A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Act on 7 August 2024. Our registered office address is at 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands. As our Company is incorporated in the Cayman Islands, our operation is subject to the relevant laws and regulations of the Cayman Islands, as well as the Memorandum and Articles. A summary of the relevant laws and regulations of the Cayman Islands and of our constitution is set out in Appendix III to this document.

Our Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 11 December 2024. Our principal place of business in Hong Kong is at unit 1910, 19/F, C C Wu Building, 302–308 Hennessy Road, Wan Chai, Hong Kong. Mr. Yeung Kwong Wai has been appointed as our authorised representative for the acceptance of service of process and notices in Hong Kong. The address of service of process is Unit 1910, 19/F, C C Wu Building, 302–308 Hennessy Road, Wan Chai, Hong Kong.

As at the date of this document, our Company's headquarters are located at Warehouse 19, the Construction Project, Advanced Manufacturing Industrial Park, Changchun International Logistics Economic Development Zone, South Yingtai Road, Yingjun West Street West, Changchun International Logistics Economic Development Zone, Erdao District, Changchun City, Jilin Province, the PRC.

2. Changes in the Share Capital of Our Company

As at the date of incorporation of our Company, our authorised share capital was HK$380,000 divided into 38,000,000 ordinary shares with a par value of HK$0.01 each. The following sets out the changes in our Company's issued share capital since the date of its incorporation:

(i) upon its incorporation, one Share was allotted and issued to its initial subscriber fully paid at par, which was then transferred to Hengfu Technology on 23 August 2024.

(ii) on 10 December 2024, our Company alloted and issued one Share and 98 Shares credited as fully paid at par to Hengtai Invest and Hengfu Technology, respectively.

(iii) on [•], our Company subdivided each of its existing issued and unissued Shares with a par value of HK$0.01 each in its share capital into [100] ordinary Shares with a par value of HK$[0.0001] each, such that thereafter, the authorized share capital of our Company becomes HK$380,000 divided into [3,800,000,000] Shares with a par value of HK$[0.0001] each.

Save as disclosed above, there has been no alteration in our share capital since the date of its incorporation.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries is set out in note 22 to the Accountants' Report as set out in Appendix I to this document.

Save as disclosed in the section headed "History, Reorganisation and Corporate Structure" in this document, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this document.

4. Resolutions of Our Shareholders

Written resolutions of our Shareholders were passed on [•] pursuant to which, among others:

a. our Company conditionally approved and adopted, with effect from the **[REDACTED]**, the Memorandum and the Articles of Association;

b. the authorised share capital of our Company be subdivided from 38,000,000 Shares with a par value of HK$0.01 each to [3,800,000,000] Shares with a par value of HK$[0.0001] each with immediate effect;

c. conditional on the same conditions as stated in the section headed "Structure and Conditions of the **[REDACTED]** — Conditions of the **[REDACTED]**" in this document:

(i) the **[REDACTED]** was approved and our Directors were authorised to effect the same and to allot and issue the **[REDACTED]** pursuant to the **[REDACTED]**;

(ii) the **[REDACTED]** was approved and our Directors were authorised to allot and issue any Shares which may be required to be issued if the **[REDACTED]** is exercised;

(iii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraphs headed "Appendix IV — Statutory and General Information — D. Share Option Scheme" in this document, were approved and adopted and our Directors were authorised, at their absolute discretion, to grant options to subscribe for Shares under the Share Option Scheme and to allot, issue and deal with Shares issued thereunder and to take all such steps as they consider necessary, desirable or expedient to implement and give effect to the Share Option Scheme;

(iv) conditional on the share premium account of our Company being credited as a result of the **[REDACTED]**, an amount of HK$**[REDACTED]** which will then be standing to the credit of the share premium account of our Company be capitalised and applied to pay up in full at par a total of **[REDACTED]** Shares for allotment and issue to holders of Shares whose names appear on the register of members of our Company at the close of business on [•] 2026 (or as they may direct) in proportion (as nearly as possible without involving fractions) to their respective then existing shareholdings in our Company, and our Directors were authorised to give effect to the **[REDACTED]** and such distribution and the Shares to be allotted and issued shall, save for the entitlements to the **[REDACTED]**, rank *pari passu* in all respects with all the then existing Shares;

(v) a general unconditional mandate was given to our Directors to allot, issue and deal with (otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend on Shares in accordance with the Articles of Association, pursuant to the exercise of the **[REDACTED]** and the exercise of any options which may be granted under the Share Option Scheme) unissued Shares which, in aggregate, shall not exceed 20% of the total number of Shares in issue immediately following completion of the **[REDACTED]** and the **[REDACTED]** (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the **[REDACTED]** and the exercise of any options which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever is the earliest;

(vi) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase Shares which, in aggregate, shall not exceed 10% of the total number of Shares in issue immediately following completion of the **[REDACTED]** and the **[REDACTED]** (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the **[REDACTED]** and the options which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever is the earliest; and

(vii) conditional on the passing of the resolutions referred to in sub-paragraphs (iii) and (iv) above, the general unconditional mandate mentioned in the aforementioned sub-paragraphs was extended by the addition of the total number of Shares which may be allotted, issued or dealt with by our Director pursuant to such general mandate of an amount representing the total number of Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (iv) above.

5. Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this document concerning the repurchase of our own securities.

(a) Provision of the GEM Listing Rules

The GEM Listing Rules permit our Shareholders to grant our Directors a general mandate to repurchase the Shares that are **[REDACTED]** on GEM to certain restrictions, the most important of which are summarised below:

(i) Shareholders' Approval

All proposed repurchases of Shares (which must be fully paid up) must be approved in advance by an ordinary resolution of our Shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

The Repurchase Mandate was granted to our Directors by the Shareholders pursuant to the resolutions passed at the Shareholders' extraordinary general meeting held on [•], authorising them to exercise all powers of our Company to repurchase Shares which, in aggregate, shall not exceed 10% of the total number of Shares in issue immediately following completion of the **[REDACTED]** and the **[REDACTED]** (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the **[REDACTED]** and the options which may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever is the earliest.

(ii) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles of Association, the GEM Listing Rules, the applicable laws and regulations of Hong Kong and the Cayman Islands and any other laws and regulations applicable to our Company. A **[REDACTED]** company may not repurchase its own securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the GEM Listing Rules. Subject to the foregoing, any repurchases by our Company may be made out of the profits or share premium of our Company or out of the **[REDACTED]** of a fresh issue of Shares made for the purpose of the repurchase. Any premium payable on a redemption or purchase over the par value of the Shares to be repurchased must be provided for out of the profits of our Company or from sums standing to the credit of the share premium account of our Company. Subject to the provisions of the Companies Act, any repurchases of Shares may also be paid out of the share capital of our Company.

(iii) Trading Restrictions

Our Company may repurchase up to 10% of the total number of Shares in issue immediately following completion of the **[REDACTED]** and the **[REDACTED]** (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the **[REDACTED]** and the options which may be granted under the Share Option Scheme). Our Company may not issue or announce a proposed new issue of Shares for a period of 30 days immediately following a repurchase of Shares without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchasing its Shares on GEM if the repurchase would result in the number of **[REDACTED]** Shares which are in the hands of the public falling below the minimum percentage required by the Stock Exchange. In addition, our Company is prohibited from repurchasing its Shares on GEM if the purchase price is higher by 5% or more than the average closing price for the five consecutive preceding trading days on which the Shares were traded on GEM. The broker appointed by our Company to effect a repurchase of Shares is required to disclose to the Stock Exchange any information with respect to a share repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

All repurchased Shares (whether on GEM or otherwise) will be cancelled and the certificates for those Shares must be cancelled and destroyed. Under the Companies Act, a company's shares repurchased may be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. If repurchased shares are cancelled, the amount of the company's issued share capital shall be reduced by the number of shares repurchased accordingly although the authorised share capital of the company will not be reduced.

(v) Suspension of Repurchase

Repurchases of Shares are prohibited after a price-sensitive development has occurred or has been the subject of a decision until such time as the price-sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (aa) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of the results of our Company for any year, half-year or quarter-year period or any other interim period (whether or not reported under the GEM Listing Rules); and (bb) the deadline for our Company to announce its results for any year, half-year or quarter-year period under the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules), our Company may not repurchase its securities on GEM unless the circumstances are exceptional. In addition, the Stock Exchange reserves the right to prohibit repurchases of Shares on GEM if our Company has breached the GEM Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchase of securities on GEM or otherwise must be reported to the Stock Exchange no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, our Company's annual report and accounts are required to disclose details regarding repurchases of Shares made during the financial year under review, including the number of Shares repurchased each month (whether on GEM or otherwise) and the purchase price per Share or the highest and lowest prices paid for all such repurchases, where relevant, and the aggregate prices paid. The Directors' report is also required to contain reference to the repurchases made during the year and the Directors' reasons for making such repurchases.

(vii) Core Connected Persons

According to the GEM Listing Rules, a company is prohibited from knowingly repurchasing securities on GEM from a "core connected person", that is, a Director, chief executive or Substantial Shareholder of the company or any of its subsidiaries or any of their close associates and a core connected person shall not knowingly sell his/her/its securities to the company on GEM.

(b) Reasons for Repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share, and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.

(c) Funding of Repurchases

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and the Articles of Association, the GEM Listing Rules, the applicable laws and regulations of Hong Kong and the Cayman Islands and any other laws and regulations applicable to the Company.

On the basis of the current financial position of our Group as disclosed in this document and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this document. Our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Group.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of **[REDACTED]** Shares in issue immediately after completion of the **[REDACTED]** and the **[REDACTED]** (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the **[REDACTED]** and the options which may be granted under the Share Option Scheme), would result in up to **[REDACTED]** Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Memorandum and the Articles of Association, the GEM Listing Rules and the applicable laws and regulations of Hong Kong and the Cayman Islands and any other laws and regulations applicable to our Company.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Codes. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Codes. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Codes as a consequence of any repurchase pursuant to the Repurchase Mandate.

No core connected person of our Company has notified our Company that he/she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being a contract entered into in the ordinary course of business) were entered into by members of our Group within the two years immediately preceding the date of this document which is or may be material:

(a) the equity transfer agreement between Ms. Li and Jiaheng HK dated 12 September 2024, pursuant to which Ms. Li transferred 99% of equity interests in Jilin Huachen to Jiaheng HK at the consideration of RMB11,000,000;

(b) the share sale and purchase agreement between Hengtai Invest and the Company dated 10 December 2024, pursuant to which Hengtai Invest transferred the entire share capital of Hengyi BVI to the Company in consideration for the allotment and issuance of one Share in the Company; and

(c) the **[REDACTED]**.

2. Intellectual Property Rights

(a) Trademarks

As at the Latest Practicable Date, we had registered the following trademarks, which we consider to be material to our Group's business:

No.	Trademark	Registered Owner	Place of Registration	Registration No.	Class	Expiry Date
1.		Jilin Huachen	PRC	33235513	17	20 May 2029

No.	Trademark	Registered Owner	Place of Registration	Registration No.	Class	Expiry Date
2.		Jilin Huachen	PRC	33235512	19	20 May 2029
3.	FANXI 梵晞	Jilin Huachen	PRC	16082054	11	13 July 2026
4.	蝶恋清枫	Jilin Huachen	PRC	18764053	24	6 February 2027
5.	美世康	Jilin Huachen	PRC	38972590	11	13 February 2030
6.		Jilin Huachen	PRC	84670696	11	7 October 2025 to 6 October 2035
7.		Jilin Huachen	PRC	84670695	11	7 October 2025 to 6 October 2035
8.		Jilin Huachen	PRC	84670694	24	7 October 2025 to 6 October 2035

(b) Domain Name

As at the Latest Practicable Date, we had registered the following domain name:

No.	Domain Name	Registered Owner	Approval Date of ICP Filing
1.	chxcgroup.com	Jilin Huachen	23 December 2024

(c) Patents

As at the Latest Practicable Date, we had registered the following patents:

No.	Patent name	Patentee	Type of patent	Patent number	Expiry date
1.	A kind of electric heating composite board (一種電熱複合板材)	Jilin Huachen	Utility model	202020555250.2	14 April 2030

No.	Patent name	Patentee	Type of patent	Patent number	Expiry date
2.	A kind of graphene-based heating films (一種電加熱網格布)	Jilin Huachen	Utility model	202020555516.3	14 April 2030
3.	A kind of negative ion generator and functional pad (一種負離子產生體及功能墊)	Jilin Huachen	Utility model	201620874582.0	11 August 2026
4.	Graphene copper composite heat dissipation film and its preparation method and application (石墨烯 — 銅複合散熱膜及其製備方法和應用)	Jilin Huachen	Invention	201811246638.8	24 October 2038

(d) Copyrights

As at the Latest Practicable Date, we have registered the following copyrights, which we consider to be material to our business:

No.	Copyright	Author	Registration number	Date of registration
1.	Graphene-based heating films production process design system V1.0 (石墨烯網格發熱布生產工藝設計系統 V1.0)	Jilin Huachen	2023SR1612766	12 December 2023
2.	Graphene flexible grid heating film inspection and evaluation system V1.0 (石墨烯柔性網格發熱布檢查評估系統 V1.0)	Jilin Huachen	2023SR1622320	13 December 2023
3.	Design optimization of graphene flexible grid heating film system V1.0 (設計優化石墨烯柔性網格發熱布系統 V1.0)	Jilin Huachen	2023SR1622397	13 December 2023
4.	Data fossil Graphene-based heating films quality inspection system V1.0 (數據化石墨烯發熱布質量檢查系統 V1.0)	Jilin Huachen	2023SR1622539	13 December 2023
5.	Graphene-based heating films safety production evaluation system V1.0 (石墨烯網格發熱布安全生產評估系統 V1.0)	Jilin Huachen	2023SR1623741	13 December 2023
6.	Graphene-based heating films production process execution system V1.0 (石墨烯網格發熱布生產過程執行系統 V1.0)	Jilin Huachen	2023SR1631988	13 December 2023
7.	Smart thermal clothing quality inspection system V1.0 (發熱滑雪服質量檢驗系統 V1.0)	Jilin Huachen	2024SR1976566	4 December 2024
8.	Thermal sleeping bag intelligent temperature control system V1.0 (電熱睡袋智能溫控系統 V1.0)	Jilin Huachen	2024SR1979765	4 December 2024

Save as aforesaid, as at the Latest Practicable Date, there was no other trade or service mark, patent, intellectual or industrial property right which was material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Disclosure of Interests

(a) Interests and short positions of Directors and the chief executive of our Company in the Shares, underlying Shares or debentures of our Company and its associated corporations

So far as is known to our Directors, immediately following completion of the **[REDACTED]** and the **[REDACTED]** (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the **[REDACTED]** and the options which may be granted under the Share Option Scheme), the interests and short positions of our Directors or chief executive of our Company in the Shares, underlying Shares or debentures of our Company and its associated corporations (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, will be as follows:

Name of Director	Nature of Interest	Number of Shares held(1)	Approximate percentage of issued share capital(2)
			(%)
Ms. Li(3)	Interests in controlled corporations	**[REDACTED]** (L)	**[REDACTED]**

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) The calculation is based on the total number of **[REDACTED]** Shares in issue immediately following completion of the **[REDACTED]** and the **[REDACTED]** (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the **[REDACTED]** and the options which may be granted under the Share Option Scheme).

(3) Hengfu Technology holds **[REDACTED]** Shares. Hengfu Technology is directly and wholly owned by Ms. Li. Ms. Li is therefore deemed to be interested in all the Shares held by Hengfu Technology.

***(b) Interests and short positions of our Directors and Supervisors in the Shares, underlying Shares or debentures of our Company and our associated corporations following the* [REDACTED]**

Immediately following completion of the **[REDACTED]** and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]**, none of our Directors or Supervisors had any interests or short positions in the Shares, underlying Shares or debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to notify our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the GEM Listing Rules.

2. Particulars of Directors' Service Contracts and Appointment Letters

(a) Executive Directors

Each of our executive Directors has entered into a service contract with us under which the initial term of their service contracts shall be three years commencing from the date of their appointment until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other party not less than [one] month's prior notice in writing.

(b) Independent non-executive Directors

Each of our independent non-executive Directors has entered into an appointment letter with us for an initial term of three years from the **[REDACTED]** until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other party not less than one month's prior notice in writing.

3. Remuneration of Directors

Save as disclosed in the section headed "Directors and Senior Management" and note 7 to the Accountants' Report as set out in Appendix I to this document, for FY2024 and FY2025, none of our Directors received other remunerations or benefits in kind from us.

Under the arrangement currently in force, the aggregate amount of remuneration payable to our Directors for FY2026 is estimated to be approximately RMB0.9 million (excluding any discretionary bonus).

4. Disclaimers

Save as disclosed in Sections C2, A4, A5 of "Appendix IV — Statutory and General Information", "Directors and Senior Management"、 "Substantial Shareholders", and Note 7 of Appendix I of this document:

(i) there is no existing or proposed service contract (excluding any contract expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between our Directors and any member of our Group;

(ii) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;

(iii) taking no account of any Shares which may be allotted and issued by our Company pursuant to the exercise of the **[REDACTED]** and the options which may be granted under the Share Option Scheme, our Directors are not aware of any person who immediately following completion of the **[REDACTED]** and the **[REDACTED]** will have an interest or short position in the Shares and underlying Shares which would fail to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group; and

(iv) none of our Directors has for the purpose of Divisions 7 and 8 of Part XV of the SFO or the GEM Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, any interests and short positions in the Shares, underlying Shares, and debentures of our Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, once the Shares are **[REDACTED]** on GEM.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of the Shareholders passed on [•]. The terms of the Share Option Scheme are subject to the provisions of Chapter 23 of the GEM Listing Rules.

(a) Purpose

The purpose of the Share Option Scheme is to recognise and acknowledge the contributions the Eligible Participants have had or may have made to our Group, and the Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

(i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and

(ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) Who may join

Our Board may, at its discretion, offer to grant an option to subscribe for such number of new Shares as our Board may determine at an exercise price determined in accordance with paragraph (f) below to the following persons (the "**Eligible Participants**"):

(i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries; and

(ii) any Directors (including non-executive Directors and independent non-executive Directors) of our Company or any of its subsidiaries.

(c) Acceptance of an offer of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the document constituting acceptance of the option duly signed by the grantee, together with a remittance in favour of our Company of RMB1.00 by way of consideration for the grant thereof is received by our Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it must be accepted in respect of a **[REDACTED]** for **[REDACTED]** on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (m), (o), (p) and (q) below, an option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one **[REDACTED]** for **[REDACTED]** on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the exercise price for Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors of our Company or the approved independent financial advisor as the case may be pursuant to paragraph (s), our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of the Shares so allotted.

The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company.

(d) Maximum number of shares

The maximum number of Shares in respect of which options may be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue on the **[REDACTED]**, being [•] Shares (the "**Scheme Limit**") (excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme or any other share schemes of our Company), provided that if our Company conducts a share consolidation or subdivision after the Scheme Limit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all options and awards to be granted under the Share Option Scheme and any other share schemes of our Company under the Scheme Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share. Subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting and/or such other requirements prescribed under the GEM Listing Rules from time to time, our Board may:

(i) renew this limit at any time to 10% of the Shares in issue as of the date of the approval by our Shareholders in general meeting; and/or

(ii) grant options beyond the Scheme Limit to Eligible Participants specifically identified by our Company. The circular issued by our Company to our Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, and the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose. The number and terms of options or awards to be granted to such participant must be fixed before shareholders' approval. In respect of any options to be granted, the date of the Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the exercise price under Rule 23.03E of the GEM Listing Rules.

The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial advisor shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (s) below whether by way of **[REDACTED]**, rights issue, sub-division or consolidation of shares or reduction of capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

(e) Maximum number of options to any one individual

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised, outstanding options and Shares which were the subject of options which have been granted and accepted under the Share Option Scheme and any other share option schemes of our Company but subsequently cancelled (the "**Cancelled Shares**")) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as of the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

(i) approval of the shareholders of our Company in general meeting with such Eligible Participant and his or her close associates (or associates if such Eligible Participant is a connected person of our Company) abstaining from voting;

(ii) our Company shall send a circular to its shareholders disclosing the identity of such Eligible Participant, the number and terms of the further options to be granted (and options and awards previously granted to such Eligible Participant in the 12-month period), the purpose of granting further options to such Eligible Participant and an explanation as to how the terms of the further options serve such purpose;

(iii) the number and terms of the further options to be granted to such Eligible Participant shall be fixed before the shareholders' approval mentioned in (i) above; and

(iv) for the purpose of calculating the minimum exercise price in respect of the further options to be so granted to such Eligible Participant, the date of the Board meeting for proposing such grant of further options shall be taken as the date of the offer of such options.

(f) Exercise price of options

The exercise price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as our Board in its absolute discretion shall determine, except that such price will not be less than the higher of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; and

(ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five Business days immediately preceding the date of grant.

(g) Granting options to connected persons

Any grant of options to a Director, chief executive or substantial shareholder of our Company or any of their respective associates is required to be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options). If our Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding but excluding any options lapsed in accordance with the terms of the Share Option Scheme) to such person under the Share Option Scheme and any other share schemes of our Company in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of our Shares in issue, such further grant of options will be subject to the approval of the shareholders of our Company in general meeting. Our Company shall send a circular to its shareholders containing such information as required under the applicable laws and Rule 23.04(5) of the GEM Listing Rules. The relevant grantee, his or her associates and all core connected persons of our Company shall abstain from voting in favour at such general meeting. Our Company shall comply with the requirements under Rules 17.47A, 17.47B and 17.47C of the GEM Listing Rules. Unless provided otherwise in the GEM Listing Rules, the date of the Board meeting at which our Board proposes to grant the proposed options to that Eligible Participant shall be taken as the offer date for the purpose of calculating the exercise price in accordance with paragraph (f).

(h) Restrictions on the times of grant of options

An offer of the grant of an option may not be made after inside information has come to the knowledge of our Company until the information has been announced in accordance with the GEM Listing Rules. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

(i) the date of our Board meeting (as such date is first notified to the Stock Exchange under the GEM Listing Rules) for the approving our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and

(ii) the deadline for our Company to publish an announcement of the results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (where our Company has elected to publish them), and ending on the actual date of publication of the results announcement for such year, half year, quarterly or interim period (as the case may be).

(i) Rights are personal to grantee

The options are personal to each grantee and shall not be assignable or transferable. No grantees shall have the right in any way to sell, transfer, charge, mortgage, encumber or create any interest, whether legal or beneficial, in favour of any third party over or in relation to any option or attempt so to do (except that the grantee may nominate a nominee in whose name those Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

(j) Vesting period

The vesting period of the options granted shall not be less than 12 months except in the following circumstances:

(i) grants of "make-whole" options to new joiners to replace the share awards or share options they forfeited when leaving their previous employers;

(ii) grants that are made in batches during a year for administrative and compliance reasons; or

(iii) grants of options with a mixed or accelerated vesting schedule such as where the options may vest evenly over a period of 12 months.

(k) Time of exercise of options and term of the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during the period to be notified by our Board to each grantee and prior to the expiry of such period. The period during which an option may be exercised will be determined by our Board in its absolute discretion, except that no option may be exercised more than ten years from the date on which such option is deemed to be granted and accepted in accordance with the terms of the Share Option Scheme. No option may be granted more than ten years after the **[REDACTED]**. Subject to earlier termination by our Company in general meeting or by our Board, the Share Option Scheme shall be valid and effective for a period of ten years from the **[REDACTED]**.

(l) Performance target

A grantee may be required to achieve certain performance targets as our Board may then specify before any options granted under the Share Option Scheme can be exercised.

(m) Rights on ceasing employment/death

If the grantee of an option ceases to be an Eligible Participant:

(i) by any reason other than death, ill-health, injury, disability or termination of his relationship with our Company and/or any of its subsidiaries on one of more of the grounds specified in paragraph (n) below, the option to the extent not already exercised on the date of such cessation (which date shall be, in relation to a grantee who is an Eligible Participant by reason of his employment with our Group or any related entities, the last actual working day with our Group or the related entity whether salary is paid in lieu of notice or not) shall lapse automatically on the date of cessation; or

(ii) by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of our Board) and none of the events which would be a ground for termination of his relationship with our Group under paragraph (n) has occurred, the grantee or his personal representative(s) may exercise the option within a period of 12 months (or such longer period as our Board may determine) from the date of cessation of being an Eligible Participant or death to exercise the options in full (to the extent not already exercised).

(n) Rights on dismissal

If the grantee of an option ceases to be an Eligible Participant on the grounds that he has been guilty of serious misconduct, or has become insolvent, bankrupt or has made any arrangements or compromises with his creditors generally, or has been convicted of any criminal offense involving his integrity or honesty, his option will lapse and not be exercisable on and after the date of termination of his employment.

(o) Rights on takeover

If a general offer is made to all our Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Code)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(p) Rights on winding-up

In the event that a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate exercise price for Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid and procure that such grantee be registered as a member of our Company with respect to the relevant Shares in time for him to be able to attend and vote at such general meeting.

(q) Rights on compromise or arrangement between our Company and its members or creditors

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members and/or creditors summoning the meeting to consider such a compromise or arrangement, and thereupon each grantee shall be entitled to exercise all or any of his options in whole or in part at any time prior to 12:00 noon (Hong Kong time) on the business day immediately preceding the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement and if there are more than one meeting for such purpose, the date of the first meeting.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full (but only upon the extent not already exercised).

(r) Ranking of Shares

Our Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or such other person nominated by the grantee) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank pari passu in all respects with and shall have the same voting, dividend, transfer and other rights including those arising on liquidation of our Company as attached to the other fully-paid Shares in issue on the date of issue, except that they will not rank for any rights for dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of allotment.

(s) Effect of alterations to capital

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of **[REDACTED]**, rights issue, consolidation, subdivision or reduction of capital of our Company, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding options, the method of exercise of the options and/or the exercise price per Share of each outstanding option as the auditors of our Company or an independent financial advisor shall certify in writing to our Board to be in their/his opinion fair and reasonable in compliance with Rule 23.03(13) of the GEM Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes. The capacity of the auditors of our Company or the approved independent financial advisor, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on our Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the equity capital of our Company (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes) for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration provided that no such alteration shall be made if the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(t) Expiry of option

An option shall lapse automatically and shall not be exercisable (to the extent not already exercised) on the earliest of:

(i) the date of expiry of the option as may be determined by our Board;

(ii) the expiry of any of the periods referred to in paragraphs (m), (o), (p) or (q);

(iii) the date upon which the scheme of arrangement of our Company referred to in paragraph (q) becomes effective;

(iv) subject to paragraph (p), the date of commencement of the winding-up of our Company;

(v) the date upon which the grantee ceases to be an Eligible Participant by reason of such grantee's termination of his relationship on the grounds that he has been guilty of serious misconduct, or has become insolvent, bankrupt or has made arrangements or compromises with his creditors generally, or has been convicted of any criminal offense involving his integrity or honesty. A resolution of our Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or

(vi) the date upon which our Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are cancelled in accordance with paragraph (v) below.

(u) Alteration

The Share Option Scheme may be altered in any respect by resolution the Board except the followings which may be effected only with the prior approval of the Shareholders in general meeting:

(i) any alterations to the terms and conditions of the Share Option Scheme which are of a material nature;

(ii) any alterations to the provisions relating to the matters set out in Rule 23.03 of the GEM Listing Rules to the advantage of the Eligible Participants; and

(iii) any change to the authority of the Board to alter the terms of the Share Option Scheme, provided always that the amended terms of the Share Option Scheme shall continue to comply with the relevant provisions of the GEM Listing Rules and any other applicable laws.

(v) Cancellation of options

Any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event that any option is cancelled pursuant to paragraph (i).

(w) Termination of the Share Option Scheme

Our Company may by resolution in general meeting or our Board may at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(x) Administration of our Board

The Share Option Scheme shall be subject to the administration of our Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (except as otherwise provided therein) shall be final and binding on all parties.

(y) Conditions of the Share Option Scheme

The Share Option Scheme is conditional on:

(i) the **[REDACTED]** of the Stock Exchange granting the **[REDACTED]** of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme;

(ii) the obligations of the **[REDACTED]** under the **[REDACTED]** becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s) by the **[REDACTED]** (for itself and on behalf of the **[REDACTED]**)) and not being terminated in accordance with the terms of the **[REDACTED]** or otherwise;

(iii) the passing of the necessary resolutions by our Shareholders to approve and adopt the rules of the Share Option Scheme and to authorise our Board to grant options under the Share Option Scheme and to allot and issue Shares pursuant to exercise of any options; and

(iv) the commencement of **[REDACTED]** in our Shares on the Stock Exchange.

If the conditions in paragraph (y) above are not satisfied within six calendar months from the date of approval of the Share Option Scheme by our Shareholders:

(i) the Share Option Scheme shall forthwith determine;

(ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and

(iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

(z) Disclosure in annual and interim reports

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the GEM Listing Rules in force from time to time.

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the **[REDACTED]** of the Stock Exchange for the **[REDACTED]** of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being [•] Shares in total.

E. OTHER INFORMATION

1. Litigation

As at the Latest Practicable Date, we were not involved in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened against any member of our Group, which would have a material adverse effect on our Group's results of operations or financial condition, taken as a whole.

2. Preliminary Expenses

As at the Latest Practicable Date, we have not incurred any material preliminary expense.

3. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

4. [REDACTED]

Our Company has no **[REDACTED]** for the purpose of the GEM Listing Rules. Within the two years immediately preceding the date of this document, no amount or benefit has been paid or given to any **[REDACTED]** in connection with the **[REDACTED]** or the related transactions described in this document.

5. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the **[REDACTED]** for the **[REDACTED]** of, and permission to deal in, the Shares in issue and to be issued as mentioned in this document, including any Shares which may fall to be allotted and issued pursuant to the exercise of the **[REDACTED]** and the exercise of any options which may be granted under the Share Option Scheme, on GEM.

The Sole Sponsor satisfies the independence criteria applicable to sponsors under Rule 6A.07 of the GEM Listing Rules. The Sole Sponsor is entitled to the sponsor's fee in the amount of HK$3.8 million.

6. Qualification of Experts

The qualifications of the experts (as defined under the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions and/or advice in this document are as follows:

Name	Qualification
VBG Capital Limited	A licensed corporation under the SFO for type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Forvis Mazars CPA Limited	Certified public accountants under the Professional Accountant Ordinance (Chapter 50 of the laws of Hong Kong) and a registered public interest entity auditor under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Tian Yuan Law Firm	Legal advisor to our Company as to PRC laws
Ogier	Legal advisor to our Company as to Cayman Islands laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

7. Consents

Each of the experts as referred to in the paragraph headed "— E. Other information — 6. Qualification of experts" in this appendix has given and has not withdrawn its respective written consents to the issue of this document with the inclusion of certificates, letters, opinions or reports and the references to its name included herein in the form and context in which it respectively included.

8. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since 31 December 2025 (being the date to which the latest audited financial statements of our Group were made up).

9. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Miscellaneous

Save as otherwise disclosed in this document:

(i) none of our Directors or experts referred to in the paragraph headed "— E. Other information — 6. Qualification of experts" in this appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(ii) none of the experts referred to in the paragraph headed "— E. Other information — 6. Qualification of experts" in this appendix has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(iii) within the two years immediately preceding the date of this document, no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued as fully or partly paid either for cash or for a consideration other than cash;

(iv) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(v) no commission, discount, brokerage or other special term has been granted or agreed to be granted within the two years immediately preceding the date of this document in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(vi) within the two years preceding the date of this document, no commission has been paid or is payable (except commissions to **[REDACTED]**) for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any Shares in our Company;

(vii) there is no founder, management or deferred share in our Company or any of our subsidiaries;

(viii) our Company has no outstanding convertible debt securities or debentures;

(ix) there is no arrangement under which future dividends are waived or agreed to be waived; and

(x) no member of our Group is presently listed on any stock exchange or traded on any trading system, and no listing or permission to deal is being or proposed to be sought.

11. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).