room to grow. While our industry peers have engaged in the industry for a longer period of time with significantly higher production capacity and business scale than that of our Group, thus, they were more susceptible to the economic downturn in real estate industry in FY2023, according to Frost & Sullivan.

The cement and concrete admixture market in the PRC has demonstrated a trend of market consolidation in recent years. From 2018 to 2023, the number of cement admixture manufacturers decreased from approximately 300 to 200, whilst the number of concrete admixture manufacturers decreased from 4,500 to 4,000. According to Frost & Sullivan, such trend of market consolidation is mainly due to the following reasons:

(i) ***growing preference for cement and concrete admixture manufacturers which have environmentally friendly practices.*** The production facilities of some small and medium-sized cement and concrete admixture manufacturers that cannot demonstrate their capabilities of meeting the requirements of environmental protection have been gradually eliminated from the market;

(ii) ***the demand for the functionalities and qualities of cement and concrete admixture.*** Cement and concrete admixture manufacturers need to continuously improve their production technologies to meet market demands. Some small and medium-sized cement and concrete admixture manufacturers that do not possess strong production technologies to catch up with the growing demands from downstream customers have been gradually eliminated from the market. Downstream customers prefer cement and concrete admixture manufacturers with large-scale production and mature technologies as such manufacturers can provide stable product supply and customised product formulation according to their specific requirements; and

(iii) ***decreased profitability of smaller players.*** Due to the intensified market competition, some small and medium-sized cement and concrete admixture manufacturers without advantages in scale, production technology, product quality, raw material supply and etc., can only compete by offering lower prices, which have reduced their profitability and competitiveness.

Large cement and concrete admixture manufacturers have been dedicated to taking effective approaches to enhance their competitive advantages and increase their market share, primarily by the following measures:

(i) strictly complying with requirements of environmental protection and optimising production processes that can reduce energy consumption and pollutant emissions;

(ii) expanding production scale to ensure sufficient and stable product supply;

(iii) establishing stable cooperation with upstream and downstream partners to reduce costs, ensure stable customer demands and improve brand awareness;

(iv) continuously improving production technologies to ensure product quality and performance and meet the customised requirements from downstream customers;

(v) acquiring smaller companies which can help these large cement and concrete admixture manufacturers to achieve strategic growth objectives, and companies which have regional market presence where the large cement and concrete admixture manufacturers have not yet fully developed their sales network therein; and

(vi) expanding business operation to the production of upstream raw materials such as processed alcohol amine and polyether monomer, which can secure the cost advantage and the stable supply of raw materials for the production of cement and concrete admixtures.

CUSTOMERS

Our customers mainly are manufacturers of cement and concrete which have their own cement and concrete mixing plants, manufacturers of cement and concrete admixtures or trading companies of cement and concrete related products. Our revenue derived from sales to trading companies amounted to RMB104.5 million, RMB194.2 million, RMB320.2 million and RMB153.4 million, representing 6.8%, 13.7%, 13.4% and 13.9% of our total revenue, respectively, for each year/period comprising the Track Record Period.

For each year/period of the Track Record Period, our revenue generated from our five largest customers amounted to approximately RMB1,028.4 million, RMB997.7 million, RMB1,188.6 million and RMB490.1 million, respectively, representing approximately 66.8%, 54.3%, 49.7% and 44.4% of our total revenue for the corresponding year/period, respectively, while our revenue generated from our largest customer, Conch Cement Group, in each year/period during the Track Record Period amounted to approximately RMB807.9 million, RMB765.1 million, RMB762.4 million and RMB338.6 million, respectively, representing approximately 52.5%, 41.6%, 31.8% and 30.7% of our total revenue for the corresponding year/period, respectively.

Our relationship with our largest customer

Conch Cement Group was our largest customer in each year/period during the Track Record Period. Conch Cement Group was held as to approximately 36.4% by Conch Holdings, one of our Controlling Shareholders, as at the Latest Practicable Date. It is principally engaged in the production and sales of cement, commodity clinker, aggregate and concrete. Conch Cement Group is one of the largest cement manufacturers, in terms of sales in the PRC. We have been the supplier of admixture products to Conch Cement Group since 2018. In line with market practice, being initially set up by Conch Holdings to explore fine chemical materials market as a key enterprise in the full industrial chain for the cement and concrete industry, our Company supports its overall development. Given our long term co-operation and business relationship with Conch Cement Group, our Directors believe that our relationship with Conch Cement Group has been and will continue to be mutually complementary to a large extent, and it is unlikely that there would be any materially adverse changes to, or termination of, such relationship in the foreseeable future. Our Directors are of the view that we will be able to control the risk of reliance, and our significant sales to Conch Cement Group during the Track Record Period would not adversely affect our business operation nor our financial performance as (i) a mutual and complementary relationship has been developed between Conch Cement Group and us; (ii) there is steady growth prospects of Conch Cement Group; (iii) our agreements with Conch Cement Group are determined on arm's length basis; (iv) we have a diversifying customer base and steady increase in the sales to other customers during the Track Record Period; (v) we are a value business partner to our major customers; and (vi) our developed and effective corporate governance structure enables us to have operational independence from Conch Cement Group. For our relationship with Conch Cement, see "Business — Customers, Sales and Marketing — Our relationship with our largest customer" and "Relationship with Controlling Shareholders — Relationship with Conch Cement Group" in this document.

CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

Given that, upon completion of the **[REDACTED]** (assuming that (i) there will be no change of shareholding between the Latest Practicable Date and the **[REDACTED]** and (ii) the **[REDACTED]** is not exercised), Conch Tech Innovation will hold approximately **[REDACTED]**% of the total issued share capital of our Company. As at the Latest Practicable Date, Conch Tech Innovation was wholly-owned by Conch Holdings which was in turn held as to 51% by Anhui Investment Group and 49% by Wuhu Conch Venture, an Independent Third Party, and Anhui Investment Group was wholly-owned by the SASAC of the People's Government of Anhui Province (安徽省人民政府國有資產監督管理委員會). Therefore, Conch Tech Innovation, Conch Holdings and Anhui Investment Group will constitute a group of Controlling Shareholders under the Listing Rules immediately upon completion of the **[REDACTED]**.

As at the Latest Practicable Date, save as disclosed in this document, none of our Controlling Shareholders and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our business. To ensure that competition will not exist in the future, Conch Tech Innovation and Conch Holdings have entered into the Deed of Non-Competition in favour of our Company. For further details, see "Relationship with Controlling Shareholders — Deed of Non-Competition" in this document.

We have entered into certain transactions which will constitute continuing connected transactions under Chapter 14A of the Listing Rules after **[REDACTED]**. For further details, see "Continuing Connected Transactions" in this document.

SUPPLIERS

The principal raw materials used in the production of our products are ethylene oxide (環氧乙烷), propylene oxide (環氧丙烷) and ethanolamine (乙醇胺) (including monoethanolamine (一乙醇胺), diethanolamine (二乙醇胺) and trolamine (三乙醇胺)). During the Track Record Period, we sourced such raw materials from suppliers located in the PRC. During the Track Record Period, our costs of raw materials, which is the largest component of our cost of sales, amounted to approximately RMB1,084.9 million, RMB1,339.6 million, RMB1,759.1 million and RMB807.8 million, representing approximately 90.5%, 90.8%, 90.8% and 90.3% of our total cost of sales for the corresponding year/period, respectively. We select suppliers from our list of approved suppliers in the PRC, which had over 300 suppliers as at 30 June 2024. The following table sets out the breakdown of our cost of sales by nature for the year/period indicated:

	FY2021		FY2022		FY2023		6M2023		6M2024	
	RMB 'million	*%*	*RMB 'million*	*%*	*RMB 'million*	*%*	*RMB 'million* (unaudited)	*%*	*RMB 'million*	*%*
Cost of raw materials	1,084.9	90.5	1,339.6	90.8	1,759.1	90.8	754.1	89.3	807.8	90.3
Transportation cost	83.6	7.0	62.0	4.2	74.4	3.8	41.7	4.9	37.9	4.2
Staff cost	17.1	1.4	30.3	2.1	36.9	1.9	17.6	2.1	15.7	1.8
Depreciation and amortisation	8.2	0.7	30.8	2.1	47.7	2.5	23.1	2.7	24.3	2.7
Utilities	2.5	0.2	11.2	0.8	16.4	0.8	6.7	0.8	6.3	0.7
Others	3.0	0.2	2.0	0.0	1.8	0.2	1.2	0.2	2.3	0.3
Total	1,199.3	100.0	1,475.9	100.0	1,936.3	100.0	844.4	100.0	894.3	100.0

For each year/period of the Track Record Period, our purchases made to our five largest suppliers amounted to approximately RMB539.3 million, RMB882.1 million, RMB1,296.6 million and RMB654.5 million, respectively, representing approximately 30.2%, 49.0%, 64.5% and 69.8% of our total purchases for the corresponding year/period, respectively, while our purchases made to our largest supplier in each year/period during the Track Record Period amounted to approximately RMB211.4 million, RMB509.5 million, RMB916.2 million and RMB495.1 million, respectively, representing approximately 11.8%, 28.3%, 45.6% and 52.8% of our total purchases for the corresponding year/period, respectively. Our total purchases with our largest supplier has increased steadily throughout the Track Record Period due to the fact that we began sourcing ethylene oxide with them in FY2022 for our production of concrete admixtures, and as our concrete admixture business grew, so did our purchase of ethylene oxide from our largest supplier.

FINANCIAL INFORMATION

Selected Information on Our Consolidated Statements of Profit or Loss and Other Comprehensive Income

The table below sets forth selected information on our consolidated statements of profit or loss and other comprehensive income during the Track Record Period:

	FY2021	FY2022	FY2023	6M2023	6M2024
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million (Unaudited)*	*RMB' million*
Revenue	1,537.5	1,839.6	2,395.5	1,035.5	1,103.4
Cost of sales	(1,199.3)	(1,475.9)	(1,936.3)	(844.4)	(894.3)
Gross profit	338.2	363.7	459.2	191.1	209.1
Other net income	10.9	6.3	13.6	5.0	11.1
Distribution costs	(33.1)	(45.1)	(55.0)	(25.4)	(27.3)
Administrative expenses	(119.1)	(141.5)	(157.1)	(75.1)	(77.0)
Research and development costs	(39.1)	(39.9)	(45.8)	(21.2)	(29.4)
Reversal of/(provision for) impairment losses on trade receivables	2.6	(10.1)	(14.6)	0.0	(2.0)
Profit from operations	160.4	133.4	200.3	74.4	84.5
Finance costs	(10.1)	(23.7)	(30.3)	(15.8)	(13.7)
Profit before taxation	150.3	109.7	170.0	58.6	70.8
Income tax	(23.4)	(17.3)	(26.1)	(10.9)	(10.6)
Profit for the year/period	126.9	92.4	143.9	47.7	60.2
Profit for the year/period attributable to:					
Equity shareholders of the Company	129.7	75.9	116.9	38.3	52.7
Non-controlling interests	(2.8)	16.5	27.0	9.4	7.5
Profit for the year/period	126.9	92.4	143.9	47.7	60.2

Our profit for the year decreased by 27.2% from RMB126.9 million for FY2021 to RMB92.4 million for FY2022, primarily due to (i) the increase in administrative expenses as a result of (a) the increase in staff cost as the number of administrative staff increased; and (b) other expenses increased as our business scale expanded; (ii) the increase in finance costs mainly as average loans and borrowings increased; and (iii) the increase in distribution costs as the number of sales staff increased. Our profit for the year increased by 55.7% from RMB92.4 million for FY2022 to RMB143.9 million for FY2023, primarily due to the increase in sales of both cement admixture and concrete admixture and their in-process intermediaries as a result of (i) the full year effect of the production of polyether monomers; (ii) commencement of new production plants during the Track Record Period which extended our geographical coverage to reach more customers. Our profit for the period increased by RMB12.5 million or 26.2% from RMB47.7 million for 6M2023 to RMB60.2 million for 6M2024, mainly because sales of concrete admixture and polycarboxylic acid mother liquor increased as (i) we secured orders from new customers by our Kunming Production Plant and Huludao Production Plant, the businesses of which have been ramping up since the commencement of production in May 2023 and May 2024 respectively; and (ii) Related Party A extended to the field of commodity concrete for purpose of enhancing its product offering, which can attract new customers, so as to maintain its competitiveness and control in the market.

Selected Information on Our Consolidated Statements of Financial Position

The table below sets forth selected information on our current assets, current liabilities non-current asset and non-current liabilities as at the dates indicated:

	As at 31 December			As at 30 June
	2021	**2022**	**2023**	**2024**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
Non-current assets	1,033.4	1,255.9	1,263.4	1,257.5
Current Assets				
Inventories	52.9	118.6	102.9	135.9
Trade and other receivables	359.8	632.8	813.1	878.7
Restricted bank deposits	0.1	—	—	—
Cash and cash equivalents	214.3	131.8	166.1	143.5
	627.1	883.2	1,082.1	1,158.1
Current Liabilities				
Loans and borrowings	312.0	712.1	701.6	736.5
Trade and other payables	313.2	343.2	369.4	349.7
Contract liabilities	2.5	11.4	13.5	18.6
Lease liabilities	1.7	1.7	1.8	1.7
Income tax payables	5.4	6.9	12.3	15.0
	634.8	1,075.3	1,098.6	1,121.5

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
Net current (liabilities)/assets	(7.7)	(192.1)	(16.5)	36.6
Non-current liabilities	465.3	417.3	298.4	285.4
Net assets	560.4	646.5	948.5	1,008.7
Non-controlling interests	29.1	55.5	83.5	91.0

Net current (liabilities)/asset

Our net current liabilities increased from RMB7.7 million as at 31 December 2021 to RMB192.1 million as at 31 December 2022, primarily due to (i) the increase in loans and borrowings of RMB400.1 million for our operation needs; (ii) the decrease in cash and cash equivalents of RMB82.5 million; and (iii) the increase in trade and other payables of RMB30.0 million mainly as a result of (a) the increase in construction and equipment payables for the construction of our production plants; and (b) the increase in trade and bills payables for purchase of raw materials as certain of our production plants commenced operation during 2022, partially offset by (i) the increase in trade and other receivables of RMB273.0 million mainly as a result of the increase in revenue following the launch of our new product, namely polyether monomers; and (ii) the increase in inventories of RMB65.7 million because (a) we started operation of three production plants in 2022; and (b) we have produced our new product, namely polyether monomers since June 2022.

Our net current liabilities decreased from RMB192.1 million as at 31 December 2022 to RMB16.5 million as at 31 December 2023, primarily due to (i) the increase in trade and other receivables of RMB180.3 million mainly as a result of (a) the increase in revenue following the launch of our new product, namely polyether monomers in June 2022; and (b) the increase in the number of customers following the commencement of operation of new production plants which extended our geographical coverage; and (ii) the increase in cash and cash equivalents of RMB34.3 million, partially offset by the increase in trade and other payables of RMB26.2 million mainly as a result of the increase in trade and bills payables as a result of the increase in demand of raw materials as sales increased.

We recorded net current assets of RMB36.6 million as at 30 June 2024 as compared to net current liabilities of RMB16.5 million as at 31 December 2023, primarily due to (i) the increase in trade and other receivables of RMB65.6 million mainly as a result of (a) the increase in bills which were due within six months from date of issuance; (b) the increase in deposits and prepayments for the purchase of raw materials for the expected increase in sales; and (c) the increase in prepayments for costs incurred in connection with the **[REDACTED]**; and (ii) increase in inventories of RMB33.0 million as a result of purchase of raw materials for production needs of Huludao Production Plant and stocking up of inventories for the expected increase in sales, partially offset by (i) the decrease in cash and cash equivalents of RMB22.6 million; and (ii) the increase in loans and borrowings of RMB34.9 million for our operation needs.

Net assets

Our net assets increased from RMB560.4 million as at 31 December 2021 to RMB646.5 million as at 31 December 2022, mainly owing to profit generated for the year of RMB92.4 million, partially offset by profit distribution of RMB23.5 million. Our net assets further increased to RMB948.5 million as at 31 December 2023, primarily attributable to (i) issuance of ordinary shares to the new shareholders of RMB202.9 million; and (ii) profit generated for the year of RMB143.9 million, partially offset by (i) profit distribution of RMB29.8 million; and (ii) deemed distribution of RMB15.5 million. Our net assets increased from RMB948.5 million as at 31 December 2023 to RMB1,008.7 million as at 30 June 2024, mainly due to profit generated for the period of RMB60.2 million.

Selected Information on Consolidated Statements of Cash Flows

The table below sets forth selected information on our statements of cash flows during the Track Record Period:

	FY2021	FY2022	FY2023	6M2023	6M2024
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million* (Unaudited)	*RMB' million*
Cash generated from/(used in) operations	290.0	(97.3)	187.1	73.1	44.3
Income tax paid	(27.5)	(25.0)	(23.4)	(10.3)	(13.7)
Net cash generated from/(used in) operating activities	262.5	(122.3)	163.7	62.8	30.6
Net cash used in investing activities	(577.2)	(272.7)	(91.5)	(70.8)	(42.9)
Net cash generated from/(used in) financing activities	428.2	312.4	(37.8)	44.9	(10.3)
Net increase/(decrease) in cash and cash equivalents	113.5	(82.6)	34.4	36.9	(22.6)
Cash and cash equivalents at beginning of year/period	100.8	214.3	131.7	131.7	166.1
Cash and cash equivalents at end of year/period	214.3	131.7	166.1	168.6	143.5

For FY2022, we had net cash used in operating activities of RMB122.3 million, primarily consisting of net cash from operating activities before changes in working capital of RMB180.1 million, negative changes in working capital of RMB277.4 million and income taxes paid of RMB25.0 million.

Our net cash from operating activities before changes in working capital was attributable to our profit before tax of RMB109.6 million, adjusted for non-cash items primarily including (i) depreciation of owned property, plant and equipment of RMB39.4 million; and (ii) finance costs of RMB23.7 million. Our net cash outflows relating to changes in working capital were primarily attributable to (i) the increase in trade and other receivables of RMB265.4 million; and (ii) the increase in inventories of RMB65.7 million, partially offset by the increase in trade and other payables of RMB40.2 million.

For FY2023, we had net cash generated from operating activities of RMB163.7 million, primarily consisting of net cash from operating activities before changes in working capital of RMB269.7 million, negative changes in working capital of RMB82.6 million and income taxes paid of RMB23.4 million.

For FY2023, our net cash from operating activities before changes in working capital was attributable to our profit before tax of RMB170.0 million, adjusted for non-cash items primarily including (i) depreciation of owned property, plant and equipment of RMB61.0 million, and (ii) finance costs of RMB30.3 million.

For FY2023, our net cash outflows relating to changes in working capital were primarily attributable to the increase in trade and other receivables of RMB175.9 million partially offset by (i) the increase in trade and other payables of RMB48.7 million; and (ii) the increase in inventories of RMB15.7 million.

For 6M2024, we had net cash generated from operating activities of RMB30.6 million, primarily consisting of net cash from operating activities before changes in working capital of RMB121.1 million, negative changes in working capital of RMB76.7 million and income taxes paid of RMB13.7 million. Our net cash from operating activities before changes in working capital was attributable to our profit before tax of RMB70.8 million, adjusted for non-cash items primarily including (i) depreciation of owned property, plant and equipment of RMB31.7 million, and (ii) finance costs of RMB13.7 million. Our net cash outflows relating to changes in working capital were primarily attributable to (i) the increase in trade and other receivables of RMB61.5 million; and (ii) the increase in inventories of RMB33.0 million.

Key Financial Ratios

The table below sets forth our key financial ratios as at each of the dates indicated:

	FY2021	FY2022	FY2023	6M2024
Gross Profit Margin (%) (1)	22.0	19.8	19.2	19.0
Net Profit Margin (%) (2)	8.3	5.0	6.0	5.5
Return on equity (%) (3)	24.6	15.3	18.0	12.3(10)
Return on total assets (%) (4)	9.5	4.9	6.4	5.1(10)
Interest coverage (times) (5)	22.2	6.0	7.0	6.1

	As at 31 December			As at 30 June
	2021	2022	2023	2024
Current ratio (times) (6)	1.0	0.8	1.0	1.0
Quick ratio (times) (7)	0.9	0.7	0.9	0.9
Gearing ratio (%) (8)	134.4	170.7	99.9	95.0
Net debt to equity ratio (%) (9)	96.1	150.4	82.4	80.8

Notes:

(1) Gross profit margin was calculated based on gross profit divided by revenue for the respective years/period. See "Financial Information — Review of Historical Results of Operation" for more details on our gross profit margins.

(2) Net profit margin was calculated on profit for the year/period divided by revenue for the respective years/period. See "Financial Information — Review of Historical Results of Operation" for more details on our net profit margins.

(3) Return on equity was calculated based on the profit for the year/period divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.

(4) Return on total assets was calculated based on the net profit for the respective years/period divided by the arithmetic mean of the opening and closing balances of total assets and multiplied by 100%.

(5) Interest coverage was calculated based on profit before taxation and interest divided by interest for the respective years/period and multiplied by 100%.

(6) Current ratio was calculated based on the total current assets as at the respective dates divided by the total current liabilities as at the respective dates.

(7) Quick ratio was calculated based on total current assets (net of inventories) as at the respective dates divided by the total current liabilities as at the respective date.

(8) Gearing ratio was calculated based on the total interest-bearing debt (being total loans and borrowings) as at the respective date divided by total equity as at the respective date and multiplied by 100%.

(9) Net debt to equity ratio was calculated based on net debts (being total loans and borrowings net of cash and cash equivalents) as at the respective date divided by total equity as at the respective date.

(10) Annualised for 6M2024 by multiplying profit for the period by two.

Net profit margin

Our net profit margin decreased from 8.3% for FY2021 to 5.0% for FY2022 due to the decrease in gross profit margin as a result of (i) the commencement of sales of polyether monomers in June 2022 which derived gross loss margin of 2.9%; and (ii) the decrease in gross profit margin of concrete admixture as a result of (a) the decrease in selling price of our products sold as market price decreased; and (b) the more competitive price offered to third party customers in order to expand our market share and develop new customers. Our net profit margin remained relatively stable at 5.0% and 6.0% for FY2022 and FY2023, respectively. Our net profit margin increased from 4.6% for 6M2023 to 5.5% for 6M2024, primarily attributable to (i) the increase in gross profit margin of cement admixture as a result of the decrease in raw material price while selling price to Related Party A and most of the third party customers was generally fixed during the contract period; and (ii) the decrease in effective tax rate caused by the effect on deferred tax balances at beginning of the period resulting from a change in tax rate for certain subsidiaries.

Gearing ratio

Our gearing ratio increased from 134.4% for FY2021 to 170.7% for FY2022, mainly because the increase in loans and borrowings outweighed the increase in total equity. Our gearing ratio then decreased to 99.9% for FY2023, mainly due to the increase in total equity and cash and cash equivalents and the decrease in loans and borrowings. Our gearing ratio further decreased to 95.0% for 6M2024, primarily owing to the increase in total equity.

[REDACTED] STATISTICS

All statistics presented in the table below are based on the assumption that the **[REDACTED]** is not exercised:

	Based on minimum indicative [REDACTED] of HK$[REDACTED]	**Based on maximum indicative [REDACTED] of HK$[REDACTED]**
Market capitalisation of our Shares (1) . . .	HK$**[REDACTED]**	HK$**[REDACTED]**
Unaudited **[REDACTED]** adjusted consolidated net tangible asset value per Share (2)	HK$**[REDACTED]**	HK$**[REDACTED]**

Notes:

(1) The calculation of **[REDACTED]** is based on the **[REDACTED]** Shares expected to be in issue immediately upon completion of the **[REDACTED]**.

(2) The unaudited **[REDACTED]** adjusted consolidated net tangible asset value per Share has been arrived at after adjustments referred to in "Appendix II — Unaudited Pro Forma Financial Information — A Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets" and on the basis of **[REDACTED]** Shares in issue at the assuming the **[REDACTED]** has been completed on 30 June 2024. The unaudited **[REDACTED]** adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars of an exchange rate of HK$1.00 to RMB0.92373 as at 9 December 2024.

[REDACTED] EXPENSES

Assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of the indicative **[REDACTED]** of HK$**[REDACTED]** to HK$**[REDACTED]** per Share, the total estimated **[REDACTED]** expenses in connection with the **[REDACTED]** (including **[REDACTED]** commission for all **[REDACTED]**) was RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**), representing approximately **[REDACTED]**% of the estimated **[REDACTED]** from the **[REDACTED]** if the **[REDACTED]** is not exercised.

During the Track Record Period, we incurred **[REDACTED]** expenses of RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**), of which RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**) was charged to our profit or loss, while RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**) are directly attributable to the issuance of Shares and is expected to be accounted for as a deduction from equity upon completion of the **[REDACTED]**. We expect to incur additional **[REDACTED]** expenses of RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**), of which an estimated amount of RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**) will be charged to profit or loss and RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**), being directly attributable to the issuance of Shares, will be accounted for as a deduction from equity upon successful **[REDACTED]** under relevant accounting standards.

The **[REDACTED]** expenses consist of (i) **[REDACTED]**-related expenses, including **[REDACTED]** commission, of RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**); and (ii) non-**[REDACTED]** related expenses of RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**), including (a) fees and expenses of legal advisers and Reporting Accountants of RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**); and (b) other fees and expenses of RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**).

The **[REDACTED]** expenses above are the best estimate as at the Latest Practicable Date and for reference only and the actual amount may differ from this estimate.

USE OF [REDACTED]

We estimate that the **[REDACTED]** we will receive from the **[REDACTED]** (after deducting **[REDACTED]**, fees and anticipated expenses payable by us in connection with the **[REDACTED]**) will be approximately HK$**[REDACTED]**, assuming the **[REDACTED]** is not exercised and an **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of the **[REDACTED]** of

HK$**[REDACTED]** to HK$**[REDACTED]** per Share as stated in this document. In line with our business strategies, we intend to use our **[REDACTED]** for the following purposes:

- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used on the optimising our production capacity, while effectively extending our geographical presence in the PRC and certain overseas countries.

- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used to implement our marketing initiatives.

- Approximately **[REDACTED]**% or HK$**[REDACTED]**, will be used to devote further resources to our R&D initiatives.

- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used to repay certain bank loans.

- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used to acquire or establish joint ventures.

- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used as working capital and other general corporate purposes.

Owing to the anticipated growth in demand of cement and concrete admixture in certain developing countries, we intend to establish our presence in Uzbekistan and Indonesia. Due to the development of infrastructure construction and building construction industry in Uzbekistan and Indonesia, the demand for cement, concrete and other building materials will continue to grow, which will in turn translate to demand for cement admixture products and concrete admixture products. See "Business — Our Future Strategy — Optimising our Group's production capacity, while effectively extending our geographical presence in the PRC and certain overseas countries to consolidate our position as one of the leading suppliers of fine chemical materials in the PRC" in this document for further details.

We intend to introduce a new product, namely, ethylene carbonate, to expand our product portfolio after the Track Record Period. Ethylene carbonate is a main component of the electrolyte solvent for new energy cells. The production of ethylene carbonate requires a large amount of ethylene oxide, which is a raw material for the production of our concrete admixtures. We plan to make full use of ethylene oxide as the raw material, and convert it into ethylene carbonate, which will be used as a main component of the electrolyte solvent for new energy cells. See "Business — Our Future Strategy — Consolidating our R&D capabilities and diversifying our product portfolio" in this document for further details.

DIVIDENDS AND DIVIDEND POLICY

We declared and paid dividends of RMB49.4 million, RMB23.5 million and RMB29.8 million during FY2021, FY2022 and FY2023, respectively. No dividends were declared or paid during 6M2024.

The declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, cash flows, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the PRC Company Law, including the approval of our Shareholders. Subject to the applicable laws and regulations, our dividend policy is as follow: (i) if the debt to asset ratio of our Company (at entity level) is below 50%, we will distribute to our Shareholders no less than 60% of our distributable profits annually; (ii) if the debt to asset ratio of our Company (at entity level) is between 50% and 70%, we will distribute to our Shareholders no less than 40% of our distributable profits annually; and (iii) if the debt to asset ratio of our Company (at entity level) is more than 70%, we will distribute to our Shareholders no more than 30% of our distributable profits annually, after **[REDACTED]**. Despite we have such dividend policy, our Board has discretion to propose the amount of dividends to be distributed and the actual amount of dividends to be distributed is subject to the Shareholder's approval. As such any future declarations of dividends may or may not reflect our historical declarations of dividends.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

LEGAL PROCEEDINGS AND NON-COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, no member of our Group was engaged in any litigation, claim or arbitration of material importance and no litigation, claim or arbitration is known to our Directors to be pending or threatened against a member of our Group which would have a material adverse effect on our financial position or results of operations.

We are advised by our PRC Legal Advisers that during the Track Record Period and up to the Latest Practicable Date, save as disclosed in "Business — Legal Non-compliance and Proceedings — Non-compliance" and "Business — Properties" in this document, during the Track Record Period and up to the Latest Practicable Date, we did not have any non-compliance incidents which our Directors believe would, individually or in the aggregate, have a material operational or financial impact on our Group as a whole.

RISK FACTORS

Our business and operations involve certain risks and uncertainties, many of which are beyond our control. These risks can be broadly categorised as (i) risks relating to our business, (ii) risks relating to our industry, (iii) risks relating to conducting business in the PRC, and (iv) risks relating to the **[REDACTED]**. As different **[REDACTED]** may have different interpretations and standards for determining the materiality of a risk, potential **[REDACTED]** should read the entire "Risk Factors" section of this document carefully before making a decision to **[REDACTED]** in the **[REDACTED]**. Some of the major risks we face include:

- Our business relationship with Conch Cement Group is crucial to our operation. Our business, financial condition and results of operation may be adversely affected if there is any change to the current arrangements between Conch Cement Group and us.

- Our sales are dependent on the PRC economy and the cement and concrete industries, and significant economic slowdown in the PRC or any fluctuation in the cement and concrete industries could adversely affect our business, financial condition, results of operations and prospects.

- We may not be able to sustain the gross profit margins at the levels recorded during the Track Record Period.

- Our sales are subject to the development of the infrastructure construction and real estate industries in the PRC, as we mainly sell products to the manufacturers of cement and concrete based in the PRC, whereas cement and concrete are mainly applied in the infrastructure construction and real estate industries. Any adverse development of the infrastructure construction and real estate industries may negatively affect our business, financial condition and results of operations.

- We may not be able to secure a stable supply of raw materials on acceptable prices which would adversely affect our operations and financial condition.

- We may not be able to maintain our competitiveness in the market.

- Our production and operation are subject to extensive environmental protection laws and regulations, and costs for compliance with these laws and regulations may increase in the future.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our business operation remained stable after the Track Record Period and up to the Latest Practicable Date and for the same period, there was no material change to our business and our industry, market or regulatory environment remained generally stable up to the Latest Practicable Date. As at the Latest Practicable Date, there was no material change on the cement and concrete admixtures markets, the alcohol amine market and the polyether monomer market, according to Frost & Sullivan.

Our revenue for the four months ended 31 October 2024 experienced a decrease by approximately 6.9% as compared to the same period in 2023 based on our unaudited management accounts, primarily attributable to the decrease in our overall average selling price primarily attributable to the decrease in the purchase cost for major raw materials as compared to the same period in 2023.

Our gross profit margin for the four months ended 31 October 2024 increased by approximately 3.9% as compared to the same period in 2023 based on our unaudited management accounts, attributable to the increase in gross profit margin for cement admixtures as the purchase cost for the raw materials for cement admixture decreased and such decrease outweighed the decrease in the average selling price of cement admixtures as compared to the same period in 2023.

Our sales volume for the four months ended 31 October 2024 increased by 3.8% as compared to the same period in 2023 based on our unaudited management accounts, primarily due to an increased demand for our concrete admixtures primarily attributable to the steady stream of purchase orders for concrete admixtures received by our Kunming Production Plant and Huludao Production Plant, the businesses of which have been ramping up since the commencement of production in 2023 and 2024 respectively, which was partially offset by the decrease in our sales volume of cement admixtures primarily attributable to reduced demand for our cement admixtures from certain customers.

No material adverse change

Our Directors have confirmed that, since 30 June 2024 and up to the date of this document, there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially affect the information shown in our consolidated financial statements for FY2021, FY2022, FY2023 and 6M2024 set out in the Accountants' Report included in Appendix I to this document.

Since early 2020, the PRC and certain countries around the world encountered an outbreak of the novel coronavirus named COVID-19. In an attempt to control the outbreak of COVID-19, the PRC government had imposed periodic restriction measures on various PRC cities from time to time until early 2023 (the "**COVID-19 period**"). Our Directors are of the view that COVID-19 did not result in any material adverse impact on our production, business operation and financial performance during the Track Record Period and up to the Latest Practicable Date. We were able to effectively manage any temporary suspensions of production due to government policies and meet our customers' demands by leveraging the production capacity of our network of production facilities which is designed to reflect a nationwide production layout. Specifically, during the early 2020, the government of the Hubei Province implemented control measures in response to the COVID-19 pandemic, which led to the temporary suspension of production at our Xiangyang Production Plant for approximately 50 days. In order to ensure the continuity of our operations and fulfill customer orders, we made the necessary adjustments by redirecting the sales orders originally received by our Xiangyang Production Plant to our Linyi and Guizhou Production Plants. As a result, we did not experience any customer loss or unfulfilled orders resulting from the production disruptions during the COVID-19 period. During the Track Record Period, we had not experienced any production suspensions due to the outbreak of COVID-19. Apart from the aforementioned temporary suspension of production at our Xiangyang Production Plant, we did not experience any further disruptions or suspensions of production across our other production plants during the COVID-19 period.

The entire document should be read carefully and we strongly caution potential **[REDACTED]** not to place any reliance on any information contained in press articles or disseminated through our media relating to us and/or the **[REDACTED]**, certain of which may not be consistent with the information contained in this document.