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Application Proof of
HEXIA Technologies Co., Ltd.
(浙江和夏科技股份有限公司)
(the “Company”)

(A joint stock company incorporated in the People’s Republic of China with limited liability)

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HEXIA Technologies Co., Ltd.

浙江和夏科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED])

Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])

Number of Public [REDACTED] : [REDACTED] H Shares (subject to [REDACTED])

Maximum [REDACTED] : HK\$[REDACTED] per [REDACTED] plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars, subject to refund)

Nominal value : RMB1.0 per H Share

[REDACTED] : [REDACTED]

Sole Sponsor



Vast Harbour Corporate Finance Limited

華港企業融資有限公司

[REDACTED]

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EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

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SUMMARY

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. You should read the whole document before you decide to [REDACTED].

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

Various expressions used in this summary are defined in the sections headed “Definitions” and “Glossary of technical terms” in this document.

OVERVIEW

We are headquartered in Zhejiang Province and were established in 2017. Since our establishment, we have developed to become an Automotive Testing Solutions provider in Zhejiang Province and we have during the Track Record Period worked with leading domestic and international automotive manufacturers and automotive components manufacturers such as BYD, one of the largest NEV manufacturers in the PRC, and our Customer B, one of the world’s largest engine manufacturers and a global leader in power solutions. The automotive testing services market in the PRC is highly competitive with moderate concentration, involving over 1,500 market players. According to the F&S Report, we have a market share of 0.9% amongst all Automotive Testing Solutions providers in the PRC in terms of revenue in 2025. Our Automotive Testing Solutions includes (i) automotive testing, (ii) testing facility solutions and (iii) the sales of automotive components business segments.

Our automotive testing services facilitate the research and development exclusively for new models of ICEVs and NEVs and their constituent components, and our testing outcomes are used to refine designs, functions and system interoperability so as to ensure that new vehicle models are capable of meeting the relevant performance and regulatory standards. Following our testing, these new vehicles are subject to homologation, which is conducted by other qualified institutions. Since 2022, we have expanded our automotive testing services to cover ADAS testing. ADASs are sophisticated electronic systems integrated into vehicles to enhance driver safety and comfort through utilising a vast array of sensor and camera technology.

Leveraging on our experience and knowledge in developing our own automotive testing facilities and to diversify our business and revenue streams, we have expanded our business to provide testing facility solutions whereby we advise and assist customers in the development and/or enhancement of their testing facilities. We have also expanded our business towards the sales of automotive components which involves supplying products such as urea pumps and TCUs as well as the ancillary calibration services.

Our principal testing facility is located at our Changxing Headquarters, and additionally we have testing facilities strategically located in key automotive markets, including in Zhejiang, Hubei, Jiangsu and Guangdong Provinces. As at the Latest Practicable Date, we owned more than 480 units of major testing machinery and equipment which are primarily used for our automotive testing services.

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OUR BUSINESS AND REVENUE MODEL

Our business is underpinned by the structural transformation of the automotive industry towards electrification and intelligent systems. While the provision of our automotive testing services is engaged on a project-by-project basis, our business model is characterised by high levels of customer retention and recurring demand driven by the continuous technological iteration cycles of new vehicles.

Our automotive testing services are integrated into the early-stage research and development workflows of our customers, prior to mandatory homologation. As automotive manufacturers accelerate their transition to NEV platforms, the complexity and frequency of automotive testing have grown significantly. Automotive manufacturers faced constraints including the highly capital-intensive nature of maintaining internal testing facilities, and a deficit in the multidisciplinary technical expertise required for effective testing. By engaging our Group, the automotive manufacturers can effectively mitigate these high costs and technical barriers. Our Group also provide powertrain and component testing to our customers, including automotive components manufacturers. Our powertrain and component testing include, among others, (i) testing on ICE, transmission system and fuel system for ICEVs and (ii) testing on electric motor, battery system, electric control system and sensor for NEVs. The automotive components testing conducted by us is solely for new vehicle models. Our testing services support the early-stage research and development workflows of our customers by continuous data generation to refine component performance to meet expected standards.

By providing automotive testing services that ensure capability of meeting regulatory standards and performance optimisation, we have developed our customer base. Our long-term engagements are secured optimisation through framework agreements, enabling us to capture continuous revenue streams across the multi-year development of our customers' vehicle platforms. With a robust pipeline driven by tightening regulatory standards and a constant demand for technological innovation, we serve as a research and development partner of our customers.

Automotive testing

Our automotive testing services can be categorised into ICEV, NEV and ADAS testing:

ICEV testing: Our ICEV testing centres on its powertrain which includes the ICE, transmission, drive shaft, fuel system, and exhaust system for multiple vehicle types. The key evaluation areas include engine performance analysis, fuel consumption efficiency, and powertrain durability under various operational loads and environmental conditions. Another critical element of our ICEV testing includes conducting comprehensive exhaust emissions analyses.

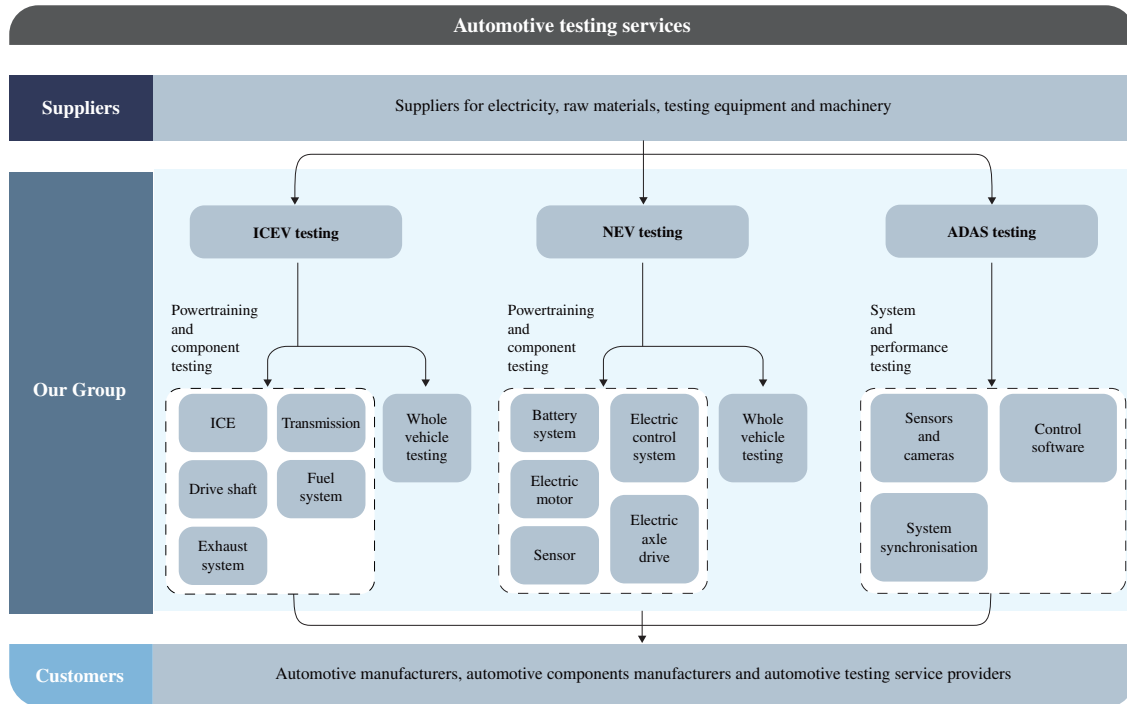
NEV testing: Our NEV testing covers various types of electric vehicles, including BEVs, EREVs and PHEVs and focuses on their powertrain which comprises the three core electric systems being the battery pack or system, electric motor and electric control system to analyse their performance and efficiency.

ADAS testing: ADAS testing is a complex validation process that assesses the functionality, reliability, and safety of the above systems regardless of the vehicle type. Our ADAS testing involves simulating a vast range of traffic scenarios and environmental conditions in both virtual and real-world settings to ensure the sensors and cameras, and control software perform as intended.

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Aside, we also provide whole vehicle testing services for both ICEVs and NEVs covering, amongst others EMC testing, extreme temperature testing, vibration testing, salt spray testing, dust testing and sealing testing. Whole vehicle testing is primarily conducted to assess the integrity, reliability and durability of the fully assembled automobile, whether ICEVs or NEVs under specified test conditions, simulating real world stressors to validate overall structural integrity, systemic reliability, and long-term durability.

The following chart summarises our Group’s business model in respect of our automotive testing services during the Track Record Period:



Testing facility solutions

Our testing facility solutions primarily involves providing customised solutions on a project-by-project basis to assist our customers in developing their own testing facilities. We do this through leveraging on our expertise in the industry and by (i) supplying testing systems and equipment, (ii) testing facility advisory services and (iii) engineering construction services.

While facilitating our customers in developing their in-house testing capabilities may reduce their future need for our services, it deepens our long-term partnerships and it is in line with industry practice, according to F&S.

Sales of automotive components

Our sales of automotive components business segment primarily focuses on applications for commercial vehicles and construction and agricultural machinery. During the Track Record Period, we sold on a sales order-by-sales order basis automotive components such as urea pumps and TCUs as well as the ancillary calibration services.

The following table sets forth a breakdown of our revenue by business segments during the Track Record Period:

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	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Automotive testing								
ICEV testing	57,496	41.7	59,703	29.2	27,367	36.9	32,816	35.3
NEV testing	45,050	32.7	66,841	32.7	37,974	51.2	28,363	30.5
ADAS testing	10,134	7.4	27,415	13.4	5,503	7.4	7,857	8.5
Sub-total	112,680	81.8	153,959	75.3	70,844	95.5	69,036	74.3
Testing facility solutions	21,666	15.7	45,833	22.4	1,070	1.5	23,201	25.0
Sales of automotive components	3,417	2.5	4,783	2.3	2,239	3.0	621	0.7
Total	137,763	100.0	204,575	100.0	74,153	100.0	92,858	100.0

Revenue

Our revenue during the Track Record Period was primarily generated from automotive testing which accounted for approximately 81.8%, 75.3%, 95.5% and 74.3% of our total revenue for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. Our total revenue increased by approximately 48.5% from approximately RMB137.8 million for the year ended 31 December 2024 to approximately RMB204.6 million for the year ended 31 December 2025, mainly due to the increase in revenue across all of our business segments, including (i) automotive testing services which include ICEV, NEV, and ADAS testing services; (ii) testing facility solutions; and (iii) sales of automotive components. The increase in revenue generated from NEV testing services of approximately RMB21.7 million or 48.4% was mainly due to the improvement in our NEV testing capacity in 2025 as our Jiashan Testing Facility, which focus on NEV testing, has commenced operations in the fourth quarter of 2025 which allowed our Group to cope with the increasing demand for NEV testing services. The increase in revenue generated from ADAS testing services of approximately RMB17.3 million or 170.5% was mainly due to our growing overseas road testing services which are provided solely to our customers located in the PRC. Our top 2 and top 3 projects in 2025 were overseas road testing projects which contributed approximately RMB8.4 million and RMB5.3 million to our revenue during the year ended 31 December 2025. The increase in revenue generated by testing facility solutions of approximately 111.5% was mainly due to the completion of our top 1 project in relation to testing facility solutions provided to Customer F which contributed approximately RMB27.8 million to our revenue during the year ended 31 December 2025.

Our total revenue increased by approximately 25.2% from approximately RMB74.2 million for the six months ended 30 June 2025 to approximately RMB92.9 million for the six months ended 30 June 2026. Such increase was primarily attributable to the increase in revenue in testing facility solution which was partially offset by the decrease in revenue in sales of automotive components and in overall the revenue generated from automotive testing remained relatively stable. Our revenue generated from testing facility solutions increased by approximately RMB22.1 million or 21.1 times from approximately RMB1.1 million for the six months ended 30 June 2025 to approximately RMB23.2 million for the six months ended 30 June 2026, which was mainly due to the contribution by the increase in revenue generated from three projects from three different customers for testing facility solutions totalling approximately RMB13.8 million. Our revenue generated from sales of automotive components decreased by approximately RMB1.6 million or 72.7% from

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approximately RMB2.2 million for the six months ended 30 June 2025 to approximately RMB0.6 million for the six months ended 30 June 2026, which was mainly due to the decrease in revenue by approximately RMB0.8 million generated from a customer which primarily engaged in sales of key components of vehicle included NEV and ICEV for the six months ended 30 June 2026 in this segment.

Gross profit margin

Our gross profit increased by approximately 15.6% from approximately RMB44.6 million for the year ended 31 December 2024 to approximately RMB51.6 million for the year ended 31 December 2025. Our gross profit margin decreased from approximately 32.4% for the year ended 31 December 2024 to approximately 25.2% for the year ended 31 December 2025, mainly due to the decrease in gross profit margin of NEV testing services, which was mainly due to the increase in outsourced NEV testing projects, which led to the increase in cost of sales and a corresponding decrease in gross profit margin. The decrease in gross profit margin was also mainly due to the increase in our overseas road testing projects during the year ended 31 December 2025, which that ADAS testing projects conducted overseas generate lower gross profit margin than projects conducted in the PRC, mainly resulted from top 2 and 3 projects for the year ended 31 December 2025 with the relative gross profit margin of approximately 25% and 17% respectively. Despite our overseas ADAS testing has higher contract values, it generates lower profit margin as overseas testing requires provision of overseas agency services to arrange necessary resources to perform the overseas testing, which adversely affect our gross profit margin.

Our gross profit increased by approximately RMB3.5 million or 16.7% from approximately RMB20.9 million for the six months ended 30 June 2025 to approximately RMB24.4 million for the six months ended 30 June 2026. Our gross profit margin slightly decreased from approximately 28.2% for the six months ended 30 June 2025 to approximately 26.3% for the six months ended 30 June 2026, mainly due to the decrease in gross profit margin of ICEV testing services, which was mainly due to the increase in raw material costs of specific tools required to perform our ICEV testing projects for the six months ended 30 June 2026 and such costs of specific tools amounted to approximately RMB1.4 million.

OUR PROJECTS AND PRICING POLICY

During the Track Record Period, we provided our automotive testing services and testing facility solutions on a project-by-project basis which we would primarily obtain by way of a customer's invitation for quotation. For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, we undertook 460, 614, 367 and 393 projects for automotive testing and 22, 26, 7 and 14 projects for testing facility solutions. Sales of our automotive components were transacted on a sales order by sales order basis.

For automotive testing services, we typically charge on a time-cost basis with each specific type of test carrying differing hourly rates. As for our testing facility solutions projects, we typically charge our customers on a cost-plus basis after taking into account various factors. Pricing for our automotive components are determined on a cost-plus basis.

OUR CUSTOMERS AND SUPPLIERS

Our customers during the Track Record Period were mainly leading domestic and international automotive manufacturers, automotive components manufacturers, other automotive testing service providers and research institutes and universities located in the PRC. They would primarily engage us for automotive testing services in order to refine the designs, functions and system inter-operability of new models of ICEVs and NEVs so as to

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ensure that they are able to meet required performance and/or reliability standards. They would also engage us to provide testing facility solutions. Further, international automotive manufacturers would also engage our automotive testing services for their new vehicles to be manufactured in the PRC.

During the Track Record Period, the revenue from our five largest customers in each year/period amounted to approximately RMB48.4 million, RMB86.9 million and RMB46.9 million which accounted for approximately 35.2%, 42.4% and 50.4% of our total revenue respectively. For details, please refer to “Business – Customers” in this document.

Our suppliers during the Track Record Period were mainly testing equipment and machinery and raw materials suppliers located in the PRC. We generally purchase from our suppliers electricity, raw materials, testing equipment and machinery, auto-parts and software systems which are used in connection with our Automotive Testing Solutions. During the Track Record Period, the purchase from our five largest suppliers in each year/period amounted to approximately RMB27.4 million, RMB36.8 million and RMB18.5 million which accounted for approximately 22.2%, 23.3% and 33.5% of our total purchases respectively. For details, please refer to “Business – Suppliers” in this document.

SUBCONTRACTING

In line with market practices, according to F&S, we would outsource some of our automotive testing projects to Independent Third Parties. We outsource specialised automotive testing tasks to alleviate our capacity constraints during peak periods and to utilise specialised testing equipment that is beyond our immediate domestic setup, so that we can deliver complete testing services without affecting our core operations. For details, please refer to “Business – Subcontracting” in this document.

OUR COMPETITIVE STRENGTHS

Our Directors believe that our Group’s success is attributable to the following competitive strengths:

- we provide a wide spectrum of comprehensive automotive testing services for automotive manufacturers and automotive components manufacturers;
- we are a reputable Automotive Testing Solutions provider in the PRC and we have well-established business relationships with leading players in the automotive market;
- we implement stringent quality control measures to maintain our service standards and ensure precise testing outcomes; and
- we are led by an experienced management team.

For details, please refer to “Business – Competitive strengths” in this document.

OUR BUSINESS STRATEGIES

The principal objectives of our Group is to develop our business and achieve sustainable growth through pursuing the following business strategies:

- strengthening our ability to provide automotive testing services;
- intensifying our research and development efforts to enhance our capabilities in providing Automotive Testing Solutions to drive our growth; and

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- expanding our automotive testing services to new industries to diversify our customer and revenue base.

For details, please refer to “Business – Business strategies” in this document.

RISK FACTORS

Our business and the [REDACTED] are subject to certain risks as set out in “Risk Factors” in this document. They can be broadly categorised into (i) risks relating to our business and industry, (ii) risks relating to the location where we conduct business and (iii) risks relating the [REDACTED] and our [REDACTED]. A detailed discussion of the risk factors that we believe are particularly relevant to us is set out in “Risk Factors” in this document, among which some of the major risks we face include (i) our business may be affected by developments in the PRC’s automotive sector which are beyond our control, the intense competition in the PRC automotive industry, which is dominated by major state-owned and established foreign players, may lead to continued downward pressure on vehicle and/or component prices on our customers’ end; (ii) we may be affected by changes in the regulatory environment in which we operate; (iii) changes in government incentives or subsidies to support NEVs could adversely affect our business, financial condition and results of operations; (iv) our revenue is primarily generated from non-recurring automotive testing services projects, and the amount of revenue and gross profit and our gross profit margins in respect of such projects as well as the type and volume of projects we can secure from our customers, which may vary from year to year; (v) we depend on a limited number of customers for a substantial portion of our revenue and may not be able to successfully maintain or develop our business relationships with these customers or new customers; and (vi) pricing of our services is subject to certain key factors and failure to control costs may adversely affect our profitability.

PREVIOUS QUOTATION ON THE ZHEJIANG EQUITY EXCHANGE

On 28 September 2020, the Shares of our Company were quoted on the Zhejiang Equity Exchange. In November 2025, our Company decided to delist from the Zhejiang Equity Exchange taking into consideration, amongst others, our Company’s long term development strategy, our Company’s intention for [REDACTED], the relatively low liquidity in the Zhejiang Equity Exchange, and the fact that Zhejiang Equity Exchange is not a recognised stock exchange under the Stock Exchange.

For details, please refer to “History, development and corporate structure – Quotation on the Zhejiang Equity Exchange” in this document.

MARKET AND COMPETITION

According to the F&S Report, the automobile market in the PRC continues to face challenges from persistent price competition and structural oversupply. However, the market for automotive testing services in the PRC has demonstrated consistent growth, increasing from approximately RMB14.8 billion in 2020 to approximately RMB22.9 billion in 2025, representing a CAGR of approximately 9.1%. Going forward, it is expected that the market for automotive testing services will grow to approximately RMB36.3 billion by 2030 (representing a CAGR of approximately 9.7%).

Factors driving the continuous growth in the automotive testing services industry include increasing vehicle complexity, rising investments in the research and development of NEVs, government support and policies, and new regulatory standards for safety emissions. The maturing battery, electric motor and charging systems technologies, have improved NEVs’ performance and spurred the number of new NEV models entering the market. The automotive industry in the PRC is also experiencing an “intelligentization” revolution as

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auto manufacturers seek to enhance user experience through adopting ADAS. Additionally, auto manufacturers have exhibited an increasing tendency to outsource their automotive testing service works, especially as these testing and validation works have grown in complexity to streamline their operations.

In 2025, the overall automotive testing solutions market in the PRC is concentrated with the top 2 service providers which represented approximately 37.8% of PRC’s automotive testing solutions market in terms of revenue.

For details, please refer to “Industry Overview – Competitive landscape” and “Business – Market and competition” in this document.

KEY FINANCIAL AND OPERATING DATA

Consolidated statements of profit or loss and other comprehensive income

The following table sets out the summary consolidated statements of profit or loss and other comprehensive income during the Track Record Period as extracted from the Accountants’ Report in Appendix I to this document:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Revenue	137,763	204,575	74,153	92,858
Cost of sales	(93,135)	(152,983)	(53,246)	(68,452)
Gross profit	44,628	51,592	20,907	24,406
Other net income	1,477	3,874	1,481	5,437
Selling and marketing expenses	(9,827)	(9,995)	(3,885)	(4,160)
General and administrative expenses	(21,175)	(25,776)	(8,026)	(14,906)
Research and development expenses	(10,545)	(11,852)	(3,805)	(4,912)
Reversal of/(provision for) impairment loss on trade receivable and contract assets	38	4,366	3,943	(347)
Profit from operations	4,596	12,209	10,615	5,518
Share of profits less losses of associates	500	632	(167)	(622)
Finance costs	(730)	(2,633)	(2,187)	(1,662)
Changes in carrying amount of redemption liabilities	(27,456)	(29,532)	(14,133)	–
(LOSS)/PROFIT BEFORE TAXATION	(23,090)	(19,324)	(5,872)	3,234
Income tax	(637)	(523)	(1,391)	379
(LOSS)/PROFIT FOR THE YEAR/PERIOD	(23,727)	(19,847)	(7,263)	3,613

SUMMARY

Non-IFRS Measures

For details, please refer to “Financial Information – Description of selected components of consolidated statements of profit or loss and other comprehensive income” in this document.

To supplement our consolidated statements of profit or loss and other income, which are presented in accordance with IFRS Accounting standards, we use adjusted net profit (non-IFRS measure) as a non-IFRS measure, which is not required by, or presented in accordance with, IFRS Accounting standards. We believe the presentation of this non-IFRS measure when shown in conjunction with the corresponding IFRS measures provides useful information to investors and management in facilitating a comparison of our operating performance from year to year by eliminating the impact of certain items. We believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated statements of profit or loss and other income.

The following table reconciles our calculations of adjusted net profit (non-IFRS measure) with net profit for the year/period, which is presented in accordance with IFRS Accounting Standards:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
(Loss)/profit for the year/period	(23,727)	(19,847)	(7,263)	3,613
Add:				
Equity-settled share-based payment expenses	1,277	–	–	–
Changes in carrying amount of redemption liabilities	27,456	29,532	14,133	–
[REDACTED]	–	7,761	–	4,781
Less: Gain on the dilution of interest in an associate	–	–	–	(4,523)
Adjusted net profit (non-IFRS measure)	<u>5,006</u>	<u>17,446</u>	<u>6,870</u>	<u>3,871</u>

The adjustment items included (i) equity-settled share-based payment expenses; (ii) changes in carrying amount of redemption liabilities; (iii) **[REDACTED]**; and (iv) gain on the dilution of interest in an associate. Equity-settled share-based payment expenses were non-cash items, the redemption liabilities were reclassified to equity in December 2025, **[REDACTED]** relates to the **[REDACTED]** of the Company and gain on the dilution of interest in an associate is non-operating and non-recurring nature.

The decrease in loss for the year from approximately RMB23.7 million for the year ended 31 December 2024 to RMB19.8 million for the year ended 31 December 2025 was mainly due to the increase in gross profit by approximately RMB7.0 million for the year ended 31 December 2025 which was partially offset by the increase in change in carrying amount in redemption liabilities by approximately RMB2.1 million and the increase in finance costs by approximately RMB1.9 million for the year ended 31 December 2025. The Group recorded loss for the period of approximately RMB7.3 million for the six months ended 30 June 2025 and profit for the period of approximately RMB3.6 million was recorded for the six months ended 30 June 2026, primarily due to the loss from changes in

SUMMARY

carrying amount of redemption liabilities recognised of approximately RMB14.1 million during the six months ended 30 June 2025 where the redemption right granted were terminated in December 2025 and no such was occurred during the six months ended 30 June 2026 and the increase in profit from operation.

Summary of financial position

The following table sets out the summary of consolidated statements of financial position of our Group as at 31 December 2024 and 2025 and as at 30 June 2025 and 2026 as extracted from the Accountants’ Report in Appendix I to this document:

	As at 31 December		As at
	2024	2025	30 June
	RMB’000	RMB’000	2026
			RMB’000
Non-current assets	322,741	348,246	347,412
Current assets	172,633	218,856	209,973
Current liabilities	458,492	255,287	228,541
Net current liabilities	(285,859)	(36,431)	18,568
Total assets less current liabilities	36,882	311,815	328,844
Non-current liabilities	61,349	56,872	70,340
NET (LIABILITIES)/ASSETS	(24,467)	254,943	258,504

Our Group recorded net current liabilities of approximately RMB285.9 million as at 31 December 2024, which was mainly attributed to (i) the redemption liabilities of approximately RMB247.8 million; and (ii) the interest-bearing borrowings of approximately RMB82.4 million used to fund our operational needs. Our net current liabilities decreased from approximately RMB285.9 million as at 31 December 2024 to approximately RMB36.4 million as at 31 December 2025, primarily due to (i) the conversion of redemption liabilities to equity as a result of the termination of the investors’ redemption right granted in previous years in December 2025 pursuant to the supplementary agreement signed by our Company and the investors with redemption right; and (ii) the decrease in contract liabilities of approximately RMB14.5 million related to made-to-order service arrangements which our Group receives a deposit for testing facility solutions before work commenced.

The change from the net liabilities of approximately RMB24.5 million as at 31 December 2024 to the net assets of approximately RMB254.9 million as at 31 December 2025 was mainly due to the termination of redemption rights of approximately RMB299.3 million and share issue of approximately RMB22.0 million which was partially offset by the redemption rights granted upon share issuance of approximately RMB22.0 million and loss for the year of approximately RMB19.8 million. The net assets increased to approximately RMB258.5 million as at 30 June 2026, primarily due to the profit for the six months ended 30 June 2026.

For details, please refer to “Financial Information – Discussion of certain selected items from our consolidated statements of financial position” in this document.

Summary of cashflows

The following table sets out a summary of our Group’s consolidated cash flow statements for the Track Record Period as extracted from the Accountants’ Report in Appendix I to this document:

SUMMARY

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Net cash generated from/(used in)				
operating activities	10,889	51,431	10,022	(2,086)
Net cash used in investing activities	(53,383)	(59,353)	(34,268)	(24,126)
Net cash generated from				
financing activities	35,374	33,601	22,805	6,342
Cash and cash equivalents at				
the beginning of the year/period	17,436	10,316	10,316	35,947
Cash and cash equivalents at				
the ending of the year/period	10,316	35,947	8,875	16,025

For details, please refer to “Financial Information – Cash flow” in this document.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), our Controlling Shareholders will be collectively interested in approximately [REDACTED] of our total issued share capital. Our Controlling Shareholders comprise (i) Mr. Xia, Mr. He, Mr. Xia Quanhui, Ms. Chen Yan and Mr. Zhao Bo; (ii) Mr. Xia Zhipeng; (iii) Changxing Lingguan and Changxing Hexia; and (iv) Changxing Junying. Mr. Xia, Mr. He, Mr. Xia Quanhui, Ms. Chen Yan and Mr. Zhao Bo have on 23 January 2026 entered into an acting in concert agreement in relation to voting for corporate matters of our Company. Changxing Lingguan and Changxing Hexia are limited partnerships established as our Employee Incentive Platforms, each of which the general partner is Mr. Xia, while Changxing Junying is a limited partnership, of which the general partner is Ms. Chen Yan. For details, please refer to “Relationship with our controlling shareholders” in this document.

PRE-[REDACTED]

Since our establishment, we have attracted certain Pre-[REDACTED] and completed several rounds of financing to raise funds for the development of our business. For further information of the principal terms of the Pre-[REDACTED] and the identities and background of our Pre-[REDACTED], please see “History, Development and Corporate Structure – Pre-[REDACTED]” in this document.

DIVIDEND AND DIVIDEND POLICY

No dividends have been paid or declared by our Company during the Track Record Period.

There is no assurance that dividends of any amount will be declared or be distributed in any year. Although currently we do not have a formal dividend policy or a fixed dividend distribution ratio, our Board may declare dividends in the future after taking into account various factors, including our future earnings and cash inflows, future plan for use of funds, long-term development of our business, statutory reserves, discretionary common reserve funds, legal and regulatory restrictions, and other factors which our Directors consider relevant. A decision to distribute any interim dividend or recommend any final dividend would require the approval of our Board and will be at its discretion. In addition, any final dividend for a financial year will be subject to Shareholders’ approval. Our Board currently

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do not have plans to establish a dividend policy. In addition, our dividend policy will also be subject to our Articles of Association, the PRC Company Law, any other applicable PRC laws and regulations.

Under PRC laws, dividends may be paid only out of distributable profits. Distributable profits are our net profit as determined under the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As advised by our PRC legal Advisor, dividends may not be distributed while we have accumulated losses. For details, please refer to “Financial Information – Dividend and dividend policy” in this document.

ACCUMULATED LOSSES

Our Group’s accumulated losses of approximately RMB36.5 million as at 1 January 2024 was mainly attributable to (i) the changes in carrying amount of redemption liabilities; (ii) the equity-settled share-based payment expenses recognized before the Track Record Period; and (iii) [REDACTED].

Our Group recorded a total comprehensive loss of approximately RMB23.7 million, RMB19.9 million for the years ended 31 December 2024 and 2025 and total comprehensive income of approximately RMB3.6 million for the six months ended 30 June 2026, respectively, which was mainly attributable to (i) the changes in carrying amount of redemption liabilities arising from the investors’ redemption right granted in previous years of approximately RMB27.5 million, RMB29.5 million and nil. The redemption right granted were terminated in December 2025; (ii) equity-settled share-based payment expenses of approximately RMB1.3 million, nil and nil; and (iii) the [REDACTED] of nil, approximately RMB7.8 million and RMB4.8 million during the respective year/period. As a result, our Group recorded accumulated losses of approximately RMB60.2 million, RMB80.1 million and RMB76.4 million as at 31 December 2024 and 2025 and as at 30 June 2026, respectively.

SUFFICIENCY OF WORKING CAPITAL

Taking into account the financial resources available to our Group, including the available cash and cash equivalents, available banking facilities, cash flows generated from our operations and the estimated [REDACTED] from the [REDACTED], and in the absence of unforeseen circumstances, our Directors are of the opinion, and the Sole Sponsor concurs, that our Group has available sufficient working capital for our present requirements for at least 12 months from the date of this document.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

During the Track Record Period, we had entered into a lease agreement for a term from 1 October 2025 to 31 December 2027 in respect of our Jiashan Testing Facility which is our third largest testing facility and is intended to focus on testing of the three core electric systems of NEVs. In respect of our lease agreement of our Jinshan Testing Facility, we entered into an agreement on 1 December 2025 to terminate the lease and we shall vacate the premises by 31 July 2026. Our Jinshan Testing Facility was closed down on 20 July 2026 and the testing equipment and machinery located at our Jinshan Testing Facility were relocated to our Changxing Headquarters and our Jiashan Testing Facility.

After the relocation, we will no longer have any testing facility presence in Shanghai. However, our Board is of the view that the termination of the lease in respect of our Jinshan Testing Facility will not have any material adverse impact upon our business and operations as (i) as there is a transitional period that allows for transfer of our testing equipment and

SUMMARY

our employees; (ii) we have constructed several new testing benches in our testing facilities, including our Jiashan Testing Facility and our Changxing Headquarters to offset the capacity loss during the relocation period; (iii) the relocation was executed in batches rather than all at once, and we move only two testing benches at a time to prevent any sudden drop in overall production; (iv) we have constructed new infrastructure at Jiashan Testing Facility beforehand so that the testing equipment could be installed and commissioned immediately upon arrival; and (v) our Jiashan Testing Facility remains in the general vicinity of our Jinshan Testing Facility.

As at 31 July 2026, we had banking facilities of approximately to RMB178.8 million of which approximately RMB8.0 million was committed but unutilised.

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial, operational and/or trading position of our Group since 30 June 2026, and there is no event since 30 June 2026 that would materially affect the information shown in the Accountants' Report in Appendix I to this document.

[REDACTED] STATISTICS

	Based on [REDACTED]	Based on [REDACTED]
[REDACTED] of our Shares ⁽¹⁾ (approximate)	HK\$[REDACTED] million	HK\$[REDACTED] million
Unaudited [REDACTED] statement of adjusted net tangible assets of the Group per Share ⁽²⁾⁽³⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

1. The calculation of market capitalisation of our Shares is based on [REDACTED] Shares in issue immediately after completion of the [REDACTED] (assuming that the [REDACTED] is not exercised).
2. The unaudited [REDACTED] adjusted consolidated net tangible assets attributable to equity shareholders of our Company per Share has been prepared with reference to certain estimation and adjustment set out in Appendix II to this document. The unaudited [REDACTED] adjusted consolidated net tangible assets attributable to equity shareholders of our Company per Share does not take into account any Shares which may be issued upon the exercise of the [REDACTED] or any shares may be issued for share award schemes. For illustrative purpose, the balance stated in Renminbi is converted into Hong Kong dollars at a rate of HK\$1.00 to RMB0.865. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
3. No adjustment has been made to the unaudited [REDACTED] adjusted consolidated net tangible assets attributable to equity shareholders of our Company as at 30 June 2026 to reflect any trading results or other transactions of our Group entered into subsequent to 30 June 2026.

USE OF [REDACTED]

It is estimated that the [REDACTED] from the [REDACTED] (after deducting [REDACTED] commissions and estimated expenses payable by our Group in connection with the [REDACTED]), assuming the [REDACTED] is not exercised and an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range), will be approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million). Our Group currently intends to apply the [REDACTED] in the following manner:

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- approximately [REDACTED]% or HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be used for strengthening our ability to provide ICEV testing at our Changxing Headquarters;
- approximately [REDACTED]% or HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be used for strengthening our ability to provide NEV testing services at our Changxing Headquarters and Jiashan Testing Facility;
- approximately [REDACTED]% or HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be used for strengthening our ability to provide ADAS testing services; and
- approximately [REDACTED]% or HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used for upgrading our roller test bench at our Changxing Headquarters.

[REDACTED]

Based on the mid-point [REDACTED] of HK\$[REDACTED] per [REDACTED], the total estimated [REDACTED] in relation to the [REDACTED] is expected to be approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), assuming the [REDACTED] is not exercised. Our total [REDACTED] consist of (i) [REDACTED]-related expenses of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million); and (ii) non-[REDACTED]-related expenses of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), which consist of (a) fees and expenses of legal advisers and Reporting Accountants of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), and (b) other fees and expenses of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million).

During the Track Record Period, we incurred [REDACTED] of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), of which HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) were recognized in our statements of profit or loss for the year ended 31 December 2025 and for the six months ended 30 June 2026 and approximately HK\$1.3 million (equivalent to approximately RMB1.1 million) will be recognized as deduction from equity upon the [REDACTED].

Subsequent to the Track Record Period, we expect to incur [REDACTED] of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) prior to and upon completion of the [REDACTED], of which approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) is expected to be recognized as expenses in our statements of profit or loss for the year ending 31 December 2026, and approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) is expected to be accounted for as a deduction from equity upon the [REDACTED]. The [REDACTED] to be incurred subsequent to the Track Record Period consist of (i) [REDACTED]-related expenses of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), and (ii) non-[REDACTED]-related expenses of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million).

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the following meanings.

“Accountants’ report”	the accountants’ report on the financial information of our Company and its subsidiaries set out in Appendix I to this document
“Automotive Testing Solutions”	comprises our Group’s (i) automotive testing services, (ii) testing facility solutions, and (iii) sales of automotive components business segments. For details, please refer to “Business – Business and revenue model” in this document
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles” or “Articles of Association”	the articles of association of our Company adopted on 24 December 2025 to take effect on the [REDACTED], as amended or supplemented from time to time
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board” or “Board of Directors”	the board of directors of our Company
“business day(s)” or “Business Day(s)”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Changxing Headquarters”	the headquarter of our Company located at No. 1155, Chenwang Road, Taihu Street, Changxing County, Huzhou City, Zhejiang Province, PRC
“Changxing Hexia”	Changxing Hexia Investment Management Partnership (Limited Partnership)* (長興和夏管理諮詢合夥企業(有限合夥))
“Changxing Lingguan”	Changxing Lingguan Investment Management Partnership (Limited Partnership)* (長興領貫管理諮詢合夥企業(有限合夥))

DEFINITIONS

“China”, “Mainland China” or “PRC”	the People’s Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires otherwise, references in this document to “China”, “Mainland China” and the “PRC” do not apply to Hong Kong, Macau and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended and supplemented from time to time
“Company”, “our Company”, or “the Company”, “we” or “us”	HEXIA Technologies Co., Ltd. (浙江和夏科技股份有限公司), a limited liability company established in the PRC on 23 October 2017 which was converted into a joint stock company with limited liability on 12 August 2020
“Company Law” or “PRC Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented and otherwise modified from time to time
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“connected transactions(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholders”	has the meaning ascribed to it under the GEM Listing Rules, and unless the context requires otherwise, refers to Mr. Xia, Mr. He, Mr. Xia Quanhui, Ms. Chen Yan, Mr. Zhao Bo, Mr. Xia Zhipeng, Changxing Lingguan, Changxing Hexia and Changxing Junying
“core connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)” or “Our Directors”	the director(s) of our Company or any one of them
[REDACTED]	[REDACTED]
“EIT”	the PRC enterprise income tax
“EIT Law”	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Employee Incentive Platforms”	the employee incentive platforms established for the purpose of implementing the Employee Incentive Scheme being Changxing Lingguan and Changxing Hexia
“Employee Incentive Scheme”	the share incentive scheme adopted by our Company on 1 March 2018 and amended by a resolution of our Shareholders on 20 December 2021, the principal terms of which are set out in the section headed “Statutory and General Information — 6. Our Incentive Schemes”
“Exchange Participant(s)”	a person (a) who, in accordance with the Rules of the Stock Exchange, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange
“Extreme Conditions”	extreme conditions caused by a super typhoon or other natural disaster of a substantial scale seriously affects the working public’s ability to resume work or brings safety concern for a prolonged period as announced by the government of Hong Kong
“[REDACTED]”	[REDACTED]
“F&S Report”	a market search report commissioned by us and prepared by Frost & Sullivan on the overview of the industry in which our group operates
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	the GEM Listing Committee of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”, “our Group” or “the Group”	our Company and its subsidiaries at the relevant time, or where to context otherwise requires, in respect of the period before our Company becoming the holding company of its present subsidiary, such subsidiary as if it were a subsiding of our Company at the relevant time
“Guide”	the Guide for New Listing Applicants published by the Stock Exchange on 29 November 2023, which consolidated and enhanced all effective guidance letters and listing decisions related to New Listing (as defined under Chapter 1.01 of the GEM Listing Rules), as amended from time to time

DEFINITIONS

“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollar(s)”, “HK dollar(s)”, “HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“H Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.0 each, which are to be subscribed for and traded in Hong Kong dollars and to be listed on the Hong Kong Stock Exchange
“[REDACTED]”	[REDACTED]
“Huangpu Testing Facility”	the testing facility located at No. 2, Xinrui Road, Huangpu District, Guangzhou, Guangdong Province, PRC, which is operated by our wholly-owned subsidiary Shanghai Jundao, in the venue leased and provided by CART Testing & Certification Company Limited (中汽檢測技術有限公司), an Independent Third Party, pursuant to a cooperation agreement

DEFINITIONS

“Independent Third Party(ies)”	individual(s) or company(ies) who or which, to the best of our Directors’ knowledge having made all due and careful inquiries, is/are independent from and not connected with (within the meaning of the GEM Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the GEM Listing Rules) of our Company, its subsidiaries or any of their respective associates
“Jiashan Testing Facility”	our testing facility located at No. 11 Liangchuang Road, Ganyao Town, Jiashan, Zhejiang Province, PRC
“Jinshan Testing Facility”	our testing facility located at No. 889 Jintuo Road, Jinshan Industrial Zone, Shanghai, PRC (Partial first and second floors of Building 3, East China UAV Base), which was closed down on 20 July 2026
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Latest Practicable Date”	[1 September 2026], being the latest practicable date prior to the printing of this document for ascertaining certain information in this document prior to its publication
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
“Mr. He”	Mr. He Zhisheng (何志生), an executive Director and one of our Controlling Shareholders
“Mr. Xia”	Mr. Xia Huipeng (夏慧鹏), an executive Director, chairman of the Board, the general manager of our Company and one of our Controlling Shareholders
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]

DEFINITIONS

“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“PRC Government”	the central government of the PRC, including all government subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the content requires, any of them
“PRC Legal Advisor”	Llinks Law Offices, our legal advisors as to PRC laws in connection with the [REDACTED]
“[REDACTED]”	[REDACTED]
“Pre-[REDACTED] Investment(s)”	the investment(s) in our Group undertaken by the Pre-[REDACTED] Investors prior to this [REDACTED], the details of which are set out in “History, Development and Corporate Structure – Establishment and Corporate Development” in this document

DEFINITIONS

“Pre-[REDACTED] Investor(s)”	the investor(s) making investments in our Group prior to this [REDACTED] as set out in “History, Development and Corporate Structure – Establishment and Corporate Development” in this document
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rugao Testing Facility”	our testing facility located at No. 170 Huimin Road, Rugao City, Jiangsu Province, PRC (Fuel Cell Engine Performance Laboratory, located west of the Vehicle and Component Testing Building, Hydrogen Energy Industrial Park)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Hexia”	Shanghai Hexia New Energy Technology Co., Ltd (上海和夏新能源科技有限公司)
“Shanghai Jundao”	Shanghai Hexia Jundao Intelligent Technology Co., Ltd (上海和夏駿道智能科技有限公司)
“Shanghai Junzhi”	Shanghai Hexia Junzhi Technology Co., Ltd (上海和夏駿智科技有限公司)

DEFINITIONS

“Share(s)”	ordinary shares in the share capital of our Company, with a nominal value of RMB1.0 each, comprising the Unlisted Shares and the H Shares
[REDACTED]	[REDACTED]
“Shareholder(s)”	holder(s) of the Share(s)
“Sole Sponsor”	Vast Harbour Corporate Finance Limited (formerly known as Goldlink Capital (Corporate Finance) Limited), a licensed corporation under the SFO permitted to carry out Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the sole sponsor to the [REDACTED]
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Track Record Period”	the period comprising the two financial years ended 31 December 2024 and 2025 and the six months ended 30 June 2026
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“United States”, “U.S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“Unlisted Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.0, which are not listed on any stock exchange

DEFINITIONS

“US\$”, “USD” or “U.S. dollar(s)”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Wuhan Testing Facility”	our testing facility located at No. 39, Chuangye Fifth Road, Wuhan Economic and Technological Development Zone, Hubei Province, PRC
“%”	per cent.

All dates and times refer to Hong Kong dates and time.

Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be as arithmetic aggregation of the figures preceding them.

If there is any inconsistency between the Chinese names of entities or enterprises established in China and their English translations, the Chinese shall prevail. The English translations of company names in Chinese or another language which are marked with “” are for identification purposes only.*

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain technical terms used in this document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"ADAS(s)"	advanced driver assistance system(s), refers to the electronic systems developed to automate, adapt, and enhance vehicle systems for safety and better driving
"ADS(s)"	advanced driver system(s)
"BEV(s)"	battery electric vehicle(s), being electric vehicles powered solely by electricity supplied by a battery pack on system
"CAGR"	compound annual growth rate
"ECU(s)"	electronic control unit(s), an embedded system in a vehicle that controls one or several electrical system in that vehicle
"EMC"	electromagnetic compatibility, a characteristic of electrical and electronic equipment that permits it to operate as intended in the presence of other electrical and electronic equipment, and not to adversely interfere with that other equipment
"EMI"	electromagnetic interference
"EMS"	electromagnetic susceptibility
"EREV(s)"	extended-range electric vehicle(s), being electric vehicles which rely on a battery pack or system that utilises a fuel engine as a generator to recharge its battery pack or system in order to extend its range
"HICEV(s)"	hydrogen internal combustion engine vehicle(s)
"HVAC"	heating, ventilation and air conditioning
"Homologation"	the mandatory process by which a product or vehicle is certified as compliant with the technical and safety standards required for its use in a particular region or country
"IATF16949"	an international quality management system standard released by ISO which emphasises on defect prevention and the reduction of variation and waste in the automotive industry supply chain and assembly process
"ICE"	internal combustion engine
"ICEV(s)"	internal combustion engine vehicle(s)

GLOSSARY OF TECHNICAL TERMS

“ISO”	the International Organisation for Standardisation, a worldwide federation of national standards body
“ISO 14001”	the Environmental Management System published by the ISO
“ISO 45001”	the Occupational Health and Safety Management System published by the ISO
“ISO 9001”	the International Quality Management System published by the ISO
“NEV(s)”	new energy vehicle(s), which primarily includes BEV and non-BEV, comprising PHEV and EREV
“OEE”	overall equipment effectiveness
“OEM(s)”	original equipment manufacturer, being compan(ies) that produce parts, components, or products that are used in another company’s end product
“PEMS(s)”	portable emissions measurement system(s), a vehicle emissions testing device
“PHEV(s)”	plug-in electric vehicle(s), being electric vehicles which rely on a battery pack or system that can be plugged into recharge that operates in parallel to a fuel engine to extend its range
“RSS(s)”	rotational speed sensor(s)
“TCU(s)”	transmission control unit(s)

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements and information relating to our Company and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim", "anticipate", "believe", "consider", "could", "estimate", "expect", "going forward", "intend", "may", "might", "ought to", "plan", "potential", "predict", "project", "propose", "seek", "should", "target", "will", "would" and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements.

These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future.

Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operation and business prospects;
- our capital expenditure plans;
- our business strategies and plans to achieve these strategies;
- our ability to control or reduce costs;
- the actions of and developments affecting our customers and suppliers;
- the amount and nature of, and potential for, future development of our business;
- future developments, trends, conditions, standards, requirements and competitive landscape in the industry and markets in which we operate;
- changes to the regulatory environment, policies, business conditions and general outlook in the industry and markets in which we operate;
- our financial condition and performance;
- general economic, political and business conditions; and
- certain statements included in the sections headed "Risk Factors", "Industry Overview", "Regulatory Overview", "Business", "Financial Information" and "Future Plans and [REDACTED]" in this document with respect to operations, margins, overall market trends, risk management and exchange rates.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realised.

In this document, statements of or references to our intentions or any of our Directors are made as of the date of this document. Any such information may change in light of future developments.

All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

RISK FACTORS

You should carefully consider all of the information in this document including the risks and uncertainties described below before making an [REDACTED] in the [REDACTED]. Our operations involve certain risks, many of which are beyond our control. You should pay particular attention to the fact that most of our business is located in the PRC and we are governed by a legal and regulatory environment which in some respects may differ from that which prevails in other countries. Our business, financial condition and operating results could be materially and adversely affected by any of these risks. The [REDACTED] of our [REDACTED] could decline due to any of these risks, and you may lose all or part of [REDACTED]. Additional risks and uncertainties that are not presently known to us, or not expressed or implied below, or that we deem to be immaterial, could also have a material adverse effect on our business, financial condition and operating results.

Our business and operations involve certain risks and uncertainties, many of which are beyond our control. These risks can be broadly categorised as (1) risks relating to our business and industry; (2) risks relating to the location where we conduct business; and (3) risks relating to the [REDACTED] and our H Shares.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business may be affected by developments in the PRC's automotive sector which are beyond our control.

We provide our automotive testing services mainly to automotive manufacturers and automotive components manufacturers. The volume of projects available to us are subject to the macroeconomic conditions, automotive regulatory requirements and the research and development requirements of our customers. According to the F&S Report, the automotive market is highly competitive and such competition may further intensify in the future as new market participants enter and existing competitors expand their production capacity or enhance their technological capabilities. Sustained or escalating competition within the automotive market may lead to continued downward pressure on vehicle and/or component prices on our customers' end. Consequently, our customers may experience reduced profitability or constrained capital allocation flexibility, which may, in turn, adversely affect their demand for our automotive testing services or their willingness to maintain existing fee levels. Should our customers reduce their outsourced testing budgets, or redirect resources to in-house capabilities, our business, financial performance, and profitability could be materially and adversely affected.

Further, our business performance is correlated with the overall conditions, growth prospects and cyclical trends of the automotive industry. In the event of any downturn or prolonged slowdown in the automotive market, automobile manufacturers may reduce or defer their investments in research and development activities and, as a result, slow down the design, testing and launch of new vehicle models. As our business primarily focused on providing automotive testing services in respect of new model vehicles rather than general or routine testing, our revenue generation is contingent upon our customers' development schedules and pipelines for new model introductions. A contraction in market demand or a decline in consumer spending on vehicles may therefore lead our customers to postpone or scale down their new model development plans, resulting in a lower volume of projects available to us. Any sustained reduction in such project activities could have a material and adverse effect on our business operations, revenue, financial condition and future growth prospects. We cannot guarantee that the automotive market in our current or future service locations can continue to grow or that market downturn will not occur.

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We may be affected by changes in the regulatory environment in which we operate.

There is currently no specific legislation governing our industry in the PRC. If the relevant PRC government agencies impose any licensing or other requirements on our industry in the PRC, extra costs may be incurred as a result of changes to our operational model to comply with such laws and/or regulations, and our business may be materially affected. There can be no assurance that there will not be any changes in the regulatory environment in respect of our industry in the PRC. Failure to obtain or renew such permits, licences, registrations and certificates as planned or any inability to adapt to regulatory changes may result in our inability to provide relevant services and thereby materially and adversely affecting our business, results of operations and financial condition. For further details about the requirements on licences and qualifications, please refer to "Business – Licences and qualifications" and the section headed "Regulatory Overview" in this document.

Changes in government incentives or subsidies to support NEVs could adversely affect our business, financial condition and results of operations.

Our business has benefited from government policies, subsidies and economic incentives that are favourable to the growth of the NEV industry in the PRC. During the Track Record Period, the rapid expansion of the NEV market, supported by such policies, has been a key driver of demand for our automotive testing solutions.

However, these favourable policies are subject to change and may be scaled back, phased out or withdrawn in the near future. Should government subsidies and related incentives be reduced more aggressively than currently anticipated, combined with ongoing price competition and industry consolidation, NEV OEMs may moderate their capital expenditure and research and development spending. This could in turn lead to slower growth in demand for automotive testing solutions, particularly in volume-driven testing segments, and could place downward pressure on the revenue momentum and margins of testing solutions providers such as ourselves.

In addition, changes in government policies or regulations affecting the NEV industry, such as stricter vehicle emission standards, energy consumption requirements, or the reclassification of NEVs for licensing plate purposes, could further influence OEMs' development plans and testing needs. For example, if certain NEV models lose preferential access to license plates in major cities, the resulting reduction in their production volumes could decrease the demand for related testing services. Any significant reduction in OEMs' testing budgets or a shift in their product mix away from the segments in which we have competitive strengths could materially and adversely affect our business, financial condition and results of operations.

We cannot assure you that the current level of government support for the NEV industry will be maintained. Any reduction, elimination or discriminatory application of government subsidies and economic incentives, whether due to policy shifts, fiscal tightening, the perceived maturity of the NEV market, or other factors, may result in diminished competitiveness of the NEV industry generally. These changes could reduce the overall growth of the NEV sector and the level of testing and validation services required by OEMs, which could materially and adversely affect our business, financial condition and results of operations.

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Our revenue is primarily generated from non-recurring automotive testing services projects, and the amount of revenue and gross profit and our gross profit margins in respect of such projects as well as the type and volume of projects we can secure from our customers, which may vary from year to year.

During the Track Record Period, we primarily engaged in the provision of automotive testing services on a project-by-project basis, which is non-recurring in nature. For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, we undertook in aggregate of 460, 614, 367 and 393 projects for automotive testing, which generated revenue of approximately RMB112.7 million, RMB154.0 million, RMB70.8 million and RMB69.0 million and accounted for approximately 81.8%, 75.3%, 95.5% and 74.3% of our total revenue respectively. Therefore there is no guarantee of securing new business from our existing customers. The volume and type of automotive testing services projects we can secure may also vary substantially from year to year. Failure to secure new automotive testing services projects from existing customers or establish relationships with new customers could have a negative impact on our business, financial condition, and operating results.

Aside, when negotiating our pricing or tendering for new projects with customers, we may from time to time adopt different strategies in order to remain competitive, which may in turn affect our revenue, gross profit and gross profit margins. For example, factors such as increased market competition or deteriorating market conditions may lead us to lower our prices and margins in order to obtain an automotive testing services project.

Accordingly, our historical growth rate, revenue and gross profit margin may not be indicative of our future performance. For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, our revenue was approximately RMB137.8 million, RMB204.6 million, RMB74.2 million and RMB92.9 million, respectively. During the corresponding years/period, our gross profit was approximately RMB44.6 million, RMB51.6 million, RMB20.1 million and RMB24.4 million while our gross profit margin was approximately 32.4%, 25.2%, 28.2% and 26.3%, respectively.

We depend on a limited number of customers for a substantial portion of our revenue and may not be able to successfully maintain or develop our business relationships with these customers or new customers.

During the Track Record Period, we derived a significant portion of our revenue from a limited number of customers. During the Track Record Period, the revenue from our five largest customers in each year/period accounted for 35.2%, 42.4% and 50.4% of our revenue for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, respectively.

Our customers will generally enter into framework agreements with us that are supplemented by specific agreements/task orders as and when automotive testing services are required. Generally, the specific requirements pertaining to our automotive testing services will be set out in the agreements/task orders. Failure to uphold agreed-upon standards may potentially affect our business relationship with our customers. For more details, please refer to "Failure of or non-compliance with our quality control measures may result in unreliable or inaccurate test results, which may in turn damage our reputation and affect the demand for our services" in this section.

We cannot assure you that we will be able to maintain our business relationship with our major customers on commercially reasonable terms, or at all. According to the F&S Report, automotive manufacturers and automotive components manufacturers will only rely on a selected number of trusted automotive testing service providers. If for any reason our major customers cease to utilise our services, we may be unable to find alternative

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customers for our automotive testing services within a reasonable period of time, or at all, which could result in a significant decrease in our service volume and could materially and adversely affect our results of operations and financial condition.

If for any reason our major customers were to become unwilling or unable to make payments for our services rendered, we may be unable to recover significant amounts of receivables and our cash flows and financial position could be adversely affected. Therefore, we are indirectly subject to the operational risks of our major customers to the extent those risks could cause them to breach their contractual obligations with us or discontinue to acquire our services.

Pricing of our services is subject to certain key factors, and failure to control costs may adversely affect our profitability.

We aim to achieve our target profitability, however our ability to achieve our target profitability is subject to constraints as we must ensure that the pricing of our automotive testing services remains competitive when compared to other players in the industry. For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, our overall gross profit margin was 32.4%, 25.2%, 28.2% and 26.3%, respectively.

When determining the pricing for our services, we take into account several key factors, including, among others, the then prevailing price of electricity, raw materials and our labour costs. However, our framework agreements with our customers will fix the prices of our services. Accordingly, any increases in the price of electricity, raw materials and our labour costs during the subsistence of our framework agreements will have a material impact upon our profitability.

We will from time to time review the pricing of our services. However, there is no guarantee that we will be able to increase our prices to reflect any increases in the price of electricity, raw materials and our labour costs. Furthermore, there is no guarantee that we can accurately predict fluctuations in the price of electricity, raw materials and our labour costs when determining the pricing for our services with our customers. Where any of the above occurs, our profitability may be materially and adversely affected.

Our business may suffer if our staff costs or subcontracting costs increase significantly.

Our staff costs made up a significant portion of our cost of sales, accounting for approximately 16.4%, 11.2%, 13.0% and 13.7% of our total cost of sales for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. We strive to attract and retain key personnel, in particular those with specific automotive testing related experiences who are critical to our competitiveness. Competition for these individuals could require us to offer higher compensation and other benefits in order to attract and retain them. We cannot guarantee that our profit margin will not decrease as a result of disproportionate growth in staff costs. As we expect our staff costs to continue to grow along with the general rise in the cost of living in the PRC, our profitability may be adversely affected if we cannot pass on the increased cost to our customers. If we are compelled to increase our service fees, it may compromise our competitiveness in the market.

During the course of provision of our automotive testing services, we would also outsource certain automotive testing works to subcontractors and such subcontracting fees accounted for approximately 13.4%, 18.0%, 27.7% and 14.2% of our total cost of sales for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. Our business and profitability may be adversely affected if our subcontracting fees increase. For more details, please refer to "We are dependent on

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third-party suppliers for the supply of electricity and raw materials such as fuel and subcontractors when outsourcing certain works during the course of provision of our Automotive Testing Solutions" in this section.

We face the risk of capacity constraints, which could have a material adverse effect on our business, results of operations and financial condition.

We compete primarily on our ability to provide accurate and timely test results and reliable monitoring services. In general, our agreements/task orders with customers will set out the date upon which we are to provide our testing reports. Any unforeseen increase in the volume of customers and/or task orders could pose challenges on our employees and systems, as they may face difficulties in handling the higher workload and demands, leading to unacceptable turn-around times. During the Track Record Period, the average OEE of our testing facilities was approximately 47.4%, 52.8%, 64.1% and 67.5% respectively. In addition, as the number of our customers and/or task orders increase, our services and systems may not be able to scale accordingly. We may also not be able to hire additional technicians to handle increased volumes. Any failure to handle higher volume of requests and maintain the quality of our services could lead to the loss of customers and have a material adverse effect on our business, results of operations and financial condition.

We are dependent on third-party suppliers for the supply of electricity and raw materials such as fuel and subcontractors when outsourcing certain works during the course of provision of our Automotive Testing Solutions.

Our suppliers mainly provide to us electricity and raw materials such as fuel and there is no guarantee that our suppliers will be able to continue to provide electricity and fuel at required levels or at an acceptable price to satisfy our operational needs. Any interruptions to or material increase in the price at which electricity and fuel is supplied could materially disrupt our operations and adversely affect our business and profitability. For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, energy and raw material costs accounted for approximately 41.7%, 42.8%, 29.3% and 47.6% of our total cost of sales respectively.

During the course of provision of our automotive testing services, we would outsource certain works to third party subcontractors when we lack sufficient capacity or the relevant testing equipment and machinery to undertake such works. Our subcontracting costs may also be subject to fluctuations which are attributable to a number of factors such as labour cost, number of subcontractors available in the market, and events beyond our control, such as natural disasters, infectious diseases and other inclement factors. For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, our subcontracting costs accounted for approximately 13.4%, 18.0%, 27.7% and 14.2% of our total cost of sales, respectively.

We cannot assure you that these suppliers or subcontractors will continue to supply electricity and fuel or provide subcontracting services at prices and on terms and conditions acceptable to us. Our reliance on our suppliers or subcontractors may also expose us to the risk of unexpected price increase for purchases, or shortage in supply. We cannot assure that we will be able to pass on our purchase costs to our customers in the future, which may have a material adverse effect on our profitability and results of our operations.

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Failure of or non-compliance with our quality control measures may result in unreliable or inaccurate test results, which may in turn damage our reputation and affect the demand for our services.

The accuracy and reliability of our test results as an automotive testing services provider are critical to the sustainability of our business. Inaccurate or unreliable test results can have detrimental effects on us, our customers, relevant contractors and end-users involved in these projects. Accordingly, we have placed a strong commitment towards ensuring the quality of our service standards and the accuracy of our testing outcomes. We have established quality control policies and procedures setting out the specifications and procedures for our different automotive testing services. For more details, please refer to "Business – Quality control" in this document. Failure of our quality control procedures may result in unreliable or inaccurate test or validation results. For example, failure to maintain our testing equipment and machinery may cause inaccurate and unreliable test results. The occurrence of these incidents may seriously damage our reputation, lead to the loss of business, and make us liable for the economic loss that our customers may suffer.

If we produce inaccurate test results, it may constitute a failure to fulfil our contractual obligations to provide satisfactory and accurate test results to our customers. This could result in potential breach of contract claims. Any such claims, regardless of whether they are ultimately valid, may incur significant costs, harm on our industry reputation and/or result in significant disruption to our operations. Furthermore, if any of such claims ultimately prove to be valid, we may be required to pay substantial monetary damages or penalties, which may have a material adverse impact on our business, financial conditions and results of operations.

As at 31 December 2024 and 2025 and as at 30 June 2026, there were no provision nor contingent liabilities recognised related to our automotive testing services. The occurrence of such liabilities could adversely impact our reputation, business operations, and financial results.

Unsatisfactory performance and/or unavailability of our subcontractors may adversely affect our operations and profitability.

During the Track Record Period, we engaged a number of subcontractors to carry out certain automotive testing works and for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, our subcontracting fees accounted for approximately 13.4%, 18.0%, 27.7% and 14.2% of our total cost of sales. Please refer to "Business – Subcontracting" in this document for details of subcontracting.

While we will closely monitor the works of our subcontractors, there is no assurance that we will be able to control the quality, safety and environmental protection standards of the works to be performed by our subcontractors to the same extent as the works performed by our own employees at all times. Any underperformance or non-performance of our subcontractors could lead to failure by the subcontractors to meet our quality, safety and environmental protection standards, which, in turn, may result in our liability to third parties and will have a material adverse effect on our business, results of operations, financial condition and reputation. Meanwhile, we may not be able to find replacement of the under-performing subcontractors on terms acceptable to us who are able to perform. There is also no assurance that our Group will always be able to secure services from suitable subcontractors when required, or be able to negotiate acceptable fees and terms of service with subcontractors. Any failure to retain suitable subcontractor at a reasonable cost or seek replacements of our existing subcontractors on favourable terms, or at all, may have a material adverse effect on our business, financial condition, results of operations and prospects.

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Our Group experienced a high level of turnover days for trade receivables and contract assets during the Track Record Period, and our operating cash flow position may deteriorate due to any prolonged time between receipt of payments from our customers and payments to our suppliers.

Our Group relies on our suppliers to provide the necessary materials for our projects and we rely upon the cash inflows from our customers to meet the payment obligations to our suppliers. However, our Group’s operating cash inflows are dependent upon a variety of factors including formal acceptance by our customers of our testing reports and the prompt settlement of our invoices.

As at the end of the years ended 31 December 2024 and 2025 and as at 30 June 2026, our trade receivables and contract asset, net of loss allowance amounted to RMB100.4 million, RMB121.0 million and RMB126.3 million respectively, representing approximately 20.3%, 21.3% and 22.6% of our total assets, respectively. Further, for the years ended 31 December 2024 and 2025 and for the six months ended 30 June 2026, the turnover days of our trade receivables and contract assets were 257.0 days, 197.5 days and 243.7 days respectively. According to the F&S Report, prolonged payment cycle is a common phenomenon throughout the entire automotive testing services industry. Given our prolonged trade receivables and contract assets turnover days, our operating cash flow position may be significantly affected which may in turn affect our ability to fund our day to day operations.

Further, as our trade payables generally have a shorter credit period, we may be required to settle our trade payables prior to receiving cash inflows from our customers. For the years ended 31 December 2024 and 2025 and for the six months ended 30 June 2026, our trade payable turnover days were 111.4 days, 117.9 days and 141.8 days, respectively. Such a cash flow mismatch may also impact upon our liquidity position and may affect our ability to fund any future capital expenditures, thus affecting our future growth and prospects. For details, please see “Financial Information – Trade receivables” in this document for further details about our trade receivables.

We had net current liabilities and net liabilities during the Track Record Period.

As of 31 December 2024 and 2025 and as of 30 June 2026, we had net current liabilities of approximately RMB285.9 million, RMB36.4 million and RMB18.6 million respectively. We also had net liabilities of approximately RMB24.5 million as of 31 December 2024, a net asset of approximately RMB254.9 million as of 31 December 2025 and a net assets of approximately RMB258.5 million as of 30 June 2026.

Our net current liability and net liability positions as of 31 December 2024 were primarily attributable to redemption liabilities of approximately RMB247.8 million, which arose due to certain investment agreements we had entered into with investors. As of 31 December 2025, such redemption liabilities had been reduced to nil following the execution of a supplemental agreement with the relevant investors. For details, please refer to Note 25 to the Accountants’ Report in Appendix I to this document. Though we have entered into a supplemental agreement with these investors pursuant to which their redemption rights have been terminated, we may have net current liabilities and net liabilities in the future due to various other reasons. For details, please refer to “History, development and corporate structure – Rights of the Pre-[REDACTED] Investors”. Having significant net current liabilities and net liabilities could constrain our operational flexibility and adversely affect our ability to expand our business. If we do not generate sufficient cash flow from our operations to meet our present and future financing needs, we may need to rely on additional external borrowings. If adequate funds are not

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available, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans. As a result, our business, financial condition and results of operations will be materially and adversely affected.

We recorded net loss and accumulated loss during the Track Record Period, which may continue in the future

We recorded net loss of RMB23.7 million, RMB19.8 million, RMB7.3 million and net profit of approximately RMB3.6 million, for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. Our adjusted net profit (non-IFRS measure), calculated by adding back equity-settled share-based payment expenses, [REDACTED] and changes in carrying amount of redemption liabilities amounted to RMB5.0 million, RMB17.4 million and RMB8.4 million, respectively, for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026. We may continue to incur net losses in the foreseeable future. Due to our historical net loss, we recorded accumulated losses of RMB60.2 million, RMB80.1 million and RMB76.4 million as of 31 December 2024 and 2025 and as of 30 June 2026, respectively. We cannot assure you we will recover our accumulated losses in the near future.

We are subject to credit risk arising from trade receivables

As of 31 December 2024 and 2025 and as of 30 June 2026, we had trade receivables (net of loss allowance) of RMB31.3 million, RMB56.6 million and RMB59.2 million, respectively. The trade receivables and contract assets turnover days as at 31 December 2024 and 2025 and 30 June 2026 were 257.0 days, 197.5 days and 243.7 days respectively. We may be exposed to credit risk with our counterparties and may not be able to collect all of such receivables due to a variety of factors that are outside of our control. If the relationship between us and any of our counterparties is terminated or deteriorated, or if our counterparties experience financial or operational difficulties, the recoverability of our receivables may be negatively affected.

We may be subject to the risk of obsolescence for our inventory

Our inventory primarily comprises (i) raw materials which is mainly hydrocarbon fluids; (ii) work in progress consist primarily of testing facility solutions equipment and overseas testing work that were not yet delivered to the client's and final customer acceptance was not yet obtained and (iii) finished goods which are mainly TCUs and urea pumps. To minimize overstocking and obsolescence, our procurement team closely monitors inventory levels via our ERP system.

As of 31 December 2024 and 2025 and 30 June 2026, our inventory turnover days were 44.1 days, 41.5 days and 67.8 days. We may face obsolescence risks due to any unexpected project cancellations, delays in client site preparations, or failure to obtain final customer acceptance. If we fail to manage inventory effectively, we may face declining inventory values or slow-moving stock, impacting our financial condition and our operations.

If our Group's preferential tax treatments become unavailable or if the calculation of our Group's tax liability is successfully challenged by the PRC tax authorities, its results of operations would be materially and adversely affected

During the Track Record Period, our Group enjoyed a number of preferential tax treatments. Pursuant to the EIT Law, companies established in the PRC is subject to PRC EIT at a standard rate of 25% during the Track Record Period. Pursuant to the Administrative Measures for Determination of High-Tech Enterprises (Guokefahuo [2016] No. 32)* (高新技術企業認定管理辦法), our Company, along with our subsidiaries Shanghai Hexia, Shanghai Jundao and Shanghai Junzhi, were entitled to High Tech Enterprises* (高新

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技術企業) qualification and enjoyed a preferential income tax rate of 15% during the Track Record Period. Our Company and Shanghai Junzhi qualified as High Tech Enterprises in 2023, which is valid for three years until 2026. Shanghai Hexia qualified as a High Tech Enterprises in November 2022, and the qualification was subsequently renewed in 2025 and the valid period was extended to 2028. Certain subsidiaries of our Group meet the conditions as small-scaled minimal profit enterprise and were qualified for the entitlement of preferential tax treatment of 75% exemption of taxable income and application of income tax rate of 20%.

For further details on the tax regime our Group is subject to, please refer to “Taxation and foreign exchange” in Appendix III to this document. It is the relevant PRC government authorities’ discretion to decide when, under what conditions, or whether the preferential tax treatment should be granted to our Group. There is no assurance that the laws or regulations, or governmental policies in relation to our Group’s preferential tax treatments will not change, or that its current eligibility to enjoy preferential tax treatment will not be cancelled. If there is any reduction, suspension, discontinuation or cancellation of our Group’s preferential tax treatments, which may adversely affect the recoverability of our Group’s tax recoverable, business, financial condition and profitability would be materially and adversely affected.

We may fail to protect our testing facilities, which could have a material adverse effect on our business, results of operations and financial condition.

Our key assets are our testing facilities and our testing equipment. Our operations are therefore dependent in part upon our ability to protect the laboratorial operations against physical damage from explosions, fire, floods, hurricanes, earthquakes, power loss, telecommunication failures, break-ins and similar events. The occurrence of any of these events could result in loss of properties and interruptions, delays or cessations in service to customers, which could have a material adverse effect on our business, results of operations and financial condition.

Our business may be materially and adversely affected by unforeseen technological development in the automotive industry.

During the Track Record Period, majority of our revenue was derived from provision of automotive testing services. According to the F&S Report, in recent years, the technological advancements in the PRC’s automotive industry has been evolving rapidly, such as the development of electric vehicles, autonomous driving technologies, ADAS, connectivity features, and new energy. Given the rapidly-changing technological landscape in the automotive industry and majority of our customers are automotive manufacturers and automotive component manufacturers, our competitiveness therefore depends on our technical know-how regarding the latest technologies, and our ability to keep abreast of these technological trends, to understand the changing needs, preferences and requirements of our customers and to adapt our service offerings accordingly.

While we intend to intensify our research and development efforts, we cannot assure you that we will be able to offer automotive testing services that will address the changing needs of our customers in an effective and timely manner. Further, our competitors may also strengthen their research and development capabilities and provide more advanced services or solutions. If the competition intensifies, the services we provide may lose their competitiveness and we may not be able to achieve the growth as expected and our business, results of operations may be adversely affected.

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Our business may suffer if we fail to respond to changes in technical requirements under regulatory and industrial standards.

Our industry is subject to changes in technical requirements under regulatory and industrial standards. Our success will depend, among other things, on our ability to acquire or license new and improved testing equipment. We will need to purchase relevant equipment in order to keep ourselves competitive in light of technological advances or regulatory or industrial developments in the automotive testing services industry. We may not be able to negotiate acceptable terms with suppliers of new or updated technologies and equipment for automotive testing. In such event, we may lose business to our competitors who are able to offer them more reliable and advanced automotive testing services, and our business and financial positions will be materially and adversely affected.

Any adverse publicity in the market may materially and adversely affect our business.

Our continued success is dependent upon our ability to maintain our credibility and reputation in the market as an independent and trustworthy provider of automotive testing services. We cannot guarantee that we will be free from adverse publicity which could have a negative effect upon our credibility and reputation among our customers. For instance, any alleged error or mistake in our works may damage our reputation. We cannot guarantee that our association with any potentially adverse publicity events will not have an adverse effect upon public opinion and a consequential impact on our business.

Our business depends on the continued service of our senior executives, and our business may be severely disrupted if we lose their services.

Our business success and future development are attributable to the expertise and experience of our senior management team. We cannot assure that we will be able to continue retaining the service of the senior executives. If we lose our senior executives, we might not be able to replace them in a timely manner or at all. In addition, we cannot assure you that they will not join a competitor or form a competing business. If any of our senior executives joins a competitor or forms a competing company, our business may be adversely affected. We may be unable to attract or retain replacement personnel required to achieve our business objectives, and failure to do so could severely disrupt our business and prospects.

We may be adversely affected by fluctuations in oil and fuel prices, or by limitations in oil and fuel supplies.

We may be adversely affected by significant increases in fuel prices or limitations on fuel supplies. Our operations, particularly automotive testing services and whole vehicle testing, rely on a stable supply of electricity and fuel. Prices for petroleum-based products, including gasoline and diesel, have experienced significant volatility in recent years. Spikes in oil and fuel prices may increase our utility overhead costs, and regional fuel shortages could delay out testing schedules. During the Track Record Period and up to the Latest Practicable Date, we experienced no material disruption or financial impact from oil volatility or shortages. However, we cannot guarantee there will not be disruption to our operation should there be future fluctuation in oil and fuel prices, or limitation in oil and fuel supplies. For measures which our Group takes to mitigate these risks, please refer to the section headed "Business – Raw materials suppliers".

RISK FACTORS

We are subject to certain operational risks and hazards such as natural disasters, industrial accidents, occupational hazards and other safety-related incidents.

We are subject to numerous operational risks and hazards beyond our control that may cause significant business interruptions, personal injuries, property or environmental damage. We are exposed to common operational risks including natural disasters and severe weather conditions such as earthquakes and storms, industrial accidents such as vehicle collisions, explosions and fires, unexpected maintenance or technical problems and key equipment malfunction, and occupational hazards to our employees. Such incidents may interrupt our operations and cause damage and injuries to our properties and staff. Should any of these risks occurs and we fail to take necessary responsive measures in a timely manner, our business may be temporarily interrupted or suspended, which could lead to increased labour costs, reputational damage and financial losses. Furthermore, any mismanagement, improper handling or violation of our operational procedure in the course of our service could result in accidents involving serious damage to our employees and property. If we fail to exercise sufficient caution on safety matters, our business operations and financial positions will be materially and adversely affected.

We may not be able to protect our intellectual property rights and expenses incurred in protecting our intellectual property rights may adversely affect our business.

We primarily rely on a combination of patent, trademark and copyright registrations as well as confidentiality agreements to safeguard our intellectual property rights. As at Latest Practicable Date, we have registered 7 trademarks, 101 patents and 27 software copyrights in the PRC which are or may be material to our Group’s business. For further details as to our intellectual property rights, please refer to “Statutory and General Information – 2. Intellectual property rights of our Group” in Appendix VI to this document.

Despite our efforts and measures to protect our intellectual property rights, we cannot assure you that third parties will not gain unauthorised access to our proprietary technology or know-how. The unauthorised use of any of the foregoing intellectual property used in our business operations could diminish the value of our brand and its market acceptance, competitive advantages or goodwill.

Failure to maintain safe a testing environment and/or implement safety management measures may lead to property damage, personal injuries or fatal accidents. Our financial performance and business prospect may be adversely affected by such injury claims and litigations.

Although we have established occupational health and safety related internal controls in order to provide a safe and healthy working environment to our employees and to comply with the relevant laws and regulations, we cannot assure that our employees will strictly implement all of our safety management measures and procedures during the execution of our customers’ projects, or that our measures are effective at all. In the event that we fail to maintain safe work sites and/or implement safety management measures resulting in the occurrence of serious personal injuries or fatal accidents, our reputation may be adversely affected. We may also be prosecuted by the relevant government authorities and subject to extensive fines and penalties.

Our employees who suffer from bodily injuries or death as a result of accidents occurred or diseases contracted during the course of their employment may also claim against us for damages and/or compensation under the Administrative Regulations on Work Injury Insurance (《工傷保險條例》). During the Track Record Period and up to the Latest Practicable Date, there were no material safety incidents and work-related injuries or fatalities at our testing facilities.

RISK FACTORS

Regardless of the merits of such claims, we may need to divert management resources and incur costs to handle these claims, which may affect our corporate image and reputation, especially if they become public, and may adversely affect our revenue, results of operations and financial conditions. Additionally, the outcome of any claim is subject to the relevant parties’ negotiation, the decision of the court or the relevant arbitration authorities, and the results may be unfavourable to us. In such case, we may be required to pay damages, compensations or fines and our financial conditions may be adversely affected.

Our insurance coverage may not be sufficient to cover all losses or potential claims which would affect our business, financial condition and results of operations.

During the Track Record Period, we had purchased and maintained insurance covering enterprise property insurance, vehicle insurance, group incident insurance, employer liability insurance and commercial medical insurance. For details, please refer to “Business – Insurance” in this document. We cannot guarantee that the insurance policies taken out by us are sufficient to cover all potential risks and losses.

Certain types of risks, such as risks in relation to customer concentration, our ability to obtain new contracts, our ability to retain and attract personnel, availability and performance of subcontractors, cost management, credit risk and liquidity risk, are generally not covered by insurance because they are either uninsurable or it is not cost justifiable to insure against such risks. Insurance policies covering losses from acts of war, terrorism or natural catastrophes are also either unavailable or cost prohibitive. As a result, we may have to pay out of our own resources for any uninsured financial or other losses, damages and liabilities, litigation or business disruption. If our business operations are disrupted or interrupted for a substantial period of time, we may incur costs and losses that may materially and adversely affect its business, financial conditions and results of operations.

We are subject to potential adverse effects in respect of defects in our existing properties leased in the PRC.

As at the Latest Practicable Date, we had leased five material properties in the PRC, and one material property in Singapore with an aggregate gross floor area of approximately 14,835.0 sq.m from third parties as premises of office spaces and testing facilities. As at the Latest Practicable Date, save for our Jiashan Testing Facility, these lease agreements had not been registered with the relevant competent authorities in accordance with applicable law and regulations in the PRC. As advised by our PRC Legal Advisor, if we or the landlords fail to register such lease agreements for our leased buildings as required by the relevant competent authorities, we may be subject to a fine of RMB1,000 to RMB10,000 for each of the unregistered lease agreement.

For details, please refer to “Business – Properties” in this document. There can be no assurance that the relevant government authorities would not impose administrative penalties on us as a result of the non-registration of these lease agreements. Any imposition of administrative penalties due to such failures may adversely affect our business operations and financial condition.

RISKS RELATING TO THE LOCATION WHERE WE CONDUCT BUSINESS

Changes in the economic, political and social conditions in the PRC could affect our business and prospects.

All of our business, assets and operations are located in the PRC, and therefore, our business, financial condition, results of operations and prospects are affected to a large extent by the general political, economic and social developments in the PRC. Our business has been and will continue to be affected by the PRC’s economy, which in turn is

RISK FACTORS

increasingly influenced by the global economy. The uncertainties in the global economy and the geo-political or social environment in various regions around the world would continue to influence the PRC's economic growth and may cause uncertainties to our prospects. Future changes in economic, political, social, and regulatory conditions may continue to influence our business, financial condition, results of operations and prospects.

There may be changes regarding the interpretation and enforcement of laws, rules and regulations where we conduct business.

Our operations are in the PRC and are subject to the PRC laws and regulations. The Chinese legal system is a civil law system based on written statutes. Unlike the common law legal system, prior court decisions in a civil law system can only be used as a reference. Since the PRC Government started economic reforms, the PRC has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commercial transactions, taxation and trade. These laws and regulations are subject to changes in application and interpretation.

Holders of our H Shares may be subject to PRC income tax on dividends from us or on any gain realised on the transfer of our H Shares.

As is customary with all major economies, the PRC has tax treaties or similar arrangements with jurisdictions across the world. Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of the PRC, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realised on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. Under the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realised by such investors on the transfer of shares are generally subject to 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Although our business operations are in China, it is unclear whether dividends we pay with respect to our H Shares, or the gain realised from the transfer of our H Shares, would be treated as income derived from sources within the PRC and as a result be subject to PRC income tax. If PRC income tax is imposed on gains realised through the transfer of our H Shares or on dividends paid to our non-resident investors, the value of [REDACTED] may be adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

It may be difficult to effect service of process on our Directors or executive officers who reside in the PRC or to enforce against us or them in the PRC any judgments obtained from non-Mainland courts.

Substantially all of our assets and our Directors are located in the PRC. It may not be possible for investors to serve those individuals or us in the PRC with legal documents. On 14 July 2006, the Supreme People's Court of the PRC and Hong Kong Special Administrative Region Government entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可

RISK FACTORS

和執行當事人協議管轄的民商事案件判決的安排》) (the “**Arrangement**”), which was taken into effect on 1 August 2008. Pursuant to which a party with an enforceable final court judgment rendered by any designated Mainland court or any designated Hong Kong Special Administrative Region court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in the relevant Mainland court or Hong Kong Special Administrative Region court. Similarly, a party with an enforceable final judgment rendered by a Mainland court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong Special Administrative Region court or a Mainland court is expressly identified as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a Hong Kong Special Administrative Region court’s verdict in the PRC if the parties to the dispute did not agree to a written choice of court agreement. On 18 January 2019, the Supreme People’s Court of the PRC and Hong Kong Department of Justice entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**New Arrangement**”), which seeks to establish a bilateral legal mechanism that provides clarity and certainty for the recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong and mainland China, based on criteria other than a written choice of court agreement. The Arrangement was superseded upon the effectiveness of the New Arrangement on 29 January 2024 but remained applicable to a “written choice of court agreement” entered into before the Arrangement taking effect. However, we cannot assure you that all final judgments will be recognised and effectively enforced by the relevant PRC court.

RISKS RELATING TO THE [REDACTED] AND OUR H SHARES

As there has been no prior [REDACTED] for our Shares, the [REDACTED] and [REDACTED] our Shares following the [REDACTED] may be volatile.

Prior to completion of the [REDACTED], there has been no public market for our Shares. We cannot guarantee that an active trading market for our Shares will develop or be sustained after completion of the [REDACTED]. The [REDACTED] is the result of negotiations between our Company and the [REDACTED] (for themselves and on behalf of the [REDACTED]), which may not be indicative of the price at which our Shares will be traded following completion of the [REDACTED]. The market price of our Shares may drop below the [REDACTED] at any time after completion of the [REDACTED].

Purchasers of our [REDACTED] in the [REDACTED] will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

The [REDACTED] of our [REDACTED] is expected to be higher than the net tangible book value per Share immediately prior to the [REDACTED]. Therefore, purchasers of our [REDACTED] in the [REDACTED] will experience an immediate dilution in net tangible asset value per Share. In addition, in order to expand our business, we may consider [REDACTED] and issuing additional Shares in the future. Purchasers of our Shares in the [REDACTED] may experience further dilution in their shareholding percentage.

RISK FACTORS

Our Controlling Shareholders have substantial control over our Company and their interests may not be aligned with the interests of the other Shareholders.

Prior to and immediately following the completion of the [REDACTED], our Controlling Shareholders will remain to have substantial control over their interests in the share capital of our Company. Subject to the Articles of Association, GEM Listing Rules and other applicable laws and regulations, our Controlling Shareholders by virtue of their controlling beneficial ownership of the share capital of our Company, will be able to exercise substantial control and exert substantial influence over our business or otherwise on matters of significance to other Shareholders and us by voting at the general meeting of the Shareholders. The interests of our Controlling Shareholders may differ from the interests of other Shareholders and the Shareholders are free to exercise their votes according to their interests. To the extent that the interests of our Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed by the actions of our Controlling Shareholders.

Certain facts, forecast and statistics contained in this document are derived from publicly available official government sources and they may not be reliable.

Certain facts, forecasts and statistics in this document relating to the PRC, the PRC economy and industries relevant to us have been derived from various official government publications and publicly available sources. We have taken reasonable care in the reproduction or extraction of the official government publications for the purpose of disclosure in this document. However, the information from official government sources has not been prepared or independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts, forecast and statistics, particularly in the section headed "Industry Overview", which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods, or discrepancies between published information and market practice, the statistics herein may be inaccurate or incomparable to statistics produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, [REDACTED] should give consideration as to how much weight or importance they should attach to or place on such facts, forecast and statistics.

Our management has substantial discretion regarding how to use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may use the [REDACTED] from the [REDACTED] in ways that you may not agree with or that do not yield a favourable return to our Shareholders. By [REDACTED] in our [REDACTED], you are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the [REDACTED] from this [REDACTED]. For details, please refer to the section headed "Future Plans and [REDACTED]" in this document.

RISK FACTORS

[REDACTED] should read the entire document carefully and should not consider any particular statements in published media reports without carefully considering the risks and other information contained in this document.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [REDACTED]. Prior to or subsequent to the publication of this document, there has been or may be press and media coverage regarding us and the [REDACTED]. Such press and media coverage may include references to certain information that does not appear in this document or is inaccurate. We have not authorised the publication of any such information contained in the unauthorised press and media coverage. Therefore, we make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media and do not accept any responsibility for the accuracy or completeness of any financial information or forward-looking statements contained therein. To the extent that any of the information in the media is inconsistent or conflicts with the contents of this document, we expressly disclaim it. Accordingly, prospective [REDACTED] should only rely on the information included in this document and not on any of the information in press articles or other media coverage in deciding whether or not to purchase the [REDACTED].

Forward-looking information is subject to risks and uncertainties.

This document contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, business operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors described in this document. Subject to the ongoing disclosure obligations of the GEM Listing Rules or other requirements of the Hong Kong Stock Exchange, we do not intend to publicly update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. [REDACTED] should not place undue reliance on such forward-looking statements and information.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Residential address	Nationality
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Executive Directors

Mr. Xia Huipeng (夏慧鵬)	Room 101, Unit 4 Building 10, Lihu Famous Palace Zhongyang Avenue Chenguang Community Taihu Avenue Changxing County, Huzhou Zhejiang Province PRC	Chinese
Mr. He Zhisheng (何志生)	Room 1001, Lane 28 300 Xunye East Road Songjiang District, Shanghai PRC	Chinese
Ms. Chen Yan (陳艷)	Room 1002, No. 40 Lane 155 Lianhua South Road Minhang District Shanghai PRC	Chinese
Mr. Zhao Bo (趙波)	Room 1-32-5 Building 21 55 Xiejiawan Main Street Jiulongpo District, Chongqing PRC	Chinese

Non-executive Directors

Ms. Yang Jie (楊潔)	Room 1102, Unit 1 Building 2, Dahua Haipai Landscape 268 Tongyun Road Yuhang District, Hangzhou Zhejiang Province PRC	Chinese
Ms. Tian Chunshan (田春杉)	Room 501 No. 19, Lane 177 Rongke Road Pudong New Area Shanghai PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Residential address	Nationality
<i>Independent non-executive Directors</i>		
Ms. Wong Ting (黃婷)	Room D, 8/F Pavilia Bay T2A No. 51 Wing Shun Street Tsuen Wan New Territories Hong Kong	Chinese
Mr. Qian Jun (錢俊)	No. 72, Lane 1781 Hualing Road Baoshan District Shanghai PRC	Chinese
Mr. Guan Bin (管斌)	Room 1402, No. 119 Lane 358 Heqing Road Minhang District Shanghai PRC	Chinese

For further information regarding our Directors, see the section headed “Directors and Senior Management” in this document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	Vast Harbour Corporate Finance Limited 28/F., Bank of East Asia Harbour View Centre 56 Gloucester Road Wanchai Hong Kong
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal advisers to our Company

as to Hong Kong laws:
Llinks Law Offices LLP
Suite 3201, 32/F, Alexandra House
18 Chater Road
Central
Hong Kong

as to PRC laws:
Llinks Law Offices
19F, One Lujiazui
68 Yin Cheng Road Middle
Shanghai
PRC

**Legal advisers to the Sole
Sponsor and the
[REDACTED]**

as to Hong Kong laws:
**Eric Chow & Co. in Association with
Commerce & Finance Law Offices**
3401, Alexandra House
18 Chater Road, Central
Hong Kong

as to PRC laws:
Commerce & Finance Law Offices
12-15th Floor, China World Office 2
No. 1 Jianguomenwai Avenue
Beijing
PRC

**Auditor and Reporting
Accountants**

KPMG
*Certified Public Accountants
Public Interest Entity Auditor registered in accordance
with the Accounting and Financial Reporting Council
Ordinance*
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

Industry Consultant

**Frost & Sullivan (Beijing) Inc., Shanghai Branch
Co.**
3006, Two Exchange Square
Central
Hong Kong

Compliance adviser

Vast Harbour Corporate Finance Limited
28/F., Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

[REDACTED]

[REDACTED]

CORPORATE INFORMATION

**Headquarters and Principal
Place of Business in the PRC**

No. 1155, Chenwang Road
Taihu Street
Changxing County
Huzhou City
Zhejiang Province
PRC

**Principal Place of Business in
Hong Kong**

Room 53, 6B/F
Liven House
61-63 King Yip Street
Kwun Tong
Hong Kong

Company's website

[www.hexiaauto.com]
*(The information contained in the website does not
form part of this document)*

Company secretary

Ms. Tsui Mei Fung (徐美鳳)
*(associate member of The Hong Kong Chartered
Governance Institute)*
Room 53, 6B/F
Liven House
61-63 King Yip Street
Kwun Tong
Hong Kong

Authorised representatives

Ms. Chen Yan (陳艷)
Room 1002, No. 40
Lane 155
Lianhua South Road
Minhang District
Shanghai
PRC

Ms. Tsui Mei Fung (徐美鳳)
Room 53, 6B/F
Liven House
61-63 King Yip Street
Kwun Tong
Hong Kong

Board committees

Audit committee
Ms. Wong Ting (*Chairman*)
Ms. Tian Chunshan
Mr. Qian Jun

Remuneration committee
Mr. Qian Jun (*Chairman*)
Ms. Tian Chunshan
Ms. Wong Ting

Nomination committee
Mr. Xia Huipeng (*Chairman*)
Ms. Wong Ting
Mr. Guan Bin

CORPORATE INFORMATION

[REDACTED]

Principal Banks

[REDACTED]

**China Merchants Bank, Shanghai Branch,
Dongfang Sub-branch**

No. 032, Level 1, Century Plaza, No. 1192
Century Avenue Pudong New Area
Shanghai
PRC

**Agricultural Bank of China,
Huzhou Changxing County Branch**

No. 1238-1, Mingzhu Road,
Taihu Street Changxing County, Huzhou City
Zhejiang Province
PRC

**Industrial and Commercial Bank of China Limited,
Changxing Development Zone Branch**

No. 1278, Mingzhu Road
Changxing County, Huzhou City
Zhejiang Province
PRC

**Bank of Jiaxing Co., Ltd.,
Huzhou Changxing Branch**

No. 511, Mingzhu Road, Zhicheng Street
Changxing County, Huzhou City
Zhejiang Province
PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this Document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by Frost & Sullivan (the “Frost & Sullivan Report”). We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [REDACTED]. The information from official government sources has not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of the [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to analyse and prepare a report regarding the PRC automotive testing services market. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies and provides growth consulting and corporate training. We agreed to pay a commission fee of RMB380,000 to Frost & Sullivan pursuant to a service agreement reached by arm’s length negotiation. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. We have also referred to certain information in the “Summary”, “Risk Factors”, “Business” and “Financial Information” sections to provide a more comprehensive presentation of the industry in which we operate.

In preparing the report, Frost & Sullivan conducted both primary and secondary research and relied on various sources. The primary research was conducted via interviews with key industry experts and leading industry participants. The secondary research involved analysis of market data obtained from several publicly available data sources, such as the National Bureau of Statistics of China and other industrial associations. The market projections in the Frost & Sullivan Report are based on the following key assumptions: (i) the overall social, economic and political environment in China is expected to remain stable during the forecast period; (ii) China’s economic and industrial development is likely to maintain a steady growth in the forecast period; (iii) related industry key drivers are likely to drive the growth of PRC automotive testing services market in the forecast period; and (iv) there is no extreme force majeure or industry regulation which may affect the market dramatically or fundamentally.

OVERVIEW OF AUTOMOTIVE MARKET IN THE PRC

Definition and Classification

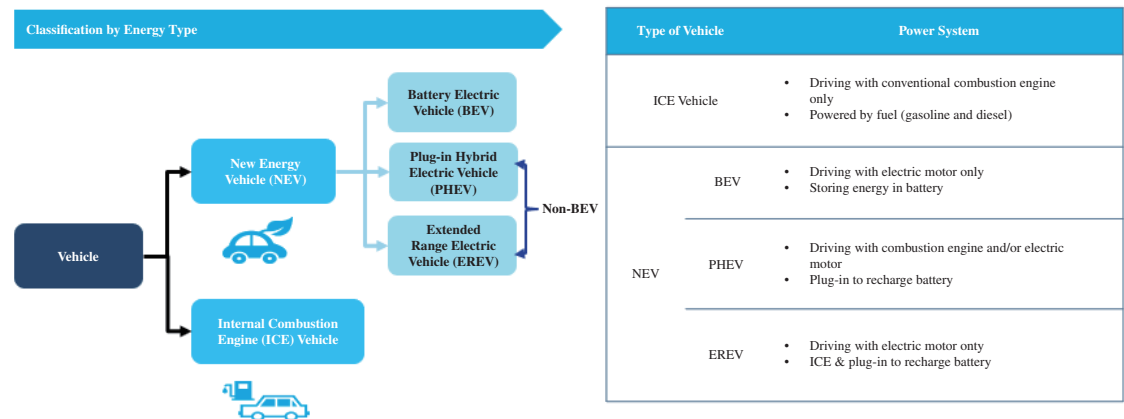
The automotive industry, by power source, there are two types of the automotive in the industry: ICEV driven by fossil fuels and NEV driven by electricity. Conventional vehicle, uses fossil fuel such as gasoline or diesel as the power source to drive the function of the internal combustion engine while a new energy vehicle is a vehicle that is powered, either wholly or in part, by alternative energy sources like electricity or hydrogen, rather than relying exclusively on traditional fossil fuels such as gasoline or diesel.

The new energy vehicle (“NEV”) market is mainly comprised of battery electric vehicles (“BEVs”), and non-battery electric vehicles (“non-BEVs”). Non-BEVs can be further divided into plug-in hybrid electric vehicles (“PHEVs”) and extended range electric vehicles (“EREVs”). BEVs refer to vehicles whose driving energy is completely provided by electric energy and driven by electric motors. PHEVs refer to hybrid electric vehicles that

INDUSTRY OVERVIEW

add pure electric systems to traditional engine fuel power systems. EREVs are powered solely by electric motors, but with energy provided by the battery packs and range-extending systems.

After more than ten years of innovation and development, the new energy vehicle (NEV) industry has achieved significant advancements in technology, performance, and quality. Consequently, consumers’ awareness and recognition of NEV have witnessed significant improvement. The growing understanding of their eco-friendly nature, long-haul capabilities, and incorporation of cutting-edge intelligent driving technologies, such as self-driving and Over-The-Air (OTA) systems, has led to an increasing number of people opting for NEV as their primary or additional vehicles.

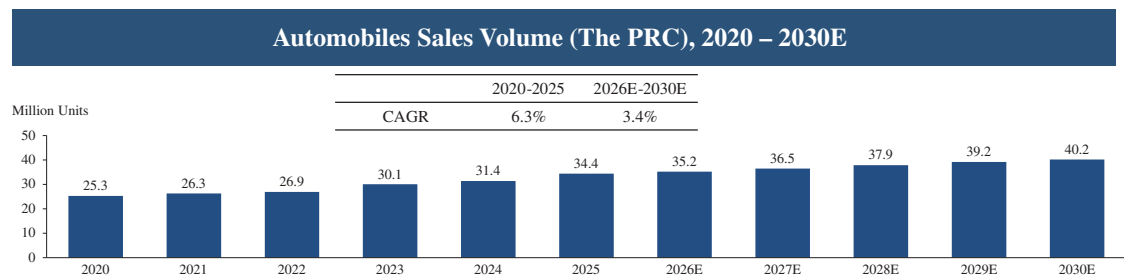


Source: Frost & Sullivan

Automobiles Sales Volume in the PRC

Automobile sales volume in the PRC grew from 25.3 million units in 2020 to 34.4 million units in 2025 at a CAGR of 6.3%, maintaining its position as the world’s largest auto market. In 2020, hit by the COVID-19 pandemic, automobile sales volume were 25.3 million vehicles. The market recovered with 26.3 million in 2021 and 26.9 million in 2022. Strong policy support such as purchase-tax exemption and the rapid rise of new energy vehicles drove a recovery in 2023 with sales volume of 30.1 million units and further growth to a record 31.4 million units in 2024.

From 2026 to 2030, automobile sales volume is projected to slow to a more moderate CAGR of 3.4% due to the high base effect, reaching 40.2 million in 2030. Throughout this decade, new energy vehicles will be the primary growth driver. By 2030, the automobile market in the PRC will have largely completed its transition to new energy dominance.

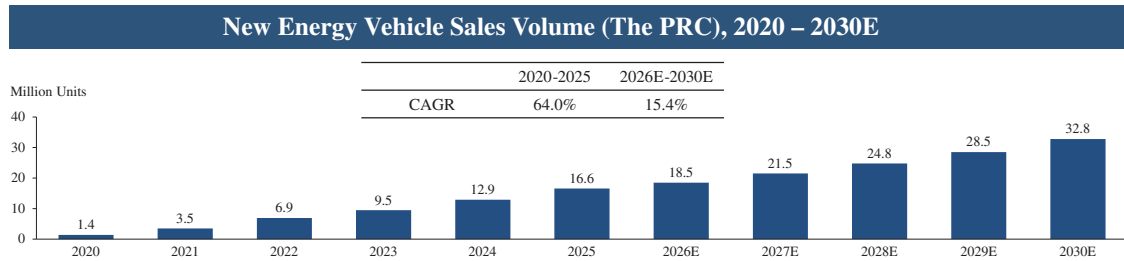


Source: The China Association of Automobile Manufacturers, Frost & Sullivan

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NEV sales volume in the PRC increased from 1.4 million units in 2020 to 16.6 million units in 2025, at a CAGR of 64.0% from 2020 to 2025.

In 2026, NEV sales volume in the PRC reached 18.5 million units with penetration crossing 52.6% for the first time, marking the historic moment when NEVs surpass traditional internal-combustion-engine vehicles. Growth will then moderate but remain strong, reaching 32.8 million units by 2030, by which point NEVs are expected to account for around 81.6% of all new automobiles in the PRC. This surge in demand for NEV has been powered by aggressive government subsidies, tax exemptions, trade-in programs, unlimited licence-plate privileges in major cities, and a mandatory NEV credit system that effectively forced every automaker to electrify.



Source: The China Association of Automobile Manufacturers, Frost & Sullivan

Key Growth Drivers and Trends

Accelerating Urbanisation and Rising Disposable Incomes – Accelerating urbanisation and rising disposable incomes are one of the drivers of automobile demand in the PRC. As hundreds of millions of rural residents continue to migrate to cities in search of better jobs and living standards, the urbanisation rate in the PRC is expected to climb to 71.2% by 2030 with per capita disposable income forecasted to reach RMB 56,385 by 2030. This has increased the demand for automobile in the PRC due to greater access to financing, parking, and road infrastructure, making car ownership both affordable and practical. This demographic shift creates a steadily growing pool of first-time buyers who view a private vehicle as a symbol of success, a daily necessity for longer commutes, and a safer alternative to crowded public transport. Higher incomes also drive replacement demand as existing owners trade up to larger SUVs, luxury brands, or new-energy vehicles for comfort, status, and advanced features. Together, accelerating urbanisation and rising disposable income provides a solid foundation for both domestic brands and global automakers operating in the PRC.

Rapid Adoption of Intelligent and Connected Technologies – The rapid adoption of intelligent and connected technologies has supported the growth of automobiles market in the PRC. Chinese buyers, particularly younger urban consumers, now treat advanced software and connectivity as core purchase criteria expecting ADAS, city navigation autopilot, natural-language AI voice assistants, over-the-air updates, and seamless integration with domestic apps like WeChat and Douyin, which often prioritise these features over traditional brand prestige or engine power. Domestic brands have aggressively delivered cutting-edge intelligent cockpits and autonomous-driving capabilities. This technology race has triggered premiumisation of mass-market segments, shortened replacement cycles, and created winner-takes-most dynamics where leading brands capture outsized market share and higher pricing power. With the rising adoption of intelligent connected vehicles, advanced intelligence is now the primary growth engine for both new-energy and premium vehicles across the automobiles market in the PRC.

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Supportive Vehicle Replacement Policies – Supportive government-led vehicle replacement policies, aligned with the PRC’s environmental and carbon-neutrality objectives, continue to stimulate new-vehicle demand. Under the nationwide “trade-in for new” (以舊換新) and scrappage-and-replace programmes, individual consumers who retire eligible older passenger vehicles (primarily those registered on or before mid-2013 for gasoline models, which largely covers China III and early China IV vehicles, with expanded coverage in subsequent years) and purchase qualifying new vehicles can receive subsidies of up to RMB20,000 for a new energy passenger vehicle or up to RMB15,000 for a gasoline vehicle with engine displacement of 2.0 litres or below. These measures form part of the broader “two new” (大規模設備更新和消費品以舊換新) initiative, coordinated across multiple central ministries and supported by substantial central funding, including ultra-long-term special treasury bonds, with the overall consumer-goods programme allocated hundreds of billions of RMB in recent years, plus local top-up incentives. The design of the subsidies strongly favours electrified models. By accelerating the replacement of older vehicles and generating incremental demand for new models, especially NEVs, these policies increase the absolute number of vehicles that must pass developmental testing and validation before market launch, thereby supporting sustained demand for specialised Automotive Testing Solutions.

Promotion of Motorsport and Auto Culture Events – Motorsport and auto culture events is another catalyst for automobiles market in the PRC. High-profile races and festivals such as the Formula 1 Chinese Grand Prix, China GT Championship, TCR Asia series, national drifting and touring-car championships, and large-scale auto shows like the Shanghai Auto Culture Festival attract hundreds of thousands of affluent, mostly young urban enthusiasts each year. These events provide automobiles manufacturers with intense brand exposure, direct on-site sales opportunities, and a halo effect that lifts demand for limited-edition models, track packages, and aftermarket upgrades. With a rapidly growing calendar of professional and amateur motorsport activities, this vibrant ecosystem is increasing the penetration rates of automobiles in the PRC.

OVERVIEW OF AUTOMOTIVE TESTING SOLUTIONS MARKET IN THE PRC

Definition and Classification

Automotive testing solutions is a comprehensive and systematic process used by automotive manufacturers and their suppliers to evaluate, verify, and ensure that a vehicle, its components, subsystems and its systems meet predetermined standards for performance, safety, reliability, durability, and regulatory compliance. The service is critical throughout the entire vehicle development lifecycle, encompassing both (i) non-mandatory testing performed during the research and development phase to refine design and function and system interoperability; and (ii) the formal process of mandatory testing required for final certification and market entry. It involves subjecting vehicles and parts to a wide array of controlled tests in laboratory settings, on closed test tracks, and on public roads to generate precise data that informs design improvements and confirms adherence to both internal quality benchmarks and government mandates.

It is important to note that the content in this industry overview section is focused on the pre-market (before vehicle sold), excludes the aftermarket (after vehicle sold).

By Developmental Testing and Validation Services:

- ***ICEV Testing and Validation:*** The primary focus of ICEV testing and validation is the powertrain, which includes the engine, transmission, fuel system, and exhaust system. Key evaluation areas of this developmental testing include engine performance analysis (power and torque), fuel consumption efficiency, and powertrain durability under various operational loads and environmental conditions. A critical component of ICEV testing is comprehensive exhaust

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emissions analysis, which measures pollutants such as carbon dioxide, nitrogen oxides, and particulate matter to ensure the vehicle complies with stringent national and international environmental regulations. Such service is essential to validate the mechanical reliability and ensure the vehicle is engineered to meet stringent environmental regulations prior to mandatory homologation.

- ***NEV Testing and Validation:*** NEV Testing and Validation is developmental testing process focuses on electrical and electrochemical systems of BEV and PHEV. The most critical area is the high-voltage battery system, where tests assess performance (charge/discharge rates, capacity), safety (thermal runaway, impact resistance, short-circuit protection), and durability (cycle life and degradation). Furthermore, NEV testing validates the performance and efficiency of the electric drive system, comprising the electric motor, inverter, and controller, as well as the functionality of the onboard charging system and the effectiveness of the vehicle’s overall energy management and regenerative braking strategies. The validation ensures these core systems meet design specifications for safety and performance before undergoing final regulatory certification.
- ***Advanced Driver-Assistance Systems (“ADAS”) Testing:*** ADAS are sophisticated electronic systems integrated into vehicles to enhance driver safety and comfort by automating, adapting, or assisting with driving tasks. Common examples include automatic emergency braking (“AEB”), adaptive cruise control (“ACC”), and lane-keeping assist (“LKA”). ADAS testing is a complex validation process that assesses the functionality, reliability, and safety of these systems regardless of the vehicle’s powertrain. It involves simulating a vast range of traffic scenarios and environmental conditions in both virtual and real-world settings to ensure the sensors, cameras, and control software perform as intended.

By Mandatory Testing Services:

- ***Automotive Homologation Certification:*** Automotive Homologation is the official and mandatory process of certifying that a vehicle, or a particular component within it, has successfully satisfied the specific technical requirements and regulations set by a statutory body for a target country or region. It is a mandatory prerequisite for a vehicle to be legally marketed and sold. While the specific tests differ for NEV (e.g., battery safety) and ICEV (e.g., emissions), the homologation service itself is a distinct discipline focused on regulatory compliance management. It involves providing comprehensive testing, generating detailed compliance reports, and managing submissions with authorities on behalf of manufacturers.

Value Chain

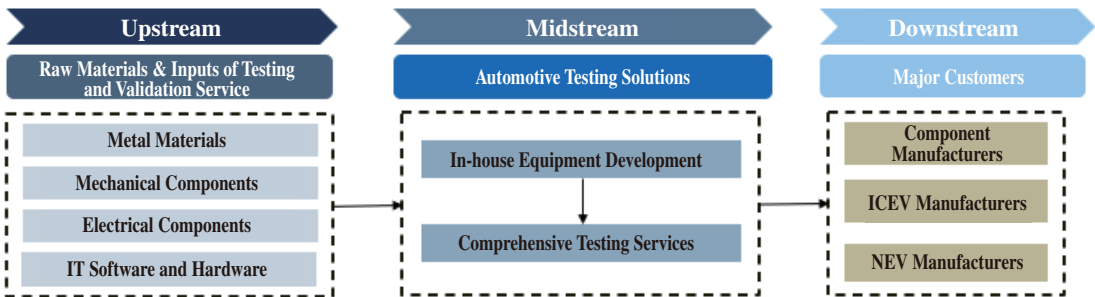
The upstream segment of the automotive testing services market comprises a diverse network of suppliers for development solutions providers providing the essential raw materials, specialised components, and foundational technologies for testing and validation service providers, which includes suppliers of high-grade metals and precision mechanical parts, manufacturers of sophisticated electrical components such as drive motors and data acquisition instruments, and providers of the critical IT software and hardware that underpin modern test automation and data analysis.

These upstream inputs flow into the midstream third-party testing service providers. These firms integrate the various upstream components to develop, build, and operate highly advanced testing facilities. While their primary and core business is to deliver a comprehensive suite of testing services, spanning validation, certification, and research and development support. Competent firms also possess strong in-house capabilities for

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designing and manufacturing their own proprietary testing equipment. The strategic capability creates a distinct competitive advantage, allowing them to address emerging technological challenges (particularly in the New Energy Vehicle sector) and offer unique, high-precision testing solutions. The internal research and development ensures they remain at the forefront of the industry and enables them to provide unparalleled value to their clients.

The value created in the midstream is then consumed by the downstream segment, which consists of the primary clients who are the principal consumers of these expert testing services, including Tier 1 & Tier 2 component manufacturers (such as Bosch, Continental, and Magna), ICEV manufacturers, and the rapidly expanding cohort of NEV manufacturers such as BYD, NIO, and Tesla. These clients strategically outsource their critical testing needs to their midstream partners to accelerate research and development cycles, ensure stringent regulatory compliance, and ultimately guarantee the safety, reliability, and market-readiness of their products.



Source: Frost & Sullivan

Market size of the PRC automotive testing services market

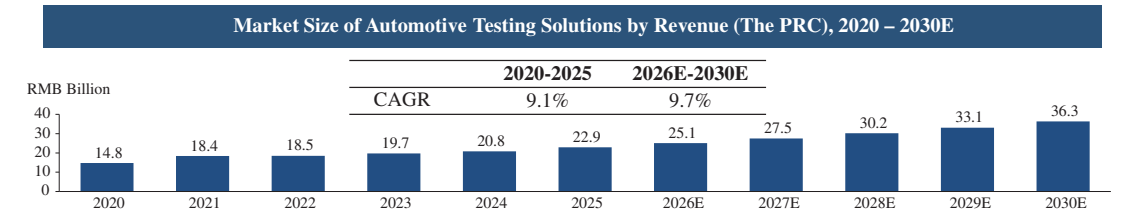
The market for automotive testing services in the PRC has demonstrated consistent growth, increasing from RMB 14.8 billion in 2020 to RMB 22.9 billion in 2025, representing a CAGR of 9.1%. The overall expansion during these years is driven by increasing vehicle complexity, more stringent regulatory standards for safety and emissions, and the rising investment in research and development for NEV. The increment in market size from 2020 to 2021 was notably bolstered by a rising number of new models launched in the traditional internal combustion engine vehicle segment.

Looking forward, the market is projected to continue its growth trajectory, expanding from an estimated RMB 25.1 billion in 2026 to RMB 36.3 billion by 2030. The forecast period shows an accelerated CAGR of 9.7%, underpinned by a confluence of powerful factors. Firstly, strong government support through policies such as purchase subsidies and investment in public charging infrastructure, combined with maturing technologies in batteries, electric motors, and charging systems, has significantly improved NEV performance and user experience, spurring a surge in the number of new NEV models entering the market, directly driving demand for testing and validation. Secondly, this influx of models has intensified market competition, compelling automakers to substantially increase their investments to differentiate their products and meet diverse consumer needs. Thirdly, a crucial market dynamic is the increasing tendency for automakers to outsource testing. As specialised testing and validation firms enhance their technical capabilities, vehicle manufacturers are more willing to delegate these complex tasks, thereby expanding the addressable market for service providers. Finally, the industry’s technological transformation towards “intelligentization” and electrification is accelerating development

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cycles. The rapid iteration of software versions for ADAS, autonomous driving features, and battery management systems creates a continuous and growing demand for comprehensive testing and validation, ensuring the market’s strong and sustained expansion.

The robust growth in end-user demand for ADAS is primarily driven by a fundamental shift in consumer purchasing criteria from traditional mechanical performance toward vehicle intelligence and active safety. Modern vehicle buyers, particularly younger demographics, increasingly treat software-defined features and connectivity as core decision criteria, often prioritizing automated driving capabilities over traditional brand prestige or engine horsepower. ADAS features such as AEB, LKA, ACC, and Navigation on Autopilot (“NOA”) directly address key consumer pain points by actively preventing human-error accidents and significantly reducing physical and mental fatigue during long-distance driving and daily urban commutes. Such consumer pull is further accelerated by enhanced cost-efficiency, regulatory frameworks, and intense competition among automakers. Technological advancements and supply chain economies of scale have substantially reduced the cost of core hardware components such as sensors, cameras, and domain controllers, enabling advanced driver-assistance features to rapidly trickle down from premium segments into mainstream mass-market vehicles. Simultaneously, official driving automation standards (such as GB/T 40429) and stringent C-NCAP safety rating incentives encourage automakers to include active safety technologies across their fleets. As domestic manufacturers aggressively integrate and refresh ADAS functions to differentiate their product offerings in a highly competitive market, these technologies are quickly transitioning from optional premium features to an increasingly common consumer expectation, driving sustained end-user adoption.



Note: The market size includes the pre-market (before vehicle sold), excludes the aftermarket (after vehicle sold).

Source: The China Association of Automobile Manufacturers, Frost & Sullivan

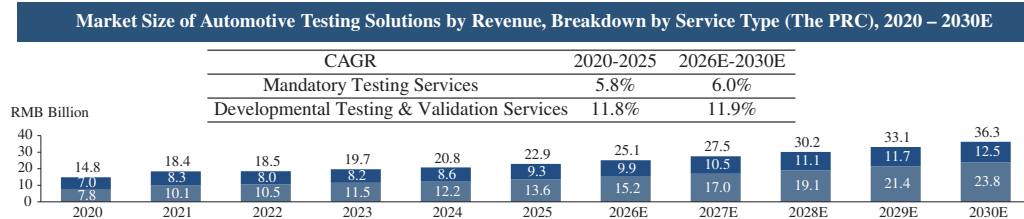
Market Size Breakdown by Service Type

The market for mandatory testing services in the PRC has demonstrated steady expansion, increasing from RMB7.0 billion in 2020 to RMB 9.3 billion in 2025, representing a CAGR of 5.8%. The growth was primarily driven by the consistent volume of new vehicle model launches and the tightening of national safety and emission standards, which necessitated rigorous homologation for both ICEVs and early-stage NEVs. Looking forward, this segment is projected to grow from an estimated RMB 9.9 billion in 2026 to RMB 12.5 billion by 2030, reflecting a slightly more moderated CAGR of 6.0%. While mandatory certification remains a non-negotiable prerequisite for market entry, its growth trajectory is relatively stable as it is closely tied to the absolute number of models reaching the final commercialization stage rather than the intensive iterative cycles seen in earlier R&D phases.

On the other hand, the market for developmental testing & validation services has shown more robust momentum, rising from RMB7.8 billion in 2020 to RMB 13.6 billion in 2025, representing a CAGR of 11.8%. Such segment’s growth is attributed to the escalating complexity of vehicle architectures, particularly the shift toward high-voltage battery systems and the integration of sophisticated ADAS features which require extensive validation. Looking ahead, the developmental segment is expected to experience accelerated growth, expanding from RMB 15.2 billion in 2026 to RMB 23.8 billion by 2030 at a CAGR

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of 11.9%. The rapid expansion is underpinned by the industry’s transition toward Software-Defined Vehicles, where the constant iteration of autonomous driving algorithms and Over-the-Air updates creates a continuous demand for simulation and real-world validation. Furthermore, as Chinese OEMs continuously shorten their R&D cycles to remain competitive, the frequency and depth of developmental testing for electric drive systems and sensor fusion have become the primary engines of value creation in the automotive testing market.



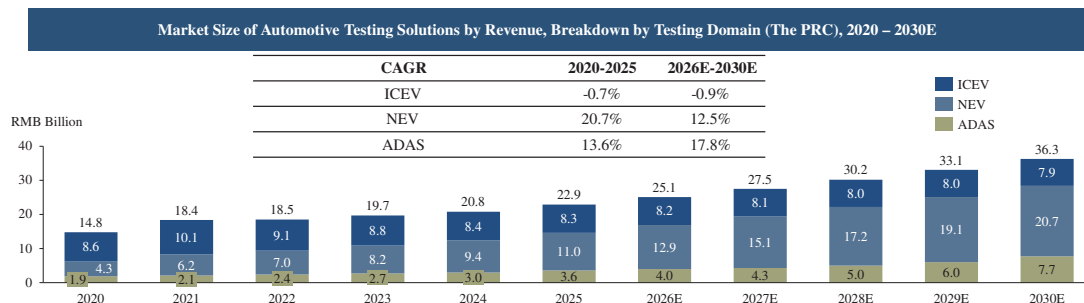
Note: the market size includes the pre-market (before vehicle sold), excludes the aftermarket (after vehicle sold).

Source: The China Association of Automobile Manufacturers, Frost & Sullivan

Market Size Breakdown by Testing Domain

The market for developmental testing and validation services in the PRC is undergoing a profound structural shift across different testing domains. Revenue attributed to the ICEV powertrain domain is projected to experience a steady decline from RMB 8.6 billion in 2020 to RMB 7.9 billion by 2030, as automakers prioritize investment in next-generation platforms over traditional internal combustion technology. In contrast, the NEV powertrain domain has emerged as the primary engine of growth, expanding from RMB 4.3 billion in 2020 to RMB 11.0 billion in 2025, and is projected to reach RMB 20.7 billion by 2030, representing a CAGR of approximately 12.5% during 2026 to 2030. The growth is driven by the intensive and iterative validation required for high-voltage battery safety, thermal management, and electric drive efficiency.

Simultaneously, the ADAS domain represents the fastest-growing frontier in terms of technical complexity, with market size forecast to grow from RMB 4.0 billion in 2026 to RMB 7.7 billion by 2030, representing a CAGR of approximately 17.8%. The segment is characterized by a high frequency of testing due to the rapid evolution of sensor fusion and the continuous need for software validation throughout the product lifecycle. As a result of these diverging trends, the market composition is being fundamentally redefined, shifting from a landscape once dominated by mechanical engineering to one centered on electrification and intelligent software systems.



Source: The China Association of Automobile Manufacturers, Frost & Sullivan

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Key Growth Drivers and Trends

Intensified R&D Investment and Accelerated New Model Launch Cycles – Chinese automakers continue to increase R&D spending and compress vehicle development timelines amid intense competition. Major players have reported annual growth in R&D expenditure, often in the double-digit. New model development cycles have been shortened from the traditional 3–5 years to approximately 18–24 months or less. This acceleration applies to both remaining ICEV/hybrid platforms and the much larger volume of new NEV models. Each new model, whether ICEV, PHEV, EREV or BEV, requires extensive developmental testing and validation, including powertrain, battery systems, emissions or high-voltage safety, durability, and system integration, before homologation. The combination of higher R&D budgets and shorter cycles directly increases the volume and urgency of external testing demand, favouring specialised third-party providers that can deliver flexible, high-throughput validation services.

Growing Technological Complexity from Electrification and Intelligent Systems – The shift toward electrification and vehicle intelligence has materially raised the technical barrier and scope of developmental testing. Battery systems require extensive performance, thermal runaway, impact and cycle-life validation; high-voltage powertrains and power electronics demand specialised electromagnetic compatibility (EMC) and safety testing; and ADAS as well as autonomous-driving features require large-scale scenario simulation and real-world validation. These tests depend on capital-intensive equipment and cross-disciplinary expertise that many OEMs prefer to outsource rather than maintain in-house, thereby expanding the addressable market for independent testing and validation providers.

Stringent Domestic Regulations and Expanding Export Homologation Requirements – Continuous updates to PRC safety, emissions, battery and ADAS standards, together with the need to obtain certification for growing volumes of Chinese vehicles exported to Europe, Southeast Asia, the Middle East and other regions, create mandatory testing and documentation workloads. Both new ICEV/hybrid models and the much larger number of NEV models must pass developmental validation before formal homologation. Automakers therefore increasingly rely on specialised external partners to manage the complexity, cost and timeline of these regulatory and export-related testing programmes.

Rising Number of New ICEV/Hybrid and NEV Models Requiring Specialised Validation – Although pure ICE platforms are being deprioritised, automakers continue to launch updated ICEV and hybrid models alongside a rapidly expanding pipeline of NEV models. Each new model triggers a full suite of developmental testing, with ICEV/hybrid variants focusing on engine performance, fuel efficiency, emissions and powertrain durability, and NEVs focusing on high-voltage battery safety and durability, electric drive systems, energy management and regenerative braking. Accordingly, there is a sustained increase in the absolute number of new models entering validation, generating continuous demand for ICEV testing & validation, NEV testing & validation, and related whole-vehicle and ADAS services.

Market Opportunities

Pioneering Testing for Next-Generation Vehicle Technologies – A significant future opportunity lies in developing capabilities for the next generation of automotive innovation. Such as testing and validation to address emerging technologies like solid-state batteries, ultra-fast charging systems, and highly integrated “X-in-1” electric drive units, each demanding novel testing methodologies for performance, safety, and longevity. Similarly, as the industry progresses from L2/L3 driver assistance to fully autonomous systems (L4 and above) and Vehicle-to-Everything (V2X) communication, the nature of validation will transform. The leap will require massive-scale virtual simulation, digital twin modeling, and complex open-road scenario testing, far exceeding the scope of current track-based tests.

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Furthermore, the nascent development of hydrogen fuel cell technology represents another frontier. Testing providers who proactively invest in the specialised infrastructure and expertise for these next-generation systems will be positioned to capture the most valuable, high-growth segments of the future market.

Integrated Model of Testing Services and Component Production – A significant opportunity exists in deeply integrating automotive testing services with the research and development and production of automotive components. This model creates a unique “discover-and-solve” business loop: testing services precisely identify performance weaknesses in vehicles and their parts, which in turn allows the provider to offer optimised or even customised component solutions from its own research and development and production capabilities. The dual capability not only diversifies revenue streams but elevates the company from a simple service vendor to a strategic research and development partner, creating deeper client loyalty and a formidable competitive barrier.

Market Challenges and Threats

The Dual Pressure of High Capital Investment and Specialised Talent Scarcity – The rapid technological evolution from traditional vehicles to intelligent, software-defined NEV necessitates a constant and significant capital investment in new testing equipment and facilities. Technologies like high-voltage battery systems, ADAS, and V2X communication require entirely new testing paradigms and costly, specialised hardware. Simultaneously, there is a severe shortage of skilled engineers who possess the required interdisciplinary expertise in software, data science, electronics, and automotive engineering. Testing companies face intense competition for this talent not only from direct competitors but also from automakers and technology giants, leading to rising labour costs and difficulty in scaling up technical teams to meet the market’s complex demands.

Evolving Cost Structures and Value-Chain Integration – The highly competitive nature of the PRC automotive market promotes a strong focus on cost optimization among vehicle manufacturers. The focus naturally extends to their procurement strategies for third-party services, including testing and validation. As a result, there is an increasing emphasis on value-based pricing, operational efficiency, and faster project turnarounds from partners across the supply chain. Such market environment encourages testing providers to innovate their business models, enhance operational productivity, and clearly articulate the return on investment their services provide in order to align with the evolving financial and strategic objectives of their automaker clients.

Industry Outlook

According to official notices and reported by outlets including CarNewsChina, Jiemian, Bloomberg, and CnEVPost, China’s EV/NEV subsidies are indeed being gradually tightened starting in 2026. The full purchase-tax exemption for new energy vehicles ends on 31 December 2025; from 1 January 2026, it transitions to a 50% reduction, halved vehicle purchase tax rate, with the maximum tax benefit capped at RMB15,000 per passenger vehicle through 2027, down from RMB30,000 previously, as outlined in the 2023 joint announcement by the Ministry of Finance, State Taxation Administration, and Ministry of Industry and Information Technology.

This policy shift is accompanied by stricter technical eligibility requirements effective 2026, such as higher pure-electric range thresholds for plug-in hybrids (raised to 100 km) and tighter energy-consumption/efficiency standards, further limiting which models qualify for remaining incentives.

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Trade-in and scrappage subsidies have been extended into 2026 but shifted from fixed amounts to percentage-based formulas (e.g., up to 12% of vehicle price, capped at RMB20,000 for NEVs), which tends to favor higher-priced models over affordable ones.

The robust growth of China's automotive sector, particularly the new energy vehicle segment, from 2020 to 2025, driven by substantial government subsidies and favorable policies such as the dual-credit system, had a strong positive impact on the financial performance of automotive testing solutions providers. Surging vehicle production and rapid model development significantly increased demand for advanced testing equipment and services in battery validation, powertrain systems, ADAS, EMC, and regulatory compliance. This translated into robust revenue growth, expanded order backlogs, and improved profitability for leading providers, supported by healthy OEM cash flows that fueled higher capital expenditure on R&D and production testing infrastructure.

Going forward, the gradual tightening of new energy vehicle subsidies beginning in 2026 is expected to moderate new energy vehicle sales volume growth, which may soften volume-driven demand for testing solutions. However, stricter regulatory standards, the industry's shift toward premiumization and technological advancement¹ including longer-range batteries and smarter autonomous systems, and rising export compliance needs are likely to sustain demand for more sophisticated, higher-margin testing systems. Consequently, while growth is expected to moderate from the 2020–2025 peak, the long-term outlook for automotive testing solutions providers remains positive, particularly for those specializing in advanced technologies and regulatory compliance.

Cost Structure Analysis

The cost structure of the automotive testing services industry in the PRC is predominantly driven by two distinct categories: highly specialised human capital and capital-intensive technical infrastructure. Labour costs typically constitute the single largest operational expense, accounting for approximately 45-55% of total operating costs, split between the general engineering workforce required for mechanical testing and the increasingly premium-priced software talent needed for intelligent network and ADAS validation. The second major component comprises Testing Consumables and Testing Equipment, accounting for approximately 25-35%, which includes direct inputs such as energy (industrial electricity), hydrocarbon fluids, and coolants, alongside the significant depreciation of specialised hardware like test benches. While raw materials like steel influence the cost of fixtures and tooling, the industry's cost base is structurally shifting from traditional mechanical inputs toward higher expenditures on energy stability and advanced digital validation tools. Beyond these primary drivers, the cost structure includes other operational expenses, typically 10-15% of OPEX, being accreditation and compliance fees, logistics, data storage and cloud infrastructure etc.

Labour Cost: From 2020 to 2024, the average monthly wage for engineering and technical personnel in the PRC grew from RMB 5,441.7 to RMB 6,400.0, representing a CAGR of 4.1%. Over the same period, information transmission, software and information technology service personnel experienced faster growth, with wages increasing from RMB 5,941.7 to RMB 8,025.0, achieving a CAGR of 7.8%. Looking ahead, the growth rate for both categories is forecasted to slow down between 2025 and 2029. The CAGR for Engineering and Technical Personnel is projected to be 2.5%, while the CAGR for Software and IT Personnel is expected to moderate to 2.9%.

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The robust wage growth for information transmission, software and information technology service personnel between 2020 and 2024 was fueled by a talent war as numerous industries underwent digital transformation. The automotive sector's rapid pivot towards electrification, connectivity, and autonomous driving was a major contributor to this intense demand. The more moderate, yet steady, growth for the general pool of engineering personnel reflects their continued core importance across the entire industrial economy. The forecasted slowdown from 2025 onwards likely indicates a maturing national market, where the initial explosive demand for specific tech talent begins to stabilise as the supply of skilled workers catches up.

Average Monthly Wage of Labour Engaged in the automotive testing services industry (The PRC), 2020-2029E

RMB	2020	2021	2022	2023	2024	2025E	2029E	CAGR (2020- 2024)	CAGR (2025E- 2029E)
Engineering and Technical Personnel	5,441.7	5,916.7	6,041.7	6,283.3	6,400.0	6,534.4	7,226.8	4.1%	2.5%
Information Transmission, Software and Information Technology Service Personnel	5,941.7	6,758.3	7,266.7	7,941.7	8,025.0	8,225.6	9,213.0	7.8%	2.9%

Source: National Bureau of Statistics in the PRC, Ministry of Human Resources and Social Security in the PRC, Frost & Sullivan

Note: 2025 data is published yearly during end of May, 2024 is adopted as the base year currently

Testing Consumables and Testing Equipment Cost: Between 2020 and 2025, industrial electricity prices stabilised following a 2022 peak and slightly declining in 2025, resulting in a CAGR of -1.0% due to government controls; this stability is projected to persist through 2030 with a CAGR of 0.4%. Conversely, gasoline and lubricants rose significantly (CAGRs of 3.7% and 3.8%) alongside crude oil costs, a trend expected to continue through 2030 at moderated rates of 2.3% and 2.5%, respectively. Coolants exhibited high volatility, correcting to a 2.4% CAGR by 2025, but are forecast to rebound to a 1.0% CAGR by 2030 as EV thermal management testing expands.

Regarding hardware, test benches saw a 4.2% CAGR through 2025, reflecting the premium for complex EV systems, and are projected to maintain a steady 2.5% growth, reaching a price index of 137.6 by 2030. Finally, steel prices declined to an index of 83.0 in 2025 due to stable domestic supply and are expected to remain subdued with a projected 0.8% CAGR through 2030, reflecting moderate industrial demand.

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Price Index of Selected Testing Consumables in the Automotive Testing Solutions Industry (The PRC), 2020-2030E

Price Index 2020=100	2020	2021	2022	2023	2024	2025	2026E	2030E	CAGR (2020- 2025)	CAGR (2026E- 2030E)
Industrial Electricity	100.0	98.8	118.2	106.6	100.7	95.3	94.5	96.2	-1.0%	0.4%
Gasoline (95 Ron)	100.0	117.6	143.5	132.5	131.3	120.2	139.6	152.7	3.7%	2.3%
Lubricants	100.0	105.0	116.1	114.4	112.5	120.4	123.8	136.5	3.8%	2.5%
Coolants	100.0	99.3	110.5	96.6	89.0	112.8	115.5	120.2	2.4%	1.0%
Test Benches	100.0	107.8	114.4	118.2	108.0	122.8	124.9	137.6	4.2%	2.5%
Steel	100.0	101.2	97.3	96.1	90.9	83.0	84.5	87.2	-3.7%	0.8%

Source: State Grid Corporation of China, National Bureau of Statistics in the PRC, Trade Map, Frost & Sullivan

COMPETITIVE LANDSCAPE

The automotive testing services market in the PRC is highly competitive with moderate concentration, involving over 1,500 market players that can be categorised into three major types:

- (i) State-owned enterprises (SOEs): Mostly national authoritative institutions for automotive testing and certification, represented by China Automotive Engineering Research Institute Co., Ltd. (CAERI) and China Automotive Technology and Research Center Co., Ltd. (CATARC). By leveraging profound technical accumulation, strong capital strength, and policy endorsement, they have formed a full-industry-chain business matrix covering fuel vehicles, new energy vehicles, and intelligent driving, and thus occupy a dominant position in areas such as industry standard formulation and official certification testing.
- (ii) Private enterprises: Represented by third-party automotive research and development testing service providers such as ITImotor, Jiangsu Liance, and the Group. Based on years of experience in collaborative development with local automakers, they have achieved technological breakthroughs in segmented testing fields. Coupled with advantages such as localised service response and customised solutions, they are gradually expanding their market share.
- (iii) Foreign-invested enterprises (FIEs): Represented by AVL and Dektra SA. Generally entering the PRC market through joint venture or wholly-owned models, they rely on globally leading research and development testing technologies, mature management experience, and years of industry data accumulation, and have formed competitive pressure in areas such as high-end fuel vehicle research and development testing and core simulation technology.

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Looking ahead, driven by new energy and intelligent connected technology upgrades and stricter regulatory requirements, competition in high-value segments like intelligent driving testing will intensify. Leading players will constantly leverage their respective advantages to compete and complement each other, shaping a more refined competitive landscape.

In 2025, the overall automotive testing solutions market in the PRC is moderately concentrated with the top 2 service providers which represented approximately 37.8% of PRC’s automotive testing solutions market in terms of revenue. The Group recorded the revenue of RMB199.8 million in 2025, accounting for the market share of 0.9% of the overall automotive testing solutions market in the PRC.

Ranking	Company	Revenue of Automotive Testing Solutions, 2025 (Million RMB)	Market Share (%)
1	China Automotive Technology and Research Center Co., Ltd. (CATARC)	5,322.9	23.2%
2	China Automotive Engineering Research Institute Co., Ltd. (CAERI)	3,335.2	14.6%
3	Shanghai Motor Vehicle Inspection, Certification & Tech Innovation Center. Co.,Ltd. (SMVIC)	1,271.6	5.6%
4	Xiang Yang Da An Automobile Test Center Limited Corporation	1,047.0	4.6%
5	China Merchants Testing Vehicle Technology Research Institute Co., Ltd.	908.3	4.0%
	Top 5 Sub-total	11,884.9	51.9%
	The Group	199.8	0.9%
	Others	10,815.3	47.2%
	Total	22,900.0	100.0%

Source: Annual Reports of Listed Companies, Frost & Sullivan

Note: China Automotive Technology and Research Center Co., Ltd. (CATARC), founded in 1985, is a central enterprise directly under SASAC. It is an authoritative comprehensive automotive technology service group, with core businesses covering industry standard formulation, testing certification, and R&D of key technologies for new energy and intelligent connected vehicles in the PRC.

China Automotive Engineering Research Institute Co., Ltd. (CAERI), founded in 2001, is a leading automotive technology service and equipment manufacturing enterprise headquartered in the PRC, with a stock code of 601965.SH. Its principal business includes automotive R&D consulting, test evaluation, and manufacturing of special vehicles and rail transit components, mainly serves clients in the PRC.

Shanghai Motor Vehicle Inspection, Certification & Tech Innovation Center Co., Ltd. (SMVIC), founded in 2003, is a third-party automotive testing and certification institution. It mainly provides national authorized testing services such as vehicle announcement, CCC certification, and environmental protection verification, covering conventional and new energy vehicles, mainly serves clients in the PRC.

Xiang Yang Da An Automobile Test Center Limited Corporation, founded in 2005 and affiliated to Dongfeng Motor Group, is a comprehensive third-party automotive testing institution. Its principal business includes vehicle performance testing, safety evaluation, and regulatory compliance verification, relying on professional test sites, mainly serve clients in the PRC.

China Merchants Testing Vehicle Technology Research Institute Co., Ltd., founded in 2003, is a national high-tech enterprise under China Merchants Group. It mainly engages in regulatory testing, R&D verification, standard formulation, and technical consulting for automobiles and motorcycles, mainly serves clients in the PRC.

INDUSTRY OVERVIEW

Ranking	Company	Revenue of IC EV Testing and Validation Service, 2025 (Million RMB)	Market Share (%)
1	China Automotive Engineering Research Institute Co., Ltd. (CAERI)	2,501.4	30.1%
2	China Automotive Technology and Research Center Co., Ltd. (CATARC)	1,596.9	19.2%
3	Shanghai Motor Vehicle Inspection, Certification & Tech Innovation Center. Co.,Ltd. (SMVIC)	635.8	7.7%
4	AVL	442.1	5.3%
5	HORIBA Group	280.5	3.4%
	Top 5 Sub-total	5,456.7	65.7%
	the Group	59.7	0.7%
	Others	2,783.6	33.5%
	Total	8,300.0	100.0%

Source: Annual Reports of Listed Companies, Frost & Sullivan

Note: AVL List GmbH, founded in 1948 and headquartered in Austria, is a leading global mobility technology company focusing on automotive development, simulation and testing. Its principal business includes electrified propulsion system testing, vehicle performance verification, ADAS/AD testing and simulation services, relying on advanced test systems and global technical centers, mainly serves automotive OEMs, Tier 1 suppliers and research institutes worldwide.

HORIBA Group, founded in 1945 and headquartered in Japan, is a global comprehensive automotive testing and measurement institution. Its principal business includes automotive emission measurement, engine and driveline testing, autonomous and electric vehicle validation, relying on professional test facilities and integrated measurement technologies, mainly serves global automotive manufacturers, regulatory agencies and independent test laboratories.

In 2025, the ICEV testing and validation service sector in the PRC is relatively concentrated with the top 5 service providers represented approximately 65.7% of PRC’s ICEV testing and validation service market in terms of revenue. The Group recorded a market share of 0.7% and a revenue of RMB 59.7 million.

Entry Barrier

Qualification and Certification – The regulatory authorities governing the PRC’s vehicle and auto parts testing service market have established a rigorous qualification certification system for testing institutions, which covers multiple complex procedures including laboratory accreditation and metrological certification. Furthermore, such certification standards are subject to continuous updates and upgrades. New entrants are required to invest substantial time and capital in site construction, equipment procurement, and personnel training to meet the qualification requirements. For instance, laboratories seeking accreditation from CNAS (China National Accreditation Service for Conformity Assessment) must pass strict technical capability verification and management system audits. This creates significant challenges for new enterprises to enter the market promptly.

Technology and Research and Development Barriers – Vehicle and auto parts testing involves multi-disciplinary technical fields such as materials science, machinery, electronics, and environmental engineering. Specific examples include battery safety testing for NEV and performance testing for autonomous driving systems, all of which demand long-term technological research and development and experience accumulation. New entrants face a substantial gap compared to leading enterprises in the industry in terms of core testing technologies and the innovation capability of testing methods, making it difficult for them to master complex testing technologies and establish competitiveness within a short timeframe.

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Resource Integration and Capital Investment – Industry development requires simultaneous access to high-end testing equipment (e.g., engine test benches, emission analyzers), authoritative testing qualifications, professional talent teams, and continuous research and development investment, all of which demand significant capital support. New entrants not only face initial capital pressure for equipment procurement and capacity building but also need to bear long-term costs for technological iteration and talent training. Insufficient capital strength will directly restrict their market access capabilities.

Key Success Factors

Customer Resource Accumulation and Reputation Building – Service providers need to accumulate high-quality customer resources and track records through long-term services, establish a testing database covering multiple scenarios, and accurately meet downstream customers’ core demands for testing safety and reliability. Meanwhile, it is necessary for market players to build a strong brand reputation that heavily relies on technical strength and service quality, forming a virtuous cycle of “cases-trust-repurchase” to consolidate customer stickiness and market position.

Construction of Compound Talent Teams – Service providers must establish professional talent echelons covering multiple fields such as mechanical engineering, electronic engineering, and computer science and attract and retain core talents with long-term industry experience who are proficient in the operation of various testing equipment and cutting-edge testing methods. Additionally, service providers should establish continuous training and innovation mechanisms to ensure that the team’s professional skills keep pace with industrial technological iteration, providing core human support for business development.

Core Technology Iteration and Innovation Capabilities – Service providers must continuously focus on research and development of testing technologies in emerging fields such as new energy vehicles and intelligent driving, break through core technologies including multi-disciplinary integration, simulation, data processing, and maintain the advanced nature of testing equipment performance and testing methods. This enables them to adapt to industrial technological upgrades and customer customised demands, establishing differentiated technological advantages.

COMPETITIVE STRENGTHS OF OUR GROUP

Please refer to the paragraph headed “Business – Competitive strengths” in this document for a detailed discussion of competitive strengths of our Group.

REGULATORY OVERVIEW

This section summarises the most significant laws, regulations, and rules that affect and govern our current major business activities and operation in the PRC.

LAWS AND REGULATIONS ON COMMERCIAL ENTITIES

On December 29, 1993, the Standing Committee of the National People’s Congress (the “SCNPC”) issued the PRC Company Law (《中華人民共和國公司法》) (the “**Company Law**”). The currently effective version was adopted by the SCNPC on December 29, 2023 and implemented on July 1, 2024. All companies established in the PRC are subject to the Company Law. The Company Law regulates the establishment, operation, corporate structure, and management of corporate entities in China and classifies companies into limited liability companies and companies limited by shares.

General meeting

According to the Company Law, a general meeting of a company limited by shares shall be constituted by all the shareholders; the general meeting shall be the authority of the company and shall exercise duties and powers in accordance with the provisions of the Company Law.

An annual general meeting shall be convened once every year. An extraordinary general meeting shall be convened within two months in case of the certain events specified in the Company Law.

The Company Law has no specific provisions on the quorum of shareholders to attend the general meeting.

Under the Company Law, shareholders present at a general meeting have one vote for each share they hold, save that the company’s shares held by the company are not entitled to any voting rights.

Under the Company Law, resolutions of the general meeting shall be passed by more than half of the voting rights held by shareholders (including those represented by proxy) attending the general meeting, with the exception of resolutions of the general meeting to amend the Articles of Association, increase or reduce the registered share capital, as well as the resolutions of the Company’s merger, division, dissolution or change of corporate form, which in each case shall be passed by at least two-thirds of the voting rights held by the shareholders (including those represented by proxy) attending the general meeting.

Shareholders may entrust a representative to attend the general meeting, and the representative shall submit a power of attorney to the company and exercise the voting rights within the scope of the authorization.

Transfer of shares

Transfer of shares may be conducted after the shareholders endorse the back of the H share certificates or in any other manner specified by the laws or administrative regulations. Following the transfer, the company shall enter the names and domiciles of the transferees into its share register. No changes shall be made to the share register during a period of 20 days prior to convening a shareholders’ general meeting or 5 days prior to the record date for the purpose of determining entitlements to dividend distributions. Where laws, administrative regulations or the securities regulatory authorities of the State Council have other provisions on changes to the register of shareholders of a listed company, such provisions shall apply.

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Restrictions on transfer of shares

The directors and senior management personnel of the company shall report to the company the shares held by them and their changes, and the shares transferred each year during their term of office shall not exceed 25% of the total shares of the company held by them respectively; the Company’s shares held by them shall not be transferred within one year from the date of listing and trading of the Company’s shares. The above-mentioned personnel shall not transfer their shares of the company within half a year after their resignation. The Articles of Association may make other restrictive provisions on the transfer of shares held by the directors and senior management personnel of the company.

LAWS AND REGULATIONS ON AUTOMOBILE TESTING

Pursuant to the “Administrative Measures on Admission of Road Motor Vehicle Manufacturing Enterprises and Products (《道路機動車輛生產企業及產品准入管理辦法》)” promulgated by the Ministry of Industry and Information Technology on 27 November 2018 and came into effect on 1 June 2019, road motor vehicle manufacturers who apply for road motor vehicle product access shall ensure that road motor vehicle products manufactured by them meet technical standards such as safety, environmental protection, energy efficiency, anti-theft, and other requirements, as well as the safety technical conditions formulated and issued by the Ministry of Industry and Information Technology. Road motor vehicle manufacturers have the right to independently select inspection and testing institutions that have obtained relevant qualifications in accordance with the law to conduct road motor vehicle product inspections. For whole-vehicle inspections, manufacturers shall select inspection and testing institutions that have obtained qualifications of a national product quality supervision and inspection centre.

Pursuant to the “Rules for the Administration of the Road Testing and Demonstrative Application of Intelligent Connected Vehicles (Trial) (《智能網聯汽車道路測試與示範應用管理規範(試行)》)” jointly promulgated and implemented by the Ministry of Industry and Information Technology, the Ministry of Public Security, and the Ministry of Transport on 21 July 2021, the autonomous driving functions of road testing vehicles shall be tested by third-party testing institutions engaged in automobile-related business and recognised by the state or provincial/municipal authorities. The test content shall include general testing items for autonomous driving functions and items covered within their designed operation scope. Pursuant to the “Administrative Rules on the Admission of New Energy Vehicle Manufacturers and Products (《新能源汽車生產企業及產品准入管理規定》)” issued by the Ministry of Industry and Information Technology on 24 July 2020 and implemented on 1 September 2020, new energy vehicle products applying for market access shall be tested and certified by nationally recognised testing institutions.

LAWS AND REGULATIONS ON PRODUCTION SAFETY

According to the *Production Safety Law of the PRC* (《中華人民共和國安全生產法》) promulgated by the Standing Committee of the National People’s Congress on June 29, 2002 and latest amended on June 10, 2021, an enterprises must possess the production safety conditions stipulated by the *Production Safety Law of the PRC* and other relevant laws, administrative regulations, national standards, and industry standards. Any entity that fails to provide required production safety conditions is prohibited from engaging in production activities.

The person-in-charge of an enterprise shall be fully responsible for the safety of production of the enterprise. An enterprise having more than 100 employees shall establish a production safety management institution or be equipped with dedicated production safety management personnel. Personnel who is responsible for managing production safety shall inspect the safety of production regularly based on the characteristics of production of the

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enterprise and shall deal with any safety issue identified during the inspection in a timely manner. Any unsolved issue shall be reported to the person-in-charge in a timely manner and the person-in-charge shall solve such issue immediately. The inspection and measures taken shall be duly recorded. Enterprises and institutions shall provide their employees with training on production safety and shall truthfully inform their employees of any potential risks in relation to the workplace and duties, preventive measures and emergency measures.

According to the Measures for the Supervision and Administration of “Three Simultaneities” for the Safety Facilities of Construction Projects (《建設項目安全設施「三同時」監督管理辦法》) promulgated by the former State Administration of Work Safety (currently known as the Ministry of Emergency Management) on December 14, 2010 and amended on April 2, 2015, the safety facilities in a newly built, reconstructed or expanded construction project must be designed, constructed and put into use simultaneously with the main body of the project. If an enterprise violates the relevant requirements, it may be ordered to make corrections within a specified time limit, discontinue the construction process or suspend its production and business operation for rectification, and imposed a fine.

LAWS AND REGULATIONS ON FIRE PREVENTION

According to the Fire Protection Law of the People’s Republic of China (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998 and last amended on April 29, 2021, the fire prevention design and construction of a construction project must conform to the national fire prevention technical standards for project construction. For construction projects that require fire prevention design in accordance with the national fire prevention technical standards for project construction, the fire prevention design review and acceptance system for construction projects shall be implemented. Upon completion of a construction project that is required to apply for fire control acceptance inspection by the competent department of housing and urban-rural development under the State Council, the construction entity shall apply to the competent department of housing and urban-rural development for fire control acceptance inspection. For construction projects other than those specified in the preceding paragraph, the construction entity shall report to the competent department of housing and urban-rural development for filing after the acceptance, and the competent department of housing and urban-rural development shall conduct spot checks. Construction projects which are subject to fire control acceptance inspection according to law shall not be put into use without fire control acceptance inspection or failing to pass fire control acceptance inspection. Other construction projects which fail to pass the legal spot checks shall cease to be used.

LAWS AND REGULATIONS ON ENVIRONMENTAL PROTECTION

According to the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》) (hereinafter referred to as the “**Environmental Protection Law**”) promulgated by the SCNPC on December 26, 1989 and last amended on April 24, 2014, any enterprises, business units and other producers and operators that discharge pollutants must implement measures to control and properly handle hazardous substances generated in the course of such activities, such as waste gas, waste water, waste residues, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation. The State implements a pollutant discharge permit management system in accordance with the law. According to the Environmental Protection Law and the Regulations on the Administration of Pollutant Discharge Licensing, which was promulgated by the State Council on January 24, 2021 and came into effect on March 1, 2021, enterprises, business units and other producers and operators that are subject to pollutant discharge licensing management shall discharge pollutants according to the requirements of the pollutant discharge permits, and shall not discharge pollutants without obtaining the pollutant discharge permits.

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Pursuant to the Regulations on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998 and amended on July 16, 2017 and the Interim Measures for Environmental Protection Acceptance Examination Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) promulgated by the former Ministry of Environmental Protection on November 20, 2017, the PRC implements a system to appraise the environmental impact of construction projects. The construction entity shall submit an environmental impact report or an environmental impact statement for approval prior to the commencement of the construction project, or an environmental impact registration form as required by the environmental protection administrative department of the State Council for record. In addition, after the completion of a construction project for which an environmental impact report or an environmental impact statement has been prepared, the construction entity shall, in accordance with the standards and procedures prescribed by the competent administrative department of environmental protection under the State Council, conduct acceptance checks on the supporting environmental protection facilities and prepare an acceptance report. For construction projects that are constructed in phases or put into production or use in phases, the corresponding environmental protection facilities shall be inspected and accepted in phases. The construction project can only be put into production or use after the completed supporting environmental protection facilities have passed the acceptance inspection. Facilities shall not be put into production or use without conducting or passing the acceptance examination.

Prevention and control of pollution

Pursuant to the Regulations on the Administration of Pollutant Discharge Licensing (《排污許可管理條例》), which was promulgated by the State Council on January 24, 2021 and took effect on March 1, 2021, the enterprises, public institutions and other producers and operators (hereinafter referred to as *the "pollutant discharge entities"*) that are subject to the pollution discharge permit administration in accordance with laws and regulations shall apply for and obtain a pollutant discharge permit within the prescribed time limit.

Pursuant to the Classified Management Catalog of Pollutant Discharge Permits for Stationary Sources of Pollution (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》), which was promulgated by the Ministry of Ecology and Environment on December 20, 2019 and became effective on the same day, the state applies a tiered pollution discharge permit administration system comprising key administration, simplified administration, and registration administration to enterprises, institutions, and other production and business operators that discharge pollutants (hereinafter referred to as "operators subject to the pollution discharge permit administration"), based on factors such as the volume of pollutants generated, the volume discharged, and the degree of environmental impact. Key administration of pollution discharge permit applies to operators with a relatively large volume of pollutants generated or discharged, or those causing a relatively high degree of environmental impact. Simplified administration of pollution discharge permit applies to operators with a relatively small volume of pollutants generated or discharged, or those causing a relatively low degree of environmental impact. Registration administration of pollution discharge permit applies to operators with a minimal volume of pollutants generated or discharged, or those causing a minimal degree of environmental impact.

LAWS AND REGULATIONS ON IMPORT AND EXPORT OF GOODS

Pursuant to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC on May 12, 1994 and last amended on December 27, 2025 and the Notice by the Department of Enterprise Management and Audit-Based Control of Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (《企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知》) issued by the General

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Administration of Customs of the PRC on January 3, 2023, a consignee or consignor of imported or exported goods who applies for filing shall be qualified as a market entity and is not required to be filed as a foreign trade business operator.

According to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987 and last amended on April 29, 2021, unless otherwise stipulated, the declaration of imported or exported goods may be made by the consignees or the consignors, or the entrusted customs brokers. To undergo customs declaration formalities, the consignee or consignor of imported or exported goods and the customs brokers shall file with the Customs in accordance with the law.

According to the Provisions on the Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021 and executed on January 1, 2022, the consignee or consignor of imported or exported goods or a customs broker, as filed with the customs may undergo customs declaration within the customs territory of the PRC. Where a consignee or consignor of imported or exported goods or a customs broker applies for filing, it shall obtain the qualification of market entities.

LAWS AND REGULATIONS ON LAND

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) promulgated by the SCNPC on June 25, 1986 and latest amended on August 26, 2019, and the Regulations for the Implementation of the Land Administration Law of the PRC (《中華人民共和國土地管理法實施條例》) promulgated by the State Council on December 27, 1998 and latest revised on July 2, 2021, the land in the PRC is either State-owned or collectively owned. Except for land which is legally owned by the State or has been expropriated as State-owned according to law, all of the land is collectively owned. The State-owned land use rights may be used by third parties through grant, allocation, lease, capital contribution and other forms. Third parties who have obtained the State-owned land use rights may legally use, profit from and dispose of the State-owned land use rights within the statutory term of use and scope of planned uses.

LAWS AND REGULATIONS ON PROPERTY LEASING

According to the PRC Civil Code (《中華人民共和國民法典》) promulgated by the National People's Congress (the "NPC") on May 28, 2020 and implemented on January 1, 2021, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. If the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

According to the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and implemented on February 1, 2011, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the competent construction or real estate authorities of the municipality or county where the leased property is located. If a company

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fails to do as aforesaid, it may be ordered to rectify within a stipulated period by the real estate authorities of the municipality or county, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed.

LAWS AND REGULATIONS ON FOREIGN INVESTMENT ACCESS

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**FIL**”), which was promulgated by the NPC on March 15, 2019 and implemented on January 1, 2020, establishes the management system for pre-access national treatment and negative list for foreign investment in the PRC. “**Pre-access national treatment**” means that foreign investors and their investments shall be treated no less favourably than domestic investors and their investments at the stage of investment access; “**negative list**” refers to the special administrative measures for access of foreign investment in specific fields as prescribed by the PRC. The PRC gives national treatment to foreign investment outside the negative list. In addition, the Regulation for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the “**Implementation Regulations**”), which came into effect on January 1, 2020, further stipulates that the PRC shall, according to the needs of national economic and social development, formulate a catalogue of encouraged foreign-invested industries, and specify the specific industries, fields and regions in which foreign investors are encouraged and guided to invest.

The NDRC and the MOFCOM jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “**2024 Negative List**”) on September 6, 2024, which has been implemented since November 1, 2024, to replace the previous encouraging catalog and negative list thereunder. Pursuant to the Foreign Investment Law, the Implementation Regulations and the 2024 Negative List, foreign investors shall not make investments in prohibited industries as specified in the negative list, while foreign investments must satisfy certain conditions stipulated in the negative list for investment in restricted industries. Industries not listed in the negative list are generally deemed “permitted” for foreign investments. According to the FIL and the 2024 Negative List, as of the Latest Practicable Date, our business does not fall within the negative category nor restricted category of the 2024 Negative List and is not subject to special administrative measure thereunder.

REGULATIONS ON OVERSEAS INVESTMENT

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) which was issued by the MOFCOM on March 16, 2009 and amended on September 6, 2014, the MOFCOM and the commerce departments at provincial levels shall conduct filing or confirmation management depending on different circumstances of overseas investments of enterprises. Overseas investments involving any sensitive country or region, or any sensitive industry shall be subject to confirmation management. Overseas investments under other circumstances shall be subject to filing management.

Pursuant to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) which was issued by the NDRC on December 26, 2017 and became effective on March 1, 2018, an enterprise in the territory of the PRC (the “**Investor**”) carrying out overseas investments shall undergo formalities including the examination or filing for an overseas investment project (the “**project(s)**”), report the relevant information, and cooperate in supervisory inspection. Sensitive projects conducted by Investors directly or through overseas enterprises controlled by them shall be subject to confirmation management. Non-sensitive projects conducted by Investors directly, namely, non-sensitive projects involving Investors’ direct contribution of assets, equity or provision of financing or guarantees, shall be subject to filing management. The aforementioned sensitive projects include projects involving a sensitive country or region or a sensitive

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industry. The Catalogue of Sensitive Sectors for Outbound Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》) promulgated by the NDRC became effective on March 1, 2018, which listed out the sensitive industries in detail.

LAWS AND REGULATIONS ON OVERSEAS OFFERING AND LISTING

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) and five relevant guidelines promulgated by the CSRC and other relevant authorities on February 17, 2023 and implemented on March 31, 2023, PRC domestic companies that seek to offer or list securities overseas, whether directly or indirectly, shall complete the filing procedure and submit compliance materials to the CSRC. Overseas offering and listing is explicitly prohibited under any of the following circumstances: (i) such offering and listing is explicitly prohibited under specific laws and regulations; (ii) upon review and determination by the relevant competent authorities of the State Council in accordance with the law, the proposed offering and listing may endanger national security; (iii) the domestic enterprise or its controlling shareholder(s) or de facto controller(s) has been involved in criminal offenses such as corruption, bribery, misappropriation of property, embezzlement, or disruption of the socialist market economy order within the last three years; (iv) the domestic enterprise is under formal investigation for suspected crimes or major violations and no clear conclusion has been reached; or (v) a major ownership dispute exists over the equity held by the controlling shareholder(s) of the domestic enterprise or by other shareholders controlled by the controlling shareholder(s) and/or de facto controller(s).

According to the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Provision on Confidentiality**”) promulgated by CSRC on February 24, 2023 and implemented on March 31, 2023, where any PRC domestic company provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic companies providing accounting archives or copies thereof to entities and individuals including securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State. The working papers formed within the territory of the PRC by securities companies and securities service institutions that provide corresponding services for domestic companies seeking overseas offering and listing shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

LAWS AND REGULATIONS ON LABOUR, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

According to the Labour Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994 and last amended on December 29, 2018, the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) amended by the SCNPC on June 29, 2007 and took effect on January 1, 2008 and amended on December 28, 2012 and took effect on July 1, 2013, and the Implementing Regulations of the Labour Contracts Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council and took effect on September 18, 2008, employers must strictly abide by state standards and provide relevant trainings to its employees, protect their labour rights and perform its labour obligations. Labour relationships between employers and employees must be executed in written form.

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Labour contracts shall be categorised into labour contracts with fixed term, labour contracts without fixed term and labour contracts to expire upon completion of certain tasks. The remuneration payable by employers to their employees shall not be less than local minimum wage. Employers must establish a system for labour safety and sanitation, and strictly comply with national standards and provide relevant education to their employees.

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010 and last amended on December 29, 2018 and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) amended by the State Council and effective on March 24, 2019, a domestic enterprise shall pay premium for pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance for its employees at an appropriate percentage based on the amounts stipulated by the laws. If the relevant payment is not paid in full and on time to the relevant local administrative agency, the employer may be ordered to make up the gap or pay a fine. Meanwhile, the Regulations on Work Injury Insurance (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》), the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》) and other laws and regulations contain specific clauses on different types of social insurance. Employers governed by such laws and regulations shall pay corresponding insurance premiums for their employees.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) (the “**Regulations on Provident Fund**”) promulgated by the State Council on April 3, 1999 and last amended on March 24, 2019, employers shall make deposit registration for housing provident fund at the housing provident fund management centre and set up housing provident fund accounts for its employees. Employers should pay the housing provident fund in full and on time. Employers failing to make payment of housing provident fund within the time limit or in full will be ordered by the housing provident fund management centre to make the payment or make up the shortfall within the prescribed time limit; otherwise, the housing provident fund management centre may apply for compulsory enforcement with the people’s court. On August 10, 2026, the State Council issued the latest revised Regulations on Provident Fund, which will take effect on September 20, 2026.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) (the “**Trademark Law**”) promulgated by the SCNPC on August 23, 1982 and last amended on April 23, 2019, the Trademark Office of the administrative department for industry and commerce under the State Council shall be responsible for the registration and administration of trademarks in the PRC. The administrative department for industry and commerce under the State Council shall establish a Trademark Review and Adjudication Board to be responsible for handling trademark disputes. The registration of a trademark shall be valid for ten years from the date of approval. If there is a continued need for the use of trademark, a renewal shall be made in accordance with the requirements within twelve months before the expiry of the trademark registration. If the renewal is not made within the stipulated period, the valid period may be extended for six months. Each renewal of registration of trademark shall be valid for ten years from the date of the expiry of the previous trademark registration. If no renewal application has been filed before the expiry date, the registered trademark shall be deregistered. The administrative department for industry and commerce lawfully investigates any infringement of the exclusive right under a registered trademark. Any alleged criminal offense, shall be timely referred to a judicial authority and decided according to law. On June 26, 2026, the SCNPC issued the latest revised Trademark Law, which will take effect on January 1, 2027.

REGULATORY OVERVIEW

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984 and last amended on October 17, 2020, inventions refer to new technical solutions for a product, method or its improvement. Utility models refer to new technical solutions for the shape, structure or the combination of both shape and structure of a product, which is applicable for practical use. Designs refer to new designs of the shape, pattern or the combination of shape and pattern, or the combination of the colour, shape and pattern of the whole or part of a product with esthetic feeling and industrial application value. The validity period of patent for inventions, utility models and designs is 20 years, 10 years and 15 years, respectively, all starting from the date of application.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990 and last amended on November 11, 2020, citizens, legal persons or other organisations in the PRC shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software created in writing or oral or other forms. A copyright holder shall enjoy a number of rights, including the right of publication, the right of authorship and the right of reproduction.

LAWS AND REGULATIONS ON FOREIGN EXCHANGE

According to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Administration Regulations**”), which was promulgated by the State Council on January 29, 1996 and last amended on August 5, 2008, the Foreign Exchange Administration Regulations classify all international payments and transfers into current items and capital items. The PRC will not impose any restriction on international current payments and transfers. The foreign exchange income, which be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange, under capital account items needs the approval of the administration of foreign exchange, except as otherwise provided by Chinese regulations that do not require approval.

According to the Notice on Issues Concerning the Fund Management for Overseas Listing of Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》) jointly promulgated by the PBOC and the SAFE on 24 December 2025, funds raised by domestic enterprises through overseas listing shall in principle be repatriated to the PRC in a timely manner. If such funds are retained overseas for use in activities such as outbound direct investment, overseas securities investment, or overseas lending, the relevant enterprises shall obtain approval or filing documents from the competent business authorities prior to the completion of the overseas listing issuance or any offer size adjustment option exercise, and shall comply with the relevant cross-border fund management regulations.

According to the Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued by the SAFE on June 9, 2016, domestic institutions may settle their foreign exchange receipts under the capital account (including repatriated funds raised through overseas listing) entitled to discretionary settlement according to relevant policies with banks as actually needed for business operation. The tentative percentage of discretionary settlement of foreign exchange receipts under the capital account of domestic institutions is 100%, subject to the adjustment of the SAFE in due time based on international revenue and expenditure situations.

REGULATORY OVERVIEW

LAWS AND REGULATIONS ON TAXATION

Taxation of Security Holders

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, makes no predictions on changes in or adjustments to relevant laws or policies and does not constitute any comments or suggestions accordingly. The discussion does not intend to cover all possible tax consequences relating to the H Shares, nor does it take into account any particular specific circumstances. Accordingly, you should consult your own tax advisor regarding the tax consequences of the H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this document, all of which are subject to changes or adjustments and may have retrospective effect. This discussion does not address any aspects of PRC or Hong Kong taxation other than income tax, capital gains and profit tax, appreciation tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

Tax on Dividends

Individual investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the “**IIT Law**”), which was latest amended on August 31, 2018 and its implementation rules, for individual income including interest, dividend and bonus, individual income tax with applicable proportional tax rate of 20% shall be paid. Unless otherwise provided by the competent financial and taxation authorities under the State Council, all the interest, dividend and bonus are deemed as derived from the PRC whether the payment place is in the PRC. According to the Announcement on Matters Relevant to the Policy of Individual Income Tax on Dividends and Bonuses Paid to Foreign Individuals (《關於外籍個人股息紅利個人所得稅政策有關事項的公告》) issued on September 1, 2026, dividends and bonuses received by foreign individuals from foreign-invested enterprises shall be subject to a tax rate of 20%.

Enterprise investors

The principal laws, rules and regulations governing dividend distributions by foreign-invested enterprises in the PRC are the Company Law and the Foreign Investment Law and its Implementing Regulations. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. When the PRC Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into the statutory reserve fund. If the accumulated amount of the statutory reserve fund reaches 50% of the registered capital, the Company is released from the obligation of withholding statutory reserve fund. Where the statutory common reserve fund of the company is not sufficient to recover its losses in the previous years, the profits of the current year shall be used to make up the loss before the withdrawal of the statutory common reserve fund in accordance with the above provisions. After making allocation to the statutory provident fund of the Company from its after-tax profits, the Company may, subject to resolutions adopted at the general meeting, also allocate funds from the after-tax profits to the discretionary provident fund. The residual after-tax profits after a company has made up its losses and accrued reserve can be distributed by the company in proportion to the shares held by its shareholders, except as otherwise provided for in the company’s articles of association. The company shall not distribute any profits in respect of the shares held by it.

REGULATORY OVERVIEW

In accordance with the EIT Law and its implementation rules, a uniform enterprise income tax rate of 25% is imposed on all resident enterprises in China, including foreign-invested enterprises; a non-resident enterprise is generally subject to enterprise income tax at a rate of 10% on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

The Circular on Issues relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued by the STA on November 6, 2008, further clarifies that a PRC-resident enterprise must withhold and remit enterprise income tax at a rate of 10% on the dividends distributed to overseas non-resident enterprise shareholders of H Shares in 2008 and any subsequent year. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》), which was issued by the STA on July 24, 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit enterprise income tax at a rate of 10% on dividends distributed to overseas non-resident enterprise shareholders of H Shares in 2008 and any subsequent year. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant country or area, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (“**Arrangement**”), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》第五議定書), which came in to effect on December 6, 2019, added a criterion for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, after taking into account all relevant facts and conditions, are reasonably deemed to be obtaining such benefits, except when the grant of such benefits under such circumstance is consistent with relevant objective and goal under the Arrangement.

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the PRC enterprise income tax imposed on the dividends received from PRC companies. The PRC currently has entered into avoidance of double taxation treaties or arrangements with Hong Kong, Macau, and a number of countries and regions including Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential

REGULATORY OVERVIEW

tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the PRC tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the PRC tax authorities.

Taxation on Share Transfer

Individual investor

According to the IIT Law and its implementation rules, gains realised on the sale of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%.

Pursuant to the Circular on Continuing to Temporarily Exempt Individual Income Tax on Income from the Transfer of Shares by Individuals (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the STA in March 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises shall continue to be exempted from individual income tax. On December 31, 2009, the MOF, the STA and the CSRC jointly issued the Circular on Issues Concerning the Levying Individual Income Tax on the Income Received by Individuals from the Transfer of Restricted Shares of Listed Company (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), this circular provides that any individual's income from the transfer of listed shares on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Levying Individual Income Tax on the Income Received by Individuals from the Transfer of Restricted Shares of Listed Company (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued by the abovementioned three departments on November 10, 2010).

As of the Latest Practicable Date, no aforesaid provisions had expressly provided whether individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges. To the knowledge of the Company, in practice, the PRC tax authorities have not levied income tax from non-PRC resident individuals on gains from the transfer of PRC resident enterprises listed on overseas stock exchange. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

Enterprise investors

In accordance with the EIT Law and its implementation rules, a non-resident enterprise is generally subject to enterprise income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

REGULATORY OVERVIEW

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》) issued by the SCNPC on June 10, 2021 and implemented on July 1, 2022, the PRC stamp duty applies to entities and individuals that conclude taxable documents and conduct securities transactions within the PRC and the entities and individuals that conclude taxable documents outside the PRC which are used within the PRC. Therefore, the requirements of the stamp duty imposed on the transfer of shares of PRC-listed companies does not apply to the acquisition and disposal of H shares outside the PRC by non-PRC investors.

Estate Duty

The PRC currently does not impose any estate duty.

Value-Added Tax

Pursuant to the "Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》)" (the "VAT Law"), promulgated by the SCNPC on 25 December 2024 and implemented on 1 January 2026, entities and individuals (including individual industrial and commercial households) that sell goods, services, intangible assets, or real estate (hereinafter referred to as taxable transactions), as well as import goods, are taxpayers of value-added tax and shall pay value-added tax in accordance with the provisions thereof. VAT rates shall be as follows: (1) taxpayers who sell goods, provide processing, repair, and maintenance services, leasing services for tangible movable properties or import goods shall be subject to the VAT of 13%, unless otherwise prescribed by Item (2), Item (4) or Item (5) of this article; (2) unless otherwise prescribed by Item (4) or Item (5) of this article, taxpayers shall be subject to the VAT of 9% if they sell transportation services, postal services, basic telecommunications services, construction services or real estate leasing services, sell real estate, transfer land-use rights, or sell or import any of the following goods: 1. Grains, edible vegetable oil or edible salt; 2. Tap water, heating, air-conditioning, hot water, gas, liquefied petroleum gas, natural gas, dimethyl ether, bog gas or residential coal products; 3. Books, newspapers, magazines, audio-visual products or electronic publications; 4. Feeds, fertilisers, pesticides, agricultural machinery or plastic films for agricultural use; (3) Taxpayers who sell services or intangible assets shall be subject to the VAT of 6%, unless otherwise prescribed by Item (1), Item (2) or Item (5) of this article; (4) Taxpayers who export goods shall be subject to zero-rated VAT, unless otherwise prescribed by the State Council; and (5) Domestic entities and individuals who engage in cross-border sales of services or intangible assets that are within the scope prescribed by the State Council shall be subject to zero-rated VAT.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

The history of our business and operations began with the establishment of our Company in October 2017, then named as Zhejiang Hexia Automotive Testing Technology Co., Ltd.* (浙江和夏汽車檢測技術有限公司). On 12 August 2020, our Company was converted into a joint stock limited liability company with our name changed to HEXIA Technologies Co., Ltd. (浙江和夏科技股份有限公司).

Since our establishment, and led by our co-founders, Mr. Xia and Mr. He, we have primarily focused on providing automotive testing services due largely to the emerging opportunities presented by the rapid development of the automotive industry in the PRC. For details, regarding the background of Mr. Xia and Mr. He, please refer to “Directors and Senior Management” in this document.

KEY MILESTONES

The following sets out the summary of our key business development milestones:

Year	Milestone
2017	Our Company was established in Zhejiang as a limited liability company in the PRC and was primarily engaged in the provision of automotive testing services
2018	Changxing Headquarters went into operation
2020	Our Company was converted from a limited company into a joint stock limited liability company and we changed our name into HEXIA Technologies Co., Ltd. (浙江和夏科技股份有限公司)
2021	Shanghai Hexia Junzhi Technology Co., Ltd.(上海和夏駿智科技有限公司) was established
	Our Company obtained the Laboratory Accreditation Certificate* (實驗室認可證書) from the China National Accreditation Service for Conformity Assessment
	Our Company completed its Series Pre-A Financing round
2022	Our Company completed its Series A Financing and Series A+ Financing rounds
	Shanghai Hexia New Energy Technology Co., Ltd.* (上海和夏新能源科技有限公司) was awarded a certificate as a High and New Technology Enterprise* (高新技術企業)
	Our Company obtained various management system standard certificates such as ISO 9001: 2015, ISO 14001: 2015 and ISO 45001: 2018
2023	Our Company was awarded a certificate as a High and New Technology Enterprise* (高新技術企業)
	Our Company completed its Series B Financing round
2025	Our Company completed its Series B+ Financing round

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

ESTABLISHMENT AND CORPORATE DEVELOPMENT

Establishment and Shareholding Changes in our Company prior to Series Pre-A Financing

On 23 October 2017, our Company was established under the laws of the PRC with a registered capital of RMB50,000,000 by Mr. Xia and Shanghai Hexia New Energy Technology Co., Ltd.* (上海和夏新能源科技有限公司) (“**Shanghai Hexia**”), holding 5.00% and 95.00% of its then registered capital, respectively. As at the date of its establishment, Shanghai Hexia was owned as to 60.00%, 30.00% and 10.00% by Mr. Xia, Mr. He and Mr. Xia Zhipeng (夏志鹏) (the brother of Mr. Xia), respectively.

On 13 August 2018, the registered capital of our Company was reduced from RMB50,000,000 to RMB20,000,000 and the equity interest of the then Shareholders Mr. Xia and Shanghai Hexia were reduced proportionately.

On 3 December 2018, pursuant to a series of equity transfer agreements, Shanghai Hexia transferred approximately 39.52%, 22.10%, 19.00% and 4.38% equity interest in our Company to Mr. Xia, Mr. He, Changxing Lingguan, Changxing Hexia and Mr. Xia Zhipeng, at the consideration of RMB5,063,681.24, RMB2,831,663.85, RMB2,434,462.14, RMB1,281,295.86 and RMB561,207.59, respectively due to an internal reorganisation of our shareholding structure. The consideration of these transfers was determined based on arm’s length negotiation between the relevant parties and the then net asset value of our Group. The registration of the above transfers were completed in December 2018, and as a result, Shanghai Hexia ceased to be a shareholder.

Changxing Lingguan and Changxing Hexia are limited partnerships established in the PRC in April 2018 and are our Employee Incentive Platforms controlled by Mr. Xia as the general partner. For details, please refer to “Employee Incentive Platforms” in this section.

Conversion into a Joint Stock Company

On 23 July 2020, the then Shareholders of our Company passed resolutions approving, among other matters, the conversion of our Company from a limited liability company into a joint stock limited liability company and the change of its name into HEXIA Technologies Co., Ltd. (浙江和夏科技股份有限公司).

Upon completion of such conversion on 12 August 2020, the registered capital of our Company remained as RMB20,000,000 divided into 20,000,000 shares with a nominal value of RMB1.0 each, which were subscribed by all the existing Shareholders in proportion to their respective equity interest in our Company before the conversion, and our Company’s shareholding structure was as follows:

Name of the Shareholder	Shares	Percentage of shareholding (approx. %)
Mr. Xia	8,904,000	44.52
Mr. He	4,420,000	22.10
Changxing Lingguan	3,800,000	19.00
Changxing Hexia	2,000,000	10.00
Mr. Xia Zhipeng	876,000	4.38
Total	20,000,000	100.00

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Series Pre-A Financing and Equity Transfers in 2021

Series Pre-A Financing in 2021

Under the investment agreement dated 17 June 2021, Suzhou Wofu Ruixin Venture Capital Partnership (Limited Partnership)* (蘇州沃賦睿鑫創業投資合夥企業(有限合夥)) (“**Suzhou Wofu**”), agreed to subscribe for 1,333,333 Shares at a consideration of RMB20,000,000 (the “**Series Pre-A Financing**”) representing a per Share consideration of RMB15.0. The consideration for the Series Pre-A Financing was determined based on (i) arm’s length negotiations among the parties, (ii) our Company’s then development stage, (iii) the expected growing momentum of the automotive market, and (iv) the potential opportunities in the automotive testing services industry. The consideration for the Series Pre-A Financing was settled on 15 July 2021 and the relevant registration was also completed that month.

Equity Transfers in 2021

On 28 December 2021, pursuant to a series of equity transfer agreements, Changxing Lingguan transferred (i) 400,000 Shares to Mr. Xia Quanhui (夏全輝), (a cousin of Mr. Xia), (ii) 300,000 Shares to Mr. Zhao Bo (趙波); and (iii) 400,000 Shares to Ms. Chen Yan (陳艷), at the consideration of RMB400,000, RMB300,000 and RMB1,000,000 (the “**Equity Transfers in 2021**”) representing a per Share consideration of RMB1.0, RMB1.0 and RMB2.5 respectively. The consideration for the Equity Transfers in 2021 was determined based on arm’s length negotiation between the parties, after taking into account their contributions and seniority in our Group. For details of the background of Mr. Xia Quanhui, please refer to “Relationship with our Controlling Shareholders” in this document. For details of the background of Mr. Zhao Bo and Ms. Chen Yan, please refer to “Directors and Senior Management” in this document. The consideration for the Equity Transfers in 2021 were settled on 29 December 2021 and the relevant registrations were completed later that month.

Upon completion of the Series Pre-A Financing in 2021 and the Equity Transfers in 2021, our Company’s shareholding structure became as follows:

Name of the Shareholder	Shares	Percentage of shareholding (approx. %)
Mr. Xia	8,904,000	41.74
Mr. He	4,420,000	20.72
Changxing Lingguan	2,700,000	12.65
Changxing Hexia	2,000,000	9.38
Suzhou Wofu	1,333,333	6.25
Mr. Xia Zhipeng	876,000	4.11
Mr. Xia Quanhui	400,000	1.88
Ms. Chen Yan	400,000	1.88
Mr. Zhao Bo	300,000	1.40
Total	21,333,333	100.00

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Series A Financing in 2022

Under the capital contribution agreements dated 12 April 2022 and 6 May 2022 entered into among our Company, our then Shareholders, SME Development Fund Puhua (Hangzhou) Venture Capital Partnership (Limited Partnership)* (中小企業發展基金普華(杭州)創業投資合夥企業(有限合夥)) (“**Hangzhou Puhua**”), Changxing Xinsheng Equity Investment Partnership (Limited Partnership)* (長興鑫晟股權投資合夥企業(有限合夥)) (“**Changxing Xinsheng**”) and Huzhou Haibang Shuhu Venture Capital Partnership (Limited Partnership)* (湖州海邦數湖創業投資合夥企業(有限合夥)) (“**Huzhou Haibang**”), Hangzhou Puhua, Changxing Xinsheng and Huzhou Haibang agreed to subscribe for 1,163,636 Shares, 775,758 Shares and 581,818 Shares at the consideration of RMB30,000,000, RMB20,000,000 and RMB15,000,000, respectively (the “**Series A Financing**”) representing a per Share consideration of RMB25.78. The consideration was determined based on arm’s length negotiations among the relevant parties taking into account the post-money valuation of our Company subsequent to the Series Pre-A Financing and the continuous growth of our Group. The consideration for the Series A Financing were settled on 24 May 2022 and the relevant registrations were completed in June 2022. Upon completion of the Series A Financing, our Company’s shareholding structure became as follows:

Name of the Shareholder	Shares	Percentage of shareholding (approx. %)
Mr. Xia	8,904,000	37.33
Mr. He	4,420,000	18.53
Changxing Lingguan	2,700,000	11.32
Changxing Hexia	2,000,000	8.38
Suzhou Wofu	1,333,333	5.59
Hangzhou Puhua	1,163,636	4.88
Mr. Xia Zhipeng	876,000	3.67
Changxing Xinsheng	775,758	3.25
Huzhou Haibang	581,818	2.44
Mr. Xia Quanhui	400,000	1.68
Ms. Chen Yan	400,000	1.68
Mr. Zhao Bo	300,000	1.26
Total	23,854,545	100.00

Series A+ Financing and Equity Transfers in 2022

Series A+ Financing in 2022

Under the capital contribution agreement dated 31 October 2022 entered into by our Company, our then Shareholders and Jiaying Jinshuihu Equity Investment Partnership (Limited Partnership)* (嘉興金水湖股權投資合夥企業(有限合夥)) (“**Jiaying Jinshuihu**”), Jiaying Jinshuihu agreed to subscribe for 301,956 Shares at a consideration of RMB10,000,000 (the “**Series A+ Financing**”) representing a per Share consideration of RMB33.12. The consideration was determined based on arm’s length negotiations among the relevant parties after taking into account the post-money valuation of our Company subsequent to the Series A Financing and the continuous growth of our Group.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Equity Transfers in 2022

On the same date, a series of equity transfer agreements were entered into among Jiaxing Jinshuihu, Mr. Xia, Mr. He and Mr. Xia Zhipeng, pursuant to which 95,418 Shares, 47,709 Shares and 15,903 Shares were transferred to Jiaxing Jinshuihu by Mr. Xia, Mr. He and Mr. Xia Zhipeng at the consideration of RMB3,000,000, RMB1,500,000 and RMB500,000, respectively (the “**Equity Transfers in 2022**”) representing a per Share consideration of RMB31.44. The consideration for the Equity Transfers in 2022 were determined based on arm’s length negotiation among the parties after taking into account the per Share consideration under the Series A+ Financing.

The consideration for the Series A+ Financing and Equity Transfers in 2022 were settled on 5 December 2022 and the relevant registrations were completed in January 2023.

Upon completion of the Series A+ Financing and Equity Transfers in 2022, our Company’s shareholding structure became as follows:

Name of the Shareholder	Shares	Percentage of shareholding (approx. %)
Mr. Xia	8,808,582	36.46
Mr. He	4,372,291	18.10
Changxing Lingguan	2,700,000	11.18
Changxing Hexia	2,000,000	8.28
Suzhou Wofu	1,333,333	5.52
Hangzhou Puhua	1,163,636	4.82
Mr. Xia Zhipeng	860,097	3.56
Changxing Xinsheng	775,758	3.21
Huzhou Haibang	581,818	2.41
Jiaxing Jinshuihu	460,986	1.91
Mr. Xia Quanhui	400,000	1.66
Ms. Chen Yan	400,000	1.66
Mr. Zhao Bo	300,000	1.24
Total	24,156,501	100.00

Series B Financing in 2023 and Equity Transfers in 2023

Series B Financing in 2023

Under the capital contribution agreement dated 26 June 2023 entered into by our Company, our then Shareholders, Huzhou Huarui Future Star Equity Investment Partnership (Limited Partnership)* (湖州華睿未來之星股權投資合夥企業(有限合夥)) (“**Huzhou Huarui**”), Huzhou Talent Innovation Equity Investment Fund Partnership (Limited Partnership)* (湖州市人才創新股權投資基金合夥企業(有限合夥)) (“**Huzhou Talent Innovation**”), Qingdao Kunnian Venture Capital Partnership (Limited Partnership)* (青島坤念創業投資合夥企業(有限合夥)) (“**Qingdao Kunnian**”) and Changxing Hongliang Equity Investment Partnership (Limited Partnership)* (長興虹亮股權投資合夥企業(有限合夥)) (“**Changxing Hongliang**”), Huzhou Huarui, Huzhou Talent Innovation, Qingdao Kunnian and Changxing Hongliang agreed to subscribe for 498,072 Shares, 249,036 Shares, 498,072 Shares and 249,036 Shares at the consideration of RMB20,000,000, RMB10,000,000, RMB20,000,000 and RMB10,000,000, respectively (the “**Series B Financing**”) representing a per Share consideration of RMB40.15. The consideration was determined based on arm’s length negotiations among the parties after taking into account the post-money valuation of our

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Company subsequent to the Series A+ Financing and the ever growing size of the automotive testing services industry. The consideration for the Series B Financing were settled on 20 July 2023 and the relevant registrations were completed later that month.

Equity Transfers in 2023

In April 2018, Mr. Xia entered into a series of loan agreements which were further supplemented in November 2018 (“**2018 Loan Agreements**”) with a group of individual investors, namely Mr. Zhang Xuebin (張學彬), Ms. Fang Fang (方芳), Ms. Zhang Lei (張蕾), Mr. Zhu Ankun (朱安坤), Mr. Wang Zhaoxu (王兆旭), Mr. Du Yonggang (杜永剛), Mr. Wang Yanjie (王延杰), Mr. Dong Yonghui (董永輝) and Ms. Yu Haiyan (余海燕) (collectively the “**2018 Investors**”) in the form of personal loan. Pursuant to the 2018 Loan Agreements, the 2018 Investors agreed to lend RMB1,750,000 to Mr. Xia and during the term thereof and upon mutual agreement, the 2018 Investors may acquire certain equity of our Company held by Mr. Xia through setting off the outstanding loan amount based on a valuation to be agreed between the parties. The 2018 Investors were all Independent Third Parties.

In 22 October 2023, the 2018 Investors, Mr. Xia, Changxing Hexia, Changxing Junying Business Consulting Partnership (Limited Partnership)* (長興駿盈商務諮詢合夥企業(有限合夥)) (“**Changxing Junying**”) and Ms. Chen Yan entered into a cooperation agreement to effect the aforesaid setoff. Pursuant to the cooperation agreement, Changxing Hexia shall transfer 437,625 shares indirectly held by Mr. Xia to Mr. Xia at a total consideration of RMB437,625, of which 125 shares are intended to be transferred to Ms. Chen Yan; Mr. Xia shall then undergo capital reduction of his shares in Changxing Hexia, reducing the corresponding capital contribution in Changxing Hexia in the amount of RMB37,213.02; after that Mr. Xia shall transfer 437,625 Shares to Changxing Junying, the transfer price shall be RMB1,750,500, representing a per share consideration of RMB4.0. The arrangement allows the 2018 Investors to convert their outstanding loans into Shares in our Company as a set off.

Beginning on 6 November 2023, Changxing Hexia transferred 437,625 Shares to Mr. Xia pursuant to a share transfer agreement duly executed by both parties. Mr. Xia then undertook a capital reduction of his own equity in Changxing Hexia in the amount of RMB37,213.02. On 8 November 2023, Mr. Xia further transferred 437,500 Shares to Changxing Junying at a total consideration of RMB1,750,500, which was used to set off the outstanding loan amount under the 2018 Loan Agreements which represented a conversion price of RMB4.00 per Share. The conversion price was determined based on arm’s length negotiations among the parties and Mr. Xia’s then financial resources. The remaining 125 Shares were transferred from Mr. Xia to Ms. Chen Yan at the consideration of RMB4.00 after taking into account her role as the general partner in charge of the day to day operations of Changxing Junying. However, four of the 2018 Investors did not wish to setoff their loans via acquiring Shares due to personal reasons, namely Mr. Dong Yonghui, Mr. Wang Zhaoxu, Ms. Yu Haiyan and Ms. Zhang Lei. As such, Mr. Xia repaid the outstanding loan amount together with the interest thereon of RMB949,581.28 to them in accordance with the 2018 Loan Agreement and they transferred their 37.13% partnership interests in Changxing Junying back to Mr. Xia at nil consideration. The registration of the aforementioned equity transfers (the “**Equity Transfers in 2023**”) were completed in December 2023.

Changxing Junying is a limited partnership established in the PRC on 9 August 2022 as a holding vehicle. As at the Latest Practicable Date, Changxing Junying was held as to approximately 0.03% by Ms. Chen Yan as general partner and as to approximately (i) 37.13% by Mr. Xia and (ii) 62.84% by Ms. Fang Fang, Mr. Du Yonggang, Mr. Wang Yanjian, Mr. Zhu Ankun and Mr. Zhang Xuebin as limited partners, none of them holds 30.00% or more of the partnership interest therein.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Upon completion of the Series B Financing and the Equity Transfers in 2023, our Company’s shareholding structure became as follows:

Name of the Shareholder	Shares	Percentage of shareholding (approx. %)
Mr. Xia	8,808,582	34.34
Mr. He	4,372,291	17.05
Changxing Lingguan	2,700,000	10.53
Changxing Hexia	1,562,375	6.09
Suzhou Wofu	1,333,333	5.20
Hangzhou Puhua	1,163,636	4.54
Mr. Xia Zhipeng	860,097	3.35
Changxing Xinsheng	775,758	3.02
Huzhou Haibang	581,818	2.27
Huzhou Huarui	498,072	1.94
Qingdao Kunnian	498,072	1.94
Jiaxing Jinshuihu	460,986	1.80
Changxing Junying	437,625	1.71
Mr. Xia Quanhui	400,000	1.56
Ms. Chen Yan	400,000	1.56
Mr. Zhao Bo	300,000	1.17
Huzhou Talent Innovation	249,036	0.97
Changxing Hongliang	249,036	0.97
Total	25,650,717	100.00

Series B+ Financing and Equity Transfers in 2024 and 2025

Series B+ Financing in 2024

Under the capital contribution agreement dated 22 March 2024 entered into by our Company, our then Shareholders and Yancheng Yinhe Huichuang Automotive Industry Investment Fund Partnership (Limited Partnership)* (鹽城銀河匯創汽車產業投資基金合夥企業(有限合夥)) (“**Yinhe Huichuang**”), Yinhe Huichuang agreed to subscribe for 466,377 Shares at a consideration of RMB20,000,000 (the “**Series B+ Financing in 2024**”).

Series B+ Financing in 2025

Under the capital contribution agreement dated 5 September 2025 entered into by our Company, our then Shareholders, Jiashan Ganyao Yongying Equity Investment Partnership (Limited Partnership)* (嘉善干窯永贏股權投資合夥企業(有限合夥)) (“**Jiashan Ganyao**”) and Changxing Puhua Economic Development Zone Xingcai Venture Capital Fund Partnership (Limited Partnership)* (長興普華經開興才創業投資基金合夥企業(有限合夥)) (“**Changxing Puhua**”), Jiashan Ganyao agreed to subscribe for 233,188 Shares at a consideration of RMB10,000,000 and Changxing Puhua agreed to subscribe for 279,826 Shares at a consideration of RMB12,000,000 (the “**Series B+ Financing in 2025**”).

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The per Share consideration for the Series B+ Financing in 2024 and Series B+ Financing in 2025 was RMB42.88 and was determined based on arm’s length negotiations among the parties after taking into account the post-money valuation of our Company subsequent to the Series B Financing and the continuous as well as expected growth of the automotive testing services industry. The consideration for the Series B+ Financing in 2024 and the Series B+ Financing in 2025 was settled on 25 March 2024 and 28 October 2025 and the relevant registrations were completed in March 2024 and November 2025 respectively.

Equity Transfers in 2024

On 22 March 2024, pursuant to a series of equity transfer agreements, Mr. Xia and Mr. He transferred 211,369 Shares and 90,587 Shares to Yinhe Huichuang at the consideration RMB7,000,000 and RMB3,000,000 (the “**Equity Transfers in 2024**”) representing a per Share consideration of RMB33.08 and RMB33.12 respectively. The consideration for the Equity Transfers in 2024 was based on arm’s length negotiations among the parties and the respective financial needs of Mr. Xia and Mr. He at the time.

The consideration for the Equity Transfers in 2024 was settled on 25 March 2024 and the relevant registrations were completed in March 2024.

Equity Transfers in 2025

In September 2025, pursuant to a series of equity transfer agreements, Suzhou Wofu transferred 231,817 Shares at a consideration of RMB5,000,000 to Jiashan Ganyao and Hangzhou Puhua transferred 529,832 Shares at a consideration of RMB18,000,000 to Changxing Puhua representing a per Share consideration of RMB21.57 and RMB33.97 respectively (the “**Equity Transfers in 2025**”). To the best knowledge of the Directors, the consideration for the Equity Transfers in 2025 was based on arm’s length negotiations among the parties after taking into account their own internal considerations.

The consideration for the Equity Transfers in 2025 in relation to Jiashan Ganyao was fully settled on 29 September 2025 and in relation to Hangzhou Puhua was fully settled on 28 October 2025 and the relevant registrations were completed in November 2025.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholdings upon completion of all Pre-[REDACTED] Investments and equity transfers

Upon completion of all our Pre-[REDACTED] Investments and equity transfers, our Company’s shareholding structure became as follows:

Name of the Shareholder	Number of Shares	Percentage of shareholding (approx. %)
Mr. Xia	8,597,213	32.28
Mr. He	4,281,704	16.08
Changxing Lingguan	2,700,000	10.14
Changxing Hexia	1,562,375	5.87
Suzhou Wofu	1,101,516	4.14
Mr. Xia Zhipeng	860,097	3.23
Changxing Puhua	809,658	3.04
Changxing Xinsheng	775,758	2.91
Yinhe Huichuang	768,333	2.89
Hangzhou Puhua	633,804	2.38
Huzhou Haibang	581,818	2.18
Huzhou Huarui	498,072	1.87
Qingdao Kunnian	498,072	1.87
Jiashan Ganyao	465,005	1.75
Jiaxing Jinshuihu	460,986	1.73
Changxing Junying	437,625	1.64
Mr. Xia Quanhui	400,000	1.50
Ms. Chen Yan	400,000	1.50
Mr. Zhao Bo	300,000	1.13
Huzhou Talent Innovation	249,036	0.94
Changxing Hongliang	249,036	0.94
Total	26,630,108	100.00

OUR MAJOR SUBSIDIARIES

The following table sets out certain information of our major subsidiaries which made material contribution to our results of operation and financial position during the Track Record Period:

Subsidiaries	Interest held directly or indirectly by our Company	Date of establishment	Place of establishment	Principal business activities
Shanghai Hexia Jundao Intelligent Technology Co., Ltd. (上海和夏駿道智能 科技有限公司)	100.00%	3 September 2021	PRC	Automotive service & manufacturing
Shanghai Hexia New Energy Technology Co., Ltd. (上海和夏新能源科技有限公司)	100.00%	19 January 2017	PRC	Automotive service & manufacturing

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Subsidiaries	Interest held directly or indirectly by our Company	Date of establishment	Place of establishment	Principal business activities
Zhejiang Jiayu Intelligent Equipment Co., Ltd (浙江嘉馭智能裝備有限公司)	100.00%	23 July 2025	PRC	Automotive service & manufacturing
Rugao Junfu Technology Co., Ltd. (如皋駿富科技有限公司)	100.00%	1 November 2023	PRC	Automotive service & manufacturing
Shanghai Hexia Junzhi Technology Co., Ltd. (上海和夏駿智科技有限公司)	100.00%	25 January 2021	PRC	Automotive service & manufacturing
Chongqing Meiyaersi Technology Development Co., Ltd (重慶美雅爾斯科技發展有限公司)	100.00%	15 March 2016	PRC	Automotive service & manufacturing
Shanghai Chike Intelligent Technology Co., Ltd (上海馳科智能科技有限公司)	100.00%	25 June 2023	PRC	Automotive services and manufacturing
Singmobility Technology Surveillance Pte Ltd.	100.00%	18 March 2025	Singapore	Automotive service and manufacturing

For the full list of our subsidiaries, please refer to note 1 to the Accountants’ Report in Appendix I to this document.

DEREGISTRATION OF OUR SUBSIDIARIES

To streamline our Group’s organisational structure and to optimize our management resources, we voluntarily deregistered two subsidiaries. Details of such deregistration are set out below:

Name of subsidiaries	Interest held directly or indirectly by our Company before deregistration	Place of establishment	Principal business	Reason of deregistration	Date of deregistration
Jinan Hexia Automotive Technology Co., Ltd. (濟南和夏汽車技術有限公司) (“Jinan Hexia”)	100.00%	PRC	No substantial operation	Cessation of business	14 January 2026

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of subsidiaries	Interest held directly or indirectly by our Company before deregistration	Place of establishment	Principal business	Reason of deregistration	Date of deregistration
Shenzhen Zhongka Automotive Parts Co., Ltd. (深圳市眾卡汽車零部件有限 公司)(“Shenzhen Zhongka”)	100.00%	PRC	Automotive service & manufacturing	Cessation of business	2 March 2026

Jinan Hexia was originally established primarily to serve as a cost center for a testing facility in Jinan city, the PRC. For the purpose of centralising operations and facilitating management, such testing facility was relocated to Changxing Headquarters and the relevant business was transferred to Zhejiang Heixa. Accordingly, Jinan Hexia ceased to carry on any substantial operations and was therefore deregistered in accordance with relevant laws and regulations.

Shenzhen Zhongka was acquired by our Group as a urea pump manufacturer. Following the full transfer of its production capacity and business relationships to Shanghai Junzhi, Shenzhen Zhongka ceased to carry on any active business. In light of the absence of active business operations and to simplify our management, we deregistered Shenzhen Zhongka in accordance with relevant laws and regulations.

As at the respective dates of deregistration, the operation of the deregistered subsidiaries were insignificant to our Group. Jinan Hexia operated as a cost centre of our Group and did not generate any revenue during the Track Record Period. For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, Shenzhen Zhongka recorded revenue from sales of automotive components amounting to approximately RMB996,112, RMB608,000 and nil, respectively while the relevant business has been fully transferred to Zhejiang Hexia and Shanghai Junzhi before its deregistration.

Our Directors confirm that (i) the aforementioned deregistered companies were solvent prior to their deregistration filing, and none of them had been involved in any material claims, any pending or threatened litigation, arbitration or administrative proceedings or any material non-compliance incidents during the Track Record Period and up to its respective date of deregistration; and that (ii) the deregistration of the aforementioned deregistered companies had no material adverse impact on our Group’s financial performance, financial position and cash flows during the Track Record Period.

MAJOR ACQUISITION, MERGER AND DISPOSAL

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any acquisitions, mergers or disposals that we consider to be material to us.

EMPLOYEE INCENTIVE PLATFORMS

In recognition of the contributions of our employees, Changxing Lingguan and Changxing Hexia were established under the PRC Law as our Company’s Employee Incentive Platforms.

Changxing Lingguan was established as a limited partnership on 9 April 2018. As of the Latest Practicable Date, Changxing Lingguan was held directly by (i) Mr. Xia, as general partner, as to approximately 0.16% of the partnership interest; (ii) Shanghai Liankai

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Measurement and Control Technology Co., Ltd.* (上海連鐸测控科技有限公司)⁽¹⁾, as a limited partner, as to approximately 0.06% of the partnership interest; and (iii) 15 limited partners, as to the remaining approximately 99.78% partnership interest. Among the 15 limited partners, Mr. Xia Quanhui (夏全輝) held approximately 14.81% of the partnership interest, Ms. Chen Yan (陳艷) held approximately 14.81% of the partnership interest, Mr. Zhao Bo (趙波) held approximately 11.11% of the partnership interest, Mr. Yuan Bin (袁斌) held approximately 5.56% of the partnership interest, Mr. Jing Xiaoyong (景曉勇) held approximately 3.85% of the partnership interest, and 10 current and former employees of our Group, together, held approximately 49.64% of the remaining partnership interest, all of which are Independent Third Parties and none of them holds 30.00% or more of the partnership interest therein.

Changxing Hexia was established as a limited partnership on 4 April 2018. As of the Latest Practicable Date, Changxing Hexia was held directly by (i) Mr. Xia, as general partner, as to approximately 37.84% of the partnership interest; (ii) Shanghai Liankai Measurement and Control Technology Co., Ltd.* (上海連鐸测控科技有限公司)⁽¹⁾, as a limited partner, as to approximately 0.75% of the partnership interest; and (iii) 27 limited partners, as to the remaining approximately 61.41% partnership interest. Among the 27 limited partners, Mr. Li Jianyu (李建宇) held approximately 3.84% of the partnership interest, Mr. Peng Xiaogang (彭曉剛) held approximately 1.28% of the partnership interest, and 25 current and former employees of our Group, together, held approximately 56.29% of the remaining partnership interest, all of which are Independent Third Parties and none of them holds 30.00% or more of the partnership interest therein.

Pursuant to the Employee Incentive Scheme, eligible participants will be granted interest in the Employee Incentive Platforms. There is no share option that allows for the conversion of shares in the Employee Incentive Platforms into our Company’s underlying shares. Furthermore, our Company has no plan to allocate new shares to new participants under the Employee Incentive Platforms during the two-year period after Listing.

For the details of the Employee Incentive Scheme, see “Statutory and General Information – 6. Our Incentive Schemes” in Appendix VI to this document.

Notes:

- (1) Shanghai Liankai Measurement and Control Technology Co., Ltd.* (上海連鐸测控科技有限公司) is held as to 95% by Mr. Xia and 5% by Mr. He.

PUBLIC FLOAT

Immediately following completion of the [REDACTED] (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the [REDACTED]), the following Shareholders will be core connected persons of our Company and accordingly, Shares held by them will not be counted towards the public float for the purpose of Rule 11.23 (7) of the GEM Listing Rules:

- Mr. Xia, Mr. He, Mr. Xia Quanhui, Ms. Chen Yan, Mr. Zhao Bo, Mr. Xia Zhipeng, Chanxing Lingguan, Changxing Hexia and Changxing Junying, being the group of Controlling Shareholders of our Company, will hold approximately [REDACTED]% of the total issued Shares of our Company.

Accordingly, immediately following completion of the [REDACTED] (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the [REDACTED]), approximately [REDACTED] of our issued Shares will be held by the public and be counted towards the public float for the purpose of Rule 11.23 (7) of the GEM Listing Rules irrespective of the final [REDACTED].

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Pursuant to Rule 11.23(7) of the GEM Listing Rules, where the expected market value of our Company does not exceed HK\$6,000,000,000, at the time of the [REDACTED], at least 25% of the total number of H Shares must at the time of the Listing be held by the public. With respect to the indicative [REDACTED] of HK\$[REDACTED], HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED] (being the minimum, mid-point and maximum [REDACTED], respectively), the expected [REDACTED] of our Shares would not exceed HK\$6,000,000,000. Therefore, our Company must maintain the minimum prescribed percentage of 25% of the total issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules). As such, our Directors are of the view that our Company will be able to satisfy the public float requirement under Rule 11.23(7) of the Listing Rules.

FREE FLOAT

Rule 11.23A of the GEM Listing Rules provides that there must be sufficient shares of which listing is sought by a new applicant that are held by the public and available for trading upon listing. This will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the GEM Listing Rules, applicable laws or otherwise), at the time of listing, must: (i) represent at least 10% of the total number of issued shares in the class to which H shares belong to at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK\$15,000,000; or (ii) have an expected market value at the time of listing of not less than HK\$600,000,000.

Upon [REDACTED], our Company is expected to satisfy the free float requirement under Rule 11.23A of the GEM Listing Rules, with sufficient H Shares held by the public and not subject to any disposal restrictions.

PARTIES ACTING IN CONCERT

On 23 January 2026, Mr. Xia and Mr. He, being our co-founders who jointly lead the strategic planning and key decision-making of our Company, together with Mr. Xia Quanhui, Ms. Chen Yan and Mr. Zhao Bo (together, the **"Concert Parties"**) had entered into an acting in concert agreement in relation to voting for corporate matters of our Company (the **"Acting in Concert Agreement"**).

The Acting in Concert Agreement is intended to formalise the consensus in respect of exercising shareholder and director rights prior to and following the [REDACTED], and to consolidate the strategic control and long-term vision for the Company's development, particularly during its critical pre-[REDACTED] and post-[REDACTED] growth phases.

Pursuant to the terms of the Acting in Concert Agreement, the Concert Parties confirmed that they have acted in concert in the management and operation of our Group since 1 January 2024 and they have agreed to continue to act in concert and discuss and reach consensus on such corporate matters, provided that, if no consensus can be reached after full discussions, they will act according to the decision of Mr. Xia. The Acting in Concert Agreement shall remain valid until 60 months after the [REDACTED] in relation to Mr. He, and shall remain valid until 36 months after the [REDACTED] in relation to Mr. Xia Quanhui, Ms. Chen Yan and Mr. Zhao Bo and thereafter shall terminate.

As of the Latest Practicable Date, the Concert Parties were collectively interested in approximately 70.1% of our total issued share capital, comprising: (i) 52.5% of our total issued share capital directly held by the Concert Parties; (ii) 16.0% of our total issued share capital controlled by Mr. Xia indirectly through Changxing Lingguan and Changxing Hexia as general partner; and (iii) 1.6% of our total issued share capital controlled by Ms. Chen Yan through Changxing Junying as general partner.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CAPITALISATION TABLE

The following table illustrates the capitalisation of our Company as of the Latest Practicable Date and upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised):

Name of Shareholder	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)					
	Number of Unlisted Shares	Percentage of shareholding in the Unlisted Shares	Number of Unlisted Shares	Percentage of shareholding in the Unlisted Shares	Number of H Shares	Percentage of shareholding in the H Shares	Number of Total Shares	Percentage of shareholding in the total issued share
Controlling Shareholders								
Mr. Xia and entities controlled by him	12,859,588	48.29%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Mr. Xia ⁽¹⁾	8,597,213	32.28%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Changxing Lingguan ⁽¹⁾	2,700,000	10.14%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Changxing Hexia ⁽¹⁾	1,562,375	5.87%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Chen Yan and entities controlled by her	837,625	3.14%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Ms. Chen Yan ⁽¹⁾	400,000	1.50%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Changxing Junying ⁽¹⁾	437,625	1.64%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. He ⁽¹⁾	4,281,704	16.08%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Xia Zhipeng ⁽¹⁾	860,097	3.23%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Xia Quanhui ⁽¹⁾	400,000	1.50%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhao Bo ⁽¹⁾	300,000	1.13%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	19,539,014	73.37%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Pre-[REDACTED] investors								
Changxing County Finance Bureau ⁽⁵⁾	1,834,452	6.89%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Changxing Puhua ⁽²⁾⁽⁴⁾	809,658	3.04%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Changxing Xinsheng ⁽²⁾	775,758	2.91%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Changxing Hongliang ⁽²⁾	249,036	0.94%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Huzhou Municipal People's Government ⁽⁵⁾	1,328,926	4.99%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Huzhou Haibang ⁽³⁾	581,818	2.18%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Huzhou Huarui ⁽³⁾	498,072	1.87%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Huzhou Talent Innovation ⁽³⁾	249,036	0.94%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiashan Finance Bureau ⁽⁵⁾	465,005	1.75%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Jiashan Ganyao	465,005	1.75%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Suzhou Wofu	1,101,516	4.13%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yinhe Huichuang	768,333	2.89%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hangzhou Puhua ⁽⁴⁾	633,804	2.38%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Qingdao Kunian	498,072	1.87%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Jinshuihu	460,986	1.73%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	7,091,094	26.63%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other public holders of H Shares								
Other public holders of H Shares	–	–	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	–	–	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	26,630,108	100.00%	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) Mr. Xia, Mr. He, Mr. Xia Quanhui, Ms. Chen Yan, Mr. Zhao Bo, Mr. Xia Zhipeng, Changxing Lingguan, Changxing Hexia, and Changxing Junying are a group of our Controlling Shareholders.
- (2) The general partner of Changxing Hongliang, and the sole limited partner of Changxing Puhua and Changxing Xinsheng are ultimately under the supervision and management of Changxing County Finance Bureau. Such relevant Shareholders under the supervision and management of Changxing County Finance Bureau will in aggregate hold 1,834,452 Shares which represent approximately 6.20% of the total issued share capital of our Company upon [REDACTED] (assuming the [REDACTED] is not exercised).
- (3) The general partner of Huzhou Huarui and Huzhou Talent Innovation, and the largest limited partner of Huzhou Haibang holding 80.0% of the partnership therein are ultimately under the supervision and management of Huzhou Municipal People's Government. Such relevant Shareholders under the supervision and management of Huzhou Municipal People's Government will in aggregate hold 1,328,926 Shares which represent approximately 4.49% of the total issued share capital of our Company upon [REDACTED] (assuming the [REDACTED] is not exercised).
- (4) The general partners of Changxing Puhua and Hangzhou Puhua are ultimately under the supervision and management of Mr. Shen. Such relevant Shareholders under the supervision and management of Mr. Shen will in aggregate hold 1,443,462 Shares which represent approximately 4.88% of the total issued share capital of our Company [REDACTED] (assuming the [REDACTED] is not exercised).
- (5) Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), it is anticipated that each of Changxing County Finance Bureau, Huzhou Municipal People's Government and Jiashan Finance Bureau shall exercise their voting rights in the Company as it deems appropriate for their own purposes despite the fact that they are under the common control of Zhejiang government. Therefore, their shareholdings should not be aggregated. They will not be treated as substantial shareholders of our Company after the [REDACTED], they will be regarded as members of the public after [REDACTED] pursuant to Rule 11.23(7) of the GEM Listing Rules, and their Shares will be treated as part of the public float.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PRE-[REDACTED] INVESTMENTS

Principal terms of the Pre-[REDACTED] Investments

The following table sets forth the principal terms of the Pre-[REDACTED] Investments:

	Series Pre-A Financing	Series A Financing	Series A+ Financing	Series B Financing	Series B+ Financing
Number of Shares subscribed for	1,333,333	2,521,212	301,956	1,494,216	979,391
Amount of consideration paid (RMB)	20,000,000	65,000,000	10,000,000	60,000,000	42,000,000
Date of final payment of full consideration	15 July 2021	24 May 2022	5 December 2022	20 July 2023	28 October 2025
Post-money valuation of our Company (approximate) (RMB)	320,000,000	615,000,000	800,000,000	1,030,000,000	1,142,000,000
Cost per Share paid under the Pre-[REDACTED] Investments (RMB)	15.00	25.78	33.12	40.15	42.88
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Basis of consideration	The consideration for the Pre-[REDACTED] Investments were based on arm’s length negotiations between us and the Pre-[REDACTED] Investors after taking into account various considerations, for details, please refer to “Establishment and corporate development” in this section.				
Use of [REDACTED] and whether they have been fully utilised	We utilised the [REDACTED] from the Pre-[REDACTED] Investments for the principal business of our Company, including but not limited to the growth and expansion of our Company’s business and general working capital purposes. As of the Latest Practicable Date, approximately 100.0% of the net [REDACTED] from the Pre-[REDACTED] Investments had been utilised.				
Lock-up	Under the applicable PRC laws and regulations, within the 12 months following the [REDACTED], no current Shareholders (including the Pre-[REDACTED] Investors) may dispose of any of the Shares held by them.				
Strategic benefits	Our Directors were of the view that (i) our Company would benefit from the additional capital provided by the Pre-[REDACTED] Investors and their market influence, knowledge and experience, and (ii) the Pre-[REDACTED] Investments demonstrated the Pre-[REDACTED] Investors’ confidence in the operation and development of our Group.				

Note:

- (1) Calculated based on the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range.

Rights of the Pre-[REDACTED] Investors

Pursuant to the respective investment agreements between the Company and our Pre-[REDACTED] Investors as supplemented by the shareholders’ agreement entered into between our Company, our Controlling Shareholders and our Pre-[REDACTED] Investors on 5 September 2025 (the “Shareholders’ Agreement”) (as the case may be for each Pre-[REDACTED] Investor upon subscription of the Pre-[REDACTED] Investments), the Pre-[REDACTED] Investors had been granted certain customary special rights, including, among others, redemption rights, rights of first refusal, anti-dilution rights, pre-emption rights and information rights.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

On 20 December 2025, our Company, our Controlling Shareholders and our Pre-[REDACTED] Investors had entered into a supplemental agreement to the Shareholders’ Agreement pursuant to which some of the special rights mentioned above including the redemption rights granted by our Company had been terminated upon its signing on a void ab initio basis, and there are no circumstances under which the redemption rights previously granted will be reinstated. All the remaining special rights (including redemption rights granted by Mr. Xia) shall be terminated from the day immediately preceding the date on which our Company submits its first filing of the [REDACTED] application to the Stock Exchange. In the event that our Company terminates or withdraws its [REDACTED] application, or if the [REDACTED] application is rejected or denied, these special rights (other than the redemption rights granted by the Company) shall automatically be reinstated. Our Company has not provided any guarantee in respect of the redemption rights granted by founding shareholders and the Directors confirmed that there is no side agreement entered into in this respect. In light of the above, no financial liability regarding the redemption rights granted by founding shareholders was recorded in the historical financial information of the Group during the Track Record Period. For details, please refer to note 25 to the Accountants’ Report as set out in Appendix I to this Document.

No special rights granted to the Pre-[REDACTED] Investors will survive after the [REDACTED], in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

Compliance with the Guide for New Listing Applicants

On the basis that (i) the consideration under the Pre-[REDACTED] Investment was fully settled and received by our Company on or before 28 October 2025, which was more than 28 clear days before the date of our Company’s first submission of the listing application to the Stock Exchange in relation to the [REDACTED]; and (ii) no special rights of the Pre-[REDACTED] Investors will exist after the [REDACTED], the Sole Sponsor confirms that the Pre-[REDACTED] Investment is in compliance with the Chapter 4.2 of the Guide issued by the Stock Exchange.

Information about our Pre-[REDACTED] Investors

The background information on our Pre-[REDACTED] Investors are as set out below:

Suzhou Wofu

Suzhou Wofu is a limited partnership established in the PRC on 5 February 2021 and is primarily engaged in investment management and enterprise investment.

The general partner of Suzhou Wofu is Shanghai Wofu Private Equity Fund Management Co., Ltd.* (上海沃賦私募基金管理有限公司) (“**Shanghai Wofu**”) which holds 0.54% of the partnership interest therein and the shareholding interest of Shanghai Wofu is held as to 55.0% by Mr. Geng Kai (耿凱) and 45.0% by other four shareholders, none of which holds 30.0% or more of the shareholding interest in Shanghai Wofu.

As of the Latest Practicable Date, Suzhou Wofu had twelve limited partners, none of which holds 30.0% or more of the partnership interest in Suzhou Wofu. To the best knowledge of the Directors, each of Suzhou Wofu and its ultimate beneficial owners is an Independent Third Party.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Hangzhou Puhua

Hangzhou Puhua is a limited partnership established in the PRC on 16 September 2021 and is primarily engaged in providing venture capital. The general partner of Hangzhou Puhua is Hangzhou Puhua Zhiqin Venture Capital Partnership (Limited Partnership)* (杭州普華至勤創業投資合夥企業(有限合夥)) (“**Puhua Venture**”) which holds 1.0% of the partnership interest therein.

The general partner of Puhua Venture is Zhejiang Puhua Tianqin Equity Investment Management Limited Corporation* (浙江普華天勤股權投資管理有限公司) (“**Zhejiang Puhua**”) which holds approximately 53.41% of the partnership interest therein and Zhejiang Puhua is held as to 72.0% by Mr. Shen Qinhua (沈琴華) (“**Mr. Shen**”). Puhua Venture has two limited partners. None of the limited partners holds 30.0% or more of the partnership interest in Puhua Venture.

As of the Latest Practicable Date, Hangzhou Puhua had fourteen limited partners with National Small and Medium Enterprises Development Fund Co., Ltd.* (國家中小企業發展基金有限公司) being the largest limited partner, holding 30.0% of the partnership interest in therein and is ultimately controlled by Ministry of Finance of the PRC, and none of the other limited partners holds 30.0% or more of the partnership interest in Hangzhou Puhua.

To the best knowledge of the Directors, each of Hangzhou Puhua and its ultimate beneficial owners is an Independent Third Party.

Changxing Xinsheng

Changxing Xinsheng is a limited partnership established in the PRC on 26 January 2022 and is primarily engaged in equity investment.

The general partner of Changxing Xinsheng is Changxing Private Fund Management Co., Ltd.* (長興私募基金管理有限公司) which holds approximately 0.99% of the partnership interest therein and is ultimately controlled by the Changxing County Finance Bureau (State-owned Assets Supervision and Administration Office of Changxing County People’s Government)* (長興縣財政局(長興縣人民政府國有資產監督管理辦公室)) (“**Changxing County Finance Bureau**”).

As of the Latest Practicable Date, Changxing Xinsheng has one limited partner, namely Changxing Ximei Investment Development Co., Ltd.* (長興溪美投資開發有限公司) (“**Changxing Ximei**”) holding approximately 99.0% of the partnership interest therein and is ultimately controlled by the Changxing County Finance Bureau. To the best knowledge of the Directors, each of Changxing Xinsheng and its ultimate beneficial owners is an Independent Third Party.

Huzhou Haibang

Huzhou Haibang is a limited partnership established in the PRC on 24 December 2020 and is primarily engaged in venture capital and equity investment.

The general partner of Huzhou Haibang is Hangzhou Haibang Fenghua Investment Management Co., Ltd.* (杭州海邦豐華投資管理有限公司) which holds approximately 1.33% of the partnership therein and is wholly owned by Zhejiang Haibang Investment Management Co., Ltd.* (浙江海邦私募基金管理有限公司) (“**Zhejiang Haibang**”). Zhejiang Haibang is held as to 50.0% by Mr. Xie Li (謝力) and 50.0% by Mr. Yao Naxin (姚納新).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

As of the Latest Practicable Date, Huzhou Haibang had two limited partners, with Huzhou City Talent Development Equity Investment Fund Partnership (Limited Partnership)* (湖州市人才發展股權投資基金合夥企業(有限合夥)) (“**Huzhou City Talent**”) being the largest limited partner, holding 80.0% of the partnership interest therein. Huzhou City Talent is held as to 59.9% by Huzhou Talent Development Group Co., Ltd.* (湖州市人才發展集團有限公司) (“**Huzhou Talent Development**”), and 40.0% by Huzhou Financial Investment Company* (湖州金融投資公司) (“**Huzhou Financial**”). Huzhou Talent Development is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Huzhou Municipal People’s Government* (湖州市人民政府國有資產監督管理委員會) (“**Huzhou Municipal People’s Government**”) and Huzhou Financial is wholly-owned by the Huzhou Finance Bureau* (湖州市財政局) respectively. None of the other limited partners holds 30% or more of the partnership interest in Huzhou Haibang. To the best knowledge of the Directors, each of Huzhou Haibang and its ultimate beneficial owners is an Independent Third Party.

Jiaxing Jinshuihu

Jiaxing Jinshuihu is a limited partnership established in the PRC on 12 April 2021, primarily engaged in equity investment.

The general partner of Jiaxing Jinshuihu is Jinshuihu (Shanghai) Venture Capital Management Co., Ltd.* (金水湖(上海)創業投資管理有限公司) (“**Jinshuihu Venture**”), which holds approximately 0.067% of the partnership therein. As of the Latest Practicable Date, Jinshuihu Venture had four shareholders, with Shanghai Shengyan Enterprise Management Consulting Partnership Enterprise (Limited Partnership)* (上海昇焱企業管理諮詢合夥企業(有限合夥)) (“**Shanghai Shengyan**”) being the largest shareholder, holding 35.0% of the shareholding interest therein, and none of the other shareholders hold 30.0% or more of the shareholding interest therein. The general partner of Shanghai Shengyan is Shanghai Shengjin Enterprise Management Consulting Co., Ltd.* (上海昇金企業管理諮詢有限公司), which holds 1.0% of the partnership interest therein, which is ultimately controlled by Mr. Zheng Xuefeng (曾雪峰). The partnership interest in Shanghai Shengyan is held as to 57.0% by Mr. Fei Yuming (費禹銘) and 42.0% by Mr. Zeng Xuefeng (曾雪峰).

As of the Latest Practicable Date, Jiaxing Jinshuihu has two limited partners with Shanghai Jinshuihu Qihang Investment Partnership (Limited Partnership)* (上海金水湖啟航投資合夥企業(有限合夥)) being the largest limited partner, which holds approximately 66.62% of the partnership interest therein, and Shanghai Xinjinshan Century Aviation Development Co., Ltd.* (上海新金山世紀航空發展有限公司) which holds approximately 33.31% of the partnership interest therein, and both are ultimately controlled by the State-owned Assets Supervision and Administration Commission of Jinshan District, Shanghai* (上海市金山區國有資產監督管理委員會). To the best knowledge of the Directors, each of Jiaxing Jinshuihu and its ultimate beneficial owners is an Independent Third Party.

Huzhou Huarui

Huzhou Huarui is a limited partnership established in the PRC on 4 January 2022 and is primarily engaged in equity investment.

The general partners of Huzhou Huarui are Huzhou Innovation Entrepreneurship Investment Co., Ltd.* (湖州市創新創業投資有限公司) (“**Huzhou Innovation**”) and Zhejiang Fuhua Ruiyin Investment Management Ltd.* (浙江富華睿銀投資管理有限公司) both of which holds 0.4% of the partnership therein and are ultimately controlled by the Huzhou Municipal People’s Government. Huzhou Municipal People’s Government also ultimately controls Huzhou Haibang, one of our other Pre-[REDACTED] Investors.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

As of the Latest Practicable Date, Huzhou Huarui had four limited partners with Huzhou Industrial Fund Investment Co., Ltd.* (湖州市產業基金投資有限公司) being the largest limited partner, which holds 69.6% of the partnership interest therein and is ultimately controlled by the Huzhou Municipal People's Government. None of the other limited partners holds 30% or more of the partnership interest in Huzhou Huarui. To the best knowledge of the Directors, each of Huzhou Huarui and its ultimate beneficial owners is an Independent Third Party.

Huzhou Talent Innovation

Huzhou Talent Innovation is a limited partnership established in the PRC on 28 June 2020 and is primarily engaged in equity investment.

The general partner of Huzhou Talent Innovation is Huzhou Innovation which is also one of the general partners of Huzhou Huarui which holds 1.0% of the partnership therein and is ultimately controlled by the Huzhou Municipal People's Government. Huzhou Municipal People's Government also ultimately controls Huzhou Haibang and Huzhou Huarui, each being one of our other Pre-[REDACTED] Investors.

As of the Latest Practicable Date, Huzhou Talent Innovation had two limited partners with Huzhou Industrial Investment Development Group Co., Ltd.* (湖州市產業投資發展集團有限公司) being the largest limited partner, holding 59.0% of the partnership interest therein which is ultimately controlled by the Huzhou Municipal People's Government and Huzhou Industrial Fund Investment Co., Ltd.* (湖州市產業基金投資有限公司) holding 40% of the partnership interest therein, which is also ultimately controlled by Huzhou Municipal People's Government. To the best knowledge of the Directors, each of Huzhou Talent Innovation and its ultimate beneficial owners is an Independent Third Party.

Qingdao Kunnian

Qingdao Kunnian is a limited partnership established in the PRC on 21 June 2022 and is primarily engaged in venture capital.

The general partner of Qingdao Kunnian is Shanghai Kuntai Hongsheng Private Fund Management Co., Ltd.* (上海坤泰宏晟私募基金管理有限公司) which holds approximately 0.61% of the partnership therein and is ultimately controlled by Mr. Wang Kai (王凱).

As of the Latest Practicable Date, Qingdao Kunnian had 20 limited partners. None of the limited partners holds 30.0% or more of the partnership interest in Qingdao Kunnian. To the best knowledge of the Directors, each of Qingdao Kunnian and its ultimate beneficial owners is an Independent Third Party.

Changxing Hongliang

Changxing Hongliang is a limited partnership established in the PRC on 2 September 2020 and is primarily engaged in equity investment.

The general partner of Changxing Hongliang is Zhejiang Xinchang Asset Management Co., Ltd.* (浙江鑫長資產管理有限公司) which holds 0.01% of the partnership interest therein and is ultimately controlled by the Changxing Economic and Technological Development Zone Administrative Committee* (長興經濟技術開發區管理委員會).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

As of the Latest Practicable Date, Changxing Hongliang had one limited partner with the largest limited partner being Changxing Financial Holding Equity Investment Co., Ltd (長興產業投資發展集團有限公司) holding 99.99% of the partnership interest therein, and is ultimately controlled by Changxing County Finance Bureau. Changxing County Finance Bureau also ultimately controls Changxing Xinsheng, one of our other Pre-[REDACTED] Investors. To the best knowledge of the Directors, each of Changxing Hongliang and its ultimate beneficial owners is an Independent Third Party.

Yinhe Huichuang

Yinhe Huichuang is a limited partnership established in the PRC on 8 July 2022 and is primarily engaged in equity investment and venture capital.

The general partners of Yinhe Huichuang are Shanghai Galaxy Xingbang Investment Management Co., Ltd.* (上海銀河星邦投資管理有限公司) which holds 0.7% of the partnership interest therein and is ultimately controlled by the State Council of the PRC and Jiangsu Huanghai Huichuang Private Equity Fund Management Co., Ltd* (江蘇黃海滙創私募基金管理有限公司), which holds 0.3% of the partnership interest therein and is ultimately controlled by Yancheng Municipal People’s Government (鹽城市人民政府).

As of the Latest Practicable Date, Yinhe Huichuang had four limited partners with Jiangsu Yueda Automobile Group Co., Ltd.* (江蘇悅達汽車集團有限公司) (“**Jiangsu Yueda**”) and China Galaxy Investment Management Co., Ltd* (中國銀河投資管理有限公司) (“**China Galaxy**”) each holding 30.0% of the partnership interest therein. Jiangsu Yueda is ultimately controlled by the Yancheng Municipal People’s Government* (鹽城市人民政府) and China Galaxy is ultimately controlled by the State Council of the PRC. None of the other limited partners holds 30.0% or more of the partnership interest in Yinhe Huichuang. To the best knowledge of the Directors, each of Yinhe Huichuang and its ultimate beneficial owners is an Independent Third Party.

Jiashan Ganyao

Jiashan Ganyao is a limited partnership established in the PRC on 1 December 2023 and is primarily engaged in equity investment and venture capital.

The general partner of Jiashan Ganyao is Beijing Yanrong Private Equity Funds Management Co., Ltd.* (北京燕融私募基金管理有限責任公司), which holds 1.0% of the partnership therein and is indirectly controlled by Mr. Fan Jianfei (樊建菲).

As of the Latest Practicable Date, Jiashan Ganyao had one limited partner, namely Jiashan Yaoxing Venture Capital Co., Ltd.* (嘉善窯興創業投資有限公司), which holds 99.0% of the partnership interest in Jiashan Ganyao and is ultimately controlled by Jiashan Finance Bureau (State-owned Assets Supervision and Administration Office of Jiashan County Government)* (嘉善縣財政局(嘉善縣人民政府國有資產監督管理辦公室)) (“**Jiashan Finance Bureau**”). To the best knowledge of the Directors, each of Jiashan Ganyao and its ultimate beneficial owners is an Independent Third Party.

Changxing Puhua

Changxing Puhua is a limited partnership established in the PRC on 31 March 2023 and is primarily engaged in equity investments and venture capital.

The general partner of Changxing Puhua is Zhejiang Puhua, which holds 3.0% of the partnership therein and is in turn controlled by Mr. Shen. Zhejiang Puhua is the general partner of Puhua Venture which is the general partner of Hangzhou Puhua, one of our Pre-[REDACTED] Investors.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

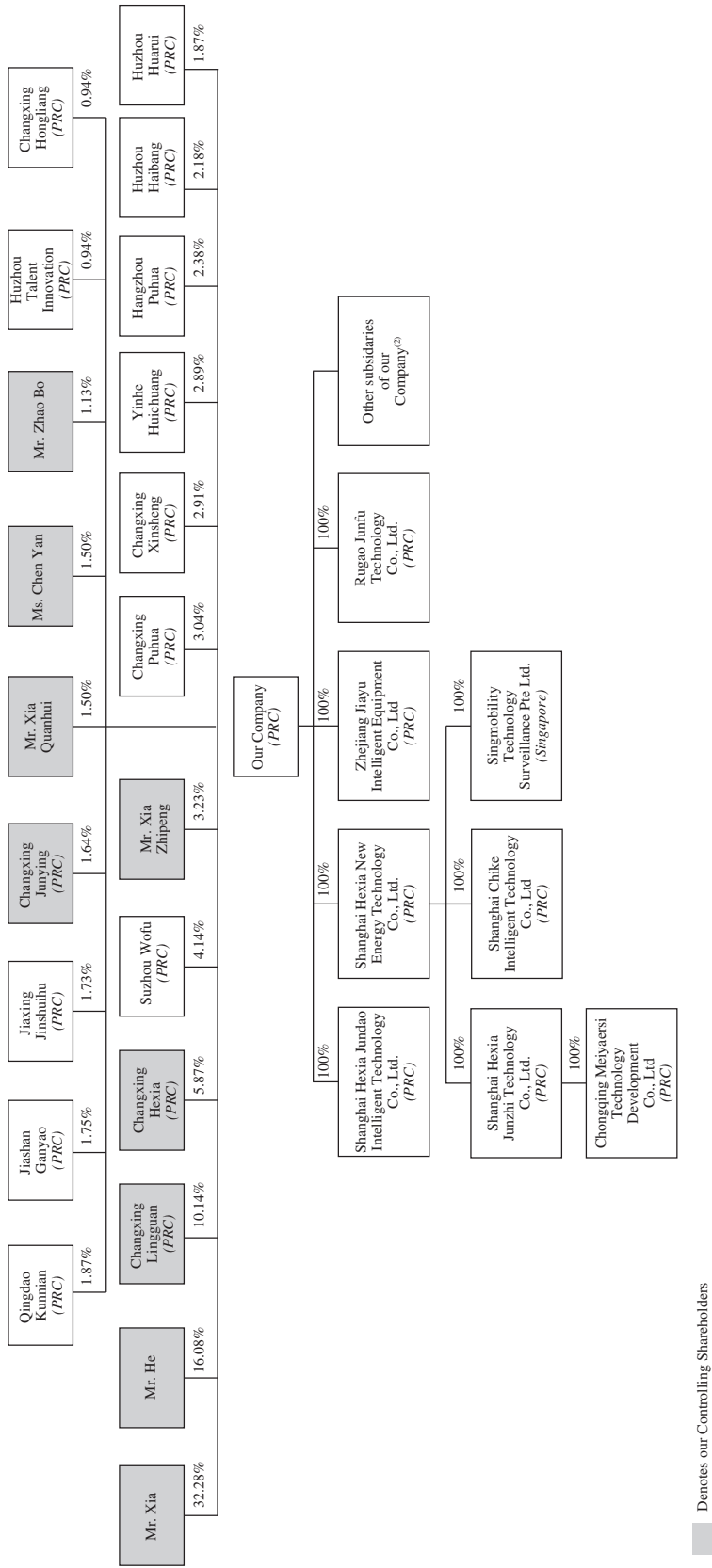
As of the Latest Practicable Date, Changxing Puhua had one limited partner, namely Changxing Ximei, holding 97.0% of the partnership interest therein and is ultimately controlled by Changxing County Finance Bureau. Changxing County Finance Bureau also ultimately controls Changxing Xinsheng and Changxing Hongliang.

To the best knowledge of the Directors, each of Changxing Puhua and its ultimate beneficial owners is an Independent Third Party.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE BEFORE THE [REDACTED]

The chart below sets out our simplified shareholding and corporate structure as at the Latest Practicable Date: ⁽¹⁾



Notes:

- (1) The shareholding structure only denotes our major subsidiaries. For the full list of our subsidiaries, please refer to note 1 to the Accountants' Report in Appendix I to this document.
- (2) As of the Latest Practicable Date, our Company has in total 12 subsidiaries in the PRC, and 1 subsidiary in Singapore.

The chart below sets out our simplified shareholding and corporate structure immediately after completion of the [REDACTED] (assuming [REDACTED] is not exercised):



(1) The shareholding structure only denotes our major subsidiaries. For the full list of our subsidiaries, please refer to note 1 to the Accountants' Report in Appendix I to this document.

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HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

QUOTATION ON THE ZHEJIANG EQUITY EXCHANGE

On 28 September 2020, the Shares of our Company were quoted on the Zhejiang Equity Exchange Center* (浙江省股權交易中心) (“**Zhejiang Equity Exchange**”) under corporate code: 806869 and short name 和夏科技.

The Zhejiang Equity Exchange is a regional equity market operator approved by The People’s Government of Zhejiang Province and filed with the CSRC to operate in Zhejiang Province (excluding Ningbo). The Zhejiang Equity Exchange provides a platform for the non-public issuance and transfer of securities of small and medium-sized enterprises, convertible corporate bonds, and other securities recognised by the relevant department of State Council. Investors seeking to participate in the subscription and/or transfer of those securities quoted on the Zhejiang Equity Exchange are required to be qualified investors as defined by the relevant rules and regulations.

Subsequent to our Company’s quotation on the Zhejiang Equity Exchange, there had not been any trading of our Shares and as such. Taking into account considerations, amongst others, our Company’s long term development strategy, our Company’s intention for [REDACTED], the relatively low liquidity in the Zhejiang Equity Exchange, and the fact that Zhejiang Equity Exchange is not a recognised stock exchange under the Stock Exchange, which may hamper our Group’s future plan to conduct equity fund raising activities, our Board resolved to voluntarily remove our quotation on the Zhejiang Equity Exchange. The proposal to remove our quotation on the Zhejiang Equity Exchange was duly approved by our then Shareholders on 20 October 2025. In November 2025, the quotation of our Shares on the Zhejiang Equity Exchange were terminated.

On 20 March 2026, the Zhejiang Equity Exchange issued a certificate confirming that the Company had not violated any rule of the Zhejiang Equity Exchange during its period of quotation. Pursuant to the foregoing certificate, the PRC Legal Advisor confirmed that, during the period in which the Shares of our Company were quoted on the Zhejiang Equity Exchange, and that during the Track Record Period and up to the Latest Practicable Date, our Company had complied in all material respects with the applicable laws, including the rules of the Zhejiang Equity Exchange, and our Company had not been subject to any administrative penalties, administrative regulatory measures or self-regulatory measures by the Zhejiang Equity Exchange or other securities regulatory authorities. Accordingly, our Directors believe that there are no matters in relation to our quotation and termination of quotation on the Zhejiang Equity Exchange that should be brought to the attention of the Stock Exchange. On the basis of the above, and based on the due diligence conducted, the Sole Sponsor concurs with the above views.

BUSINESS

OVERVIEW

We are headquartered in Zhejiang Province and were established in 2017. Since our establishment, we have developed to become an Automotive Testing Solutions provider and we have during the Track Record Period worked with leading domestic and international automotive manufacturers and automotive components manufacturers such as BYD Company Limited (“BYD”), one of the largest NEV manufacturers in the PRC, and our Customer B, one of the world’s largest engine manufacturers and a global leader in power solutions. The automotive testing services market in the PRC is highly competitive with moderate concentration, involving over 1,500 market players. According to the F&S Report, we have a market share of 0.9% amongst all automotive testing solutions providers in the PRC in terms of revenue in 2025. Our Automotive Testing Solutions includes (i) automotive testing services, (ii) testing facility solutions and (iii) sales of automotive components business segments.

Our automotive testing services facilitate the research and development exclusively for new models of ICEVs and NEVs and their constituent components, and our testing outcomes are used to refine designs, functions and system interoperability so as to ensure that new vehicle models are capable of meeting the relevant performance and regulatory standards. Following our testing, these new vehicles are subject to homologation, which is conducted by other qualified institutions. In terms of capabilities, we are able to provide a full range of whole vehicle testing services for both ICEVs and NEVs covering amongst others, EMC testing, extreme temperature testing, vibration testing, salt spray testing, dust testing and sealing testing. Whole vehicle testing is primarily conducted to assess the integrity, reliability and durability of the fully assembled automobile, whether ICEVs or NEVs under specified test conditions, simulating real world stressors to validate overall structural integrity, systemic reliability, and long-term durability. However, the core focus of our automotive testing services is on the powertrain of ICEVs and NEVs.

Since 2022, we have expanded our automotive testing services to cover ADAS testing. ADASs are sophisticated electronic systems integrated into vehicles to enhance driver safety and comfort through utilising a vast array of sensor and camera technology. According to the F&S Report, ADASs are expected to become ever more prevalent in the PRC due to intense competition, which has led auto manufacturers to adopt more sophisticated ADASs to enhance their product offerings. Our ADAS testing involves simulating a vast range of traffic scenarios and environmental conditions in both virtual and real-world settings to ensure the sensors, cameras, and control software perform as intended.

Leveraging on our experience and knowledge in automotive testing and to diversify our business and revenue streams, we developed our testing facility solutions business segment which involves providing customised testing solutions to automotive manufacturers, automotive components manufacturers, research institutes and universities to enable them to develop and/or enhance their testing facilities. We have also expanded our business towards the sales of automotive components which involves supplying products such as urea pumps and TCUs as well as the ancillary calibration services.

In 2021, we obtained the Laboratory Accreditation Certificate* (實驗室認可證書) from the China National Accreditation Service for Conformity Assessment (中國合格評定國家認可委員會) for our Changxing Headquarters and Jinshan Testing Facility which we believe demonstrates our capability and eligibility to provide reliable automotive testing services. In 2024, we were awarded with IATF 16949: 2016 validation which is a recognition that we have adhered to the international quality management system standard for the automotive industry set by the International Automotive Task Force whose members consists of leading automotive companies. Apart from IATF 16949: 2016, we have also obtained various management system standard certifications such as ISO 9001: 2015, ISO 14001: 2015 and ISO 45001: 2018 in 2022 and 2025.

BUSINESS

Our principal testing facility is located at our Changxing Headquarters, and additionally we have testing facilities strategically located in key automotive markets, including in Zhejiang, Hubei, Jiangsu and Guangdong Provinces. As at the Latest Practicable Date, we owned more than 480 units of major testing machinery and equipment which are primarily used for our automotive testing services.

The following table sets forth a breakdown of our revenue based on business segments during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Automotive testing								
ICEV testing	57,496	41.7	59,703	29.2	27,367	36.9	32,816	35.3
NEV testing	45,050	32.7	66,841	32.7	37,974	51.2	28,363	30.5
ADAS testing	10,134	7.4	27,415	13.4	5,503	7.4	7,857	8.5
Sub-total	112,680	81.8	153,959	75.3	70,844	95.5	69,036	74.3
Testing facility solutions	21,666	15.7	45,833	22.4	1,070	1.5	23,201	25.0
Sales of automotive components	3,417	2.5	4,783	2.3	2,239	3.0	621	0.7
Total	137,763	100.0	204,575	100.0	74,153	100.0	92,858	100.0

For a detailed analysis of the material fluctuations of our revenue during the Track Record Period, please refer to the paragraph headed “Financial information – Revenue” in this document.

COMPETITIVE STRENGTHS

We provide a wide spectrum of comprehensive automotive testing services for automotive manufacturers and automotive components manufacturers

We were founded in 2017 and we offer a wide spectrum of comprehensive automotive testing services for the research and development of new models of ICEVs and NEVs and their constituent components. ICEVs or internal combustion engine vehicles represent the traditional segment of the automotive market in the PRC and continues to play an irreplaceable key role due to the established infrastructure for refueling and maintenance, refueling speed and range. At the same time, NEVs or new energy vehicles represents the future of the automotive market. Due to the growth of new technologies, their range and efficiency have significantly improved and they possess advantages in terms of reducing their impact on the environment.

Our automotive testing services for ICEVs and NEVs focus on analysing the performance and durability characteristics of their core systems, specifically the powertrain so as to assist automotive manufacturers and automotive components manufacturers in developing new vehicles and parts. As the auto industry in PRC has been rapidly changing due to the emergence of new technologies, we have also strived to adapt to the changing market conditions. For instance, with ICEVs, aside from analysing the performance and durability characteristics of the powertrain when using traditional fuels such as gasoline and diesel, we also provide analysis on the basis of using alternative fuel types such as ethanol and hydrogen so as to enable new vehicles to reduce their carbon footprint without

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compromising their performance. For NEVs, we assist automotive manufacturers and automotive components manufacturers in improving the efficiency and range of battery systems through battery performance tests in extreme temperature conditions.

With the continued maturation of the PRC automotive market, domestic manufacturers have also strived to adopt other new technologies to improve upon their vehicle offerings, in particular, manufacturers have begun to roll out vehicles with newer and more sophisticated ADASs. Against this backdrop, new opportunities have arisen for automotive testing services providers such as ourselves and in 2022 we began offering ADAS testing services in order to generate useful data for our customers so as to ensure that the ADAS systems can operate safely and seamlessly. For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, revenue generated from our ADAS testing business segment amounted to approximately RMB10.1 million, RMB27.4 million, RMB5.5 million and RMB7.9 million, which accounted for approximately 7.4%, 13.4%, 7.4% and 8.5% of our total revenue during the corresponding year/period.

To support our comprehensive service offerings, we have also devoted significant investments towards acquiring and maintaining our testing equipment and machinery. These investments in testing equipment and machinery have allowed us to expand our service offerings to new areas in the automotive testing services industry. Furthermore, as advised by F&S, these testing equipment and machinery are capable of not only fulfilling the needs of automotive manufacturers and automotive components manufacturers but also the needs of other players in various other industries which rely on electric motors, battery systems and ICE, such as unmanned aerial vehicle manufacturers.

We believe that our ability to provide a wide spectrum of comprehensive automotive testing services and our ability to take advantage of changing market conditions and trends has been critical to our success. We expect to continue to focus on emerging market trends and to adopt new technologies and testing methodologies in order to better serve the needs of our customers.

We are a reputable Automotive Testing Solutions provider in the PRC and we have well-established business relationships with leading players in the automotive market

We are an Automotive Testing Solutions provider headquartered in Zhejiang Province according to the F&S Report with testing facilities strategically located in multiple locations in the PRC to serve the needs of leading domestic and international players in the PRC.

From our founding in 2017, we have worked with many of the leading domestic and international players in the PRC's automotive market and we have been able to maintain many of these relationships. As at the Latest Practicable Date, the length of our business relationships with our major customers ranged from approximately 0 to 7 years. For example, our largest customer for the year ended 31 December 2024 and our fourth largest customer for the year ended 31 December 2025 comprised of two subsidiaries of BYD. BYD is a company incorporated in the PRC and headquartered in Shenzhen and listed on the Main Board of the Stock Exchange (stock code: 1211) and on the Shenzhen Stock Exchange (stock code: 002594). It is a pioneer and leader in the global new energy vehicle industry. It is also one of the leading rechargeable battery manufacturers in the world. Revenue generated from BYD during the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026 amounted to approximately RMB11.6 million, RMB12.6 million and RMB0.25 million which accounted for approximately 8.4%, 6.1% and 0.27% of our total revenue during the corresponding year/period.

Customer B is our second, third and first largest customer during the years ended 31 December 2024 and 2025, and the six months ended 30 June 2026, and it comprised of 9 subsidiaries. Customer B is a company incorporated and headquartered in Indiana, USA and

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is listed on New York Stock Exchange. It is a global power leader that designs, manufactures, distributes and services a broad portfolio of power solutions. Its products include diesel, natural gas, electric and hybrid powertrains and powertrain-related components such as filtration, aftertreatment, turbochargers, fuel systems, controls systems, air handling systems, automated transmissions, electric power generation systems, batteries, electrified power systems, hydrogen generation and fuel cell products. Revenue generated from Customer B during the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026 amounted to approximately RMB11.4 million, RMB17.7 million and RMB18.1 million which accounted for approximately 8.3%, 8.7% and 19.4% of our total revenue during the corresponding year/period.

To serve the needs of these customers, we have also strategically located our testing facilities in key automotive markets. As at the Latest Practicable Date, we had testing facilities located across multiple provinces and cities in the PRC, including Zhejiang, Hubei, Jiangsu and Guangdong Provinces. For details, please refer to “Our testing facilities” in this section. Our testing facilities house some of the latest equipment used in the industry as we have devoted significant investments towards acquiring and maintaining our testing equipment and machinery to ensure our competitiveness. As at the Latest Practicable Date we owned more than 480 units of major testing machinery and equipment which are primarily used for our automotive testing services.

According to the F&S Report, automotive testing services providers face enduring problems as the automotive industry is undergoing a rapid technological evolution that has resulted in vehicles as well as their components becoming more and more complex. While this has led to new market opportunities, it has also resulted in increased pressure on automotive testing services providers to adapt to the changing market conditions and adopt new testing methods and equipment. Moreover, this changing technological landscape has also led to greater regulatory oversight which necessitates extensive testing and validation prior to the mass production of any new vehicle.

Our Directors believe that our ability to capture and maintain our business relationships with these leading market players in light of the market conditions mentioned above is a testament to our abilities.

We implement stringent quality control measures to maintain our service standards and ensure precise testing outcomes

As an automotive testing services provider, we believe that the accuracy of our testing outcomes and the testing methodologies we employ are of utmost importance to our customers as it may directly impact upon the design, reliability and performance of new vehicles. Accordingly, we strive to uphold industry standards through a combination of quality control measures including comprehensive policies and procedures, robust training and regular evaluation.

In 2021, we obtained the Laboratory Accreditation Certificate* (實驗室認可證書) from China National Accreditation Service for Conformity Assessment (中國合格評定國家認可委員會) for our Changxing Headquarters and Jinshan Testing Facility. The requirements for accreditation involve operating a testing facility equipped with a reliable management system and possessing the necessary technical competence to consistently producing valid and traceable test results. Such accreditation demonstrates our capability to maintain qualified and properly trained personnel, calibrated and well maintained equipment, adopt validated testing methods, and implement rigorous quality control procedures.

In 2024, we were awarded the IATF 16949:2016 certification which is an automotive sector-specific quality management standard issued by the International Automotive Task Force. Requirements in obtaining the IATF 16949:2016 certification includes demonstration

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that the applicant is commented to defect prevention and the reduction of variation and waste in the automotive industry supply chain and assembly process. In 2022 and 2025 we were also awarded the ISO 9001:2015 certification.

As at the Latest Practicable Date, we employed 152 employees in our Automotive Testing Solutions department, of which 149 employees possessed post-secondary degrees or above in the areas of automotive testing and maintenance, mechatronics, vehicle engineering, mechanical design, mechatronic engineering, computer applications, electrical engineering and automation, new energy vehicle technology and etc. Further, the majority of them possess not less than 2 years of experience in the automotive industry.

As the automotive industry has been undergoing rapid technological changes in recent years which has necessitated the adoption of new testing methodologies and equipment, we have strived to provide our employees with continuous training to ensure that they are able to keep abreast of the latest changes in the industry and to ensure that our testing methodologies and outcomes are able to cater to these industry changes. For details as to the training we provide to our employees, please refer to "Employees – Employee training" in this section. We also strive to utilise the latest testing equipment and have measures to ensure that our existing equipment are able to perform within acceptable standards to ensure the accuracy of our testing outcomes.

Aside, as at the Latest Practicable Date, we employed 3 employees in our quality control department to verify the accuracy of our testing outcomes. It is our policy that our quality control staff monitor all aspects of our automotive testing services, from reviewing the testing methodologies to the testing outcomes. Final reports are further reviewed by our senior staff prior to its presentation to customers and any feedback from customers is evaluated and assessed. For details relating to our quality control measures, please refer to "Quality control" in this section.

We believe that our comprehensive approach helps to ensure professionalism, integrity, safety and consistent adherence to our practices across all levels of our Group.

We are led by an experienced management team

Our Group is led by a dedicated and experienced management team which has played a pivotal role in our development. Leading our management team is Mr. Xia, a co-founder who also serves as our chairman, executive Director and general manager. In 2017, sensing business opportunities in the automotive testing services industry, Mr. Xia together with Mr. He founded our Company.

Mr. Xia has over 19 years of experience in the automotive industry where he previously worked as research and development engineer in leading automotive companies. Mr. He, also a co-founder and an executive Director, has over 20 years of experience in the automotive industry and previously worked as an application engineer in leading automotive companies. The remainder of our Group's management team includes Ms. Chen Yan and Mr. Zhao Bo, each of whom is well experienced and possesses diverse expertise and skills covering areas such as management, finance, business development and sales and marketing.

Our Directors believe that, given the industry knowledge and experience of our management team, we will be able to readily respond to and cope with the changing conditions in the automotive testing services industry in the PRC. For further information on the experience and credentials of the management team, please refer to "Directors and Senior Management" in this document.

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BUSINESS STRATEGIES

Strengthening our ability to provide automotive testing services

We are a leading provider of automotive testing services in the PRC and according to the F&S Report, the demand for automotive testing services is expected to remain strong driven by intense competition within the PRC's automotive industry. This intense competition in the automotive industry has led many domestic manufacturers to strengthen their product offerings through rapidly adopting the technologies and increasing the rollout speed of new models. Accordingly, we intend to strengthen our ability to provide automotive testing services through enhancing our capabilities in order to capture these business opportunities.

According to the F&S Report, the market size of the automotive testing services industry grew from approximately RMB14.8 billion to approximately RMB22.9 billion for the period between 2020 and 2025, which represented a CAGR of approximately 9.1%. Driven by the factors mentioned above, it is further expected that by 2030 the size of the automotive testing services industry will grow to approximately RMB36.3 billion, which represents a CAGR of approximately 9.7%. However, the F&S Report further provides that automotive testing service providers face a multitude of challenges.

The rapid adoption of new technologies in the automotive industry in the PRC has necessitated a constant and significant demand for capital investment in new testing equipment and facilities. New technologies such as high-voltage battery systems and ADASs often involve complex electronics, software and mechanical systems which require entirely new testing paradigms and costly specialised equipment in order to ascertain their effectiveness and efficacy. It has also led to the obsolescence of many older or existing testing equipment which may not be as effective in generating accurate and/or relevant testing outcomes. This demand for capital investment has been further exacerbated by regulatory challenges as governments have sought to ensure that these new technologies are able to meet safety and environmental regulations.

In connection with the above upgrade and acquire new major testing equipment and machinery to strengthen each type of our automotive testing services:

- To strengthen our ability to provide ICEV testing services, we intend to upgrade our various hydraulic and electric dynamometers at our Changxing Headquarters and acquire new ancillary systems while upgrading their related facilities. At present, our existing hydraulic and electric dynamometers are geared towards reliability testing for passenger cars and light trucks and we intend to upgrade them so as to enable us to perform high performance testing for heavy duty trucks and industrial engines. With the acquisition and upgrade of the ancillary systems and related facilities, we will also be able to meet the latest legal and regulatory requirements for emissions testing.
- To strengthen our ability to provide NEV testing services, we intend to upgrade our various electric motor & electric drive test benches at our Changxing Headquarters and Jiashan Testing Facility. While our current electric motor & electric drive test benches can accommodate and test high-voltage electric motors, the market is gradually transitioning to electric motor & electric drive test benches with even higher power capacity due to its increased versatility and ability in testing, especially for specialised industrial drives.

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- To strengthen our ability to provide ADAS testing services, we intend to acquire various new testing equipment and machinery that are capable of testing active safety systems, anti-lock braking system and performing noise, vibration and harshness testing.
- To strengthen our ability to provide whole vehicle testing services which is used in connection with both ICEVs and NEVs, we intend to upgrade the roller test bench at Changxing Headquarters to a four-wheel drive chassis dynamometer as well as the environmental chamber. A four-wheel drive chassis dynamometer has increased versatility when compared to our existing two-wheel drive chassis dynamometer as it is capable of providing testing for all vehicle types (be it all-wheel drive vehicles, four-wheel drive vehicles and two-wheel drive vehicles) as well high performance and electric vehicles.

For further details, please refer to “Future Plans and [REDACTED] in this document.

Intensifying our research and development efforts to enhance our capabilities in providing Automotive Testing Solutions to drive our growth

While we have during the Track Record Period primarily focused on providing automotive testing services, we have also leveraged on the extensive experience that we have gained to enhance our capabilities by devoting significant resources in the research and development of new technologies. In recognition of our research and development efforts in 2023, we were awarded the National-level Specialised, Sophisticated and Innovative Little Giant Enterprise* (國家級專精特新小巨人企業), which was valid until 30 June 2026 and the High and New Technology Enterprise* (高新技術企業) in 2023.

For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, we incurred research and development expenses of approximately RMB10.5 million, RMB11.9 million, RMB3.8 million and RMB4.9 million respectively and as at the Latest Practicable Date, we have received 101 patents and registered 27 software copyrights. Further, we employed 50 personnel to conduct research and development for automotive related technologies. Some of these patents and software copyrights have been used to develop our core technologies. For example, our core technologies have included amongst others:

- a motor testing device and system which has been applied to the construction of high-speed motor test benches and high-speed three-motor test benches;
- an engine pollutant emission testing and analysis software which is utilised for engine emission experiments and analysis; and
- a bench controller and system software which is designed for the control engine test benches.

For details relating to our Group’s research and development processes and the other core technologies that we have developed, please refer to “Research and development” in this section. Please also refer to “Statutory and General Information – 2. Intellectual property rights of our Group” in Appendix VI to this document for details relating to our software, copyrights and patents.

The core technologies mentioned above, together with others that we have developed have not been developed in vain but has brought significant benefits to our Group. They have been adapted and supplied to various research institutes and government testing centres in connection with our testing facility solutions projects which often require us to provide customised testing equipment to meet the unique challenges of these customers. Our testing

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facility solutions during the Track Record Period primarily involved assisting our customers, which included manufacturers of automobiles and their components, as well as various research institutes and universities who seek to develop their own testing facilities to enhance their research and development capabilities. For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, our revenue derived from projects relating to testing facility solutions amounted to approximately RMB21.7 million, RMB45.8 million, RMB1.1 million and RMB23.2 million which accounted for approximately 15.7%, 22.4%, 1.5% and 25.0% of our total revenue respectively.

Going forward, we endeavour to continue to intensify our research and development efforts to further develop new technologies which we believe will enhance our capabilities in providing Automotive Testing Solutions and drive our growth.

Expanding our automotive testing services to new industries to diversify our customer and revenue base

For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, we primarily engaged in the provision of automotive testing services which accounted for approximately 81.8%, 75.3%, 95.5% and 74.3% of our total revenue respectively. Given the potential in the industry, we expect to continue to rely on our provision of automotive testing services to drive our growth in the future. However, we also intend to utilise our skills and experiences to expand to new industries and diversify our customer and revenue base.

In 2022, sensing new opportunities in the automotive testing services industry driven by emerging technologies especially with the "intelligentisation" of the automotive industry, we expanded our automotive testing services offerings to cover ADAS testing. ADASs are sophisticated electronic systems integrated into vehicles to enhance driver safety and comfort by automating, adapting, or assisting with driving tasks. Our ADAS testing services has become a significant component of our automotive testing services and for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, it accounted for approximately 7.4%, 13.4%, 7.4% and 8.5% of our total revenue respectively. Accordingly, we believe that we have the ability to adapt to changing market conditions and grasp new business opportunities as and when they arise.

According to the F&S Report, many of the testing equipment and methodologies applicable to automotive testing can be applied to various other areas. For example, our ICEV testing focuses on the powertrain which comprises the ICE, transmission, driveshaft, fuel system and exhaust system, as such, it is also applicable to other types of vehicles and machinery which possess an ICE related powertrain such as certain types of ships and boats, aircrafts and industrial and agricultural equipment. Our experiences in NEV powertrain focused testing which comprises a battery, electric motor and electric control system may have even more broad-based applications as these components are used in all manner items, from household appliances to personal electronics and various types of industrial and commercial equipment.

Our capabilities in ADAS testing perhaps represent the greatest potential in allowing us to diversify our customer and revenue base. ADASs rely on a variety of sensors and cameras, as such it has applications in robotics and unmanned vehicles which also utilise sensors and cameras to perceive real-world conditions. According to the F&S Report, various companies in the PRC and globally have begun conducting experiments on ADS or rolling out ADS vehicles which do not require human input such as in the form of robotaxis. Furthermore, the PRC has grown to be a global leader in robotics and unmanned vehicles through the support of numerous government policies and investments as such, there is significant market potential available to testing service providers such as ourselves.

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According to the F&S Report, it is not uncommon for testing service providers to offer services across multiple industries and many of the services offered by industry leading players span across the automotive, industrial and electronics industries. We believe that given our success in capturing the market opportunities in ADAS testing and our skills and experience overall that we will be able to expand our business to new industries which have synergy with us to generate growth for our Group.

BUSINESS AND REVENUE MODEL

Our business is underpinned by the structural transformation of the automotive industry towards electrification and intelligent systems. While the provision of our automotive testing services is engaged on a project-by-project basis, our business model is characterised by high levels of customer retention and recurring demand driven by the continuous technological iteration cycles of new vehicles.

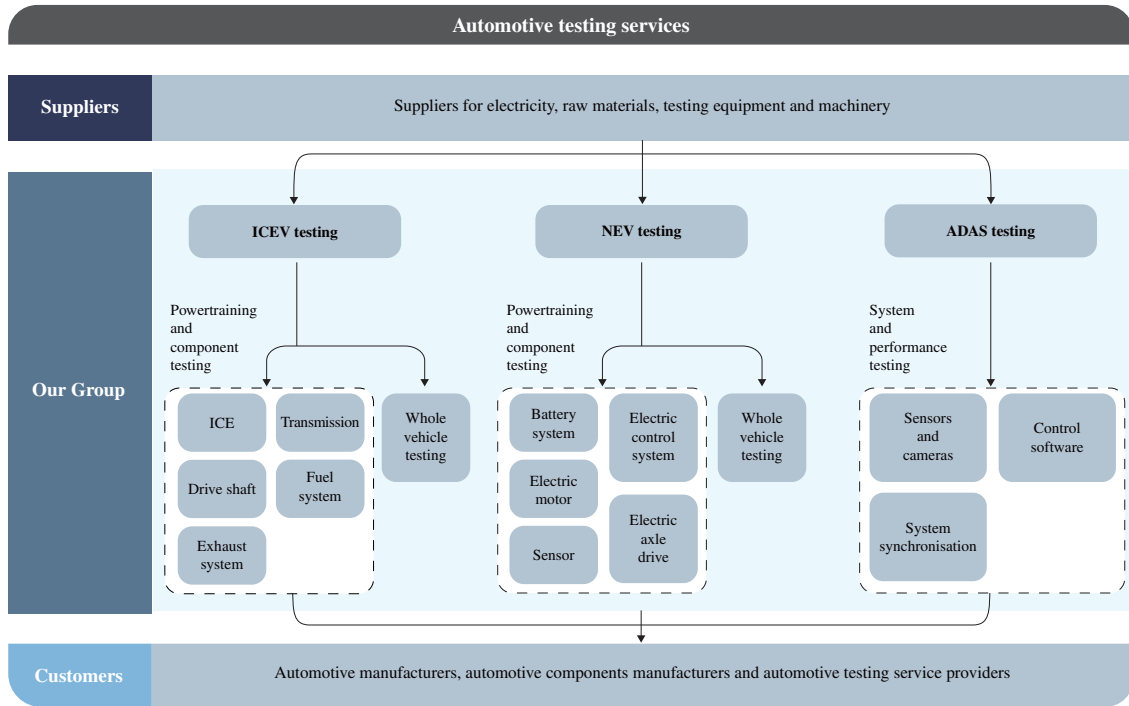
Our automotive testing services are integrated into the early-stage research and development workflows of our customers, prior to mandatory homologation. As automotive manufacturers accelerate their transition to NEV platforms, the complexity and frequency of automotive testing have grown significantly. Automotive manufacturers faced constraints including the highly capital-intensive nature of maintaining internal testing facilities, and a deficit in the multidisciplinary technical expertise required for effective testing. By engaging our Group, the automotive manufacturers can effectively mitigate these high costs and technical barriers. Our Group also provide powertrain and component testing to our customers, including automotive components manufacturers. Our powertrain and component testing include, among others, (i) testing on ICE, transmission system and fuel system for ICEVs and (ii) testing on electric motor, battery system, electric control system and sensor for NEVs. The automotive components testing conducted by us is solely for new vehicle models. Our testing services support the early-stage research and development workflows of our customers by continuous data generation to refine component performance to meet expected standards.

By providing automotive testing services that ensure capability of meeting regulatory standards and performance optimisation, we have developed our customer base. Our long-term engagements are secured through framework agreements, enabling us to capture continuous revenue streams across the multi-year development of our customers' vehicle platforms. With a robust pipeline driven by tightening regulatory standards and a constant demand for technological innovation, we serve as a research and development partner of our customers.

We are an Automotive Testing Solutions provider offering (i) automotive testing services, (ii) testing facility solutions and (iii) sales of automotive components.

Our customers were mainly leading domestic and international automotive manufacturers and automotive components manufacturers in the PRC. Our automotive testing primarily focuses on the powertrain of ICEVs and NEVs. ICEVs or internal combustion engine vehicles are conventional vehicles that rely on fossil fuels to generate mechanical energy in order to power the vehicle. NEVs comprising BEVs, PHEVs and EREVs, are vehicles that rely on electric energy to power electric motors as a means to generate motion. Due to the emergence of new technologies, we have also been providing ADAS testing services since 2022. ADASs involve the use of electronic systems integrated into vehicles to enhance driver safety and comfort and rigorous testing is required to ensure these systems are well integrated and capable of meeting the necessary requirements. The following chart summarises our Group's business model in respect of our automotive testing services during the Track Record Period:

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Our provision of testing facility solutions primarily involves providing automotive manufacturers, automotive components manufacturers, research institutes and universities with customised solutions to enable them to develop and/or upgrade their own testing facilities through supplying to them relevant testing equipment and machinery, as well as providing a variety of advisory and construction services based on our own experiences. For our sales of automotive components business segment, we supply components such as urea pumps and TCUs as well as the ancillary calibration services.

The following table sets forth a breakdown of our revenue by business segments during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Automotive testing								
ICEV testing	57,496	41.7	59,703	29.2	27,367	36.9	32,816	35.3
NEV testing	45,050	32.7	66,841	32.7	37,974	51.2	28,363	30.5
ADAS testing	10,134	7.4	27,415	13.4	5,503	7.4	7,857	8.5
Sub-total	112,680	81.8	153,959	75.3	70,844	95.5	69,036	74.3
Testing facility solutions	21,666	15.7	45,833	22.4	1,070	1.5	23,201	25.0
Sales of automotive components	3,417	2.5	4,783	2.3	2,239	3.0	621	0.7
Total	<u>137,763</u>	<u>100.0</u>	<u>204,575</u>	<u>100.0</u>	<u>74,153</u>	<u>100.0</u>	<u>92,858</u>	<u>100.0</u>

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Automotive testing

Testing and validation plays a vital role in the developmental lifecycle of new vehicles and is performed prior to the manufacturing and production stage. It is a comprehensive and systematic process used to evaluate, refine, verify, and ensure that a vehicle, its components and parts, and its primary systems along with various subsystems can be properly integrated and meet predetermined standards for performance, safety, reliability, durability, and regulatory compliance.

Throughout our provision of automotive testing services, we collaborate closely with our customers to monitor and verify the validity of the test data, our testing results are strictly contingent upon the client's final review and confirmation, so we do not assume responsibility for operational incidents or safety liabilities arising from inaccurate or unreliable test results. During the Track Record Period and up to the Latest Practicable Date, our Group had not been subject to any claims or disputes arising from the provision of our services.

Our automotive testing services can be categorised into three segments, namely (i) ICEV, (ii) NEV and (iii) ADAS testing. For ICEV and NEV testing, we primarily focus on their powertrain which in the case of ICEVs comprises the ICE, transmission, drive shaft, fuel system and exhaust system and in the case of NEVs comprises of the three core electric systems being the battery pack or system, electric motor and electric control system.

Aside, we also provide a full range of whole vehicle testing services covering amongst others, road testing, EMC testing, extreme temperature testing, vibration testing, salt spray testing, dust testing and sealing testing. Whole vehicle testing is primarily conducted to assess the integrity, reliability and durability of the fully assembled automobile, whether ICEVs or NEVs under specified test conditions, simulating real world stressors to validate overall structural integrity, systemic reliability, and long-term durability. For example, dust and sealing testing is used to assess how well a vehicle can withstand the penetration of particulate matter into crucial areas of vehicles and are conducted in environmental chambers, climate chambers, sand and dust chambers, and salt spray chambers. These comprehensive trials allow manufacturers to uncover complex integration issues, optimize full-vehicle performance, and de-risk the development cycle prior to market launch. These testing outcomes serve to refine and ensure full vehicle reliability and to identify and mitigate risks downstream.

As for our ADAS testing, we provide testing data to our customers on the ability of electronic systems to perceive the environment, process data and make decisions, and their ability to assist drivers/coordinate with various vehicle functions.

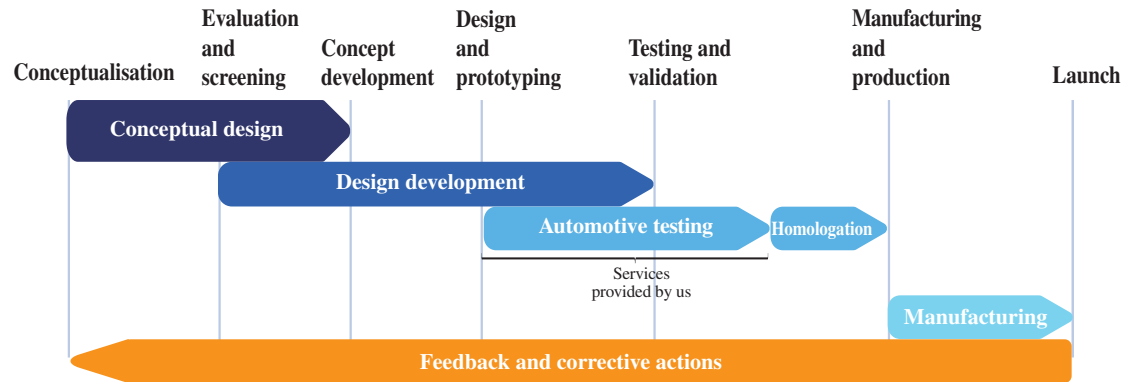
Our ADAS testing is conducted outside our testing facilities and is usually conducted on public roads located in Suzhou or other venues as requested by our customers that can be temporarily closed off with critical layouts including long straight roads and intersections under a fee-based arrangement with the road owners. However, the testing procedures are exclusively managed by our personnel and utilise our own specialised testing equipment.

We normally set up our customised testing scenarios based on our customer's specifications and utilise specialised testing equipment. After assembling the instruments, we then execute the tests in accordance with our customer's specifications or the relevant regulatory standards, and provide our customer's with the testing data upon completion.

Developmental lifecycle of new automotive vehicles

Set out below is a flowchart detailing our role and position in the developmental lifecycle of new models of automotive vehicles:

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Conceptualisation

Automotive manufacturers and automotive components manufacturers will from time to time seek to upgrade or develop new product offerings and may engage in market research or use customer feedback to identify weaknesses in their own product offerings and/or to address changing market needs. At this stage, a product concept will be identified with different elements such as basic functionality being established.

Evaluation and screening

Once a product concept is identified, it is evaluated and screened to determine for feasibility of manufacturing and market entry. Screening typically focuses on the market potential, product profitability, and customer acceptance, and ideas that do not meet these criteria or fail the evaluation will be eliminated.

Concept development

At the concept development stage, the product concepts are further refined to create a design that further outlines the product's functions, features, and target market.

Design and prototyping

After finalising a product's design, prototypes will be developed to validate design items and to initially test the product's functionality and usability.

Testing and validation

Testing and validation in the automotive industry comprises (i) automotive testing and (ii) homologation. Automotive testing is first carried out by service providers such as ourselves to ensure that the prototypes and its components and systems can function in accordance with predetermined standards. The types of testing and the methodologies to be employed will also be discussed with the customer at this point. For details as to the types of testing we provide, please refer to the descriptions below.

Feedback would be given to the customer to further refine the design, subsequently homologation is carried out to demonstrate that the vehicle design can meet the relevant government regulations and standards before engaging in manufacturing and production.

Manufacturing and production

Following the automotive testing and validation stage, full manufacturing and production of the newly developed vehicle begins.

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Launch

The final stage in the developmental lifecycle of new automotive vehicles is the product market entry. Automotive manufacturers and automotive components manufacturers will adopt various marketing strategies to ensure a successful launch. Further development and/or refinement may continue after launch based on feedback by users.

ICEV or internal combustion engine vehicle testing services

Our ICEV testing centres on its powertrain which includes the ICE, transmission, drive shaft, fuel system, and exhaust system for multiple vehicle types. The key evaluation areas include engine performance analysis (power and torque), fuel consumption efficiency, and powertrain durability under various operational loads and environmental conditions. Another critical element of our ICEV testing includes conducting comprehensive exhaust emissions analyses, which measures pollutants such as carbon dioxide, nitrogen oxides, and particulate matter to ensure that vehicles can comply with stringent national and international environmental regulations. These analyses are essential to ensure mechanical reliability and to ensure that the vehicle is engineered to meet stringent environmental regulations.

Aside from the above, we also possess comprehensive testing capabilities covering both conventional and alternative fuels. Conventional fuels include fuel types such as gasoline and diesel and alternative fuels include fuel types such as methanol, ethanol, compressed natural gas, liquefied natural gas and hydrogen. Through our testing protocols, we can ascertain engine power output, combustion efficiency, emission characteristics, and component compatibility under conventional and alternative fuels. This supports our customers in advancing both traditional and clean energy powertrain technology research and development.

NEV or new energy vehicle testing services

Our NEV testing covers various types of electric vehicles, including BEVs, EREVs and PHEVs and focuses on their powertrain which comprises the three core electric systems being the battery pack or system, electric motor and electric control system to analyse their performance and efficiency. We also focus on the functionality of the onboard charging system and the effectiveness of the vehicle's overall energy management and regenerative braking strategies. These systems are all critical elements in the development of new models of NEVs and their testing ensures that they will be capable of meeting design specifications.

In terms of the battery systems, our tests assess their capabilities in terms of performance (charge/discharge rates, capacity), safety (thermal runaway, impact resistance, short-circuit protection), and durability (cycle life and degradation). As for the electric motor and electric control system, we primarily focus on performance and reliability testing and we also test for the electric axle transmission efficiency and durability, electric drive assembly integration and operating condition adaptation testing.

As the "heart" and "power source" of new energy vehicles, the testing of the three electric core systems holds irreplaceable importance. From a safety perspective, battery thermal runaway and other malfunctions can cause catastrophic accidents. Rigorous testing enables the early detection of potential risks such as insulation performance, short-circuit protection, and resistance to extreme temperatures, thereby fortifying the vehicle's safety foundation. From a performance perspective, the three electric core systems directly determine the vehicle's range, power response speed, energy consumption levels, and smoothness of power transitions. Precise testing provides data support and optimization conditions for technological iteration and product development, enabling efficient matching under various operating conditions and helping products achieve performance breakthroughs.

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ADAS or advanced driver-assistive systems testing services

ADASs are sophisticated electronic systems integrated into vehicles to enhance driver safety and comfort by automating, adapting, or assisting with driving tasks. Common examples include automatic emergency braking, adaptive cruise control, and lane-keeping assist. Due to the advancement of new technologies, various companies have also begun conducting experiments on ADS or automated driving systems, being vehicles which are capable of operating with reduced or with no human input. Through the adoption of the ADASs mentioned above, it is possible to significantly reduce accidents caused by human error, furthermore ADASs can also help to reduce driver fatigue during long-distance driving and enhance travel comfort.

ADAS testing is a complex validation process that assesses the functionality, reliability, and safety of the above systems regardless of the vehicle type. Our ADAS testing involves simulating a vast range of traffic scenarios and environmental conditions in both virtual and real-world settings to ensure the sensors and cameras, and control software perform as intended. In general, the key technical architecture of ADAS comprises three layers:

- the perception layer which collects road conditions, vehicle, pedestrian, and environmental data through cameras, millimetre-wave radar, lidar, etc.;
- the decision layer processes data using algorithms and predefined logic to assess collision risks, lane departure situations, and generate driving strategies; and
- the execution layer coordinates steering, braking, and powertrain systems to implement warning or assistive control commands.

The perception layer is validated through assessing the sensor and camera recognition accuracy for pedestrians, obstacles, and traffic signs. The decision-making layer is validated through assessing the algorithm's response logic in sudden scenarios (e.g., sudden braking of the preceding vehicle and/or pedestrians crossing). While the execution layer is validated through analysing the synchronisation between the vehicle's steering, braking and powertrain systems.

Additionally, adaptability testing for intelligent cockpit controls is also required. For example, voice controls must be tested for recognition accuracy in noisy environments and with different language inputs to avoid command delays or accidental trigger operations; gesture controls must be validated for recognition stability under varying lighting conditions (bright/dim light) and to prevent control failures that could disrupt vehicle driving logic. This ensures seamless integration between the intelligent cockpit interface, ADAS functions, and the overall vehicle operating system, guaranteeing stable performance of the infotainment system in real-world usage scenarios.

Testing facility solutions

Leveraging on our experiences in the industry and in developing our own testing facilities, we offer to our customers testing facility solutions. Our testing facility solutions primarily involve providing customised solutions to facilitate our customers in developing their own testing facilities by supplying testing systems and equipment, testing facility advisory services and engineering construction services.

Our customised testing facility solutions begin with testing facility advisory services, by conducting an in-depth evaluation of the client's specifications to engineer and design the overarching system and technical logic. Next, we focus on supplying testing systems and equipment through the targeted development or strategic procurement of requisite subsystems. Finally, we execute engineering construction services by overseeing the physical on-site assembly and conducting rigorous testing to ensure the successful provision of testing facility solutions or the delivery of the integrated testing facility.

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Supply of testing systems: We supply test benches for ICEV and NEV testing together with other equipment and systems based on the needs of our customers. These testing systems are capable of addressing a wide spectrum of testing needs from reliability and performance development to calibration of various auto components.

Test facility advisory services: We advise customers who seek to develop their own testing facilities through drawing upon our own extensive experiences. Our test facility advisory services involve providing comprehensive design planning for the development of buildings and facilities. This encompasses site evaluation, functional zoning (experimental areas/auxiliary zones/office spaces) to develop a compliance-driven design that is capable of meeting relevant safety and environmental regulations. We also tailor configurations and system interfaces to align with our customers testing requirements and growth strategies, incorporating future expansion provisions to ensure testing facilities are built with long-term sustainability in mind.

Engineering construction services: We also provide laboratory utility infrastructure construction services (HVAC, plumbing, centralised gas supply and electrical systems), auxiliary equipment configuration (safety protection, data acquisition and vibration/noise reduction) and full project implementation. In essence, it is a systems integration process, which involves system design, matching and assembling different subsystems using specific technical logic to fulfill the overall functional needs of the system. While we control the core system design and integration logic, we procure certain hardware components such as motors and inverters and outsource physical on-site installation work to external providers, and all outsourced work is under the supervision and guidance of our project management personnel.

Our comprehensive testing facility solutions allow for us to be a one-stop provider and serve to eliminate risks associated with the use of multiple suppliers and ensure the functionality and operational stability of the testing facilities of our customers.

While facilitating our customers in developing their in-house testing capabilities could reinforce our customers' reliance on our Group's ecosystem and deepen our long-term cooperation, empowering our customers with in-house testing facilities may result in self-sufficiency in certain testing functions which may reduce their future need for our outsourced testing services. Notwithstanding this, it is in line with industry practice for automotive testing solutions providers to provide testing facility solutions to their customers according to F&S.

Sales of automotive components

As an Automotive Testing Solutions provider, we have an in-depth knowledge as to the effectiveness and durability of many of the components used by our customers. In light of this knowledge, we expanded our business to include the sales of automotive components by sourcing our components for sale to our customers as well as the ancillary calibration services.

Our sales of automotive components business segment primarily focuses on applications for commercial vehicles and construction and agricultural machinery. During the Track Record Period, we sold automotive components such as urea pumps, TCUs and RSS, while developing range extender systems along with range extender controllers. Urea pumps are used in connection with other systems to handle and breakdown diesel exhaust fluids while TCUs is an automotive electronic control unit that calculates how and when to change gears in vehicles with automatic transmissions, and RSSs is a contactless electronic device that measures how fast a gear or shaft is spinning. As for the range extender systems and the range extender controllers, they are auxiliary, fuel-based power units used to charge the battery in certain NEVs while driving. Our ability to supply a wide range of software and hardware systems to our customers is a value added service which generates synergy with

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our other business segments as it allows for us to not only provide testing data on the components used by our customers but also to actually supply components which are effective and durable.

While the automotive components, including the controller and the core software are designed by our Company, we procure the sub-component such as the printer circuit board and the outer casing to external suppliers. We are responsible for conducting the final assembly and testing in-house before the products are delivered to our customers.

In connection with the above, we developed an assembly line in our Changxing Headquarters for our urea pumps. During the Track Record Period, we have also invested in a company which produces automotive components such as range extender systems and range extender controllers.

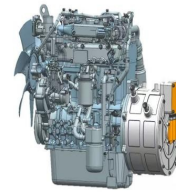
Our portfolio of product encompassed 6 stock keeping unit of automotive components. Set out below are examples of the automotive components which we sold and/or are developing during the Track Record Period:



Urea pump



TCU



Range extender system

In relation to our calibration services, the provision of our ancillary calibration services is specifically tailored to the electronic control units of the automotive components. By fine-tuning the controller that govern systems such as TCUs, engines, and motors, we ensure that the automotive components operate stably and reliably, delivering optimal fuel efficiency and power while fully complying with regulatory standards and client specifications.

The table below sets out the sales volume, average selling price and revenue of our automotive components which we sold, and the calibration services which we provide during the Track Record Period:

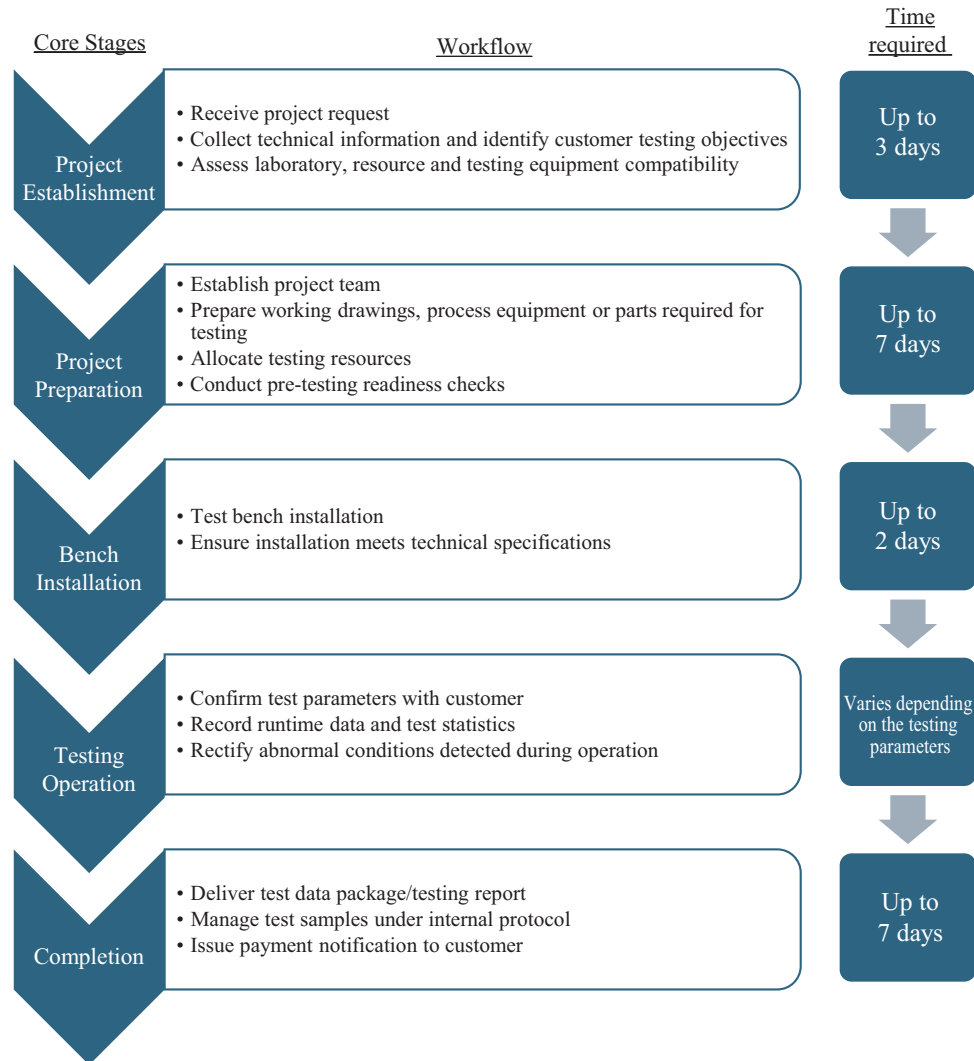
	Year ended 31 December								Six months ended 30 June							
	2024				2025				2025				2026			
	Sales volume (pieces)	Average selling price (RMB)	Revenue (RMB'000)	Percentage to total revenue	Sales volume (pieces)	Average selling price (RMB)	Revenue (RMB'000)	Percentage to total revenue	Sales volume (pieces)	Average selling price (RMB)	Revenue (RMB'000)	Percentage to total revenue	Sales volume (pieces)	Average selling price (RMB)	Revenue (RMB'000)	Percentage to total revenue
Urea pump	978	754	737	0.5%	2,508	700	1,756	0.9%	1,938	687	1,331	1.8%	810	767	621	0.7%
TCU	86	950	82	0.1%	2,920	950	2,774	1.3%	953	950	905	1.2%	-	-	-	-
RSS	63	50	3	0.0% ^(Note)	65	45	3	0.0% ^(Note)	65	45	3	0.0% ^(Note)	-	-	-	-
Calibration services	-	-	2,595	1.9%	-	-	250	0.1%	-	-	-	-	-	-	-	-
Total/ Average	1,127	585	3,417	2.5%	5,493	565	4,783	2.3%	2,956	561	2,239	3.0%	810	767	621	0.7%

Note: the revenue from sale of RSS accounted for approximately 0.002%, 0.001%, 0.004% and nil to the total revenue for the year ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

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Operation flow

The following flowchart illustrates the principal stages of our automotive testing projects work during the Track Record Period:



- Project establishment:** Our automotive testing projects generally commence upon receipt of a customer's request (which we would primarily obtain by way of a customer's invitation for quotation) whereby the customer specifies its intended testing objectives, scope, delivering date and technical parameters. Upon receiving notification of award for tender or customer's confirmation on our quotation, we will collect the relevant information regarding the customer's product specifications, performance targets, and regulatory requirements, with a view to developing a comprehensive understanding of the testing objectives. We will then conduct a detailed assessment of the compatibility and availability of our laboratory facilities, test benches, and related equipment resources to determine project feasibility and to allocate suitable testing resources.

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- **Project preparation:** Following confirmation of the project scope and technical requirements, we will then assemble a multidisciplinary project team comprising engineers, test specialists/technicians, and project management personnel. The project team would identify appropriate testing methodologies, prepare detailed working drawings and testing procedures, and, where necessary, design or fabricate customised process equipment and components to meet the specific needs of the test programme. Concurrently, we will arrange for and calibrate testing instruments, measurement systems, and other supporting facilities required to ensure that the testing process can be conducted in accordance with the defined technical standards and safety requirements.
- **Bench installation:** During this stage, we will install the designated test bench and ancillary systems in accordance with the approved working drawings and test specifications. This process includes the integration of mechanical, electrical, and software sub-systems to ensure that the installed bench fully satisfies the functional requirements stipulated by the customer. Installation activities are carried out by qualified personnel under strict adherence to our internal quality control procedures and safety protocols, with the objective of delivering a fully operational test bench ready for subsequent testing and validation operations.
- **Testing operation:** Upon completion of the installation process, we will commence the testing operation stage. During this phase, our project management personnel will maintain continuous communication with the customer to confirm test parameters and operating conditions, and subsequently initiates the bench tests in accordance with the agreed test plan. Throughout the testing process, our project team monitors and records real time operating data, test statistics, and runtime logs, which are periodically communicated to the customer. In the event that any abnormalities or deviations are detected, we will promptly organise technical personnel to identify, analyse, and rectify the issues to ensure the testing process proceeds safely and effectively. The powertrain system may be tested once or undergo multiple rounds of testing within the same project depending on the customer's specification and the nature of the order. For instance, standard performance testing is typically completed in a short timeframe as a single test but calibration testing requires repeated rounds of testing over a certain period, during which our technical engineer continuously adjust the parameters until all performance targets are fully satisfied.
- **Completion:** Following the completion of the testing operation stage, we carry out verification procedures to confirm that the tests have been conducted in accordance with the customer's requirements. We validate and finalise the testing statistics together with our customer and, where requested, issue a formal testing report summarising the test outcomes and performance data. In situations where no formal report is required, the verified test data and statistics are handed over directly to our customer. Upon acceptance of either our formal testing report or our verified test data and statistics, we will issue a payment notification to the customer for settlement. This stage signifies the completion of the project and the formal delivery of services.

OUR TESTING FACILITIES

Our Company was founded in 2017 and is headquartered in Zhejiang Province. Since our establishment, we have leveraged on our growing success and have expanded our operations to multiple locations in the PRC, testing facilities in Hubei, Jiangsu, Zhejiang, and Guangdong Provinces, in order to better serve the testing needs of our customers, who are generally location-specific but operate within the broader regional clusters.

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Our testing facilities in the PRC are strategically located in key automotive markets. According to the F&S Report, Zhejiang, Hubei, Jiangsu and Guangdong Provinces are major automotive hubs in the PRC. Furthermore, based on data relating to the PRC’s automotive industry production capacity in 2023, the Yangtze Delta region, which comprises Anhui, Jiangsu, Shanghai and Zhejiang, accounted for approximately 28.1%; the Central region, which comprises Hubei, Hunan, Henan and Jiangxi, accounted for approximately 14.8%; and Pearl River Delta region, which comprises Guangdong, accounted for approximately 13.2% of the production share of automotive vehicles respectively.

Our Changxing Headquarters, which is located in Zhejiang Province is the largest of all our testing facilities covering a floor area of approximately 26,188.3 sq.m and possess extensive testing equipment that can cater to the majority of the types of automotive testing that we conduct, including whole vehicle testing, ICEVs and NEVs. It is also home to our Jiashan Testing Facility which is intended to focus on NEV testing, in particular, the testing of three core electric systems of NEVs. Our Jiashan Testing Facility is our third largest testing facility and it covers a floor area of approximately 4,282.1 sq.m.. It commenced operation on a limited basis during the year ended 31 December 2025, and entered official operation in July 2026. As at the Latest Practicable Date, some of our testing machinery and equipment relocated from our Jinshan Testing Facility are still undergoing testing.

Hubei Province is home to our Wuhan Testing Facility which primarily focuses on ICEV testing, in particular, testing of heavy-duty ICE testing and is capable of carrying out a variety of performance, emissions, calibration and durability tests relating ICEs. It is our second largest testing facility and it covers a floor area of approximately 8,725.9 sq.m.

Shanghai was home to our Jinshan Testing Facility which primarily focused on NEV testing, in particular, testing of the three core electric systems of NEVs. It covered a floor area of approximately 4,844.9 sq.m. Pursuant to an agreement dated 1 December 2025, the lease was terminated by mutual agreement, and we are obligated to vacate the premises by 31 July 2026. Our Jinshan Testing Facility was closed down on 20 July 2026. While our customers are location-specific, our customers in Shanghai generally accept testing to be conducted within the Yangtze Delta region. As such, the relocation of our Jinshan Testing Facility to our Changxing Headquarters and Jiashan Testing Facility both in Zhejiang Province will not lead to a loss of our customers in Shanghai. For details please refer to “Properties – Jinshan Testing Facility” in this section.

Jiangsu Province is home to our Rugao Testing Facility which is located in the hydrogen energy town built by the Rugao Municipal Government. Our Rugao Testing Facility primarily focuses on ICEV testing, in particular, HICEV testing and is capable of carrying out the performance development, calibration, durability and emission tests for HICEV. It can also conduct tests for various other ICEs which utilises other alternative fuels. It covers a floor area of approximately 615 sq.m.

Guangdong Province is home to our Huangpu Testing Facility which primarily focuses on NEV testing. It also possesses facilities for carrying out performance and durability testing for high-speed motors, electric drive assemblies and gearboxes. Our Huangpu Testing Facility covers a floor area of approximately 357 sq.m., and is operated by our wholly-owned subsidiary Shanghai Jundao, in the venue leased and provided by CART Testing & Certification Company Limited (中汽檢測技術有限公司) (“**CART**”), an Independent Third Party, pursuant to a cooperation agreement.

The primary reason for entering into the cooperation agreement is to leverage CRAT’s existing and mature infrastructure in Guangzhou to establish a testing base close to our regional customers, saving significant construction time and costs compared to building a

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facility from the ground up. It is also built upon a proven track record of prior collaboration with CRAT. Operationally, CRAT provides us with the venue and utility such as water and electricity for our testing operation, but we maintain independent business operations.

Set out below are the salient terms of the cooperation agreement:

<i>Period of lease</i>	1 March 2023 to 31 December 2027
<i>Roles and responsibilities of our Company</i>	Our Company is responsible for the construction (including the purchase and upgrade of testing equipment), safety management, and the maintenance of the testing facility
<i>Roles and responsibilities of CRAT</i>	CRAT is responsible for providing the venue, and utility such as water and electricity for the testing facility
<i>Costs and expenses</i>	Our Company is required to pay CRAT a monthly technical service fee and the costs for actual utility usage

OEE of our testing facilities

During the Track Record Period, we have provided a variety of automotive testing services to our customers using a variety of test equipment and machinery located at our testing facilities. Set out below is a table detailing the OEE of our testing facilities during the Track Record Period:

	Year ended						Six months ended					
	31 December 2024			31 December 2025			30 June 2025			30 June 2026		
	Effective operating time ⁽¹⁾ , (2)	Maximum operating time ⁽²⁾ , (3)	OEE ⁽⁴⁾ , (%)	Effective operating time ⁽¹⁾ , (2)	Maximum operating time ⁽²⁾ , (3)	OEE ⁽⁴⁾ , (%)	Effective operating time ⁽¹⁾ , (2)	Maximum operating time ⁽²⁾ , (3)	OEE ⁽⁴⁾ , (%)	Effective operating time ⁽¹⁾ , (2)	Maximum operating time ⁽²⁾ , (3)	OEE ⁽⁴⁾ , (%)
	(hours)	(hours)	(%)	(hours)	(hours)	(%)	(hours)	(hours)	(%)	(hours)	(hours)	(%)
Changxing Headquarters	61,191	133,443	45.9	74,017	151,601	48.8	31,309	52,613	59.5	39,325	62,563	62.9
Wuhan Testing Facility	9,565	20,597	46.4	15,471	38,580	40.1	6,811	14,677	46.4	5,761	16,332	35.3
Jinshan Testing Facility ⁽⁵⁾	52,578	105,003	50.1	90,880	147,571	61.6	44,309	58,193	76.1	38,118	45,276	84.2
Jiashan Testing Facility ^{(6), (7)}	-	-	-	2,845	4,000	71.1	-	-	-	19,711	28,329	69.6
Rugao Testing Facility	1,916	5,619	34.1	650	6,811	9.5	226	877	25.8	203	651	31.2
Huangpu Testing Facility	12,871	26,944	47.8	14,741	27,872	52.9	7,477	14,239	52.5	8,068	11,554	69.8
Overall	138,121	291,606	47.4	198,604	376,435	52.8	90,132	140,599	64.1	111,186	164,705	67.5

Notes:

- (1) The effective operating time represents the number of hours our testing facilities are in active operation, which only includes the actual test run and the period when valid data is collected. It does not include force majeure time, as well as the time for equipment and facility troubleshooting or repairs, non-running tests, meetings and personnel training, repetitive work resulting in invalid data, lag time, unscheduled test bench time, data analysis and processing time, time for test bench installation, pre-test preparations, engine part replacement and installation, engine maintenance, routine inspections, etc..

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- (2) Force majeure time means the time beyond our control, including statutory holidays, time allocated for scheduled annual testing facilities maintenance, force majeure events and non-billed hours, which refers to the time contracted for under an automotive testing services project that falls outside of the work scope as agreed upon with our customers.
- (3) The maximum operating time of our testing facilities for the Track Record Period is calculated based on the maximum number of available hours of operation per year/period, after excluding force majeure time.
- (4) OEE for the Track Record Period is calculated based on the effective operating time divided by the maximum operating time of our testing facilities.
- (5) Pursuant to the agreement dated 1 December 2025, the lease for our Jinshan Testing Facility was terminated by mutual agreement, and we shall vacate the premises by 31 July 2026 and it was closed down on 20 July 2026.
- (6) Our Jiashan Testing Facility had no operation for the year ended 31 December 2024. While it commenced operations on a limited basis during the year ended 31 December 2025, it is expected to have a stable OEE similar to our other testing facilities during the Track Record Period in or around July 2026, when certain testing machinery and equipment are relocated from our Jinshan Testing Facility to our Jiashan Testing Facility.
- (7) For the year ended 31 December 2025, as our Jiashan Testing Facility had only commenced operation a limited basis, it is estimated that the maximum effective operating time and maximum operating time for full operation for our Jiashan Testing Facility would be 53,102 and 87,411, such that our maximum OEE for full operation would be approximately 60.8%.

For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, the average OEE of our testing facilities was approximately 47.4%, 52.8%, 64.1% and 67.5% respectively.

The relatively low OEE at our Rugao Testing Facility is primarily because our Rugao Testing Facility focuses primarily on HICEV testing, and this type of testing is still in the research and development stage, so our testing processes often uncover novel technical limitations, and the continuous modifications significantly limit the continuous operating time of our test benches. As such, we have employed a conservative operational strategy of strictly monitoring and limiting engine operation in order to ensure testing safety and data accuracy. The OEE of our Rugao Testing Facility further decreased from approximately 34.1% to approximately 9.5% for the year ended 31 December 2025, which was mainly attributable to the fact that investment in HICEV technology was currently tempered by budgetary constraints and evolving market demand. While we remain committed to long-term capability building, we are developing a pioneering HICEV test bench validation capability in our Rugao Testing Facility to support future business development.

The OEE of our Wuhan Testing Facility also experienced some fluctuations during the Track Record Period primarily due to the shift in the major type of testing conducted. For the year ended 31 December 2024, our Wuhan Testing Facility focused more on emissions testing and durability or reliability testing that maintains higher OEE through continuous operation. Specifically, these testings generally operate under established working conditions and require less downtime for change of physical parts, and the engine can run continuously and stably if they remain in normal condition, resulting in a higher overall OEE. For the year ended 31 December 2025 and the six months ended 30 June 2026, our Wuhan Testing Facility focused more on mapping testing, which involves the fine-tuning of engine settings across various conditions, and requires frequent pauses to analyse data, adjust parameters, and change physical parts, which significantly reduces the total active running time and results in a lower overall OEE.

More broadly, our testing facilities focus on research and development for new vehicle models rather than mature commercial products. As such, our testing cycles require extensive non-operating procedures, including complex test bench configurations, continuous

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data analysis and mandatory regulatory idle periods such as six-hour engine cool-downs. Consequently, our effective operating time is inherently limited and theoretically cannot approach 100%. This is in contrast to mass production testing which has high operational efficiency through repetitive tasks and lean management, whereas our testing must prioritise data accuracy and rigorous calibration.

Nevertheless, as advised by F&S, the industry average of OEE is between 45% to 58%, and the OEE across our other testing facilities remain either above or in line with the industry average. We are also advised by F&S that our methodologies and assumptions used in calculating our OEE are in-line with industry norms which exclude significant portions of the time which is not effective operating time, resulting in a lower effective operating time.

Despite our average OEE remain either above or in line with the industry average, it is subject to fluctuations throughout the year. We may have limited capacity to take on additional orders during the periods of higher OEE, whereas our customers may not have new orders during periods of lower OEE. Furthermore, when our customers request full testing services, we may face capacity constraints or a lack of specialised testing equipment, such that we may subcontract a portion of the testing services to Independent Third Parties. For details, please refer to "Subcontracting" in this section.

To address these, we plan to allocate our [REDACTED] toward upgrading our ICEV, NEV, and ADAS testing capabilities, as it will resolve our capacity mismatch, bridge our testing technological gaps, and enable us to capture more orders. For details, please refer to "[REDACTED]" in this document.

Major testing machinery and equipment

As at the Latest Practicable Date, we owned more than 480 units of major testing machinery and equipment which are primarily used for our automotive testing services. However, depending on our capacity and the types of testing required, we would enter into short term lease agreements with independent third parties to lease certain testing machinery and equipment.

Set out as below are brief descriptions of the major types of testing machinery and equipment used and owned by us during the Tracks Record Period:

ICEV testing and NEV testing equipment

Engine dynamometer test bench

Used for testing engine performance, emissions, calibration, reliability and durability under controlled operating conditions.



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Roller test bench (components: environmental chamber, chassis dynamometer, sunlight simulation)

Used for whole vehicle performance, fuel economy and emission testing under simulated road load conditions.



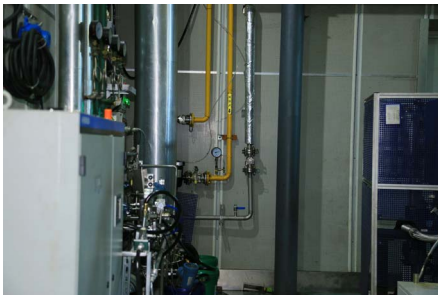
Emissions measurement system

Used for measuring exhaust emissions, including carbon dioxide, nitrogen oxides, and particulate matter.



Alternative fuel test system

Used for validating engine performance and emission characteristics under gasoline, diesel and alternative fuels.



Battery performance test system

Used for evaluating battery capacity, charge/discharge rate and energy efficiency.



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Electric motor & electric drive test bench

Used for testing performance, efficiency and durability of electric motors and electric drive systems.



Thermal management test platform

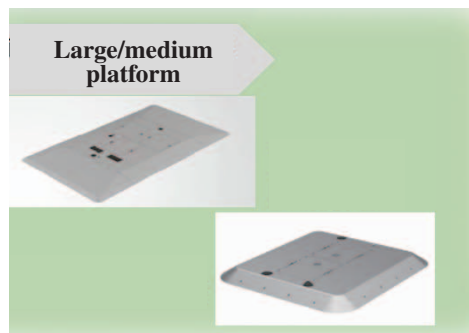
Used for validating battery and electric drive thermal management performance across various temperature ranges.



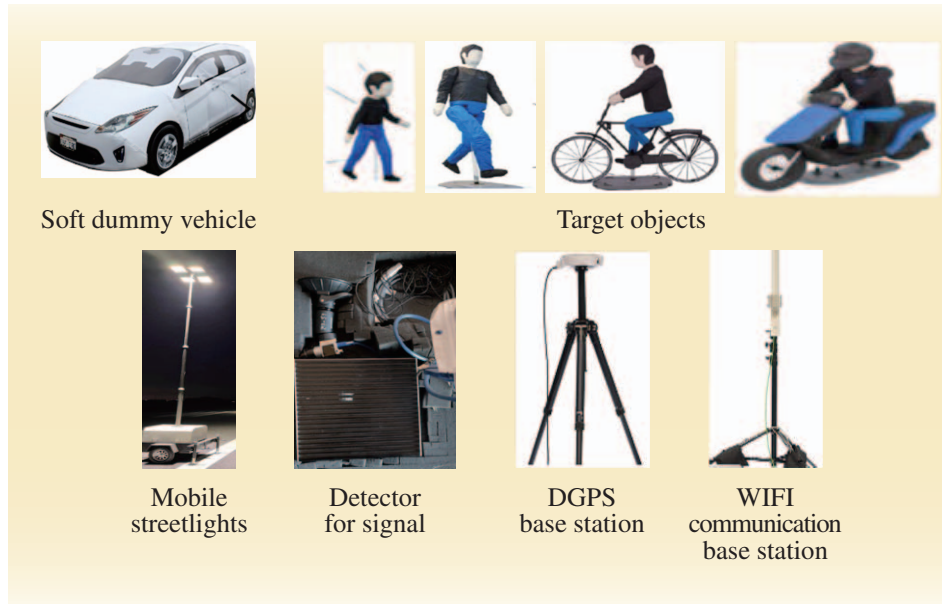
ADAS testing equipment

Proving ground ADAS test equipment

Used for real-world functional testing of ADAS features such as automatic emergency braking and adaptive cruise control.



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On average, our owned testing machinery and equipment have an estimated economic useful life of between three to ten years. We adopt a straight-line depreciation method when calculating the remaining economic useful life of our testing machinery and equipment. Set out below is a table detailing the remaining economic useful life of all of our relevant machinery and equipment used for our Automotive Testing Solutions:

Type of machinery and equipment	Number of units	Remaining average economic useful life (approximate)
ICEV testing equipment	598	7.0
NEV testing equipment	367	8.6
ADAS testing equipment ⁽¹⁾	19	9.8
Whole vehicle testing equipment ⁽²⁾	12	9.1
Auto parts manufacturing equipment	8	9.0

Notes:

- (1) Our ADAS testing is conducted outside our testing facilities and is usually conducted on public roads located in Suzhou or other venues as requested by our customers that can be temporarily closed off with critical layouts including long straight roads and intersections under a fee-based arrangement with the road owners. However, the testing procedures are exclusively managed by our personnel and utilise our own specialised testing equipment.
- (2) Whole vehicle testing equipment refers testing machinery and equipment which are used in connection with both ICEV and NEV testing. The whole vehicle testing equipment is treated as a standalone category, and the calculation does not overlap with ICEV and NEV equipment.

CUSTOMERS

During the Track Record Period, our customers were mainly leading domestic and international automotive manufacturers, automotive components manufacturers, other automotive testing service providers and research institutes and universities located in the PRC. However, during the Track Record Period, we also expanded our customer base to

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include auto manufacturers and testing equipment manufacturers in Japan and Malaysia. For details, please refer to “Financial Information – Revenue by geographical location of customers” in this document.

Our customers primarily engage us for automotive testing services in order to refine the designs, functions and system inter-operability of new models of ICEVs and NEVs so as to ensure that they are able to meet required performance and/or reliability standards. Our customers would also engage us to provide testing facility solutions. Further, international automotive manufacturers would also engage our automotive testing services for their new vehicle to be manufactured in the PRC.

The following table sets forth a breakdown of our revenue by customer type during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	Revenue (RMB'000)	% of total	Revenue (RMB'000)	% of total	Revenue (RMB'000)	% of total	Revenue (RMB'000)	% of total
Automotive components								
manufacturers	57,480	41.7%	83,813	40.9%	36,215	48.8%	53,346	57.4%
NEV manufacturers	28,454	20.6%	33,885	16.6%	18,126	24.4%	9,445	10.2%
Automotive testing service								
providers	24,331	17.7%	39,192	19.2%	15,013	20.3%	13,626	14.7%
ICEV manufacturers	17,465	12.7%	16,091	7.9%	3,092	4.2%	7,917	8.5%
Research institutes and universities	10,033	7.3%	31,594	15.4%	1,707	2.3%	8,524	9.2%
Total	137,763	100.0%	204,575	100.0%	74,153	100.0%	92,858	100.0%

The following table sets forth a breakdown of our gross profit and gross profit margin by customer type:

Customer type	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)
Automotive components								
manufacturers	16,792	29.2%	25,954	31.0%	10,180	28.1%	18,056	33.8%
NEV manufacturers	6,508	22.9%	6,892	20.3%	2,180	12%	1,113	11.8%
Automotive testing service								
providers	10,823	44.5%	10,530	26.9%	7,022	46.8%	2,658	19.5%
ICEV manufacturers	7,718	44.2%	3,724	23.1%	974	31.5%	639	8.1%
Research institutes and universities	2,787	27.8%	4,492	14.2%	551	32.3%	1,940	22.8%
Total	44,628	32.4%	51,592	25.2%	20,907	28.2%	24,406	26.3%

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Automotive components manufacturers

Automotive components manufacturers refer to companies who primarily produce components for the auto industry. The automotive testing services we provide to them covers a wide spectrum of products due to the diversity of components that they provide. However, our services are mostly centered on performance and functionality testing, mechanical and material properties testing and environmental and durability testing through simulating real-world use.

NEV manufacturers

NEV manufacturers refer to auto manufacturers who primarily manufacture and sell NEVs. The automotive test services which we provide to them are primarily centered on its powertrain which comprises the three core electric systems being the battery pack or system, electric motor and electric control system.

Automotive testing service providers

Automotive testing service providers refer to other automotive testing service providers who may subcontract in part or in whole their works to us either due to capacity issues or where they lack the requisite specialised skills to fulfill the requirements of their customers.

Considering our Group's profile in the automotive testing industry, our experience in providing automotive testing services in the PRC, our strategic network of testing facilities across the PRC that places us in close proximity to our customers in the PRC, and the fact that we possess specialised testing equipment such as our testing benches which are capable of testing advanced electric motors that generate extreme power and massive torque, which many other automotive testing service providers may not possess, our Directors are of the view that it is reasonable that other automotive testing service providers subcontract their works to our Group.

ICEV manufacturers

ICEV manufacturers refer to auto manufacturers who primarily manufacture and sell ICEVs. The automotive testing services which we provide to them are primarily centered on its powertrain which comprises the ICE, transmission, drive shaft, fuel system and exhaust system which represents the integral part of any ICEV.

Research institutes and universities

Research institutes and universities refer to institutions who engage in automotive research and development or other related works and in general, we provide to them testing facility solutions services whereby we provide specialised testing equipment, test facility advisory and/or engineering construction services for the development of their own testing facilities.

Overseas customers

We have expanded our services to overseas customers, which are primarily auto manufacturers and testing equipment manufacturers in Japan and Malaysia. Our services provided to these overseas customers principally consist of testing facility solutions. We became acquainted with these overseas customers by virtue of our business relationship with their PRC affiliated entities. Furthermore, we have built a solid track record of providing reliable and high-quality testing facility solutions. During the Track Record Period, our revenue generated from the provision of testing facility solutions to our Group's overseas

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customers amounted to approximately RMB3.9 million, RMB3.8 million, RMB0.05 million and nil, representing 2.8%, 1.9%, 0.1% and nil of our total revenue for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026.

As at the Latest Practicable Date, the existing international tariffs, export sanctions, and trade restrictions have no material impact on our operations or financial condition as our major business operations are primarily PRC-based. However, our business to overseas customers may be indirectly affected by future escalations in these trade barriers. If stricter policy is imposed, and there is increased tariff, the automotive manufacturers may choose to defer the development of new vehicle models, which could lead to a decline in demand for our services.

Recurring Customers

We have a strong base of recurring customers. For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, our Group served a total of 144, 173, 96 and 84 customers respectively, of which 18, 46, 47 and 55 customers respectively were recurring customers. Revenue generated from such recurring customers amounted to approximately RMB68.2 million, RMB101.5 million, RMB51.2 million and RMB66.4 million respectively, representing approximately 49.5%, 49.6%, 69.0% and 71.5% of our Group's total revenue.

Customer base by business segment

Automotive testing services

ICEV testing: Our customers for this business segment are mainly ICEV manufacturers and automotive components manufacturers. They engage us to conduct performance testing to support their product development. We also provide services to other automotive testing service providers to supplement their testing capabilities.

NEV testing: Our customers for this business segment are mainly NEV manufacturers and automotive components manufacturers. Their primary business need is to fulfill development and testing requirements for the powertrains and core electric systems of electric vehicles.

ADAS testing: Our customers for this business segment are mainly ICEV and NEV manufacturers and automotive components manufacturers. They engage us to test the safety and functionality of their intelligent driving systems prior to commercial application.

Testing facility solutions

Our customers for this business segment are mainly ICEV and NEV manufacturers, automotive components manufacturers, and research institutes and universities. They procure our services to build or upgrade their internal testing facilities. Research institutes and universities procure our services to facilitate testing for their academic and commercial research projects.

Sales of automotive components

Our customers for this business segment are mainly automotive components manufacturers. They procure specific parts such as urea pumps and TCU as well as our ancillary calibration services.

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Salient terms of typical framework agreements with our customers

Salient terms of agreements for our automotive testing services

We do not generally enter into any long term agreement with our customers, which our Directors believe is in line with the general market practice of our industry. However, we may enter into framework agreements with our customers which set out the general terms and conditions on which we provide our solutions and services. After entering into a framework agreement, our customers would issue a separate task order to us which will specify the specific types of tests required. The salient terms of our typical framework agreements are as follows:

<i>Scope</i>	We shall provide testing solutions and services, including product testing, report issuance, and certificate application, based on specific task orders placed by our customer
<i>Term and renewal</i>	Our framework agreements typically last for one year, some contracts may include an automatic one-year renewal clause unless one party objects
<i>Pricing</i>	Fees are generally calculated based on a time-charge basis with reference to the relevant schedule of fees
<i>Payment</i>	Payments are generally to be settled by way of bank transfers
<i>Credit term</i>	We generally granted our customers a credit period of 30-180 days after the issuance of our invoices
<i>Customer's responsibilities</i>	The customer is responsible for supplying the test prototypes and fulfilling their payment obligations within the agreed timeframe
<i>Warranty</i>	Generally should any test results be incorrect due to our fault, we are obligated to conduct a re-test free of charge
<i>Our potential liability</i>	We have potential liabilities including penalty for test delays caused by equipment failures, and indemnification for damages in cases of severe delays, breach of confidentiality, unauthorised subcontracting, or failure to provide adequate bench resources
<i>Fee rates</i>	Fees are generally calculated based on the actual number of usage of testing facilities and the testing cycle

Salient terms of agreements for our testing facility solutions

<i>Scope</i>	We shall provide testing equipment procurement, testing facility solutions, installation, and related technical training services for testing facilities
<i>Term and renewal</i>	The duration of the contract generally cover the equipment delivery, execution phase and to completion date

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<i>Pricing</i>	Fees are generally calculated based on a fixed lump-sum contract total for the testing equipment, hardware, and associated technical services
<i>Payment</i>	Payments are generally to be settled by way of milestone instalments
<i>Credit term</i>	We generally granted our customers a credit period of 30 days following the achievement of specific project milestones
<i>Customer's responsibilities</i>	The customer is responsible for processing scheduled milestone payments, formally inspecting and accepting the equipment upon delivery, and providing necessary site access and conveniences for our technical personnel during the installation and debugging process
<i>Warranty</i>	We generally provide a two to three years warranty period in accordance with the contract covering the delivered hardware and systems
<i>Our potential liability</i>	We face liabilities for breaches including daily penalties for delayed delivery, contract penalty for severe non-performance, and damages resulting from product defects

Salient terms of agreements for our sales of automotive components

<i>Scope</i>	We shall provide specified automotive components in accordance with the customer's technical requirements and scheduled delivery orders
<i>Term and renewal</i>	The contract term typically lasts for one year
<i>Pricing</i>	Fees are generally calculated based on fixed unit prices multiplied by the total ordered quantities of the specified automotive components
<i>Payment</i>	Payments are generally to be settled by way of bank transfer
<i>Credit term</i>	We generally granted our customers a credit period of 30 days after issuance of our invoices
<i>Warranty</i>	We offer unconditional replace or refund of defective goods within seven working days
<i>Our potential liability</i>	We have potential liabilities including penalty for delayed deliveries, fixed monetary fines for quality breaches

Five largest customers

During the Track Record Period, the revenue from five largest customers in each year/period amounted to approximately RMB48.4 million, RMB86.9 million and RMB46.9 million which accounted for approximately 35.2%, 42.4% and 50.4% of our total revenue respectively. As at the Latest Practicable Date, the length of our business relationships with our five largest customers ranged from 0 to 7 years.

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The following tables set out details regarding our revenue generated from our five largest customers during the Track Record Period and their respective backgrounds:

Year ended 31 December 2024

Ranking	Customer	Principal business nature	Principal services/product provided	Year of commencement of business relationship	Typical credit terms and payment method	Total sales (RMB'000)	Approximate % of total revenue
1.	BYD Company Limited ⁽¹⁾	Automobile business	ICEV testing, NEV testing, ADAS testing, testing facility solutions, sales of automotive components	2023	30 days - 6 months, telegraphic transfer	11,625	8.4%
2.	Customer B ⁽²⁾	Powertrain & engine systems	ICEV testing, NEV testing, ADAS testing, sales of automotive components	2021	90 days, telegraphic transfer	11,391	8.3%
3.	Customer C ⁽³⁾	Power management solutions	ICEV testing, NEV testing, ADAS testing, testing facility solutions	2019	120 days, telegraphic transfer	10,580	7.7%
4.	Zhejiang CFMOTO Power Co., Ltd.* (浙江春风动力股份有限公司) ⁽⁴⁾	Recreational vehicles & engines	ICEV testing	2019	30 days, telegraphic transfer	8,259	6.0%
5.	Customer E ⁽⁵⁾	Higher education & research	Testing facility solutions	2022	Prepayment, telegraphic transfer	6,592	4.8%
Total:						48,447	35.2%

Year ended 31 December 2025

Ranking	Customer	Principal business nature	Principal services/product provided	Year of commencement of business relationship	Typical credit terms and payment method	Total sales (RMB'000)	Approximate % of total revenue
1.	Customer F ⁽⁶⁾	Construction of public facilities & project investment	Testing facility solutions	2023	7 - 365 days, telegraphic transfer	28,288	13.8%
2.	Customer G ⁽⁷⁾	Automotive manufacturing	NEV testing, ADAS testing	2024	30 days-6 months, telegraphic transfer	19,876	9.7%
3.	Customer B ⁽²⁾	Powertrain & engine systems	ICEV testing	2021	90 days, telegraphic transfer	17,701	8.7%
4.	BYD Company Limited ⁽¹⁾	Automobile business	ICEV testing, NEV testing	2023	30 days-6 months, telegraphic transfer	12,553	6.1%
5.	Customer H ⁽⁸⁾	Testing services	ADAS testing	2025	10 days, telegraphic transfer	8,466	4.1%
						86,884	42.4%

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Six months ended 30 June 2026

Ranking	Customer	Principal business nature	Principal services/product provided	Year of commencement of business relationship	Typical credit terms and payment method	Total sales (RMB'000)	Approximate % of total revenue
1.	Customer B ⁽²⁾	Powertrain & engine systems	ICEV testing, NEV testing, ADAS testing, sales of automotive components	2021	90 days, telegraphic transfer	18,052	19.4%
2.	Zhejiang CFMOTO Power Co., Ltd.* (浙江春风动力股份有限公司) ⁽⁴⁾	Recreational vehicles & engines	ICEV testing	2019	30 days, telegraphic transfer	10,388	11.2%
3.	Customer I ⁽⁹⁾	Automotive testing	ICEV testing	2019	10 - 30 days, telegraphic transfer	7,342	7.9%
4.	Customer G ⁽⁷⁾	Automotive manufacturing	NEV testing, ADAS testing	2024	30 days-6 months, telegraphic transfer	6,169	6.6%
5.	Xingyi Shuneng Technology (Jiangsu) Co., Ltd.* (星翼数能科技(江苏)有限公司) ⁽¹⁰⁾	Research and development of clean energy technologies	Testing facility solutions	2026	Prepayment, telegraphic transfer	4,939	5.3%
						46,890	50.4%

Notes:

- (1) BYD Company Limited (“BYD”) is a joint stock company incorporated in the PRC in 1995, headquartered in Shenzhen of Guangdong province and was listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1211) in 2002 and the Shenzhen Stock Exchange (stock code: 002594) in 2011 with a registered capital of approximately RMB9.12 billion respectively. The company primarily engages in automobile business which mainly include new energy vehicles, handset components and assembly services, rechargeable batteries and photovoltaics business. During the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, our Group generated revenue from 2 subsidiaries of BYD consisting of:
 - a. BYD Auto Industry Co., Ltd. is a limited liability company incorporated in the PRC in 2006, headquartered in Shenzhen with a registered capital of approximately USD3.76 billion. The company primarily engages in the research, development, and manufacturing of automobiles and related components; and
 - b. BYD Auto Co., Ltd. is a limited liability company incorporated in the PRC in 1997, headquartered in Xi'an with a registered capital of approximately RMB4.38 billion. The company primarily engages in the production of passenger vehicles and moulds.
- (2) Customer B is a company incorporated and headquartered in IN, USA in 1919 and is listed on the New York Stock Exchange. The company primarily engages in the business of designs, manufactures, sells and services diesel and alternative fuel engines, generators and related components and technology. During the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, our Group generated revenue from nine group entities of Customer B consisting of:
 - a. a limited liability company incorporated in the PRC in 2007, headquartered in Beijing with a registered capital of approximately RMB2.29 billion. The company primarily engages the light-duty business that produces diesel engines for commercial and passenger vehicles, and the heavy-duty business that produces diesel and natural gas engines;
 - b. a limited company incorporated in the PRC in 2005, headquartered in Wuhan of Hubei province with a registered capital of approximately USD73.55 million. The company primarily engages in the research and development of engine power systems;
 - c. a limited liability company incorporated in the PRC in 2008, headquartered in Beijing with a registered capital of USD9.7 million. The company primarily engages in the manufacturing aftertreatment technology and products for both on-highway and off-highway engines;

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- d. a limited liability company incorporated in the PRC in 2013, headquartered in Hubei province with a registered capital of RMB60.0 million. The company primarily engages in the production of aftertreatment technology and product for on-highway and off-highway engines;
 - e. a limited liability company incorporated in the PRC in 1997, headquartered in Beijing with a registered capital of USD189.8 million. The company primarily engages in the manufacture of engines, generator sets, alternators, filtration systems, turbocharging systems, emission solutions, and fuel systems;
 - f. a limited liability company incorporated in the PRC in 1996, headquartered in Hubei province with a registered capital of USD100.62 million. The company primarily engages in production of on-highway engines and off-highway engines, which are widely used in trucks, buses, construction machinery, generator sets;
 - g. a limited liability company incorporated in the PRC in 2008, headquartered in Wuhan of Hubei province with a registered capital of RMB52.4 million. The company primarily engages in manufacturing of computers, communications and other electronic equipment;
 - h. a limited company incorporated in the PRC in 2008, headquartered in Wuxi of Jiangsu province with a registered capital of USD6 million. The company primarily engages in manufacturing of vehicles; and
 - i. a limited company incorporated in the PRC in 2005, headquartered in Xi'an of Shaanxi province with a registered capital of USD24 million. The company primarily engages in sales and manufacturing of engines and other components.
- (3) Customer C is a limited liability company incorporated in the PRC in 1997, headquartered in Shanghai with a registered capital of USD39.1 million. The company primarily engages in power management and the manufacture and sales of mechanical components.
- (4) Zhejiang CFMOTO Power Co., Ltd.* (浙江春风動力股份有限公司) (“**Zhejiang CFMOTO**”) is a joint-stock limited company incorporated in the PRC in 2003 and listed on the Shanghai Stock Exchange (stock code: 603129), headquartered in Hangzhou of Zhejiang province with a registered capital of approximately RMB153.0 million. The company primarily engages in developing and manufacturing motorcycles, off road vehicles, engines, frames, parts, apparels and accessories. During the years ended 31 December 2025 and 2026 and the six months ended 30 June 2026, our Group generated revenue from a subsidiary of Zhejiang CFMOTO consisting of:
- a. Zhejiang Jesse Jia Transmission Co., Ltd* (浙江傑西嘉傳動有限公司) is a limited liability company incorporated in the PRC in 2013, headquarter in Hangzhou of Zhejiang province with a registered capital of RMB10.21 million. The Company primarily engages in sales and manufacturing of automotive components.
- (5) Customer E is a university established in the PRC in 1895, located in Tianjin. As a leading institution under the Ministry of Education, it primarily engages in higher education, advanced scientific research, and technological development. It has 3 state-level international science and technological cooperation bases, 37 municipal-level joint research bases and 27 university-level joint research bases. It has also formed strategic partnership with more than 200 universities, research institutes and companies in 50 countries.
- (6) Customer F is a customer group consisting of a local government body and its operating entity. During the year ended 31 December 2025, our Group generated revenue from two entities of Customer F consisting of:
- a. a government administrative committee in the PRC located in Wuxi of Jiangsu province. The committee primarily engages in drafting overall development plans, approving investment construction projects, attracting investment and managing enterprise services, constructing and managing basic public facilities, and managing fiscal budgets and state-owned assets. It co-founded an innovation centre with a university in the PRC in 2022 to drive the technological advancement and commercialisation of carbon-neutral energy and power intelligence; and
 - b. a limited liability company incorporated in the PRC in 2022, headquartered in Wuxi of Jiangsu province with a registered capital of RMB10.0 million. The company primarily engages in research and development, and it functions as the operation and management platform for the innovation centre.
- (7) Customer G is a joint stock company incorporated in the PRC in 1997, with a registered capital of approximately RMB5.8 billion and is listed on the Hong Kong Stock Exchange. The company is a passenger vehicle company that primarily engages in designing, developing, manufacturing and selling a diverse and expanding portfolio of passenger vehicles. As of 31 December 2025, Customer G had approximately 70,000 employees in total. During the year ended 31 December 2025, our Group generated revenue from two group entities of Customer F consisting of:

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- a. a limited liability company incorporated in the PRC in 2005 with a registered capital of RMB2.0 billion. The company primarily engages in the research and development, production and sales of powertrain products such as engines, transmissions and electric drives; and
 - b. a joint stock company incorporated in the PRC in 2010 with a registered capital of approximately RMB1.0 billion. The company primarily engages in the manufacture and sales of passenger vehicles.
- (8) Customer H is a limited liability company incorporated in the PRC in 2022, headquartered in Shanghai, the PRC, with a registered capital of EUR6.08 million. The company primarily engages in testing and certification, covering a wide range of sectors including food, pharmaceuticals, environment, and consumer goods.
- (9) Customer I is a limited liability company incorporated in the PRC in 2016, headquartered in Shanghai, the PRC, with registered capital of RMB2.5 billion. The company primarily engages in testing related services, it provides motor vehicle product testing, certification, inspection and other services and it also operates testing equipment repairing and maintenance. During the six months ended 30 June 2026, our Group generated revenue from two group entities of Customer I consisting of:
- a. a limited liability company incorporated in the PRC in 2021 with a registered capital of RMB60 million. The Company primarily engages in motor vehicle product testing, certification, inspection and other services; and
 - b. a branch company of a limited liability company incorporated in the PRC in 2020. The Company primarily engages in motor vehicle product testing, certification, inspection and other services.
- (10) Xingyi Shuneng Technology (Jiangsu) Co., Ltd.* (星翼數能科技(江蘇)有限公司) is a limited liability company incorporated in the PRC in 2025, headquartered in Jiangsu province, the PRC, with registered capital of RMB11.25 million. The company primarily engages in research and development in the field of solar power technology, promoting the application and development of clean energy technologies.

Our Directors have confirmed that our five largest customers during each year/period of the Track Record Period are Independent Third Parties and none of our Directors, or their close associates or any Shareholder holding more than 5% of our Company’s issued share capital had any interests in any of our five largest customers during each year/period of the Track Record Period.

OUR PROJECTS

During the Track Record Period, our automotive testing services and testing facility solutions were provided to our customers on a project-by-project basis. In general, the duration of the testing operation stage of our automotive testing services projects ranged from approximately one week to approximately three months. For our sales of automotive components business segment, it would be transacted on a sales order-by-sales order basis. The following table sets forth a breakdown based on the number of automotive testing services and testing facility solutions projects, and number of sales orders of automotive components that we provided during the Track Record Period:

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	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
Automotive testing				
ICEV testing	194	209	129	144
NEV testing	233	351	220	223
ADAS testing	33	54	18	26
Sub-total	<u>460</u>	<u>614</u>	<u>367</u>	<u>393</u>
Testing facility solutions	22	26	7	14
Sales of automotive components	17	8	3	3
Total	<u>499</u>	<u>648</u>	<u>377</u>	<u>410</u>

The following table sets forth a breakdown of the average work order value of our automotive testing services and testing facility solutions projects, and the average value of our sales orders in relation to the sales of automotive components during the Track Record Period:

	Year ended 31 December		Six months ended
	2024	2025	30 June
	(RMB)	(RMB)	2026
Automotive testing			
ICEV testing	296,370	285,660	227,883
NEV testing	193,351	190,429	127,189
ADAS testing	307,083	507,693	302,174
Testing facility solutions	984,832	1,762,812	1,657,241
Sales of automotive components	200,997	597,831	207,148

During the Track Record Period, the average work order value of ADAS testing increased significantly due to the increase of higher contract order value in our overseas road testing services; the average work order value of testing facility solutions also increased due to the completion of our large-scale top 1 project provided to Customer F for the year ended 31 December 2025 which amounted to approximately RMB28.1 million, and which accounted for approximately 61.3% of our revenue generated from testing facility solutions and approximately 13.7% of our total revenue for the year ended 31 December 2025, and thus led to the significant increase in the average work order value of testing facility solutions; the average value of our sales orders in relation to the sales of automotive components increased, primarily due to the increase in sales of TCUs and urea pumps which have higher contract order value. During the Track Record Period, the average work order value of ICEV and NEV testing dropped, primarily due to the underlying automotive technologies have matured so that our services require fewer billable hours per order.

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Backlog

As at 31 December 2024 and 2025 and as at 30 June 2025 and 2026, we had a total of 34, 63, 120 and 63 projects in our backlog (representing projects awarded but not yet completed at the respective dates), respectively. The following table sets forth the total outstanding contract value in our backlog as at the dates indicated:

	As at 31 December		As at 30 June	
	2024	2025	2025	2026
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Automotive testing	18,023	14,501	14,502	10,122
Testing facility solutions	56,946	23,101	62,631	29,128
Sales of automotive components	nil	nil	nil	nil
Total	74,969	37,602	77,133	39,250

As at 31 December 2024 and 2025 and as at 30 June 2025 and 2026, the backlog for our sales of automotive components was nil, because all of our orders in this segment were completed prior to the close of each respective year, leaving no unfulfilled orders to carry forward into the subsequent reporting periods.

Our backlog represents an estimate of the total outstanding contract value or amount of service orders (assuming all works under the agreed testing service scope are required to be carried out) as at 31 December 2024 and 2025 and as at 30 June 2025 and 2026. It is important to note that not all of the contracts nor service orders entered into by us and our customers include a specified contract sum or fixed amount for the services to be provided. The backlog above only considered orders-on-hand with workload that can be reliably estimated. Furthermore, the backlog amount for these orders-on-hand may be subject to potential changes due to various factors, including alterations in the scope and duration of services, pricing adjustments, and any other unforeseen circumstances. Since we normally charge our customers based on a pre-agreed testing service scope and unit price, taking into account the actual amount of testing or services performed. As a result, there may be a deviation between the future actual revenue recognised and the backlog amount estimated at the time of order acceptance.

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The following table set forth the movement in the number of projects during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	Number of projects	Value (RMB'000)	Number of projects	Value (RMB'000)	Number of projects	Value (RMB'000)	Number of projects	Value (RMB'000)
Automotive testing								
Opening number/value of backlog as at 1 January of the relevant year/period	41	10,819	16	18,023	16	18,023	46	14,502
New projects during the year/period	435	119,884	644	150,438	446	98,067	392	84,401
Projects completed during the year/period	460	112,680	614	153,959	367	70,844	393	69,035
Closing number/value of backlog as at the last date of the relevant year/period	16	18,023	46	14,501	95	45,245	45	29,868
Testing facility solutions								
Opening number/value of backlog as at 1 January of the relevant year/period	24	48,791	18	56,946	18	56,946	17	23,101
New projects during the year/period	16	29,821	17	11,988	14	13,027	15	30,300
Projects completed during the year/period	22	21,666	18	45,833	7	1,070	14	23,201
Closing number/value of backlog as at the last date of the relevant year/period	18	56,946	17	23,101	25	68,903	18	30,200
Sales of automotive components								
Opening number/value of backlog as at 1 January of the relevant year/period	–	–	–	–	–	–	–	–
New projects during the year/period	17	3,417	8	4,783	3	2,239	3	621
Projects completed during the year/period	17	3,417	8	4,783	3	2,239	3	621
Closing number/value of backlog as at the last date of the relevant year/period	–	–	–	–	–	–	–	–

Our early-terminated/loss-making projects

Early-terminated projects refer to projects for which termination agreements were signed before project was completed. During the Track Record Period, we recorded five, two, two and two terminated projects, representing the revenue contribution of approximately RMB1.5 million, RMB0.2 million, RMB0.1 million and RMB0.7 million for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. The terminated projects were all automotive testing projects, and their termination was primarily resulted from the changes in customer requirements or their operation conditions during the project implementation process. Despite the occurrence of these terminated projects, these projects did not have any material adverse impact on our overall business operations as the revenue contribution from these projects was minimal.

Loss-making projects refers to the accepted projects with recognised revenue where the revenue recognised for the project in a year minus cost of sales of goods and services for the same project in that year is negative. Our Directors confirm that our Group had no loss-making projects during the Track Record Period.

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Top ten projects

The following table sets forth the details of our top ten projects in terms of revenue in each of the respective year during the Track Record Period.

Year ended 31 December 2024

Ranking	Type of services we provided in the project	Number of customer	Customer type	Brief description	Contract value (RMB'000)	Duration (month)	Revenue (RMB'000)	Gross profit (RMB'000)	Gross profit margin %
1	Testing facility solutions	1	Automotive components manufacturers	Three-motor testing bench installation	7,832	7	7,832	2,615	33
2	Testing facility solutions	1	Research institutes and universities	High-speed motor testing bench installation	6,592	23	6,592	252	4
3	ICEV testing	1	ICEV manufacturers	Engine testing services	6,152	12	4,931	2,544	52
4	Testing facility solutions	1	ICEV manufacturers	Dynamometer installation	3,850	13	3,850	1,676	44
5	ADAS testing	1	NEV manufacturers	Regional vehicle road testing	2,234	8	2,108	713	34
6	ADAS testing	1	Automotive testing service providers	Regional vehicle road testing	2,214	4	1,995	286	14
7	ICEV testing	1	Research institutes and universities	Engine durability testing	1,880	6	1,994	1,517	76
8	ICEV testing	1	Research institutes and universities	HICEV testing	2,977	12	1,987	1,522	77
9	NEV testing	1	Automotive testing service providers	NEV powertrain testing	1,731	4	1,731	293	17
10	ADAS testing	1	NEV manufacturers	ADAS testing	1,762	8	1,626	759	47

Year ended 31 December 2025

Ranking	Type of services we provided in the project	Number of customer	Customer type	Brief description	Contract value (RMB'000)	Duration (month)	Revenue (RMB'000)	Gross profit (RMB'000)	Gross profit margin %
1	Testing facility solutions	1	Research institutes and universities	General equipment procurement	27,832	22	27,832	4,127	17
2	ADAS testing	1	Automotive testing service providers	General testing services	11,150	Ongoing	8,391	2,057	25
3	ADAS testing	1	NEV manufacturers	Regional vehicle road test	5,581	9	5,266	904	17
4	Testing facility solutions	1	ICEV manufacturers	Engine testing bench installation	3,761	24	3,761	485	13
5	Testing facility solutions	1	Automotive testing service providers	Powertrain testing bench installation	3,519	12	3,519	1,706	48
6	Testing facility solutions	1	Automotive testing service providers	Testing equipment procurement	3,230	11	3,230	393	12
7	ICEV testing	1	Automotive testing service providers	General testing services	3,164	7	3,164	1,824	58
8	NEV testing	1	NEV manufacturers	High-speed motor testing	11,934	12	2,888	838	29
9	NEV testing	1	Automotive components manufacturers	High-speed motor testing	12,075	15	2,799	346	12
10	Testing facility solutions	1	Automotive components manufacturers	Electric drive testing bench installation	2,752	13	2,752	1,410	51

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Six months ended 30 June 2026

Ranking	Type of services we provided in the project	Number of customer	Customer type	Brief description	Contract value (RMB'000)	Duration (month)	Revenue (RMB'000)	Gross profit (RMB'000)	Gross profit margin %
1	Testing facility solutions	1	Automotive components manufacturers	Testing bench installation	6,100	21	5,398	1,186	22
2	Testing facility solutions	1	Research institutes and universities	Testing bench installation	5,581	2	4,939	609	12
3	Testing facility solutions	1	Automotive components manufacturers	Controller testing bench installation	3,469	1	3,469	2,017	58
4	ICEV testing	1	Automotive components manufacturers	ICEV testing	Framework agreement	6	2,887	1,786	62
5	Testing facility solutions	1	Research institutes and universities	Testing bench ancillary equipment installation	3,200	17	2,832	1,193	42
6	ADAS testing	1	Automotive components manufacturers	ADAS testing	Framework agreement	2	2,389	1,317	55
7	ICEV testing	1	Automotive testing service providers	ICEV testing	Framework agreement	3	2,218	1,018	46
8	ICEV testing	1	Automotive testing service providers	ICEV testing	Framework agreement	3	2,037	1,067	52
9	Testing facility solutions	1	Automotive testing service providers	Two-motor testing bench installation	2,700	11	2,009	81	4
10	ADAS testing	1	NEV manufacturers	Regional vehicle road testing	Framework agreement	6	1,978	198	10

SALES AND MARKETING

Sales and marketing

Our Group’s automotive testing services and testing facility solutions projects during the Track Record Period were primarily obtained by way of a customer’s invitation for quotation though, to a lesser extent, some of these projects would be obtained through open tenders which we would normally obtain via online platforms. For invitation for quotations, our customers would solicit us either based on their past dealings with us or other pre-existing relationships. Tenders submitted by us would be assessed based on our qualifications, skills, experiences and pricing to determine if we are capable of fulfilling the requirements as stipulated in the tender documents. For our sales of automotive components, we would solicit them after identifying their needs for a specific automotive component.

While we compete with other automotive testing services in the PRC, our Directors believe that we will continue to successfully capture business opportunities as they arise given our well-established business relationships with our customers, industry position and technical expertise. Furthermore, we believe that due to high entry barriers such as qualification and certification, technology and research and development barriers, resource integration and capital investment, it will be difficult for new industry players to emerge thus key customers in the industry will continue to rely on a limited number of automotive testing services providers which will also serve to allow us to capture new business opportunities when they arise.

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In order to reinforce our corporate image and reputation within the industry and to attract and source new customers, we have and will continue to (i) actively participate and engage in industry trade shows and exhibitions to showcase our Group's service offerings and successful track record; and (ii) compete for various industry awards to increase our exposure and recognition among the market players. Furthermore, we will continue to maintain regular communications with our customers and industry players to keep abreast of the latest development in the market and our customers' needs.

During the Track Record Period, we submitted a total of 107, 125, 59 and 70 tenders for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. Specifically, for our automotive testing segment, we submitted 92, 110, 51 and 61 tenders for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. For our testing facility solutions segment, we submitted 15, 15, 8 and 9 tenders for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

During the Track Record Period, our overall number of successful tenders was 68, 79, 38 and 40 for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively, corresponding to an overall tender success rate of approximately 62.1%, 56.1%, 64.4% and 57.1%, for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 respectively. Specifically, for our automotive testing segment, the number of successful tender was 59, 72, 33 and 36 for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively, and the corresponding success rates are 64.1%, 65.5%, 64.7% and 59.0%, for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 respectively. For our testing facility solutions segment, the number of successful tender was 9, 7, 5 and 4 for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively, and the corresponding success rates are 60.0%, 46.7%, 62.5% and 44.4% for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. The slight decline in our overall tender success rate was primarily due to a decrease in the successful tenders in the testing facility solutions segment.

The revenue generated from the successful tenders amounted to a total of RMB71.4 million, RMB121.2 million, RMB31.3 million and RMB49.0 million for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. Specifically, for our automotive testing segment, it generated the revenue of RMB71.1 million, RMB86.3 million, RMB30.8 million and RMB41.2 million for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. For our testing facility solutions segment, it generated the revenue of RMB0.24 million, RMB34.9 million, RMB0.5 million and RMB7.85 million for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

We generally do not participate in tender processes for our sales of automotive components segment, as the nature of these orders typically relies on direct purchases rather than a formal bidding process.

Pricing policy

We typically charge our customers in relation to our automotive testing services on a time-cost basis with each specific type of test carrying differing hourly rates. These hourly rates would be multiplied by the number of hours required and quantity of units to be tested as specified by our customers after taking into account the testing methodology. However,

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our hourly charges may vary after taking into account factors such as the nature, scale, complexity, duration and costs. Furthermore, we would also take into account factors such as our previous quotes for similar works and prevailing market prices.

Set out below are the typical price ranges of our hourly rates in respect of each type of automotive testing service that we provided during the Track Record Period:

	Year ended 31 December 2024	Year ended 31 December 2025	Six months ended 30 June 2026
	Price range per hour (RMB)	Price range per hour (RMB)	Price range per hour (RMB)
ICEV testing services	250-3,100	220-3,800	220-2,916
NEV testing services	50-1,900	50-1,900	74-1,900
ADAS testing services	2,400-4,100	1,500-4,000	1,500-4,000

Although the average work order value for ICEV and NEV testing experienced a decline during the Track Record Period, the price range of ICEV prices increased and NEV prices remained stable. The reason for the rise in ICEV price range was due to the market supply imbalance, as the automotive sector heavily prioritised NEV development over the past few years, and the available capacity for ICEV testing became restricted, which drove up the price range for ICEV testing services. On the other hand, the price range for NEV hourly rates remained stable as the market has gradually reached a balance between supply and demand.

For our testing facility solutions, we typically charge our customers on a cost plus basis after taking into account the types of testing equipment and machinery and/or service required to be supplied/provided the length of the project and its complexity. Pricing for automotive components is determined on a costs-plus basis.

Seasonality

Our Directors believe that the industry in which we operate does not exhibit any significant seasonality.

SUPPLIERS

During the Track Record Period, our suppliers were mainly testing equipment and machinery and raw materials suppliers who were located in the PRC. We generally purchase from our suppliers electricity, raw materials, testing equipment and machinery, auto-parts and software systems which are used in connection with our Automotive Testing Solutions. To ensure the quality of the products supplied to us, we maintain an internal list of approved suppliers. The inclusion criteria for prospective suppliers include (i) pricing, (ii) industry reputation and (iii) payment and delivery terms. Furthermore, we will regularly review our internal list of approved suppliers and remove those whose products fail to adhere to the contract terms. As at the Latest Practicable Date, more than 92 suppliers were included on our approved list of suppliers. For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, our Group's total procurement costs amounted to approximately RMB123.3 million, RMB157.9 million, RMB53.1 million and RMB55.0 million respectively.

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Testing equipment and machinery, automotive components and software suppliers

We source testing equipment and machinery, automotive components, and software systems that are utilised in our provision of automotive testing services and testing facility solutions from a number of reputable hardware and software suppliers. The hardware and software system we procure include measurement instruments, control modules, data acquisition software, and other technical components required to support our operations and project execution. We generally engage our hardware and software suppliers on an order-by-order basis, with scope, payment and obligation terms determined between the parties upon negotiation, taking into account the technical specifications, functionality, and compatibility of the products with our ongoing or upcoming projects. This procurement approach enables us to select the most appropriate equipment and solutions that meet specific testing objectives and project requirements. Purchase orders and supply terms are determined with reference to prevailing market conditions, supplier performance, and our internal quality and safety standards.

Raw materials suppliers

We also procure various raw materials from specialised suppliers to support on regular operations. These raw materials primarily comprise fuels such as diesel, gasoline and natural gas, and other materials consumed during testing processes. To ensure consistency in quality, we typically enter into framework agreements with our principal raw materials suppliers. These agreements establish the framework for determining the price and quality of the raw materials. We maintain an ongoing evaluation and communication mechanism with our key raw materials suppliers to monitor supply performance and ensure that the materials provided conform to our testing standards and project requirements.

Set out below are the salient terms of a typical framework agreement entered into between our Group and our raw materials suppliers during the Track Record Period:

<i>Scope</i>	The suppliers shall provide raw materials in accordance with the required standards as set out in the contract.
<i>Term</i>	Raw materials supply contracts are generally signed for an initial term of one year.
<i>Price</i>	The pricing for the raw materials supplied is generally pegged to the market rate.
<i>Payment</i>	Monthly payments which are generally made by way of bank transfers.
<i>Supplier's obligations</i>	The suppliers shall deliver the raw materials to us at their own delivery costs.
<i>Quality standard</i>	The raw materials shall meet the agreed quality standards as set out in the contract. We are entitled to conduct random inspections on the raw materials supplied and may request relevant product material reports and parameters from suppliers.
<i>Renewal</i>	Where there are no objections of the parties, the supply agreement is automatically renewed and continued upon expiry of its initial term.

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<i>Warranty</i>	There is typically no explicit warranty period, but the suppliers normally warrant its products as described in the supply agreements, the suppliers are required to provide an inspection report with each delivery, the suppliers shall bear the cost of compensation in the event of non-compliance.
<i>Duration</i>	The duration of the supply agreements is typically one year.

As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortage of supplies, material difficulties in procuring supplies or any material fluctuations in the costs of our supplies which had a material impact upon our business operations and financial conditions.

Our Directors confirmed that we had not experienced any material shortage or disruption in the supply of oil or oil-based raw materials that would have adversely affected our operations during the Track Record Period and up to the Latest Practicable Date as we strategically source from major industry-leading oil supplier. In addition, our Directors are of the view that the increase in oil prices has supported downstream demand for new energy products, which may be favourable to our NEV testing segment. Accordingly, the recent increase in oil prices and volatility in oil supply have not had any material adverse impact on our business operations, financial performance or financial position.

Five largest suppliers

During the Track Record Period, the purchase from our five largest suppliers in each year/period amounted to approximately RMB27.4 million, RMB36.8 million and RMB18.5 million which accounted for approximately 22.2%, 23.3% and 33.5% of our total purchases respectively. As at the Latest Practicable Date, the length of our business relationships with our five largest suppliers ranged from 0 to 8 years.

The following tables set out details regarding our purchases and the background of our five largest suppliers during the Track Record Period:

Year ended 31 December 2024

Ranking	Supplier	Principal business nature	Principal product supplied	Year of commencement of business relationship	Typical credit terms and payment method	Total purchases (RMB'000)	Approximate % of total purchases
1.	Supplier A ⁽¹⁾	Measurement & control systems	Test bench measurement & control systems, environmental chambers	2022	Payment by installment, telegraphic transfer	7,819	6.3%
2.	Supplier B ⁽²⁾	Industrial machinery trading	High-speed motor test bench	2023	Payment by installment, telegraphic transfer	6,110	5.0%
3.	Supplier C ⁽³⁾	Power supply & distribution	Electric power	2018	Monthly payment, telegraphic transfer	4,805	3.9%

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Ranking	Supplier	Principal business nature	Principal product supplied	Year of commencement of business relationship	Typical credit terms and payment method	Total purchases (RMB'000)	Approximate % of total purchases
4.	Supplier D ⁽⁴⁾	Industrial equipment trading	Plant & property	2022	Prepayment, telegraphic transfer	4,565	3.7%
5.	Zhejiang Changxing Huida Construction Co., Ltd.* (浙江長興匯達建設有限公司) ⁽⁵⁾	Construction & engineering	Infrastructure	2021	Payment by installment, telegraphic transfer	4,116	3.3%
Total:						27,415	22.2%

Year ended 31 December 2025

Ranking	Supplier	Principal business nature	Principal product supplied	Year of commencement of business relationship	Typical credit terms and payment method	Total purchases (RMB'000)	Approximate % of total purchases
1.	Shanghai Shunce Technology Co., Ltd.* (上海順策科技有限公司) ⁽⁶⁾	Technology promotion services	Testing bench equipment	2025	Payment by installment, telegraphic transfer	14,205	9.0%
2.	Supplier C ⁽³⁾	Power supply & distribution	Electric power	2018	Monthly payment, telegraphic transfer	8,534	5.4%
3.	Zhejiang Yuhao Petroleum Co., Ltd.* (浙江禹昊石油有限公司) ⁽⁷⁾	Petroleum products trading	Fuel	2024	Monthly payment, telegraphic transfer	5,870	3.7%
4.	Supplier H ⁽⁸⁾	Precision measurement technology	Torque Products	2023	Payment by installment, telegraphic transfer	4,301	2.7%
5.	Supplier I ⁽⁹⁾	Professional and technical services	Technology services	2025	Payment by installment, telegraphic transfer	3,925	2.5%
						36,835	23.3%

Six months ended 30 June 2026

Ranking	Supplier	Principal business nature	Principal product supplied	Year of commencement of business relationship	Typical credit terms and payment method	Total purchases (RMB'000)	Approximate % of total purchases
1.	Supplier J ⁽¹⁰⁾	Technical testing and analysis	Overseas testing services	2023	Payment by installment, telegraphic transfer	8,249	15.0%
2.	Supplier C ⁽³⁾	Power supply & distribution	Electric power	2018	Monthly payment, telegraphic transfer	3,357	6.1%

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Ranking	Supplier	Principal business nature	Principal product supplied	Year of commencement of business relationship	Typical credit terms and payment method	Total purchases (RMB'000)	Approximate % of total purchases
3.	Supplier K ⁽¹¹⁾	Automotive testing	Motor testing and technical services	2024	60 days, telegraphic transfer	3,179	5.8%
4.	Supplier L ⁽¹²⁾	Sales of equipment	Overseas testing services	2026	Payment by installment, telegraphic transfer	2,000	3.6%
5.	Zhejiang Yuhao Petroleum Co., Ltd.* (浙江禹昊石油有限公司) ⁽⁷⁾	Petroleum products trading	Fuel	2024	Monthly payment, telegraphic transfer	1,670	3.0%
						<u>18,455</u>	<u>33.5</u>

Notes:

- (1) Supplier A is a limited liability company incorporated in the PRC, which primarily engages in new energy vehicles, aerospace, ships and humanoid robots, focusing on providing advanced power system testing equipment and overall solutions.
- (2) Supplier B is a limited liability company incorporated in the PRC, which primarily engages in the wholesale of mechanical equipment, motors, and electronic instrument parts.
- (3) Supplier C is a limited liability company incorporated in the PRC, which primarily engages in the production and supply of electricity. During the years ended 31 December 2024 and 2025, and the six months ended 30 June 2026, the purchases by our Group were from two group entities of Supplier C consisting of:
 - a. a limited liability company incorporated in the PRC, which primarily engages in the production and supply of electricity; and
 - b. a limited liability company incorporated in the PRC, which primarily engages in the production and supply of electricity.
- (4) Supplier D is a limited liability company incorporated in the PRC, which primarily engages in industrial and real estate development, including the planning, construction, and development of industrial zones, as well as general industrial investment.
- (5) Zhejiang Changxing Huida Construction Co., Ltd.* (浙江長興匯達建設有限公司) is a limited liability company incorporated in the PRC, which primarily engages in municipal public works, building construction, and infrastructure development projects.
- (6) Shanghai Shunce Technology Co., Ltd.* (上海順策科技有限公司) is a limited company incorporated in the PRC, which primarily engages in the services in relation to technology promotion and technology application.
- (7) Zhejiang Yuhao Petroleum Co., Ltd.* (浙江禹昊石油有限公司) is a limited company incorporated in the PRC, which primarily engages in the wholesale and retail of refined oil products, lubricants, and fuel oil.
- (8) Supplier H is a limited liability company incorporated in the PRC, which primarily engages in the development, production, and sales of high-precision measurement technology and analysis software.
- (9) Supplier I is a limited company incorporated in the PRC, which primarily engages in professional and technical services. During the year ended 31 December 2025, the purchases by our Group were from two group entities of it consisting of:
 - a. a limited liability company incorporated in the PRC, which primarily engages in professional and technical services; and
 - b. a limited liability company incorporated in the PRC, which primarily engages in the services in relation to technology promotion and technology application.
- (10) Supplier J is a limited liability company incorporated in Malaysia, which primarily engages in technical testing and analysis; research and development on other natural science and engineering; other service activities.

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- (11) Supplier K is a limited liability company incorporated in the PRC, which primarily engages in technical consulting, technical services, and testing in the automotive and auto parts industry.
- (12) Supplier L is a limited liability company incorporated in the PRC, which primarily engages in the manufacturing of computers, communication and other electronic equipment.

Our Directors have confirmed that our five largest suppliers during each year/period of the Track Record Period are Independent Third Parties and none of our Directors, or their close associates or any Shareholder holding more than 5% of our Company's issued share capital had any interests in any of our five largest suppliers during each year/period of the Track Record Period.

Overlap between our customers and suppliers

During the Track Record Period, Customer E (the "**Supplier-Customer E**") was one of our suppliers and also one of our top five customers in the year ended 31 December 2024. We supplied Supplier-Customer E with high speed motor test benches and we purchased from it research and development services, which included conducting testing and analysis of our testing equipment across all operating conditions and providing us with testing and performance report to enhance and optimise our testing equipment.

Our aggregate purchases from Supplier-Customer E was approximately RMB90,000, RMB0.71 million, RMB0.15 million and RMB0.22 million, respectively, which accounted for approximately 0.07%, 0.45%, 0.27% and 0.41% of our total purchase for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 respectively.

Our aggregate sales to Supplier-Customer E was approximately RMB6.6 million, nil, nil and nil, representing approximately 4.8%, nil, nil and nil, respectively, of our total revenue for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 respectively. The gross profit attributable to the sales to Supplier-Customer E were approximately RMB0.25 million, nil, nil and nil, and a gross profit margin were 3.82%, nil, nil and nil for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 respectively.

During the Track Record Period, Customer F (the "**Supplier-Customer F**") was one of our suppliers and also one of our top five customers in the year ended 31 December 2025. We provided Supplier-Customer F with testing facility solutions, which included the supply of equipment and the installation of testing benches, as well as engine emission performance testing services and we procured testing services from them including installation of testing benches, as well as calibration services.

Our aggregate procurement costs from Supplier-Customer F was nil, approximately RMB0.49 million, nil and nil, respectively, which accounted for nil, approximately 0.31%, nil and nil of our total procurement costs for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 respectively.

Our aggregate revenue generated from sales to Supplier-Customer F was nil, approximately RMB28.3 million, nil and approximately RMB0.2 million, representing nil, approximately 13.8%, nil and approximately 0.23%, respectively, of our total revenue for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 respectively. The gross profit attributable to the sales to it were nil, approximately RMB4.1 million, nil and approximately RMB0.05 million, and a gross profit margin were nil, 14.5%, nil and 23.3% for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 respectively.

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To the best knowledge of our Directors, during the Track Record Period, there were no other overlap between our suppliers and our customers. Our Directors confirm that the sales to, and the purchases from Supplier-Customer E and Supplier-Customer F were conducted in the ordinary course of business under normal commercial terms and on an arm's length basis.

INVENTORY CONTROL

Our Group's inventory during the Track Record Period primarily consisted of raw materials comprising fuel such as diesel, gasoline and natural gas, and other materials which are used in connection with our automotive testing services. These types of raw materials are tested when delivered to us in accordance with our inventory acceptance measures to ensure that they are in compliance with the relevant requirement standards as set out their respective purchase orders.

To ensure that we have sufficient raw materials for our automotive testing services, we have in place systems to monitor inventory levels and to detect leakage and contamination. We will also carry out regular inspections to ensure that the inventory levels recorded correspond with actual levels and our management team will discuss on a regular basis whether to increase our inventory levels to guard against price fluctuations. We also have in place policies setting out minimum inventory levels and where they are reached, our raw materials will be replenished. In compliance with the relevant laws and regulations in the PRC, these testing consumables are stored in specialised underground facilities located at each of our testing facilities to ensure safe storage.

SUBCONTRACTING

In line with market practices, according to F&S, during the Track Record Period, we would outsource either in part or whole some of our automotive testing projects to Independent Third Parties. We typically engage subcontractors when we lack the requisite in-house capabilities for specialised testing or when a project mandates specific testing qualifications that we do not possess or when our prevailing operational capacity cannot accommodate the project milestones and delivery schedules stipulated by our customers.

During the Track Record Period, we had engaged a total of 31 and 44 subcontractors for the provision of automotive testing services, respectively. We outsource specialised automotive testing tasks to alleviate our capacity constraints during peak periods and to utilise specialised testing equipment that is beyond our immediate domestic setup, so that we can deliver complete testing services without affecting our core operations. However, to ensure that the automotive testing projects are carried out in accordance with the specifications as determined between us and our clients, it is our policy to assign staff to engage in monitoring of all vital stages of the automotive testing project. Reports generated by our subcontractors would also be reviewed by us prior to its presentation to our clients to ensure that there are no material abnormalities.

To ensure that the services rendered by our subcontractors can meet our expectations and those of our customers, we maintain an internal list of approved subcontractors and it is our policy only utilise subcontractors on this list. As at the Latest Practicable Date, internal list contained the names of over 89 approved subcontractors. This internal list is reviewed periodically and those subcontractors whom we feel are unable to meet our expectations are removed while new subcontractors are added. When considering whether to include a subcontractor onto our internal list, we take into account various factors including their industry reputation and qualifications, pricing, quality of service and payment terms.

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We have established an internal quality management procedure for externally provided services to ensure that the subcontractors of our outsourced testing meet our stringent quality standards. We evaluate and identify potential subcontractors based on the following selection criteria, including but not limited to: (i) access to full-scale testing equipment; (ii) the capacity for stable and reliable testing; (iii) good internal quality management systems; (iv) possession of relevant certifications such as ISO9001 or certifications from CNAS (China National Accreditation Service for Conformity Assessment); (v) the ability to provide services that meet its standards; (vi) reasonable pricing; and (vii) a track record of timely delivery.

To ensure the quality of the testing services conducted by our subcontractors, we implement internal review process upon the completion of their work. All testing data generated by subcontractors need first to be submitted to us for review. We will release the deliverables to our customers if the results satisfy our quality standards. In the event that the testing data fail our internal review, we will withhold the data and contact the subcontractor to initiate the rectification procedures.

Furthermore, to ensure ongoing service quality, we continuously monitor and record the operational performance of its subcontractors. We use this assessment record to conduct annual re-evaluation of our approved subcontractors. For those who fail to meet our standards, we will terminate its relationship and disqualify them from our approved subcontractors list.

Our subcontracting costs during the Track Record Period amounted to approximately RMB13.8 million, RMB22.2 million, RMB14.7 million and RMB9.7 million for each of the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 which accounted for approximately 14.8%, 14.5%, 27.7% and 14.2% of our costs of sales respectively.

Our revenue from subcontracting services during the Track Record Period amounted to approximately RMB15.8 million, RMB34.2 million, RMB16.8 million and RMB12.6 million for each of the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 which accounted for 11.5%, 16.7%, 18.1% and 13.6% of our total revenue.

Set out below are the salient terms of the framework subcontracting agreements we typically entered into with our subcontractors during the Track Record Period:

<i>Scope</i>	Our subcontracting agreements stipulate the general work scope in relation to the subcontracted works. We will generally provide technical specifications and customers' requirements of the project to our subcontractors set out in a specific task order.
<i>Term and renewal</i>	Subcontracting agreements are typically executed for an initial term ranging from a few months to two years. There is no automatic renewal clause, contracts are terminated upon project completion.
<i>Pricing</i>	Pricing is based on the type of service, typically charged daily or per task.
<i>Credit term</i>	Credit periods range from 30 to 90 days after receipt of invoice.

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<i>Subcontractor’s obligations</i>	Subcontractors shall conduct testing on the samples in accordance with the task order, and shall perform the tests on the samples based on our requirements, issue a test report, and submit relevant technical documentation.
<i>Our obligations</i>	We are responsible for providing the test samples, spare parts, the standards, and the technical data or documentation necessary for the testing.
<i>Indemnities</i>	Subcontractors are required to indemnify us against any loss, expense or claim arising from the failure to comply with subcontracting agreement by the subcontractor and/or its employees. We are entitled to hold our subcontractors liable for any loss and damage suffered by us if the samples are damaged by their misconduct or negligence.

As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we were not involved in any material disputes with our subcontractors.

RESEARCH AND DEVELOPMENT

Automotive testing is a critical element of the automotive industry as it allows for automotive manufacturers to verify and ensure that a vehicle together with its components and systems are capable of (i) meeting predefined technical standards and design specifications and (ii) can function as intended in real-world scenarios and assess for performance and functionality before committing to manufacturing and production. According to the F&S Report, given the intense competition within the auto industry in the PRC, automotive manufacturers are constantly adopting new technologies to improve upon their product offerings. As such, in order to cope with the unique challenges posed by our customers as they adopt the newest and latest technologies, we have placed great emphasis on research and development in order to expand and improve upon our capabilities.

In recognition of our research and development efforts, in 2023, we were awarded the National-level Specialised, Sophisticated and Innovative Little Giant Enterprise* (國家級專精特新小巨人企業) status, which was valid until 30 June 2026. Subsequently, we have also been awarded the High and New Technology Enterprise* (高新技術企業) status in 2023. For further details as to our awards, please refer to “Awards, recognitions and validations” in this section.

As at the Latest Practicable Date, our research and development team consisted of 50 employees and is led by Mr. Li Jianyu (李建宇). The majority of our research and development personnel have a bachelor’s degree or have received tertiary education in various fields including but not limited to vehicle engineering, power engineering, mechanical engineering, electrical engineering, software engineering, measurement technology and etc.. During the Track Record Period, we had incurred research and development expenses of approximately RMB10.5 million, RMB11.9 million, RMB3.8 million and RMB4.9 million for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 respectively. Such expenses mainly comprised staff costs paid to our research and development personnel and external service providers. As a result of our research and development efforts, we have developed various new technologies for which we have registered 101 patents and registered 27 software copyrights as at the Latest Practicable Date. For further details as to our patents, please refer to Statutory and General Information – 2. Intellectual property rights of our Group in Appendix VI to this document.

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Key stages of our research and development process

Set out below is a process chart setting out the key stages of our research and development cycle:



Project identification

Prior to considering the development of new technologies, we will generally engage in discussions with our business partners in order to keep abreast of emerging market trends and technologies. Through these discussions, we can gain insights into the needs and challenges our business partners, which can allow for us to identify new opportunities for innovation. Additionally, discussing with its business partners enables our Group to gain a deeper understanding of the particular challenges faced by our business partners while at the same time identify the relevant technologies that can address these challenges. We believe that this process enables us to develop solutions that are tailored to the specific needs of our business partners which can ensure a higher likelihood of market adoption for the technologies we develop. After our discussions with our business markets and a potential research project is identified we will commence with the next step of our research and development process.

Conceptualisation and development planning

After identifying the market opportunities and/or customers' needs, we will begin defining the scope of the research project through assessing the technical boundaries and setting relevant requirements. We will also undertake a conceptual design whereby we will analyse comparable technologies in the market or those technologies which we currently utilise. Where necessary, we may also engage external consultants to advise on the feasibility and technical requirement of the proposed development subject. Once the research parameters are defined, we will prepare a research and development plan, which would set out the estimated resources to be deployed, including the proposed in-house research and development team composition. We will also assess its feasibility in terms of its potential client and overall economic value.

Design and development

The design and development stage will generally commence with the design and planning of the technical architecture including details relating to crucial functions and features, which serves as the blueprint for developing the underlying technologies. Depending on the complexity and number of functional modules required, the design and development stage may be conducted in phases. In-house and/or external service providers will also be utilised at this stage to develop the necessary source codes and other relevant technologies. As confirmed by our Directors, where external service providers are engaged, ownership of any intellectual property rights generated therefrom would belong to us, and these external service providers would also be bound by the confidentiality obligations pursuant to the written agreement entered into with us. We would also conduct review meetings to monitor the progress of development and may make modifications and adjustments in the software design where necessary.

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Testing and commissioning

Upon completion of the design output, in order to ensure the performance of the individual components and modules are capable of meeting the baseline requirements determined by us, we will conduct testing, commissioning and trial runs, which will typically include debugging, functionality refinement and finetuning of the components and modules based on different operating parameters. Further adjustments and modifications may also be made when necessary.

Key self developed technologies

During the Track Record Period, we had applied our self-developed technologies for use in a variety of works across multiple sectors, such as high-speed motor testing, engine emission regulation testing, hybrid engine system testing, and advanced control systems for test benches. These technologies were also customised for specific client needs and projects, including motor testing solutions for academic and industrial research institutions, emission testing software for compliance with PRC regulatory standards, and advanced test bench systems for hybrid engines. Set out below are examples of the core technologies developed by us through our research and development efforts:

Nature	Descriptions and applications
Motor testing device and system	It relates to the key technology regarding the structure of high-speed motor test benches. This technology has been applied to the construction of high-speed motor test benches and high-speed three-motor test benches for providing testing services to some of our customers. Additionally, it was adopted delivered to various academic and industrial research institutions for high-speed test equipment projects.
Engine pollutant emission testing and analysis software	It is utilised for engine emission experiments and analysis, specifically targeting non-road diesel mobile machinery and heavy-duty diesel vehicles. This software has been installed on the majority of our heavy-duty engine benches to provide emission regulation testing services for some of our customers. Furthermore, the technology facilitated software package upgrades for the engine test benches at the various government testing centres.
Bench controller and system software	It is a self-developed software system designed to control engine test benches. It drives the operation of our self-constructed engine test benches to deliver technical testing services, while simultaneously functioning as the core system for test equipment projects sold to domestic and foreign companies as well as various government testing centres.

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Nature	Descriptions and applications
ECU automatic calibration method and system	It is a program designed to calibrate the internal parameters of the ECU so that the vehicle can achieve optimal performance in different configurations, different driving modes and different environments. This program has been installed in specific engine laboratories and is applied to various testing and validation works.
Commercial vehicle PEMS equipment installation structure	It enables the design and manufacture of installation devices for PEMS. This technology has been applied to multiple vehicle road test projects.
Thermal shock equipment for engine testing	It is applied for hot standby engine thermal shock bench tests and the equipment has been used in various thermal shock testing works for some of our customers.
Test device simulating vehicle tire structure	It is applied to our four-motor test bench system to simulate real-world conditions. This technology has also been adopted for use by academic and industrial research institutions.
Hybrid power engine test system	It facilitates the upgrade of standard engine test benches into hybrid power test benches. This technology has been applied to upgrade some of our engine test benches, which are used for hybrid system testing.

LICENCES AND QUALIFICATIONS

As advised by our PRC Legal Advisor, no special licence or permit is required under PRC laws as a pre-requisite for us to conduct our business other than those which are applicable to PRC companies generally, we are also not required to follow any regulatory standard in order to conduct the automotive testing services. During the Track Record Period and up to the Latest Practicable Date, we have materially complied with all relevant applicable laws and regulations in the PRC. For further details regarding the laws and regulations which we are subject to, please refer to the section headed "Regulatory Overview" in this document.

Measures to address increased regulatory requirements in the automotive industry

The automotive testing industry is facing increased regulatory scrutiny particularly in relation to the actual capabilities of ADAS. The increased regulatory scrutiny inherently requires heightened automotive testing services and equipment.

In order to address the increased regulatory scrutiny in the automotive industry, our Group has continuously allocate resources to upgrade and acquire new major testing equipment and machinery to strengthen each type of our automotive testing services to ensure they meet the latest standard in the automotive industry.

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In addition, we strive to uphold industry standards through a combination of quality control measures including comprehensive policies and procedures, robust training and regular evaluation. We implement stringent quality control measures to maintain our service standards and ensure precise testing outcomes. We also provide our employees with continuous training to ensure that they are able to keep abreast of the latest changes in the automotive industry and to ensure that our testing methodologies and outcomes are able to cater to these industry changes.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we had registered 7 trademarks, 101 patents and 27 software copyrights in the PRC which are or may be material to our business. For details of our intellectual property rights, please refer to “Statutory and General Information – 2. Intellectual property rights of our Group” in Appendix VI to this document.

During the Track Record Period and up to the Latest Practicable Date, we had not received any claim against us for infringement of any intellectual property rights nor were we aware of any pending or threatened claims in relation to such infringements and we had not made any claims against any third party with respect to the infringement of any intellectual property rights owned by us.

EMPLOYEES

Our Directors consider that our employees are invaluable assets and one of the key factors to our continued success. We have always endeavoured to attract and retain the best talent and we have adopted approach whereby we strive to enhance our employees’ potential and contribution through providing training, competitive compensation and upward mobility opportunities. As at the Latest Practicable Date, we employed a total of 253 employees, all of whom are located in the PRC. The following table sets out a breakdown of our Group’s employees by function as at the Latest Practicable Date:

Function	Number of employees as at the Latest Practicable Date
Management	8
Administration	19
Finance	6
Sales and marketing	15
Automotive Testing Solutions	152
Quality control	3
Research and development	50
Total	253

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Despatched Staff

For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, and up to the Latest Practicable Date, we engaged 1, 2, 1, 2 and 2 employees through labour despatch in order to provide us with greater flexibility with business operations. We entered into labour despatching service agreements with independent labour despatch service providers in which the term of the agreement is one year. As advised by our PRC Legal Advisor, the terms of the labour despatching service agreements complied with the relevant material PRC laws and regulations during the Track Record Period.

Pursuant to the Interim Provisions on Labour Despatch (勞務派遣暫行規定) (the "Interim Provisions") which came into effect on 1 March 2014, an employer shall strictly control the number of despatched staff to make sure that it does not exceed 10% of the total number of its workers. In the event of violation of the Interim Provisions, the relevant labour department would order the violating company to rectify such violation. If the violating company does not rectify within a prescribed period, it will be imposed a fine of RMB5,000 to RMB10,000 for each person over the limit. During the Track Record Period, our number of dispatched staff did not exceed 10% of the total number of our workers.

Employee recruitment and remuneration

We recruit potential employees from the open market, mainly based on the a range of factors, including but not limited to their working experience, technical knowledge and educational background. To facilitate recruitment, we strive to offer competitive salaries and benefits to our employees and have adopted policies to ensure that the salaries and bonuses of our employees are reviewed periodically, are competitive and in line with their performances. Upon the hiring of an employee, we would generally enter into a standardised employment contract with him or her which sets out the principal terms of their employment, such as remuneration, duties, benefits, paid leaves and grounds for termination. In addition to their basic remuneration as set out in the employment contract, it is also our policy to reward employees in the form of bonuses which are given out from time-to-time. Furthermore, in compliance with applicable statutory requirements in the PRC, we participate in the social insurance and the housing provident schemes in the PRC.

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Our Directors have confirmed that we were in material compliance with all applicable labour laws of the PRC during the Track Record Period and up to the Latest Practicable Date, save for the following:

Details of non-compliance	Reasons for the non-compliance	Legal consequences and potential liabilities	Impact on our Group and remedial actions
<p>During the Track Record Period we failed to in accordance with the relevant PRC laws and regulations make full contribution for some of our employees to the social insurance and housing provident fund based on their actual salary.</p> <p>The aggregate shortfall of the social insurance and housing provident contributions for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026 amounted to approximately RMB1,886,000, RMB1,869,000 and RMB878,000 respectively.</p>	<p>These non-compliance incidents occurred primarily because of (i) our inadvertent oversight of the relevant PRC laws and regulations and (ii) some of our employees chose not to make full contribution of the social insurance and/or housing provident fund as they did not want to bear their portion of the contributions.</p>	<p>According to the relevant PRC laws and regulations:</p> <p>(i) if an employer fails to make full social insurance contributions, it may be ordered by the relevant authorities to pay the shortfall within a stipulated period and be liable to a late fee of 0.05% of the outstanding amount for each day of delay. If employer fails to do so, it may be ordered to pay a fine of one to three times the outstanding amount; and</p> <p>(ii) if an employer fails to make full contributions to housing provident fund, it may be ordered by the relevant authorities to make the required contribution within a stipulated period. If the employer fails to do so, an application may be made to the courts in PRC for compulsory enforcement.</p> <p>According to Article 19(1) of the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), the “Interpretation”), if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the People's Court shall support such claims in accordance with the law, which clarifies that employees are entitled to request termination of their labor contracts and receive corresponding economic compensation under the PRC Labor Contract Law if the employer fails to make social insurance contributions in accordance with the law.</p>	<p>As advised by our PRC Legal Advisers, as at the Latest Practicable Date:</p> <p>(i) under the current regulatory policy, we will be subject to administrative penalties only if we fail to make the outstanding payments within the prescribed time limit after receiving a notice from the relevant authorities ordering us to do so;</p> <p>(ii) we will cooperate and make such payments in full and on time in accordance with the requirements of the relevant authorities should we receive a notice ordering us to pay or settle the shortfall of contribution to social insurance and/or housing provident fund within the prescribed time limit;</p> <p>(iii) we had not been involved in any material complaints by or labour disputes with our employees regarding social insurance and/or housing provident fund;</p> <p>(iv) we had not been subject to any outstanding or potential litigation, arbitration or administrative penalties as a result of the non-compliance incidents; and</p>

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Details of non-compliance	Reasons for the non-compliance	Legal consequences and potential liabilities	Impact on our Group and remedial actions
			<p>(v) there were no non-compliance records regarding contributions to social insurance and/or housing provident fund in the credit reports of our Group.</p> <p>We have established an enhanced internal control procedure monitoring of our ongoing compliance with the relevant employment laws and regulations in the PRC, which includes</p> <p>(i) identification of employment-related laws and regulations such as social insurance and housing provident funds; and</p> <p>(ii) designation of our chief financial officer to monitor and ensure our compliance with, and identify any updates to, such laws and regulations, and complete the monthly calculations of social insurance and housing provident funds, which shall then be reported to our Board and our Directors.</p> <p>Our Directors are of the view that such internal control measures will effectively prevent the re-occurrence of the non-compliance incidents.</p>

Given that (i) all social insurance shortfalls have been duly calculated and recorded by us; and (ii) during the Track Record Period and as of the Latest Practicable Date, there has been no dispute between us and our employees arising from our non-payment of social insurance contributions, our PRC Legal Adviser and our Directors are of the view that the Interpretation and non-compliances would have no material adverse impact to our business, financial situation or operating results.

Our Group is also an equal opportunity employer and it is our Group’s policy to recruit talented employees regardless of their gender, orientation, age, ethnicity, family status and any other personal characteristics. As at the Latest Practicable Date, our Group’s employees comprised 215 males and 38 females. Our company has established a labour union in accordance with relevant regulations in the PRC. Our union actively provides benefits to employees, strives to protect our employees’ legal rights and provides relief to employees in need; it also organises activities for our employees. Our Directors confirmed that we did not encounter any material difficulty in the recruitment and retention of our employees or experienced any material disruption in our operations as a result of labour disputes during the Track Record Period and up to the Latest Practicable Date.

Employee training

We provide to our new and existing employees with relevant job training from time to time which covers health and safety and operational procedures. Where there are new industry regulations or we adopt or amend our policies and operating guidelines, we will also provide supplemental training to our employees.

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Work safety

Our Group's business and operations are subject to various labour and safety laws and regulations in the PRC, for details, please refer to the section headed "Regulatory Overview" in this document. Our Group promotes occupational health and safety measures to ensure that it is in compliance with all applicable laws and regulations through establishing and implementing workplace safety guidelines for its employees. Pursuant to the occupational health and safety measures we have adopted, we have formulated a series of guidelines and policies which details work safety instructions and operating procedures, and have also employed work safety officers to coordinate and manage all matters related to work safety, thereby strengthening our Group's ability to ensure a safe working environment for its employees. When accidents do occur, it is our Group's policy that it will be reported to the relevant department and handled accordingly.

In practice, our safety plan includes (i) inspecting testing facilities from time to time in order to ensure that such facilities are safe; (ii) organising work place safety training for our employees on a regular basis and arrange personnel to supervise different stages of our production process so as to promote work place safety; (iii) documenting our safety plan in writing, which is conveyed to our employees before they started working with us; (iv) giving instructions and provide trainings to our employees in relation to safety measures from time to time; and (v) requiring our employees to wear personal protection equipment provided by us in a mandatory basis, including but not limited to hand gloves, face shields, safety shoes and safety goggles.

As advised by our PRC Legal Advisor, we were materially in compliance with all relevant mandatory local and national occupational health and safety laws and regulations, during the Track Record Period and up to the Latest Practicable Date. Our Directors have also confirmed that during the Track Record Period and up to the Latest Practicable Date, we did not have any material accidents and fatalities involving our employees, the employees of our subcontractors and/ or dispatched workers, and we have not been subject to any material fines, public criticism or warnings in relation to any safety incidents.

QUALITY CONTROL

We place a strong commitment towards ensuring the quality of our service standards and the accuracy of our testing outcomes. As such we have adopted internationally recognised standards and have established a set of stringent quality control measures comprising quality control policies and procedures to review the works we undertake for our clients.

Our quality control policies set out the procedures required when undertaking work orders from our customers. Prior to undertaking new work orders from our customers, we will establish a project team which is led by a senior staff whereupon they will determine the parameters of the testing program and appropriate resources will be allocated. Pre-testing readiness checks will be conducted as well to ensure that equipment and machinery are able to perform within acceptable parameters. After conducting the relevant tests, the runtime data and testing statistics will be recorded and reviewed internally in order to identify and rectify abnormalities. Each employee also receives periodic training to ensure their understanding and adherence to these standards. Aside, as our automotive testing services works rely on equipment and machinery which are subject to wear and tear, we also have policies in place to ensure periodic maintenance as well as testing to ensure that they perform at optimal levels.

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We have obtained the Laboratory Accreditation Certificate*(實驗室認可證書) from China National Accreditation Service for Conformity Assessment(中國合格評定國家認可委員會) for our Changxing Headquarters and Jinshan Testing Facility which demonstrates our capability and eligibility to provide reliable automotive testing services.

In 2024, we were awarded with IATF 16949: 2016 validation which is a recognition that we have adhered to the international quality management system standard for the automotive industry set by the International Automotive Task Force whose members consists of leading automotive companies. The purpose of the IATF 16949: 2016 standard is to not merely identify manufacturing defects but to identify the problems and risks in their production so as to eliminate their causes so that preventative and corrective measures can be undertaken. Apart from IATF 16949: 2016, we have also obtained various management system standard certifications such as ISO 9001: 2015, ISO 14001: 2015 and ISO 45001: 2018 in 2022 and 2025.

As at the Latest Practicable Date, our Automotive Testing Solutions department comprised 152 employees and our quality control department, led by Mr. Zang Ning comprised 3 employees who serve to review the accuracy of our testing outcomes.

As confirmed by our Directors, we did not receive any material complaints in relation to the quality of work done and services rendered by us during the Track Record Period and up to the Latest Practicable Date.

AWARDS, RECOGNITIONS AND VALIDATIONS

Set out below are the major awards, recognitions and validations received/possessed by us which are valid as at the Latest Practicable Date:

Award/recognition/validation	Entity	Year of issuance	Awarding/issuing body	Expiry date
Laboratory Accreditation Certificate* (實驗室認可證書)	Our Company	2021	China National Accreditation Service for Conformity Assessment	May 2027
IATF 16949:2016	Shanghai Junzhi	2024	China Quality Certification Centre	July 2027
High and New Technology Enterprise* (高新技術企業)	Our Company	2023	Department of Science and Technology of Zhejiang Province, Zhejiang Provincial Department of Finance and State Taxation Administration	December 2026
ISO 9001:2015 (QMS)	Our Company	2025	Jingxin Certification (Beijing) Co., Ltd. and China's Recognition of International Mutual Recognition Management Systems	September 2028

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Award/recognition/ validation	Entity	Year of issuance	Awarding/issuing body	Expiry date
ISO 14001:2015 (EMS)	Our Company	2025	Jingxin Certification (Beijing) Co., Ltd. and China’s Recognition of International Mutual Recognition Management Systems	September 2028
ISO 45001:2018 (OH&S)	Our Company	2025	Jingxin Certification (Beijing) Co., Ltd. and China’s Recognition of International Mutual Recognition Management Systems	September 2028
High and New Technology Enterprise* (高新技術企業)	Shanghai Hexia	2025	Science and Technology Commission of Shanghai Municipality, Ministry of Finance and State Taxation Administration	December 2028
High and New Technology Enterprise* (高新技術企業)	Shanghai Junzhi	2023	Science and Technology Commission of Shanghai Municipality, Ministry of Finance and State Taxation Administration	December 2026
High and New Technology Enterprise* (高新技術企業)	Shanghai Jundao	2025	Science and Technology Commission of Shanghai Municipality, Ministry of Finance and State Taxation Administration	December 2028

We have obtained the Laboratory Accreditation Certificate from the China National Accreditation Service for Conformity Assessment for our Changxing Headquarters and Jinshan Testing Facility, which indicates that our management level, testing capabilities, and overall operational abilities have reached stringent national and international standards. However, because this accreditation serves as a demonstrative mark rather than a prerequisite for operating our automotive testing services, and that maintaining these qualifications require ongoing costs, we have not pursued it for every testing facilities. Nevertheless, our Group proactively tracks the validity and renewal status of these accreditations, along with our other awards and recognitions, on an ongoing basis.

MARKET AND COMPETITION

According to the F&S Report, the automobile market in the PRC continues to face challenges from persistence price competition and structural oversupply. To maintain market volume and market share, most auto manufacturers have engaged in sustained price reductions and these discounts have compressed industry profit margins and have placed considerable financial pressure on mid to lower tier brands.

Notwithstanding the above, the market for automotive testing services in the PRC has demonstrated consistent growth, increasing from approximately RMB14.8 billion in 2020 to approximately RMB22.9 billion in 2025, representing a CAGR of approximately 9.1%. Going forward, it is expected that the market for automotive testing services will grow from approximately RMB25.1 billion in 2026 to approximately RMB36.3 billion by 2030

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(representing a CAGR of approximately 9.7%). This continuous growth is expected to be driven by increasing vehicle complexity, rising investments in the research and development of NEVs, government support and policies and new regulatory standards for safety emissions.

With the maturing of battery, electric motor and charging systems technologies, it has improved NEV performance and spurred the number of new NEV models entering the market. The automotive industry in the PRC is also experiencing an “intelligentization” revolution as auto manufacturers seek to enhance user experience through adopting ADAS. Additionally, auto manufacturers have exhibited an increasing tendency to outsource their automotive testing services works, especially as these testing and validation works have grown in complexity, in order to, amongst others streamline their operations. All of these factors are expected to create a sustained on-going demand for automotive testing services.

All in all, the prior and expected growth in the automotive testing services has led to the growth of evermore specialised and sophisticated automotive testing services providers who are capable of meeting these demands. However, this growing demand has also created industry barriers in the form of (i) high capital investment as automotive testing services providers need to invest significant capital in new testing equipment and facilities and (ii) specialised talent scarcity as there is a shortage of skilled engineers who possess interdisciplinary expertise in software, data science, electronics and automotive engineering. Be this as it may, we believe that given the factors set out in “Competitive strengths” in this section, in particular the experience of our management staff and our ability to adapt to new and changing market trends, we will be able to continuously capture new market opportunities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG governance

Our Board has the collective and overall responsibility for establishing, adopting and reviewing the ESG policies, strategies and target of our Group to ensure a compliance culture in the business operation, identifying the key performance indicators and the relevant measurements and evaluating, determining and addressing our ESG-related risks in accordance with Appendix C2 to the GEM Listing Rules, together with other applicable recommendations from the Stock Exchange. Our Board will assess, evaluate the ESG risks and review our Group’s existing strategy, target and internal controls. If necessary, improvements will be implemented to mitigate the risks that are material to our Group’s business operation and Shareholders from time to time. After the [REDACTED], our Group will publish an ESG report annually in accordance with Appendix C2 to the GEM Listing Rules to qualitatively and quantitatively analyse and disclose important ESG matters, risk management and the accomplishment of key performance objectively.

The Group has established a Climate Change Management Implementation Plan to integrate climate considerations into corporate strategy, operations, supply chain management, technology development and employee management. The Plan supports regulatory compliance, emissions reduction, cost efficiency and green development, with clear responsibilities assigned to the Board, senior management, the Climate Change Management Leadership Group and the Climate Change Management Department.

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The Climate Change Management Leadership Group, chaired by the General Manager and comprising senior management and functional heads across production, technology, procurement, engineering, administration, finance, human resources and sales, oversees climate-related compliance and implementation. Supported by the Climate Change Management Department under the Operations Center Safety Division, the Group ensures effective daily management, carbon monitoring, internal coordination and external verification, enabling comprehensive assessment of climate-related risks and opportunities.

Climate-related targets are embedded into departmental and employee performance assessments, with key metrics carrying a minimum weighting of 10%. The Plan promotes a strong compliance culture through training, monthly monitoring, quarterly inspections, annual reviews, and incentive and penalty mechanisms, supported by corrective actions and structured reporting. Senior management approval is required for emissions targets, budgets and major low-carbon investments, while accountability is reinforced through record-keeping, third-party verification and continuous policy updates, with employee engagement encouraged through training and low-carbon initiatives.

Environmental matters

We are subject to a number of environmental laws and regulations in the PRC including among others, the Law of the PRC on Environmental Protection (《中華人民共和國環境保護法》); the Law of the PRC on Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》); the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》); and the Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》). As confirmed by the PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we are in compliance all relevant environmental laws and regulations in the PRC in all material respects.

The Group has formulated Resources Conservation and Waste Management Procedures which apply to our offices, testing facilities and factories. These procedures set out the policies and concrete measures for: (i) complying with all applicable environmental regulatory requirements; (ii) assessing the environmental impacts of our facilities and setting improvement targets; (iii) conserving energy and water and reducing waste at source; and (iv) providing relevant environmental training and guidance to employees and on-site workers.

Energy and emission management

We offer comprehensive Automotive Testing Solutions which includes, (i) automotive testing services, (ii) testing facility solutions and (iii) sales of automotive components. The performance of our automotive testing services involve the use of fuels, such as diesel, gasoline and natural gas, and other materials, and we rely heavily on their consistent supply. These fuels function as the primary energy source for running internal combustion engines and vehicles during durability, performance, and emissions testing cycles.

Nevertheless, we recognise the importance of environment conservation and strives to minimise its environmental impact. Given the nature of our business operation, we generate certain air pollutants, such as sulphur oxides, nitrogen oxides, and particulate matter and greenhouse gas emissions. To this end, we have implemented practical measures specifically targeting the reduction of emissions. These initiatives include preventing the disposal of exhaust gases with high concentrations of harmful chemicals, encouraging employees to adopt green travel practices like public transportation, and promoting fuel-saving testing procedures.

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In testing facilities, our specific measures to manage energy use and emissions include:

- Arrange test schedules in an orderly manner to avoid unnecessary idle running of engines and equipment;
- Shut down or place test equipment in energy-saving modes when not in use;
- Use of efficient chilling and boiler systems where applicable;
- Prioritise the use of energy-efficient lighting and ventilation systems in test cells and laboratories;
- Promote the use of natural lighting where practicable in our testing and office areas; and
- Require non-essential lighting and electrical equipment to be switched off after working hours.

To further manage energy consumption and emissions from transport activities, we enforce internal policies governing the use of company vehicles. Employees are required to plan routes efficiently and share trips where appropriate to minimise mileage, private use of company vehicles is strictly prohibited, and vehicles are subject to regular maintenance and inspections, including control of tire pressure, to ensure they remain in good technical condition and to help reduce fuel consumption.

Waste management

Specific waste management procedures applicable to our offices and testing facilities are clearly stated in the Group's Resources Conservation and Waste Management Procedures. Waste generated from testing facilities is classified, segregated and managed according to its hazardous and non-hazardous nature.

The Group's testing facilities may generate general non-hazardous waste, recyclable waste, and regulated or hazardous waste arising from vehicle testing, and laboratory operations, including used oils, lubricants, batteries and solvents. To manage this waste appropriately, the Group has implemented the below measures:

- Segregate waste by placing clearly labelled waste containers in designated work areas;
- Maintain separate collection arrangements for hazardous waste, general waste and recyclables;
- Ensure the hazardous waste generated from the testing facilities are stored and handled separately where applicable;
- Transfer hazardous waste only to qualified third-party contractors for collection, recycling, treatment or disposal in compliance with local regulations; and
- Hand non-hazardous waste, including general office and packaging waste, over to property management and cleaning service providers for recycling and centralised handling.

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Through these measures and the promotion of paperless office initiatives, we aim to progressively reduce the volume and intensity of waste generated in our testing facilities and offices. In 2022, we obtained the ISO 14001 Environmental Management System certification (subsequently renewed on 2025), which is a testament to our efforts in promoting environmentally friendly and sustainable business practices.

Water management

As part of the Group’s Resources Conservation and Waste Management Procedures, we have implemented specific water management measures:

- Promote water-saving habits at all our operating locations, including offices and testing facilities;
- Strengthen employee education on water conservation;
- Encourage staff to promptly turn off taps after use and to operate valves and faucets carefully to avoid damage;
- Conduct regular inspections of water pipelines and related equipment within our premises to detect and repair leaks in a timely manner; and
- Installation and maintenance of water-saving devices.

Our facilities rely solely on municipal water supplies from the Ministry of Water Resources of Mainland China and, during the Track Record Period, we did not encounter any material issues concerning the availability of water supply.

In order to reduce water and energy consumption associated with our testing facilities efficiently, we will further strengthen facility-level management through monitoring of consumption data, setting of intensity reduction targets, periodic review by management, and continuous improvement measures. The Board has overall responsibility for overseeing the Group’s ESG strategy and targets, while management is responsible for implementation, monitoring and reporting.

During the Track Record Period, the Group is not aware of any material non-compliances with ESG laws and regulations. Going forward, our Directors do not anticipate incurring significant costs relating to compliance with applicable environmental protection rules and regulations in the PRC going forward.

ESG and climate related key performance indicators

We have assessed quantitative information that reflects our management of ESG-related risks, which includes greenhouse gas emission and resource consumption. Greenhouse gas emissions consists of Scope 1, Scope 2 and Scope 3 emissions. Scope 1 emissions encompass direct greenhouse gas emissions, primarily resulting from direct energy consumption and other operational resources, such as fuel and urea utilised by company-owned vehicles. Scope 2 emissions comprise indirect greenhouse gas emissions, mainly attributable to electricity consumption. Scope 3 emissions pertain to activities including employee business travel and waste generated in operations. The following table sets out an analysis of our greenhouse gas emissions:

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Emission sources	Unit	Year ended 31 December		Six months
		2024	2025	ended 30 June 2026
Scope 1 (direct emissions)	tCO₂e	2,478.9	2,742.1	1,238.3
Scope 2 (indirect emissions)	tCO ₂ e	6,416.2	8,177.6	4,279.8
Scope 3 (other indirect emissions)				
– business travel	tCO ₂ e	19.5	15.2	10.1
– waste generated in operations	tCO ₂ e	25.1	33.0	14.0
Total	tCO₂e	8,939.7	10,967.9	5,542.2

To more effectively mitigate ESG and climate change-related risks, we have implemented a series of measures aimed at reducing carbon emissions, energy and resource consumption, complemented by periodic performance reviews.

Looking ahead, we are committed to maintaining or reducing its emissions levels. We have set a target to reduce total greenhouse gas emissions (Scope 1 and Scope 2) by 3% by 2026 as compared to the emission level in 2024. To achieve this, we will continue to explore methods to reduce pollutant levels during testing services, transition further to renewable energy sources, and optimise its supply chain. We also plan to broaden the scope of Scope 3 data collection to establish future reduction targets. This includes partial coverage of employee business travel and commuting. We will further transition to renewable energy sources, optimise our supply chain and continue to monitor of emissions in order to achieve the target set.

The following table sets out an analysis of our resource consumption:

	Unit	Year ended 31 December		Six months
		2024	2025	ended 30 June 2026
Energy consumption	MWh	22,338.7	26,342.3	8,115.8
Water consumption	m ³	43,687.0	57,464.0	24,380.0

We aim to reach the peak intensity of energy use by 2030. After this peak, we are committed to implementing strategies to reduce energy consumption in line with China’s Hong Kong’s goal of achieving carbon neutrality by 2060 and the objectives outlined in the Paris Agreement.

We actively promote energy conservation, particularly in relation to electricity consumption. During routine operations, our focus on energy efficiency and lower emissions includes explicit directives like swiftly powering down air conditioners, illumination, sound systems, and similar equipment, along with curbing excess lighting. In addition, we champion sustainable travel by promoting public transit, preferring vehicles powered by new or clean energy sources, and restricting those with high emissions. Although fluctuations in energy consumption are inevitable with our business growth and development, we will continue promoting the virtue of energy conservation among employees. Additionally, we will monitor office electricity usage consistently during operations. By implementing the aforementioned measures consistently, we aim to maintain a similar level of energy consumption in 2026 as in 2025.

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In addition, we aim to reach the peak intensity of water use by 2030. After this peak, we are committed to reducing water consumption in alignment with China and Hong Kong’s goal of achieving carbon neutrality by 2060 and the objectives set forth in the Paris Agreement.

We have established a corporate-level goal to reduce our overall water consumption, creating a unified strategy that integrates diverse water-related initiatives across our facilities. At every site, we employ conservation technologies like flow restrictors in restrooms, more efficient chillers and steam boilers, and other water-saving measures. During the Track Record Period, we did not encounter any material issues concerning the availability of water supply, as we solely utilise water supplied by the Ministry of Water Resources of Mainland China at our operational locations. Looking ahead, we will continue to encourage employees to conserve water and minimise wastage. By implementing the aforementioned measures consistently, we aim to maintain a similar level of water consumption in 2026 as in 2025.

After the [REDACTED], we will continue to adhere to the relevant regulations and laws while striving to decrease its greenhouse gas emissions and resource consumption. While the business operations of our Group do not involve environmentally friendly products and services, we still place a strong emphasis on environmental responsibility.

Climate change

Identified climate risks are prioritised based on likelihood and impact, and the Group is not currently aware of any material exposure of its assets or operations to transition or physical climate risks.

Social matters

We place a strong emphasis on promoting diversity and treating all our employees equally with regards to recruitment, training, promotion, professional and personal development and strive to achieve a fair workplace where all employees are treated fairly and protect them from any discrimination of gender, orientation, age, ethnicity, family status or any other personal characteristics. Further, promotion within our Group is based solely on the employee’s performance, experience and capability. For details, please refer to “Employees” in this section. As for board diversity, please refer to “Directors and Senior Management – Board diversity policy” in this document.

Workforce and fair labour practices

The Group is committed to maintaining a workplace free from discrimination and providing equal opportunities for all employees. This principle applies across all human resources processes, including recruitment, transfer, promotion, training, remuneration and welfare. As an equal opportunity employer, the Group does not tolerate discrimination based on ethnicity, gender, age, religion, nationality, disability or sexual orientation. Recruitment and selection are conducted through transparent and fair procedures, with appointments made on the basis of merit, experience and competence. Employee promotions are reviewed regularly, and annual performance appraisals are carried out against objective performance indicators.

The total workforce as at 31 December 2024 is 241 with 202 male employees and 39 female employees. The total workforce as at 31 December 2025 is 244 with 207 male employees and 37 female employees. The total workforce as at 30 June 2026 is 243 with 207 male employees and 36 female employees.

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During the Track Record Period, the overall employee turnover rate of our Group were approximately 38%, 33% and 7% for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026 respectively.

Employee welfare

The Group is committed to building a supportive and competitive employee welfare system that helps attract, retain and motivate talent. Our Employee Welfare and Bonus Management Policy covers statutory and non-statutory leave, social insurance and housing provident fund arrangements, employer's liability insurance for full-time employees, accident insurance for interns, and a structured trade union welfare programme.

In addition to statutory entitlements, employees are provided with a range of welfare benefits, including hospitalization and bereavement support, marriage gifts, group medical check-ups and mutual medical aid, as well as education and training support aligned with business needs. These benefits are centrally administered by the Human Resources Department and, where applicable, the trade union, to ensure consistent and equitable access across the Group. The Group also promotes employee wellbeing and engagement through sports and cultural activities, employee care initiatives, and annual health examinations, with welfare arrangements periodically reviewed to remain relevant to employees' needs and the operating environment.

To support performance and recognition, the Group operates a bonus system linked to company, departmental and individual performance.

Employee health and safety

We strictly comply with applicable occupational safety and health laws and regulations in the Mainland China. The Group has established Occupational Health and Safety Management Policy and Full-process Implementation Plan to protect employees' health and safety across all business activities. The policy requires hazard identification and risk grading, daily inspections, special checks, work permits for high-risk activities, occupational health examinations, personal protective equipment management, emergency drills, and training for all employees and managers, with accident to be reported, investigated and corrected through a closed-loop process. The Group's health and work safety compliance record is monitored through regular safety inspections, quarterly performance reviews, annual internal audits and management reviews, with corrective actions tracked until completion.

The human resources department oversees our occupational health and safety arrangements and implements a range of preventive and protective measures, including regular inspections of offices, testing facilities and factories, maintaining first-aid kits, and organising annual fire drills. We further safeguard employees through benefits including but not limited to clear work-arrangement guidelines during severe weather, comprehensive medical benefits, and telephone conferences to reduce unnecessary travel and related safety risks.

During the Track Record Period and up to the Latest Practicable Date, our Group did not violate any health and safety laws and regulations.

Supply chain management

The Group has Quality System Procedures and Implementation Plan for Climate Change Management to actively evaluate existing and potential suppliers with the purpose of ensuring ethical and responsible practices throughout its supply chain. By thoroughly assessing suppliers' compliance with labour laws, safe working conditions, and

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non-discrimination policies, we aim to create a fair and inclusive workplace environment. Inside the Implementation Plan for Climate Change Management, we have a green supplier evaluation framework that incorporates carbon emissions indicators into supplier assessment, prioritises suppliers with low-carbon, environmentally friendly and emissions-reduction capabilities, and requires key suppliers to submit carbon emissions reports to support upstream and downstream decarbonisation collaboration. The evaluation process also serves to mitigate social risks and promote sustainability within the supply chain. Through these assessments, we strive to select suppliers who uphold fair and ethical practices, aligning with its commitment to responsible business conduct.

We have established long-term relationships with major suppliers and implement rigorous assessment procedures. Prior to engagement, we conduct background checks on potential suppliers to evaluate their environmental and social risk levels, including tax compliance and product quality. Our supplier assessment also takes into account climate-related performance, and we prioritise products and suppliers that comply with environmental standards and demonstrate lower-carbon practices. We prioritise products that comply with environmental standards and regularly assesses the performance of existing suppliers. Suppliers identified as needing rectification regarding environmental or social performance are required to improve within a specified timeframe; failure to do so results in the termination of the partnership. This comprehensive management approach ensures that our supply chain aligns with its sustainability objectives.

In addition to suppliers of goods and services, our supply chain management approach extends to subcontractors that provide testing, installation, maintenance and other services. When engaging subcontractors, we consider not only their technical capabilities and quality performance but also their track record and policies in areas such as occupational health and safety, labour standards including the prevention of child and forced labour, environmental protection and business ethics. We require subcontractors working on our premises to comply with our site safety rules and environmental requirements and reserve the right to suspend or terminate cooperation with subcontractors that repeatedly fail to meet our environmental, safety or ethical standards. Where relevant, we also promote low-carbon logistics and warehousing practices, including route optimisation, improved vehicle loading rates, use of rail-sea and inland-sea intermodal transport, gradual replacement of logistics vehicles with new energy vehicles, energy-efficient warehousing equipment, optimised warehouse layout, and the use of recyclable packaging materials to reduce packaging waste.

Anti-corruption and anti-bribery policies

The Group adopts a zero-tolerance approach to corruption, bribery and other improper conduct, as outlined in the *Employee Handbook*, which defines such acts as any direct or indirect offer, promise, giving, solicitation or acceptance of improper benefits to secure business opportunities or undue advantage. Improper benefits are broadly defined to include cash, gift cards, securities, gifts, property, stock-related benefits, kickbacks, commissions and special opportunities such as employment or education. The *Employee Handbook* also prohibits abuse of authority for personal gain, including benefits for employees, their relatives or related parties.

To support enforcement, the Group has established a Discipline Inspection and Supervision Leading Group responsible for prevention, supervision, investigation and rectification of violations, supported by regular anti-corruption training. A reporting channel is available with strict confidentiality for whistleblowers. Reports are handled through a structured process of registration, verification and investigation, with disciplinary actions ranging from internal sanctions to termination or referral to judicial authorities, depending on severity.

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During the Track Record Period and up to the Latest Practicable Date, there were no concluded legal cases regarding corrupt practices brought against our Group or our employees.

Community engagement

We are dedicated to fostering a culture of innovation and service within the community, offering employees opportunities to build social connections and promote education for nurturing talent development through donation. In the year ended 31 December 2024, we have dedicated RMB120,000 to Changxing County Charity Federation and Jiangsu University Education Development Foundation for providing one-on-one assistance to Wenchuan and talent cultivation at the Automotive Engineering Research Institute on research and development. We believe the donation has made a significant impact on the community, reflecting our Group’s commitment to giving back.

INSURANCE

During the Track Record Period, we maintained insurance that covered enterprise property insurance, vehicle insurance, group accident insurance, employer liability insurance and commercial medical insurance. Our Directors consider that our existing insurance coverage is in line with industry norms and is sufficient for our present operations. As confirmed by our Directors, we had duly maintained all insurance policies in compliance with the relevant PRC laws and regulations. Please refer to the section headed “Risk Factors – Our insurance coverage may not be sufficient to cover all losses and potential claims which would affect our business, financial condition and results of operations” in this document. Our Directors also confirmed that during the Track Record Period and up to the Latest Practicable Date, no material claims had been made against insurance policies maintained by our Group.

For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026 our Group’s insurance expenses were approximately RMB0.3 million, RMB0.3 million and RMB0.2 million respectively.

PROPERTIES

Owned properties

The following table sets out a summary of the properties owned by us as at the Latest Practicable Date:

Address	Use	Approximate floor area (sq.m)
Changxing Headquarters – No. 1155 Chenwang Road, Taihu Street, Changxing County, Huzhou City, Zhejiang Province, PRC	Office/testing facility	26,188.3

As of 30 June 2026, the carrying amount of our property interests did not exceed 15% or more of our combined total assets. According to Chapter 8 of the GEM Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1) (b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

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Leased properties

As at the Latest Practicable Date, we had leased five material properties in the PRC and one material property in Singapore with an aggregated lease area of approximately 14,835.0 sq.m. for use primarily as office spaces and testing facilities. All leased properties were leased from Independent Third Parties. The following table sets out a summary of the properties leased by us as at the Latest Practicable Date:

Address	Use	Approximate floor area (sq.m)	Term
Wuhan Testing Facility – No. 39, Chuangye Fifth Road, Wuhan Economic and Technological Development Zone, Hubei Province, PRC	Office/ testing facility	8,725.9	1 January 2026 to 31 December 2031
Jiashan Testing Facility – No. 11 Liangchuang Road, Ganyao Town, Jiashan, Zhejiang Province, PRC	Testing facility	4,282.1	1 October 2025 to 31 December 2027
Rugao Testing Facility – No. 170 Huimin Road, Rugao City, Jiangsu Province, PRC (Fuel Cell Engine Performance Laboratory, located west of the Vehicle and Component Testing Building, Hydrogen Energy Industrial Park)	Testing facility	615.0	1 April 2025 to 31 December 2029
Unit 703, 7th Floor, Building 3, Jiayu Information Technology Building, No. 1177 Husong Highway, Songjiang District, Shanghai, PRC	Office	164.0	1 December 2025 to 30 November 2027
Units 4006-4007, Building 1, No. 951 Jianchuan Road, Minhang District, Shanghai, PRC	Office	488.0	1 May 2026 to 30 April 2029
12 Woodlands Square, 08-83, Woods Square, Singapore, 737715	Office	560.0	2 February 2026 to 01 February 2028

Jinshan Testing Facility

Our Jinshan Testing Facility is located on land leased from the local government and due to changes in government planning with respect to the land upon which our Jinshan Testing Facility is situated, the lease was terminated by way of a mutual agreement dated 1 December 2025 pursuant to which we are to vacate the premises by no later than 31 July 2026. The Jinshan Testing Facility was closed down on 20 July 2026. In light of the above, all testing machinery and equipment located at our Jinshan Testing Facility were relocated to our Changxing Headquarters and Jiashan Testing Facility.

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After the relocation, we will no longer have any testing facility presence in Shanghai. However, our Board is of the view that the termination of the lease in respect of our Jinshan Testing Facility will not have any material adverse impact upon our business and operations as (i) as there is a transitional period that allows for transfer of our testing equipment and our employees; (ii) we have constructed several new testing benches in our testing facilities, including our Jiashan Testing Facility and our Changxing Headquarters to offset the capacity loss during the relocation period; (iii) the relocation was executed in batches rather than all at once, and we move only two testing benches at a time to prevent any sudden drop in overall production; (iv) we have constructed new infrastructure at Jiashan Testing Facility beforehand so that the testing equipment could be installed and commissioned immediately upon arrival; and (v) our Jiashan Testing Facility remains in the general vicinity of our Jinshan Testing Facility.

Failure to file lease agreements with the local housing administration authorities

Save for our Jiashan Testing Facility, the lease agreements of the abovementioned leased properties had not been filed with the local housing administration authorities by the lessor during the Track Record Period as required under the applicable PRC law, primarily due to the handling personnel, who was responsible for property leasing of our Group, being unfamiliar with the relevant regulatory requirements. As advised by our PRC Legal Advisor, failure to file the lease agreements would not affect the validity of such lease agreements. According to the relevant PRC law and regulations, we may be ordered to rectify this failure by the competent authorities within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease.

As at the Latest Practicable Date, we have not received any notice from the relevant regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our prior failure to file the lease agreements described above. Based on the above, our PRC Legal Advisor are of the view that (i) the aggregate maximum amount of penalties for not registering such lease agreements would be RMB60,000; (ii) the risk of us being fined is remote.

LEGAL PROCEEDINGS AND COMPLIANCE

As at the Latest Practicable Date, our Group was not engaged in any material litigation, arbitration or claim and as confirmed by our Directors no material litigation, arbitration or claim is pending or threatened by or against us that would have a material adverse effect on our results of operations or financial condition. Our Directors have also confirmed that our Group had not been involved in any non-compliance matters which had or may have a material adverse effect on its results of operations or financial conditions during the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT AND INTERNAL CONTROL

With the growth and expansion of our operations, the potential risks associated with our business of the increases. It is the responsibility of our Board to ensure that we maintain sound and effective internal control measures to safeguard our Shareholders' investment and our the assets at all times. In order to identify, assess and control the risks that may create impediments to the growth of our business, we have adopted, or expect to adopt before the [REDACTED], a series of internal control policies, and procedures designed to provide reasonable assurance for achieving objectives, including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations and to implement risk management policies to address various potential risks identified in relation to its operations, including operational risks, credit risks, market risks, financial risk and legal risks. In particular, we have taken certain measures and has established various structures and policies as follows to strengthen its internal control and to manage its risks:

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- a thorough examination by our Board of any material risks associated with any material business decision before approving such decision;
- our Directors and senior management are required to keep track of day-to-day operations and monitor any associated operational risks of our Group and to formulate policies and resolutions to mitigate or resolve these risks;
- the engagement of an independent internal control consultant to assist our Group in reviewing and to provide recommendations on improving its internal control system. Taking into account the recommendation of such review by the independent internal control consultant, our Group enhanced its internal control system accordingly;
- the establishment of an Audit Committee which will review our Group's internal control system and procedures for compliance with the requirements prescribed by the applicable laws, rules and regulations;
- the appointment of Vast Harbour Corporate Finance Limited as our Group's compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules to advise us on compliance with the GEM Listing Rules upon the **[REDACTED]**;
- the engagement of external legal advisers to advise us Group on compliance with and to provide us with updates on the changes in the GEM Listing Rules and the applicable laws, rule and regulations from time to time and as required;
- the provision of training to relevant employees in order to enhance their industry knowledge and to encourage an encompassing culture of risk management ensuring that relevant employees are aware of and responsible for risk management; and
- the establishment of an in-house legal and compliance team which is overseen by our chief financial officer to organise, review and maintain our internal control systems and to provide assistance to our Directors, senior management and employees with respect to internal control policies (where necessary).

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Controlling Shareholders, were collectively interested in approximately 73.4% of our total issued share capital. Our Controlling Shareholders comprises (i) Mr. Xia, Mr. He, Mr. Xia Quanhui, Ms. Chen Yan and Mr. Zhao Bo (together, the “**Concert Parties**”); (ii) Mr. Xia Zhipeng; (iii) Changxing Lingguan and Changxing Hexia; and (iv) Changxing Junying.

For further details regarding our Concert Parties, please refer to “History, Development and Corporate Structure — Parties acting in concert” and “Directors and Senior Management” in this document. Changxing Lingguan and Changxing Hexia are limited partnerships established as our Employee Incentive Platforms, each of which the general partner is Mr. Xia. For further details regarding Changxing Lingguan and Changxing Hexia, please refer to “History, Development and Corporate Structure — Employee incentive platforms” in this document. Changxing Junying is a limited partnership, of which the general partner is Ms. Chen Yan. For further details regarding Changxing Junying, please refer to “History, Development and Corporate Structure — Equity transfers in 2023” in this document.

Mr. Xia Zhipeng is the brother of Mr. Xia, and Mr. Xia Zhipeng is voluntarily acting in concert with other parties under the Takeovers Code. As at the Latest Practicable Date, Mr. Xia Zhipeng is interested in approximately 3.2% of our total issued share capital.

Mr. Xia Quanhui, a cousin of Mr. Xia, who joined our Group in January 2019 and served as a former Director of our Company until his retirement in December 2025, during which he was responsible for managing the commercial vehicle and engine sector testing business. As at the Latest Practicable Date, Mr Xia Quanhui is interested in approximately 1.5% of our total issued share capital.

Immediately following the completion of the [REDACTED] (without taking into account any H Shares which may be allotted and issued pursuant to the exercise of the [REDACTED]), the Controlling Shareholders will together control approximately [REDACTED]% of our total issued share capital. In view of the above, the Controlling Shareholders will remain as a group of Controlling Shareholders of our Company immediately following the completion of the [REDACTED].

RULE 11.04 OF THE GEM LISTING RULES

Each of our Controlling Shareholders has confirmed that none of them nor any of their respective close associates has any interest in any business, apart from the business of our Company, which competes with, or is likely to compete with our business, whether directly or indirectly, which would otherwise require disclosure under Rules 11.04 of the GEM Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are of the view that our Company is capable of carrying on our business independently from our Controlling Shareholder and its close associates following the completion of the [REDACTED], details of which are set out below:

Management independence

Our business is managed and conducted by our Board and the members of senior management of our Company. Our Board comprises four executive Directors, two non-executive directors and three independent non-executive Directors. Our Directors and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

members of senior management possess relevant management and/or industry-related experience to act as Directors or senior management of our Company. For further details of our Directors and senior management, please refer to "Directors and Senior Management" in this document.

Although Mr. Xia, Mr. He, Ms. Chen Yan and Mr. Zhao Bo serve as our executive Directors, and are members of our Controlling Shareholders group, our Directors are of the view that our Board and senior management are able to manage our business independently from the Controlling Shareholders and their close associates for the following reasons:

- (a) all our senior management members are independent from our Controlling Shareholders. Our Group has established our own management, finance, human resources and administration departments which are responsible for the daily operations of our Group;
- (b) each Director is aware of his/her fiduciary duties as a Director of our Company which require, among other things, that he/she acts for the benefit and in the best interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;
- (c) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors and/or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions. Further, our Articles provide that a Director shall not vote on any resolution approving any contract or arrangement in which such Director or any of his/her close associates have interest nor shall such Director be counted in the quorum present in the meeting. For details, please refer to "Summary of the Articles of Association" in Appendix V to this document;
- (d) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. Please refer to "Corporate Governance Measures" in this section below for details; and
- (e) we have three independent non-executive Directors, comprising not less than one-third of our Board and certain matters of our Company must always be referred to our independent non-executive Directors for review. Our independent non-executive Directors have diversified skills and experience in their respective fields of expertise to advise on the conflicted transactions and business decisions. For details of their biographical background, please refer to "Directors and Senior Management" in this document.

Operational independence

We believe that we can operated independently from our Controlling Shareholders due to the following reasons:

- (a) we have sufficient capital, operations, assets, facilities and employees to operate and function our business independently from our Controlling Shareholders. We do not rely on our Controlling Shareholders for access to customers and suppliers as we have independent access to our customers and suppliers. Our customers and suppliers bases are unrelated to our Controlling Shareholders and/or his/her respective close associates. Our employees are independent from, and none of them are remunerated by, our Controlling Shareholders and his/her respective associates;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (b) we also maintain a comprehensive set of internal control procedures for facilitating the effective operation of our business. With reference to the relevant laws, regulations and rules, we have developed sound corporate governance practice and have adopted our rules of procedure for general meetings, rules of procedure for Board meetings and connected transactions regulations in order to maintain effective and independent operation; and
- (c) we have established our own organisational structure comprising various departments with independent functions, and we have sufficient capital and employees to operate our business independently from our Controlling Shareholders.

Based on the above, our Directors consider that we are able to operate independently of our Controlling Shareholders and his/her respective close associates.

Financial independence

We have an independent financial system and make financial decisions according to our business needs. We have internal control and accounting systems and an independent finance department for discharging the treasury function. We do not expect to rely on our Controlling Shareholders or his/her close associates for financing after the [REDACTED] as we expect that our working capital will be funded by cash flows generated from operating activities as well as [REDACTED] from the [REDACTED].

During the Track Record Period, our Group had obtained borrowings secured by personal guarantees from our Controlling Shareholders and their respective associates which will be released on or before [REDACTED] and be replaced by the corporate guarantee given by our Company after [REDACTED].

Save as disclosed in this section and the section headed "Financial Information – Indebtedness", our Directors confirm that as at the Latest Practicable Date, our Controlling Shareholders have not provided any other guarantee or loan to our Group, nor has any other party provided any guarantee in favour of our Group.

Based on the above, our Directors are of the view that our Board and senior management are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders and his associates after the [REDACTED].

CORPORATE GOVERNANCE MEASURES

With a view to managing any potential conflict of interests arising between our Group and our Controlling Shareholders as well as safeguarding the interests of our independent Shareholders, we will adopt the following measures:

- (a) in the event that the proposal of connected transactions between our Group and other business or entity in which any Director or his/her respective associates had any interest is submitted to our Board for consideration, such interested Director shall not be counted in the quorum of the meeting, and shall abstain from voting on such matters. In such event, the other non-interested Directors, with the assistance of our senior management, will be responsible for making decisions for our Board. If necessary, our Company will engage external professionals such as auditors, valuers and other advisers to give advice;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (b) each Director is aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit of our Company and the Shareholders as a whole and does not allow any conflict of interests between his/her duties as a Director and his/her personal interests. If potential conflict of interest arises, the interested Director(s) will bring the matter to the independent non-executive Directors and shall not be present during the discussion of the relevant resolution in which the conflict of interest may arise and shall abstain from voting on such proposed resolution;
- (c) our Company will engage Vast Harbour Corporate Finance Limited as our compliance adviser who shall ensure that our Company is properly guided and advised as to compliance with the GEM Listing Rules and any other applicable laws and regulations. In particular, any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 20 of the GEM Listing Rules, including the announcement, annual reporting and independent shareholders' approval requirements (if applicable) under the Listing Rules;
- (d) the independent non-executive Directors may engage an independent professional advisers in appropriate circumstances at the costs of our Company; and
- (e) our Directors are obliged under the Articles of Association to declare to our Board any potential conflict of interest with our Group at Board meetings. It is provided in the Articles of Association that a Director shall not vote on any resolution approving any contract or arrangement in which such Director or any of his/her close associates have interest nor shall such Director be counted in the quorum present in the meeting.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders' interests after the [REDACTED].

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Our Board currently consists in total of nine Directors and is composed of four executive Directors, two non-executive Directors, and three independent non-executive Directors. Our Board is responsible and has the general authority for the management and operation of our Company. Our executive Directors, non-executive Directors and independent non-executive Directors will be subject to rotation and re-election at the annual general meetings of our Company in accordance with the Article of Association.

DIRECTORS

The following table sets forth certain information regarding our Directors:

Name	Age	Position(s)	Roles and responsibilities	Time of joining our Group	Date of appointment as Director	Relationships with other Directors and senior management
Executive Director						
Mr. Xia Huipeng (夏慧鹏)	45	Chairman of our Board, executive Director and general manager	Responsible for the overall management and business strategies of our Company	October 2017	23 October 2017	Nil
Mr. He Zhisheng (何志生)	46	Executive Director and chief technology officer	Management of the technical department, overseeing and providing technical support for our Company	December 2018	20 December 2018	Nil
Ms. Chen Yan (陳艷)	49	Executive Director and chief financial officer	Financial management and serving as head of the operations committee of our Company	September 2020	2 July 2021	Nil
Mr. Zhao Bo (趙波)	45	Executive Director and deputy general manager	Sales and procurement, administration, overseeing the general operations of our Company	August 2020	12 August 2020	Nil
Non-executive Directors						
Ms. Yang Jie (楊潔)	38	Non-executive Director	Overseeing company operations and providing advice to our Board	June 2022	8 June 2022	Nil

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Roles and responsibilities	Time of joining our Group	Date of appointment as Director	Relationships with other Directors and senior management
Ms. Tian Chunshan (田春杉)	50	Non-executive Director	Overseeing company operations and provide advice to our Board	January 2023	12 January 2023	Nil
Independent non-executive Directors						
Ms. Wong Ting (黃婷)	51	Independent non-executive Director	Supervising and providing independent opinions and advice to our Board	December 2025	24 December 2025	Nil
Mr. Qian Jun (錢俊)	64	Independent non-executive Director	Supervising and providing independent opinions and advice to our Board	December 2025	24 December 2025	Nil
Mr. Guan Bin (管斌)	43	Independent non-executive Director	Supervising and providing independent opinions and advice to our Board	December 2025	24 December 2025	Nil

Executive Directors

Mr. Xia Huipeng (夏慧鵬), 45, is our co-founder, the chairman of our Board, an executive Director and general manager of our Company and joined our Company in October 2017. Mr. Xia is responsible for the overall management and business strategies of our Company. Mr. Xia was appointed as an executive Director on 23 October 2017, and has been the legal representative of our Company since 23 October 2017.

Mr. Xia has over 19 years of experience in the automotive industry. From August 2006 to May 2008, Mr. Xia served at SAIC Motor Corporation Limited Passenger Vehicle Branch* (上海汽車集團股份有限公司乘用車分公司), where he was responsible for product inspection and vehicle performance testing and technical development. From July 2008 to July 2011, Mr. Xia served as an installation and commissioning engineer at AVL Test Systems (Shanghai) Co., Ltd.* (李斯特測試設備(上海)有限公司), where he was responsible for project progress management and repair and maintenance of test equipment systems. From August 2011 to December 2018, Mr. Xia served as the general manager of Shanghai Lujiao Technology Co., Ltd.* (上海魯交測控科技有限公司) where he was responsible for overall management and operations.

Since October 2017, Mr. Xia has been a director and general manager of our Company, responsible for overseeing the overall management and operations. Mr. Xia has also served as the general manager at Shanghai Hexia since January 2019, where he is responsible for overall management and business strategy.

Mr. Xia was a director, supervisor or manager of the following companies/partnership which were deregistered with details as follows:

DIRECTORS AND SENIOR MANAGEMENT

Company name	Position	Nature of business	Place of incorporation	Reason of deregistration	Date of deregistration
Shanghai Luyan Electromechanical Technology Co., Ltd.* (上海魯沿機電科技有限公司)	Authorised representative and executive director	Mechanical technology development	PRC	Discontinuance of business	1 June 2018
Suzhou Hexia Automotive Technology Co., Ltd.* (蘇州和夏汽車技術有限公司)	Authorised representative, executive director and general manager	Automotive service and manufacturing	PRC	Discontinuance of business	29 December 2018
Shanghai Yantai Automotive Technology Co., Ltd.* (上海沿泰汽車技術有限公司)	Authorised representative, executive director and general manager	Automotive service and manufacturing	PRC	Discontinuance of business	6 March 2019
Shanghai Lujiao Technology Co., Ltd.* (上海魯交測控科技有限公司)	Supervisor	Automotive service and manufacturing	PRC	Discontinuance of business	30 January 2023
Huzhou Yingfu Business Service Partnership Enterprise (Limited Partnership)* (湖州盈富商務服務合夥企業有限合夥)	General partner	Event planning services	PRC	Discontinuance of business	10 June 2025
Jinan Hexia Automotive Technology Co., Ltd.* (濟南和夏汽車技術有限公司)	Supervisor	No substantial operation	PRC	Discontinuance of business	14 January 2026

Mr. Xia has confirmed that (i) the above companies/partnership were solvent at the date of deregistration; and (ii) the above companies/partnership were not involved in any material non-compliance incidents prior to its deregistration.

Mr. Xia graduated from Tongji University in the PRC with a bachelor's degree in automotive and tractor mechanical engineering in July 2002. He also obtained a master's degree in power machinery and engineering in February 2006 and an MBA in December 2015 from Shanghai Jiao Tong University in the PRC. Mr. Xia was qualified as an intermediate engineer in November 2019 by Huzhou Human Resources and Social Security Bureau.

Mr. Xia does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Mr. He Zhi Sheng (何志生), 46, is our co-founder, an executive Director and chief technology officer of our Company and joined our Company in December 2018. Mr. He is responsible for management of the technical department, overseeing and providing technical support for our Company. Mr. He was appointed as an executive Director on 20 December 2018.

Mr. He has over 20 years of experience in the automotive industry. From July 2005 to August 2011, Mr. He served as a senior application engineer for HORIBA Instruments (Shanghai) Co., Ltd.* (堀場儀器(上海)有限公司), where he was responsible for development of test products, test system software debugging and customer application development. From September 2011 to November 2012, Mr. He served as the controls and commissioning engineer for ThyssenKrupp System Engineering (Shanghai) Co., Ltd., where he was responsible for system debugging and customer application development. From July 2013 to December 2019, Mr. He served as the authorised representative and executive director of Shanghai Lujiao Technology Co., Ltd.* (上海魯交測控科技有限公司).

DIRECTORS AND SENIOR MANAGEMENT

Since January 2020, Mr. He has served as an executive Director and chief technology officer of our Company, where he is responsible for the development of new technology, equipment and product. Since January 2020, Mr. He also served as the deputy general manager, chief technology officer and executive director at Shanghai Hexia where he is responsible for the development of new technology, equipment and product.

Mr. He was a director, supervisor or manager of the following companies which were deregistered with details as follows:

Company name	Position	Nature of business	Place of incorporation	Reason of deregistration	Date of deregistration
Suzhou Hexia Automotive Technology Co., Ltd.* (蘇州和夏汽車技術有限公司)	Supervisor	Automotive service and manufacturing	PRC	Discontinuance of business	29 December 2018
Jinan Zhongce Automotive Technology Co., Ltd.* (濟南眾測汽車技術有限公司)	General manager	Automotive service and manufacturing	PRC	Discontinuance of business	23 December 2019
Shanghai Lujiao Technology Co., Ltd* (上海魯交測控科技有限公司)	Authorised representative and executive director	Automotive service and manufacturing	PRC	Discontinuance of business	30 January 2023

Mr. He has confirmed that (i) the above companies were solvent at the date of deregistration; and (ii) the above companies were not involved in any material non-compliance incidents prior to its deregistration.

Mr. He obtained his bachelor's degree in automotive and tractor mechanical engineering in July 2002 and his master's degree in automotive engineering in June 2005 from Tongji University in the PRC. He has been studying a PhD degree in Mechanics in the area of vehicle design and integration technology at Tongji University since September 2024. Mr. He was qualified as an intermediate engineer in November 2019 by Huzhou Human Resources and Social Security Bureau and a senior engineer in November 2024 by Shanghai Municipal Human Resources and Social Security Bureau.

Mr. He does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Ms. Chen Yan (陳艷), 49, is an executive Director and chief financial officer of our Company and she joined our Group in September 2020. Ms. Chen is responsible for the financial management of our Company and also serving as head of the operations committee of our Company. Ms. Chen was appointed as an executive Director on 2 July 2021.

Ms. Chen has over 24 years of experience in accounting, auditing and capital market operations. Ms. Chen joined KPMG Huazhen LLP Shanghai branch (畢馬威華振會計師事務所上海分所) in August 2001 and served as an audit senior manager and department head until October 2014, where she was responsible for managing audit engagements for multinational corporations and listed companies, participating in overseas listing projects for large state-owned enterprises. From November 2014 to June 2016, Ms. Chen served as the financial controller and head of financial department reporting to the chief financial officer at Shanda Interactive Entertainment Limited* (上海盛大網路發展有限公司) and concurrently as the chief financial officer of a subsidiary of the former, where she was responsible for overall financial management. From September 2016 to January 2019, Ms. Chen served as chief financial officer of Shanghai Maple Leaf Investment Group Co., Ltd.* (上海楓華投資集團有限公司), where she was responsible for financial restructuring and establishing financial systems in preparation for listing, as well as handling financing and listing application matters.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Chen joined our Group as chief financial officer in September 2020, where she is responsible for the general financial management. Subsequently, Ms. Chen became the executive Director of our Group in July 2021, and she was responsible for the general financial management and managing matters relating to the Board of Directors.

Ms. Chen was a director, supervisor or manager of the following company which was deregistered with details as follows:

Company name	Position	Nature of business	Place of incorporation	Reason of deregistration	Date of deregistration
Chenghe (Shanghai) Intelligent Technology Co., Ltd.* (聘和(上海)智能科技有限公司)	Supervisor	Automotive service and manufacturing	PRC	Discontinuance of business	16 December 2024

Ms. Chen has confirmed that (i) the above company was solvent at the date of deregistration; and (ii) the above company was not involved in any material non-compliance incidents prior to its deregistration.

Ms. Chen obtained her double bachelor's degree in English of science and international accounting in July 1998 and her master's degree in sociolinguistics in January 2001 from Shanghai Jiao Tong University in the PRC. Ms. Chen was certified as a certified public accountant by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會), and a certified internal auditor by the Institute of Internal Auditors in November 2008.

Ms. Chen does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Mr. Zhao Bo (趙波), aged 45, is an executive Director and deputy general manager of our Company and joined our Company in August 2020. Mr. Zhao is responsible for sales and procurement, administrative and operational support of our Company. Mr. Zhao was appointed as an executive Director on 12 August 2020.

Mr. Zhao has over 16 years of professional experience in the automotive industry. From January 2003 to January 2006, he worked at Chongqing Loncin Motor Co., Ltd.* (重慶隆鑫摩托股份有限公司) where he specialised in internal combustion engine combustion development and application. From March 2006 to September 2017, he worked for United Automotive Electronics Co., Ltd.* (聯合汽車電子有限公司). From October 2017 to July 2021, Mr. Zhao served as the deputy director of the sales department of Shanghai Lujiao Technology Co., Ltd.* (上海魯交測控科技有限公司), where he was responsible for marketing, sales management and customer relationship management.

Since August 2020, he has served as the executive Director of our Company, and is responsible for overseeing the general operation of our Company. From August 2021, he served in our Group as the deputy director of the sales department and general affairs department in Shanghai Hexia, and is responsible for sales and procurement, human resources and administration management, and providing operational support of the company as a whole. Since January 2023, he has been acting as the deputy general manager of our Company, where he was responsible for sales and procurement, human resources and administration management, and providing operational support of our Company as a whole.

Mr. Zhao was a director, supervisor or manager of the following company which was deregistered with details as follows:

DIRECTORS AND SENIOR MANAGEMENT

Company name	Position	Nature of business	Place of incorporation	Reason of deregistration	Date of deregistration
Chongqing Mengzhong Advertising Media Co., Ltd.* (重慶盟眾廣告傳媒有限公司)	Supervisor	Advertising and consulting	PRC	Discontinuance of business	4 January 2019

Mr. Zhao has confirmed that (i) the above company was solvent at the date of deregistration; and (ii) the above company was not involved in any material non-compliance incidents prior to its deregistration.

Mr. Zhao graduated from Tongji University in the PRC with a bachelor's degree in thermal engine engineering in July 2002.

Mr. Zhao does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Non-executive Directors

Ms. Yang Jie (楊潔), aged 38, is a non-executive Director and joined our Company in June 2022 and is responsible for overseeing company operations and providing advice to our Board. Ms. Yang was appointed as a non-executive Director on 8 June 2022.

Ms. Yang has over 12 years of professional experience spanning media and equity investment. From July 2011 to June 2015, she worked at Hangzhou Daily* (杭州日報). From December 2015 to January 2018, she worked at Hangzhou Yinlan Cultural Creativity Co., Ltd.* (杭州印瀾文化創意有限公司). Subsequently, from September 2018 to May 2021, she served as an executive director at Hangzhou Jiuling Asset Management Co., Ltd.* (杭州九靈資產管理有限公司). Ms. Yang joined Zhejiang Puhua Tianqin Equity Investment Management Limited Corporation* (浙江普華天勤股權投資管理有限公司), which indirectly controls Hangzhou Puhua, and directly controls Changxing Puhua as its general partner, holding 3.0% of the partnership interest therein, both of which are our Pre-[REDACTED] Investors, in June 2021 and currently serves as the head of its fund operations.

Since June 2022, Ms. Yang has been serving as the non-executive Director of our Company and is responsible for overseeing company operations and providing advice to our Board.

Ms. Yang obtained her bachelor's degree in Chinese language and literature from Zhejiang University in the PRC in July 2011, and was awarded a graduate diploma (distance learning) in behavioural finance and investment decision with merit by the University of Hong Kong in August 2023.

Ms. Yang does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Ms. Tian Chunshan (田春杉), aged 50, is a non-executive Director and joined our Company in January 2023 and is responsible for overseeing company operations and providing advice to our Board. Ms. Tian was appointed as a non-executive Director on 12 January 2023.

Ms. Tian has over 24 years of professional experience in auditing, financial management, and investment. From August 2001 to October 2015, she worked at KPMG Huazhen LLP Shanghai branch (畢馬威華振會計師事務所上海分所), where she served as a Partner from August 2012 to October 2015. From November 2015 to August 2017, she served as the chief financial officer at Shanghai Taiyun Investment Management Co., Ltd.* (上海泰蘊投資管理有限公司). Subsequently, from September 2017 to October 2018, she served

DIRECTORS AND SENIOR MANAGEMENT

as the chief financial officer at Shanghai Xiaoyi Technology Co., Ltd.* (雲蟻智聯(上海)信息技術有限公司). Since November 2018, she has been serving as a partner and the founding, managing and risk control partner at Shanghai Wofu Private Equity Fund Management Co., Ltd.* (上海沃賦私募基金管理有限公司) which is the general partner of Suzhou Wofu, one of our Pre-[REDACTED] Investors and holding 0.54% of the partnership interest therein. From January 2023, Ms. Tian has been serving as the non-executive Director of our Company and is responsible for overseeing company operations and providing advice to our Board.

Ms. Tian was a director, supervisor or manager of the following company which was deregistered with details as follows:

Company name	Position	Nature of business	Place of incorporation	Reason of deregistration	Date of deregistration
Tianjin Ruiqu Asset Management Co., Ltd.* (天津睿趣資產管理有限公司)	Supervisor	Asset management	PRC	Discontinuance of business	23 November 2022

Ms. Tian has confirmed that (i) the above company was solvent at the date of deregistration; and (ii) the above company was not involved in any material non-compliance incidents prior to its deregistration.

Ms. Tian obtained her bachelor's degree in state-owned assets management in June 1998 and her master's degree in public finance in January 2001 from Shanghai University of Finance and Economics in the PRC. She was also admitted as a fellow of the Association of Chartered Certified Accountants in June 2017, and became a member of the Chinese Institute of Certified Public Accountants in September 2021.

Ms. Tian does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Independent non-executive Directors

Ms. Wong Ting (黃婷), aged 51, is an independent non-executive Director who is responsible for supervising and providing independent opinions and advice to our Board. Ms. Wong was appointed as an independent non-executive Director on 24 December 2025.

Ms. Wong has extensive experience in internal audit and risk management. Ms. Wong began her career at KPMG Hong Kong (畢馬威會計師事務所) as audit assistant manager from September 1997 to March 2003. From January 2006 to January 2011, Ms. Wong served as the senior internal audit specialist at Intel Corporation (英特爾公司) (a company listed on the NASDAQ (stock code: INTC)). From January 2014 to November 2016, Ms. Wong has been serving as the Asia audit senior manager at Flex Ltd. (偉創力有限公司) (a Fortune 500 company listed on the NASDAQ (stock code: FLEX)). From December 2016, she has been serving as the internal audit director at the same company and is primarily responsible for leading global internal audit operations and enterprise risk management.

Ms. Wong obtained a bachelor's degree in Accountancy from the Hong Kong Polytechnic University in November 1997. She is an associate member of the Hong Kong Society of Accountants since January 2001, a member of the Association of Chartered Certified Accountants since May 2005, and a member of the Institute of Internal Auditors since October 2005.

Ms. Wong does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Qian Jun (錢俊), aged 64, is an independent non-executive Director who is responsible for supervising and providing independent opinions and advice to our Board. Mr. Qian was appointed as an independent non-executive Director on 24 December 2025.

Mr. Qian has extensive experience in automotive manufacturing. From March 2011 to May 2019, Mr. Qian served as the general manager at Shanghai New Power Automotive Technology Company Limited* (上海新動力汽車科技股份有限公司) (formerly known as Shanghai Diesel Engine Co., Ltd. (上海柴油機股份有限公司)). He subsequently joined SAIC Motor Corporation Limited* (上海汽車集團股份有限公司).

Mr. Qian was a director, supervisor or manager of the following company which was deregistered with details as follows:

Company name	Position	Nature of business	Place of incorporation	Reason of deregistration	Date of deregistration
Shanghai Diesel Engine Co., Ltd.* (上海上柴發動機銷售有限公司)	Authorised representative, chairman of the board and general manager	Automotive service and manufacturing	PRC	Discontinuance of business	7 November 2019

Mr. Qian has confirmed that (i) the above company was solvent at the date of deregistration; and (ii) the above company was not involved in any material non-compliance incidents prior to its deregistration.

Mr. Qian obtained his bachelor's degree in engineering, majoring in watercraft internal combustion engine design and manufacturing in July 1982 from Wahnian Industrial College (now known as South China University of Technology) in the PRC, and his master's degree in business administration in January 2003 from Shanghai Jiao Tong University in the PRC.

Mr. Qian does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Mr. Guan Bin (管斌), aged 43, is an independent non-executive Director who is responsible for supervising and providing independent opinions and advice to our Board. Mr. Guan was appointed as an independent non-executive Director on 24 December 2025.

Mr. Guan has over 13 years of experience in scientific research and higher education. From March 2012 to December 2014, Mr. Guan served as a postdoctoral researcher in mechanical engineering at Shanghai Jiao Tong University. From January 2015 to December 2018, Mr. Guan served as a lecturer at Shanghai Jiao Tong University, and subsequently served as an associate professor from December 2018 to December 2024. He became a professor since December 2024, and is primarily responsible for teaching and scientific research. From December 2025, Mr. Guan has been an independent non-executive director of our Company where he is responsible for supervising our Company's internal control system and providing independent opinions and advice to our Board.

Mr. Guan obtained his bachelor's degree in thermal energy and power engineering from Jiangsu University of Science and Technology in the PRC in June 2005 and his doctorate degree in power machinery and engineering from Shanghai Jiao Tong University in the PRC in March 2012. Mr. Guan received the second prize of Shanghai Technological Invention Award (上海市技術發明二等獎) in November 2017, the SMC-Chenxing Program for Excellent Young Scholars* (SMC晨星優秀青年學者獎勵計劃) as an associate professor in January 2020, the Shi Shaoxi Talent Award from the Chinese Society for Internal Combustion Engines (中國內燃機學會史紹熙人才獎) in November 2025.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Guan does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Save as disclosed above, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management, Controlling Shareholders or substantial Shareholders of our Company as at the Latest Practicable Date; (iii) did not hold any other directorships in public listed companies of which the securities are listed on any securities market in Hong Kong and/or overseas in the three years prior to the Latest Practicable Date; and (iv) did not have any interests in any business apart from business of our Group which competes or is likely to compete, either directly or indirectly, with business of our Group.

As at the Latest Practicable Date, save as disclosed in the section headed “Substantial Shareholders” and the paragraph headed “Further information about our Directors and substantial shareholders” in Appendix VI to this document, each of our Directors did not hold other long positions or short positions in the Shares, underlying Shares, debentures of our Company or any associated corporation within the meaning of Part XV of the SFO.

Except as disclosed in this document, each of our Directors has confirmed that there is no other matter relating to his/her appointment as a Director that needs to be brought to the attention of our Shareholders and there is no information which is required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules. Each of our Directors confirmed that he/she (a) obtained the legal advice referred to under the GEM Listing Rules on 5 February 2026; and (b) understood his/her obligations as a director of a listed issuer under the GEM Listing Rules.

Each of our independent non-executive Directors (a) confirmed that he/she has satisfied all the criteria for independence set out in Rule 5.09(1) to (8) of the GEM Listing Rules; (b) confirmed that he/she had no past or present financial or other interest in the business of our Company or our subsidiaries or any connection with any core connected person of our Company under the GEM Listing Rules as at the Latest Practicable Date; and (c) confirmed that there are no other factors that may affect his/her independence at the time of his/her appointment.

SENIOR MANAGEMENT

In addition to our Directors, our Group has the following senior management members who are responsible for the day-to-day management and operation of our business. The following table sets out certain information relating to members of our senior management team:

Name	Age	Position	Roles and responsibilities	Time of Joining our Group	Date of appointment as senior management	Relationships with other Directors and senior management
Mr. Li Jianyu (李建宇)	50	Director of engineering centre	Management of research and development work related to automation and testing systems	December 2022	December 2025	Nil

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Roles and responsibilities	Time of Joining our Group	Date of appointment as senior management	Relationships with other Directors and senior management
Mr. Yuan Bin (袁斌)	50	Director of power testing department and operation centre	Management of power testing department and operation centre	December 2020	May 2022	Nil
Mr. Jing Xiaoyong (景曉勇)	55	Director of technology centre	Team management and Management of the technology centre and technology development	July 2022	December 2025	Nil

Mr. Li Jianyu (李建宇), aged 50, joined our Group in December 2022 and is a director of engineering centre of our Company since December 2025. He is responsible for the management of research and development work related to automation and testing systems.

Mr. Li possesses over 25 years of professional experience in automation and testing systems. Prior to joining our Group, Mr. Li worked as an automation engineer at Sinopec Qingdao Petrochemical Co., Ltd.* (中國石化青島石油化工有限公司) from July 1998 to January 2000, where he was responsible for the engine system installation and commissioning. He subsequently served as a project engineer and later as engineering branch manager at Shenzhen SCADA Control Technology Co., Ltd.* (深圳斯凱達控制技術有限公司) from April 2003 to September 2004. From April 2011 to November 2022, Mr. Li served at AVL List GmbH* (李斯特測試設備(上海)有限公司), initially as a project manager and progressively advancing to senior project manager in 2019, where he was responsible for automotive testing systems management.

Since 2022, Mr. Li has successively served various roles at our Group, including the director of complete vehicle division from December 2022 and the director of technology centre since April 2023 in Shanghai Hexia and is responsible for management of the team and daily operation of the complete vehicle division and engineering centre. Since December 2025, Mr. Li also serves as the director of engineering centre of our Company, and is responsible for management of the engineering centre.

Mr. Li obtained a bachelor’s degree in Automation from China University of Petroleum (East China) in July 1998 and his master’s degree in law in June 2025 from Tongji University in the PRC. He also obtained a legal professional qualification in February 2017 and a patent agent qualification in January 2018.

Mr. Yuan Bin (袁斌), aged 50, joined our Group in December 2020 and is the director of power testing centre and operation centre of our Company since May 2022. He is responsible for management of the power testing centre and operation centre.

Prior to joining our Company, Mr. Yuan served as a test engineer and manager of reliability project at Cummins East Asia R&D Co., Ltd.* (康明斯東亞研發有限公司) from April 2006 to April 2009. Mr. Yuan subsequently joined Caterpillar China Technical R&D Co., Ltd.* (卡特彼勒中國技術研發有限公司) with his last position being an operation manager where he worked until July 2020.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yuan joined our Group in December 2020 as the director of the testing department and additionally assumed the role of deputy general manager at Shangjian (Zhejiang) Motor Vehicle Testing Technology Co., Ltd.* (上檢(浙江)機動車檢測技術有限公司) since December 2021, a company which is owned as to 19.0% by our Company. Since March 2025, Mr. Yuan assumed his current position as the director of the operation centre of the Group. In this capacity, Mr. Yuan is primarily responsible for the management of the power testing department, the powertrain testing department, the vehicle chassis dynamometer & thermal management testing department, and the operation centre as a whole.

Mr. Yuan completed an online diploma in automobile testing and maintenance technology from Jilin University in January 2016, and he also completed an online bachelor's diploma in mechanical design, manufacturing and automation at the Southwest University of Science and Technology in the PRC in July 2018.

Mr. Jing Xiaoyong (景曉勇), aged 55, joined our Group in July 2022 and is a director of technology centre of our Company since December 2025. He is responsible for management of the technology centre.

Prior to joining our Group, Mr. Jing worked at Jianshe Motorcycle Company* (建設摩托車公司) from June 1992 to August 1995. He subsequently worked at Jianshe Yamaha Company (建設雅馬哈公司) from September 1995 to September 2003, where he was responsible for engine design and localisation projects. From November 2002 to July 2022, he worked at United Automotive Electronic Systems Co., Ltd.* (聯合汽車電子有限公司) where he held various managerial positions including powertrain test manager and function matching manager, during which he established and expanded the Chongqing branch operations. Mr. Jing successively served various roles at our Group, including the director in the engineering technology centre from July 2022, and the director of the technology centre from March 2025 at Chongqing Meiyaersi Technology Development Co., Ltd (重慶美雅爾斯科技發展有限公司), where he is responsible for management of the team and technology development. From December 2025, Mr. Jing also serves as the director of technology centre of our Company and is responsible for management of the technology centre.

Mr. Jing obtained a bachelor's degree in automotive engineering from Beijing Institute of Technology in July 1992.

COMPANY SECRETARY

Ms. Tsui Mei Fung (徐美鳳), aged 38, has been serving as the company secretary, and the authorised representative of our Company since 24 November 2025.

Ms. Tsui has over 10 years of experience in the company secretarial field. Prior to joining the Company, she held the positions of accounting manager, secretarial manager, and assistant company secretary at several companies listed in Hong Kong, where she was responsible for financial management and ensuring compliance. She also served as a secretarial manager at a corporate services firm that specialises in providing corporate services to both private and listed companies, with a focus on statutory compliance, board operations, and corporate governance matters. Currently, Ms. Tsui serves as the company secretary of Aeso Holding Limited (stock code: 8341), and Congyu Intelligent Agricultural Holdings Limited (stock code: 875).

Ms. Tsui obtained a bachelor's degree in accounting from University of Bedfordshire in March 2018 and a master's degree in corporate governance from the Hong Kong Polytechnic University in October 2024. Ms. Tsui is also an associate member of The Hong Kong Chartered Governance Institute.

DIRECTORS AND SENIOR MANAGEMENT

BOARD COMMITTEES

Audit Committee

We have established an audit committee to be effective from the [REDACTED] with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision D.3.3 of the CG Code as set out in Appendix C1 to the GEM Listing Rules.

The primary responsibilities of the Audit Committee include but not limited to: assisting our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Company, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

The Audit Committee comprises three members, namely Ms. Wong Ting, Ms. Tian Chunshan, and Mr. Qian Jun. Ms. Wong Ting has been appointed as the chairman of the Audit Committee, and is our independent non-executive Director possessing the appropriate professional qualifications or financial management expertise.

Remuneration Committee

We have established a remuneration committee to be effective from the [REDACTED] with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and code provision E.1.2 of the CG Code as set out in Appendix C1 to the GEM Listing Rules.

The primary responsibilities of the Remuneration Committee include but not limited to: making recommendations to the Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing the policy on such remuneration, determining the specific remuneration packages of all Directors and senior management, and reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The Remuneration Committee comprises three members, namely Mr. Qian Jun, Ms. Tian Chunshan and Ms. Wong Ting. Mr. Qian Jun has been appointed as the chairman of the Remuneration Committee.

Nomination Committee

We have established a nomination committee to be effective on the [REDACTED] with written terms of reference in compliance with Rule 5.36A of the GEM Listing Rules and code provision B.3.1 of the CG Code as set out in Appendix C1 to the GEM Listing Rules.

The primary responsibilities of the Nomination Committee include but not limited to: reviewing the structure, size and composition of the Board, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment and re-appointment of Directors.

The Nomination Committee comprises three members, namely Mr. Xia, Ms. Wong Ting and Mr. Guan Bin. Mr. Xia has been appointed as the chairman of the Nomination Committee.

BOARD DIVERSITY POLICY

We have adopted a board diversity policy which sets out the approach to achieve and maintain diversity of our Board. Pursuant to our Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors when selecting the

DIRECTORS AND SENIOR MANAGEMENT

candidates to our Board, including but not limited to gender, skills, age, industry experience, knowledge, cultural and educational background, technical capabilities, professional qualifications and other related factors. The ultimate decision of appointment will be based on merits of the candidates and contribution that the selected candidates will bring to our Board.

Our Nomination Committee is responsible for the implementation of our board diversity policy. Upon completion of the [REDACTED], our Nomination Committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of our Board Diversity Policy on an annual basis.

REMUNERATION AND COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Group offers our executive Directors and senior management members, who are also employees of our Company, remuneration in the form of salaries, allowance, contributions to retirement plans, discretionary bonus and benefits in kind. Our independent non-executive Directors receive emolument-based on their responsibilities (including being members or chairman of the Board committees). We also adopt a market and incentive based employee emolument structure.

For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, the aggregate emolument (including the aggregate amount of salaries, allowances, discretionary bonus, contributions to retirement plans, and benefits in kind) of our Directors were approximately RMB4,661,000, approximately RMB4,608,000, approximately RMB2,285,000 and approximately RMB1,402,000 respectively.

For the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, three, four, four and three of our five highest-paid individual of our Group were our directors/supervisors respectively. The aggregate amount of emolument of the remaining two, one, one and two individuals of our Group were approximately RMB2,052,000, approximately RMB558,000, approximately RMB286,000 and approximately RMB787,000, respectively.

During the Track Record Period, no remuneration was paid to, or receivable by, our Directors or the five highest-paid individuals of our Company as an inducement to join or upon joining our Company, or as a compensation for loss of office in the Track Record Period. In addition, none of our Directors had waived any emolument during the same period.

Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals of our Company for the Track Record Period.

CORPORATE GOVERNANCE CODE

Our Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Company for achieving effective accountability. Our Company has adopted the code provisions stated in the Corporate Governance Code as set forth in Appendix C1 to the GEM Listing Rules, save for the code provision C.2.1 of Part 2 of the Corporate Governance Code, which provides that the roles of chairperson of the board and chief executive should be separate and should not be performed by the same individual.

DIRECTORS AND SENIOR MANAGEMENT

We do not have a separate chairman and chief executive, since Mr. Xia, our chairman of the Board, an executive Director and the general manager of our Company, currently performs these two roles. Mr. Xia is the co-founder of our Company and has extensive experience in the industry of our business. The Board believes that vesting the roles of both chairman and chief executive in the same person, Mr. Xia, ensures consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired, given that: (i) decision to be made by the Board requires approval by at least a majority of our Directors; (ii) Mr. Xia and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Company accordingly; (iii) the balance of power and authority is ensured by the operations of the Board, including three independent non-executive Directors, and has a fairly strong independence element; and (iv) the overall strategic and other key business, financial, and operational policies of our Company are made collectively after thorough discussion at both Board, and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether the separation of the roles of chairperson of the Board and general manager of the Company is necessary.

COMPLIANCE ADVISOR

We have appointed Vast Harbour Corporate Finance Limited as our compliance advisor (the “**Compliance Adviser**”) upon the proposed [REDACTED] pursuant to Rule 6A.19 of the GEM Listing Rules.

The Compliance Adviser will advise us in the following circumstances:

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (iii) where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate (if any) or other information in this document; and
- (iv) where the Stock Exchange makes an inquiry to us regarding unusual movements in the price or trading volume of our listed securities under Rule 17.11 of the GEM Listing Rules.

The term of the appointment shall commence on the [REDACTED] and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the [REDACTED] and such appointment may be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following persons will, immediately following completion of the [REDACTED] (without taking into account any H Shares which may be issued upon the exercise of the [REDACTED]), have interests or short positions in our H Shares or underlying H Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be 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:

Name of Shareholders	Capacity/Nature of interest	As at the Latest Practicable Date		Immediately after the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
		Number of Unlisted Shares held/interested (L)	Approximate percentage of shareholding in our Company	Number of H Shares held/interested (L)	Approximate percentage of shareholding in our Company
Mr. Xia	Beneficial owner	8,597,213	32.3%	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽¹⁾	4,262,375	16.0%	[REDACTED]	[REDACTED]
	Interest held jointly with other persons ⁽²⁾	6,679,426	25.1%	[REDACTED]	[REDACTED]
Mr. He	Beneficial owner	4,281,704	16.1%	[REDACTED]	[REDACTED]
	Interest held jointly with other persons ⁽²⁾	15,257,310	57.3%	[REDACTED]	[REDACTED]
Changxing Lingguan	Beneficial owner	2,700,000	10.1%	[REDACTED]	[REDACTED]
	Interest held jointly with other persons ⁽²⁾	16,839,014	63.3%	[REDACTED]	[REDACTED]
Changxing Hexia	Beneficial owner	1,562,375	5.9%	[REDACTED]	[REDACTED]
	Interest held jointly with other persons ⁽²⁾	17,976,639	67.5%	[REDACTED]	[REDACTED]
Mr. Xia Zhipeng	Beneficial owner	860,097	3.2%	[REDACTED]	[REDACTED]
	Interest held jointly with other persons ⁽²⁾	18,678,917	70.1%	[REDACTED]	[REDACTED]
Changxing Junying	Beneficial owner	437,625	1.6%	[REDACTED]	[REDACTED]
	Interest held jointly with other persons ⁽²⁾	19,101,389	71.7%	[REDACTED]	[REDACTED]
Ms. Chen Yan	Beneficial owner	400,000	1.5%	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽³⁾	437,625	1.6%	[REDACTED]	[REDACTED]
	Interest held jointly with other persons ⁽²⁾	18,701,389	70.2%	[REDACTED]	[REDACTED]
Mr. Xia Quanhui	Beneficial owner	400,000	1.5%	[REDACTED]	[REDACTED]
	Interest held jointly with other persons ⁽²⁾	19,139,014	71.9%	[REDACTED]	[REDACTED]

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Capacity/Nature of interest	As at the Latest Practicable Date		Immediately after the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
		Number of Unlisted Shares held/interested (L)	Approximate percentage of shareholding in our Company	Number of H Shares held/interested (L)	Approximate percentage of shareholding in our Company
Mr. Zhao Bo	Beneficial owner	300,000	1.1%	[REDACTED]	[REDACTED]
	Interest held jointly with other persons ⁽²⁾	19,239,014	72.2%	[REDACTED]	[REDACTED]
Ms. Shi Yahong (史雅紅) ⁽⁴⁾	Interest as spouse	19,539,014	73.4%	[REDACTED]	[REDACTED]
Ms. Nie Min (聶敏) ⁽⁵⁾	Interest as spouse	19,539,014	73.4%	[REDACTED]	[REDACTED]

Notes:

- As at the Latest Practicable Date, Mr. Xia is the general partner of Changxing Lingguan and Changxing Hexia. As such, Mr. Xia is deemed to be interested in the Shares held by Changxing Lingguan and Changxing Hexia under the SFO.
- Our Controlling Shareholders comprises (i) Mr. Xia, Mr. He, Mr. Xia Quanhui, Ms. Chen Yan and Mr. Zhao Bo (together, the “**Concert Parties**”); (ii) Mr. Xia Zhipeng; (iii) Changxing Lingguan and Changxing Hexia; and (iv) Changxing Junying.

The Concert Parties are acting in concert pursuant to the Acting in Concert Agreement, which is expected to remain effective after the [REDACTED]. As such, each of the Concert Parties is deemed to be interested in the Shares the other is interested under the SFO. As at the Latest Practicable Date, the Concert Parties were collectively interested in approximately 70.1% of our total issued share capital.

In addition, Mr. Xia Zhipeng is the brother of Mr. Xia, as such Mr. Xia Zhipeng is deemed to be the person acting in concert with Mr. Xia under the Takeovers Code. As at the Latest Practicable Date, Mr. Xia Zhipeng is interested in approximately 3.2% of our total issued share capital.

As such, as at the Latest Practicable Date, each of our Controlling Shareholders is deemed to be interested in the aggregate interest held by the Controlling Shareholders, being approximately 73.4% of our total issued share capital under the SFO.

- As at the Latest Practicable Date, Ms. Chen Yan is the general partner of Changxing Junying. As such, Ms. Chen Yan is deemed to be interested in the Shares held by Changxing Junying under the SFO.
- Ms. Shi Yahong is the spouse of Mr. Xia, thus she is deemed, or taken to be, interested in the Shares in which Mr. Xia is interested in under the SFO.
- Ms. Nie Min is the spouse of Mr. He, thus she is deemed, or taken to be, interested in the Shares in which Mr. He is interested in under the SFO.
- The letter “L” denotes the person’s long position in our Shares.

Save as disclosed in this section, our Directors are not aware of any other persons who will, immediately following completion of the [REDACTED], have interests or short positions in our H Shares or underlying H Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be 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.

SHARE CAPITAL

OUR SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the [REDACTED].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total share capital of our Company was RMB26,630,108 comprising 26,630,108 Unlisted Shares with a nominal value of RMB1.0 each.

UPON COMPLETION OF THE [REDACTED]

Immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised), the share capital of our Company immediately after the [REDACTED] will be as follows:

Description of Shares	Number of Shares	Approximate percentage of total share capital %
Unlisted Shares	—	—
H Shares [REDACTED]	[REDACTED]	[REDACTED]
H Shares [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.0%

Assuming the [REDACTED] is exercised in full, the share capital of our Company immediately after the [REDACTED] will be as follows:

Description of Shares	Number of Shares	Approximate percentage of total share capital %
Unlisted Shares	—	—
H Shares [REDACTED]	[REDACTED]	[REDACTED]
H Shares [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.0%

The above table assumes the [REDACTED] becomes unconditional and is completed.

OUR SHARES

Our H Shares in issue upon completion of the [REDACTED], and our Unlisted Shares, are ordinary Shares in our share capital and are considered as one class of Shares. H Shares may only be subscribed for and traded in HK\$. Unlisted Shares, on the other hand, may only be subscribed for and traded in RMB. Apart from certain qualified domestic institutional investors in the PRC or via Shanghai-Hong Kong Stock Connect (滬港通) or Shenzhen-Hong Kong Stock Connect (深港通), H Shares generally cannot be subscribed for

SHARE CAPITAL

by or traded by legal or natural persons of the PRC. Unlisted Shares, on the other hand, can only be subscribed for by and traded between legal or natural persons of the PRC. We must pay all dividends in respect of H Shares in HK\$ and all dividends in respect of Unlisted Shares in RMB.

Under the PRC Company Law, in relation to the public [REDACTED] of a company, the shares of the company which have been issued prior to the offering shall not be transferred within one year from the date of the listing on any stock exchange.

Except as described in this document and in relation to the despatch of notices and financial reports to our Shareholders, registration of Shares in different parts of our register of Shareholders, the method of share transfer and the appointment of dividend receiving agents, which are provided for in the Articles of Association and summarised in Appendix V to this document, our Unlisted Shares and our H Shares will rank pari passu with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. However, the transfer of Unlisted Shares is subject to such restrictions as PRC law may impose from time to time.

Save for the [REDACTED], we do not propose to carry out any public or private issue or to place securities simultaneously with the [REDACTED] or within the next six months. We have not approved any share issue plan other than the [REDACTED].

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

Our Company has filed for a “full circulation” of all the existing [REDACTED] Unlisted Shares into H Shares on a one-for-one basis, taking into account the submitted application reports, authorisation documents of the shareholders of Unlisted Shares for which the H-shares “full circulation” are applied, and explanation about the compliance of share acquisition and other documents in accordance with the requirements of the CSRC. The relevant filings of the [REDACTED] held by the existing Shareholders into H Shares on a one-for-one basis [have been] completed on [●].

According to the stipulations by the State Council’s securities regulatory authority and the Articles of Association, Unlisted Shares may be converted into overseas listed shares, and such converted shares may be listed or traded on an overseas stock exchange provided that prior to the conversion and trading of such converted shares any requisite internal approval processes shall have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council’s securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of our Shares are not [REDACTED] on any stock exchange, such Unlisted Shares may be [REDACTED] as H Shares on the Stock Exchange. Such transfer and conversion will need to obtain the approval of the relevant PRC regulatory authorities including the CSRC. Approval of the Stock Exchange is required for the listing of such converted shares on the Stock Exchange. Based on the methodology and procedures for the conversion of our Unlisted Shares into H Shares as described in this section, we can apply for the [REDACTED] of all or any portion of our Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed transfer to ensure that the transfer process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. As any [REDACTED] of additional shares after our [REDACTED] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for [REDACTED] at the time of our [REDACTED] in Hong Kong. However, we are generally required to make filings with the CSRC for the [REDACTED] and trading of the additional shares pursuant to applicable PRC laws and regulations.

SHARE CAPITAL

Any application for [REDACTED] on the Stock Exchange after our [REDACTED] is subject to prior notification by way of announcement to inform shareholders and the public of any proposed conversion. The relevant procedural requirements for the conversion of the Unlisted Shares to H Shares are:

- (1) The holder of Unlisted Shares shall obtain the requisite approval of the CSRC or the authorised securities approval authorities of the State Council for the conversion of all or part of its Unlisted Shares into H Shares.
- (2) The holder of Unlisted Shares shall issue to us a removal request in respect of a specified number of the Shares attaching the relevant documents of title.
- (3) Subject to [REDACTED] the approval of the Board, we would then issue a notice to [REDACTED] with instructions that, with effect from a specified date, our [REDACTED] is to issue the relevant holders with [REDACTED] for such specified number of Shares.
- (4) Such specified number of Unlisted Shares to be converted to H Shares are then re-registered on the [REDACTED] maintained in Hong Kong on the condition that:
 - (a) our [REDACTED] lodges with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H share register and the due despatch of H share certificate; and
 - (b) the [REDACTED] of the H Shares (converted from Unlisted Shares) to trade in Hong Kong will comply with the GEM Listing Rules and the [REDACTED] force from time to time.
- (5) Upon completion of the conversion, the shareholding of the relevant holder of Unlisted Shares in our domestic share register will be reduced by such number of Unlisted Shares transferred and the number of H Shares in the H share register will correspondingly be increased by the same number of Shares.
- (6) We will comply with the GEM Listing Rules to inform our Shareholders and the public by way of an announcement of such fact not less than three days prior to the proposed effective date.

[REDACTED]

[REDACTED]

FINANCIAL INFORMATION

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial information and notes included in “Accountants’ report” as set out in Appendix I to this document. You should read the whole Accountants’ report as set out in Appendix I to this document and not rely merely on the information in this section. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. You should not place undue reliance on any such statements. Our actual future results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Risk Factors,” “Forward-Looking Statements” and elsewhere in this document.

OVERVIEW

We are headquartered in Zhejiang Province and were established in 2017. Since our establishment we have developed to become an Automotive Testing Solutions provider in Zhejiang Province and we have, during the Track Record Period, worked with leading domestic and international automotive manufacturers and automotive components manufacturers such as BYD, one of the largest NEV manufacturers in the PRC, and our Customer B, one of the world’s largest engine manufacturers and a global leader in power solutions. Our Automotive Testing Solutions includes (i) automotive testing services, (ii) testing facility solutions and (iii) sales of automotive components business segments.

Our automotive testing services facilitate the research and development exclusively for new models of ICEVs and NEVs and their constituent components and our testing outcomes are used to refine designs, functions and system interoperability so as to ensure that new vehicles models are capable of meeting the relevant performance and regulatory standards. Following our testing, these new vehicles are subject to homologation, which is conducted by other qualified institutions. Since 2022, we have expanded our automotive testing services to cover ADAS testing. ADASs are sophisticated electronic systems integrated into vehicles to enhance driver safety and comfort through utilising a vast array of sensor and camera technology.

Leveraging on our experience and knowledge in automotive testing and to diversify our business and revenue streams, we developed our testing facility solutions business segment which involves providing customised testing solutions to automotive manufacturers, automotive components manufacturers, research institutes and universities to enable them to develop and/or enhance their testing facilities. We have also expanded our business towards the sales of automotive components which involves supplying products such as urea pumps and TCUs as well as the ancillary calibration services.

BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (the “IASB”). The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, our Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning 1 January 2026.

FINANCIAL INFORMATION

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, many of which are outside of our control. These factors include but are not limited to the following:

The developments in the PRC's automotive sector, which are beyond our control

We provide our automotive testing mainly to automotive manufacturers and automotive components manufacturers. The demand of our services from our customers are subject to the macroeconomic conditions and automotive sector regulatory requirements. Sustained or escalating competition within the automotive market may lead to continued downward pressure on vehicle and/or component prices on our customer's end. Consequently, our customers may experience reduced profitability or constrained capital allocation flexibility, which may, in turn, adversely affect their demand for our Automotive Testing Solutions or their willingness to maintain existing fee levels. The decrease in our customers outsourced testing budgets, or redirect resources to in-house capabilities may materially and adversely affect our business, financial performance, and profitability.

Relationship with our customers

During the Track Record Period, we derived a substantial portion of our revenue from automotive testing from a limited number of customers. Our revenue is primarily derived from non-recurring projects. Therefore, we typically engage with our customers on a project-by-project basis, which means there is no guarantee of securing new business from our existing customers. The type and number of projects we can secure may vary substantially from year to year. Failure to secure new projects from existing customers or establish relationships with new customers could have a negative impact on our business, financial condition, and operating results.

MATERIAL ACCOUNTING POLICY INFORMATION, JUDGEMENTS AND ESTIMATES

We have identified various accounting policies that are material to the preparation of our financial information, and the understanding of our financial condition and results of operations, details of which are disclosed in Note 2 of the Accountants' Report in Appendix I to this document.

The following paragraphs discuss, among others, our critical accounting policies, estimates and judgments applied in preparing our financial information:

Revenue recognition

Revenue is recognised when control over a product or service is transferred to our customer at the amount of promised consideration to which our Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes. The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products or services.

FINANCIAL INFORMATION

Further details of our Group's revenue and other income recognition policies are as follows:

(i) Automotive testing

Revenue from automotive testing is recognised upon transfer of test data or data validation to the client.

(ii) Testing facility solutions

Revenue from testing facility solutions is recognised upon the transfer of control to the customer, which occurs when equipment is delivered to the client's designated site and final customer acceptance is obtained.

(iii) Sales of automotive components

Sales of automotive components is recognised when control of the goods transfers to the customer, which occurs upon delivery to the client's site and their acceptance of the goods.

Redemption Liabilities

A contract that contains an obligation to purchase our Company's equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount, even if our Company's obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is measured at the highest redemption amount (on a present value basis) our Company could be required to pay from time to time. Any change in the carrying amount of the redemption liability arising from remeasurement of the redemption amount is recognised in profit or loss. The then carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty's redemption right.

The redemption liability is classified as current as our Company does not have the right at the reporting date to defer settlement of the liability for at least 12 months from the reporting date.

Allowance for impairment of trade and other receivables

Our Group's management determines the loss allowance for expected credit losses on trade and other receivables based on an assessment of the present value of all expected cash shortfalls. These estimates are based on the information about past events, current conditions and forecasts of future economic conditions. Our Group's management reassesses the loss allowance at each reporting period end.

Depreciation and amortisation

Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the respective assets, after taking into account the estimated residual values. Our Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expenses to be recorded during the reporting period. The useful lives are based on the industry experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

FINANCIAL INFORMATION

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the year/period indicated.

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	137,763	204,575	74,153	92,858
Cost of sales	(93,135)	(152,983)	(53,246)	(68,452)
Gross profit	44,628	51,592	20,907	24,406
Other net income	1,477	3,874	1,481	5,437
Selling and marketing expenses	(9,827)	(9,995)	(3,885)	(4,160)
General and administrative expenses	(21,175)	(25,776)	(8,026)	(14,906)
Research and development expenses	(10,545)	(11,852)	(3,805)	(4,912)
Reversal of/(provision for) impairment loss on trade receivable and contract assets	38	4,366	3,943	(347)
Profit from operations	4,596	12,209	10,615	5,518
Share of profits less losses of associates	500	632	(167)	(622)
Finance costs	(730)	(2,633)	(2,187)	(1,662)
Changes in carrying amount of redemption liabilities	(27,456)	(29,532)	(14,133)	—
(LOSS)/PROFIT BEFORE TAXATION	(23,090)	(19,324)	(5,872)	3,234
Income tax	(637)	(523)	(1,391)	379
(LOSS)/PROFIT FOR THE YEAR/PERIOD	(23,727)	(19,847)	(7,263)	3,613

Non-IFRS Measures

To supplement our consolidated statements of profit or loss and other income, which are presented in accordance with IFRS Accounting Standards, we use adjusted net profit (non-IFRS measure) as a non-IFRS measure, which is not required by, or presented in accordance with, IFRS Accounting Standards. We believe the presentation of this non-IFRS measure when shown in conjunction with the corresponding IFRS measures provides useful information to investors and management in facilitating a comparison of our operating performance from year to year by eliminating the impact of certain items. We believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated statements of profit or loss and other income.

FINANCIAL INFORMATION

The following table reconciles our calculations of adjusted net profit (non-IFRS measure) with net profit for the year/period, which is presented in accordance with IFRS Accounting Standards:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
(Loss)/profit for the year/period	(23,727)	(19,847)	(7,263)	3,613
Add:				
Equity-settled share-based payment expenses	1,277	–	–	–
Changes in carrying amount of redemption liabilities	27,456	29,532	14,133	–
[REDACTED]	–	7,761	–	4,781
Less:				
Gain on the dilution of interests in an associate	–	–	–	(4,523)
Adjusted net profit (non-IFRS measure)	<u>5,006</u>	<u>17,446</u>	<u>6,870</u>	<u>3,871</u>

The adjustment items included (i) equity-settled share-based payment expenses; (ii) changes in carrying amount of redemption liabilities; (iii) [REDACTED]; and (iv) gain on the dilution of interest in an associate. Equity-settled share-based payment expenses were non-cash items, the redemption liabilities were reclassified to equity in December 2025, [REDACTED] relates to the [REDACTED] of the Company and gain on the dilution of interest and in an associate is non-operating and non-recurring nature.

Revenue

During the Track Record Period, we generated revenue from (i) automotive testing; (ii) testing facility solutions; and (iii) sales of automotive components.

The following table sets forth a breakdown of our revenue by business segments during the Track Record Period.

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Automotive testing								
ICEV testing	57,496	41.7	59,703	29.2	27,367	36.9	32,816	35.3
NEV testing	45,050	32.7	66,841	32.7	37,974	51.2	28,363	30.5
ADAS testing	<u>10,134</u>	<u>7.4</u>	<u>27,415</u>	<u>13.4</u>	<u>5,503</u>	<u>7.4</u>	<u>7,857</u>	<u>8.5</u>
Sub-total	112,680	81.8	153,959	75.3	70,844	95.5	69,036	74.3
Testing facility solutions	21,666	15.7	45,833	22.4	1,070	1.5	23,201	25.0
Sales of automotive components	<u>3,417</u>	<u>2.5</u>	<u>4,783</u>	<u>2.3</u>	<u>2,239</u>	<u>3.0</u>	<u>621</u>	<u>0.7</u>
Total	<u>137,763</u>	<u>100.0</u>	<u>204,575</u>	<u>100.0</u>	<u>74,153</u>	<u>100.0</u>	<u>92,858</u>	<u>100.0</u>

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Our revenue generated from automotive testing accounted for approximately 81.8% and 75.3% of our total revenue for the years ended 31 December 2024 and 2025, respectively, while our revenue generated from testing facility solutions accounted for approximately 15.7% and 22.4% of our total revenue for the years ended 31 December 2024 and 2025, respectively. Our sales of automotive components accounted for approximately 2.5% and 2.3% of our total revenue for the years ended 31 December 2024 and 2025, respectively.

Our revenue generated from automotive testing accounted for approximately 95.5% and 74.4% of our total revenue for the six months ended 30 June 2025 and 2026, respectively, while our revenue generated from testing facility solutions accounted for approximately 1.5% and 25.0% of our total revenue for the six months ended 30 June 2025 and 2026, respectively. Our revenue generated from sales of automotive components accounted for approximately 3.0% and 0.7% of our total revenue for six months ended 30 June 2025 and 2026, respectively.

Automotive testing

We derived our revenue from automotive testing services, which comprised of (i) ICEV testing services; (ii) NEV testing services; and (iii) ADAS testing services.

ICEV testing

Our revenue generated from ICEV testing services amounted to approximately RMB57.5 million and RMB59.7 million for the years ended 31 December 2024 and 2025, respectively, representing approximately 41.7% and 29.2% of our total revenue, respectively.

Our revenue generated from ICEV testing services amounted to approximately RMB27.4 million and RMB32.8 million for the six months ended 30 June 2025 and 2026, respectively, representing approximately 36.9% and 35.3% of our total revenue, respectively.

NEV testing

Our revenue generated from NEV testing services amounted to approximately RMB45.1 million and RMB66.8 million for the years ended 31 December 2024 and 2025, respectively, representing approximately 32.7% and 32.7% of our total revenue, respectively.

Our revenue generated from NEV testing services amounted to approximately RMB38.0 million and RMB28.4 million for the six months ended 30 June 2025 and 2026, respectively, representing approximately 51.2% and 30.5% of our total revenue, respectively.

ADAS testing

Our revenue generated from ADAS testing services amounted to approximately RMB10.1 million and RMB27.4 million for the years ended 31 December 2024 and 2025, respectively, representing approximately 7.4% and 13.4% of our total revenue, respectively.

Our revenue generated from ADAS testing services amounted to approximately RMB5.5 million and RMB7.9 million for the six months ended 30 June 2025 and 2026, respectively, representing approximately 7.4% and 8.5% of our total revenue, respectively.

Testing facility solutions

We also derived our revenue from testing facility solutions which amounted to approximately RMB21.7 million and RMB45.8 million for the years ended 31 December 2024 and 2025, respectively, representing approximately 15.7% and 22.4% of our total revenue, respectively.

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Our revenue from testing facility solutions which amounted to approximately RMB1.1 million and RMB23.2 million for the six months ended 30 June 2025 and 2026, respectively, representing approximately 1.5% and 25.0% of our total revenue, respectively.

Sales of automotive components

We also produced and sold automotive components such as TCUs and urea pumps to our customers. Our revenue generated from sales of automotive components amounted to approximately RMB3.4 million and RMB4.8 million for the years ended 31 December 2024 and 2025, respectively, representing approximately 2.5% and 2.3% of our total revenue, respectively.

Our revenue generated from sales of automotive components amounted to approximately RMB2.2 million and RMB0.6 million for the six months ended 30 June 2025 and 2026, respectively, representing approximately 3.0% and 0.7% of our total revenue, respectively.

For reasons of the fluctuations of our revenue during the Track Record Period, please refer to the paragraph headed “Period-to-Period Comparisons of Results of Operations” in this section.

Revenue by geographical location of customers

We predominantly generated our revenue within China, which is and will remain to be the core focus of our business. Currently, less than 5% of our revenue were generated from overseas, primarily in other Asian countries. The table below details the breakdown of our total revenue during the Track Record Period based on geographical regions as follows:

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
The PRC	133,913	97.2	200,730	98.1	74,103	99.9	92,858	100.0
Other Asian countries								
(Note)	3,850	2.8	3,845	1.9	50	0.1	—	—
Total	137,763	100.0	204,575	100.0	74,153	100.0	92,858	100.0

Note: Other Asian countries primarily include Japan and Malaysia.

Our revenue generated from the PRC comprise over 95.0% of our total revenue for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026. Our revenue generated from the PRC amounted to approximately RMB133.9 million for the year ended 31 December 2024. Our revenue generated from the PRC increased to approximately RMB200.7 million for the year ended 31 December 2025, which was mainly due to the increase in NEV testing services provided to our customers in the PRC.

Our revenue generated from the PRC amounted to approximately RMB74.1 million for the six months ended 30 June 2025. Our revenue generated from the PRC increased to approximately RMB92.9 million for the six months ended 30 June 2026, which was mainly due to increase in provision of testing facility solutions in the PRC primarily driven by the growth in revenue from our testing facility solutions.

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Our revenue generated from other Asian countries amounted to approximately RMB3.9 million for the year ended 31 December 2024. Our revenue generated from other Asian countries remained stable of approximately RMB3.8 million for the year ended 31 December 2025, which was mainly due to the provision of testing facility solutions to one of our customer in Japan.

Our revenue generated from other Asian countries amounted to approximately RMB50,000 for the six months ended 30 June 2025 and no revenue generated from other Asian countries recorded for the six months ended 30 June 2026.

Cost of Sales

The following table sets forth a breakdown of our cost of sales by business segments during the Track Record Period:

	Year ended 31 December 2024		Year ended 31 December 2025		Six months ended 30 June 2025		Six months ended 30 June 2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Automotive testing								
ICEV testing	39,546	42.5	44,836	29.3	19,208	36.1	25,109	36.7
NEV testing	28,974	31.1	49,426	32.3	27,715	52.0	20,721	30.2
ADAS testing	6,308	6.8	18,106	11.8	3,769	7.1	5,374	7.9
Sub-total	74,828	80.4	112,368	73.4	50,692	95.2	51,204	74.8
Testing facility solutions	15,760	16.9	36,554	23.9	875	1.6	16,890	24.7
Sales of automotive components	2,547	2.7	4,061	2.7	1,679	3.2	358	0.5
Total	93,135	100.0	152,983	100.0	53,246	100.0	68,452	100.0

Our cost of sales consists primarily of (i) raw material costs; (ii) energy costs; (iii) depreciation and amortisation expenses; and (iv) staff costs.

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The following table sets forth a breakdown of our cost of sales by nature during the Track Record Period.

	Year ended 31 December 2024		2025		Six months ended 30 June 2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Energy costs	19,367	20.8	18,385	12.0	9,721	18.2	9,471	13.8
Raw material costs	19,416	20.9	47,144	30.8	5,902	11.1	23,112	33.8
Subcontracting costs	12,501	13.4	27,487	18.0	14,745	27.7	9,744	14.2
Depreciation and amortisation	16,694	17.9	21,907	14.3	11,303	21.2	11,605	17.0
Staff costs	15,308	16.4	17,195	11.2	6,900	13.0	9,372	13.7
Agency service fee	5,100	5.5	13,238	8.7	1,102	2.1	2,238	3.3
Others (Note)	4,749	5.1	7,627	5.0	3,573	6.7	2,910	4.2
Total	93,135	100.0	152,983	100.0	53,246	100.0	68,452	100.0

Note: Others mainly include logistics and courier costs and other amortisation.

Our cost of sales increased by approximately RMB59.8 million or 64.3% from approximately RMB93.1 million for the year ended 31 December 2024 to approximately RMB153.0 million for the year ended 31 December 2025, which was mainly attributable to (i) the increase in raw material costs by approximately RMB27.7 million which was mainly to the growth in revenue from our testing facility solutions; (ii) the increase in subcontracting costs by approximately RMB15.0 million; and (iii) the increase in agency service fee by approximately RMB8.1 million.

Our cost of sales increased by approximately RMB16.3 million or 30.6% from approximately RMB53.2 million for the six months ended 30 June 2025 to approximately RMB68.5 million for the six months ended 30 June 2026, which was mainly attributable to the increase in raw material costs by approximately RMB18.0 million which was mainly due to the growth in revenue from our testing facility solutions.

For reasons of the fluctuations of our cost of sales during the Track Record Period, please refer to the paragraph headed “Period-to-Period Comparisons of Results of Operations” in this section.

Sensitivity analysis

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of our major cost, being the major components of our cost of sales, on our profit before taxation during the Track Record Period. The percentage adopted in the analysis below is based on the reasonable change in the cost variable with reference to the historical year-on-year fluctuation of our major costs.

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	Increase/(decrease) in profit/(loss) before taxation			
	For the year ended		For the six months ended	
	31 December		30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Hypothetical change in cost of sales				
+5%	(4,657)	(7,649)	(2,662)	(3,423)
+10%	(9,314)	(15,298)	(5,325)	(6,845)
–5%	4,657	7,649	2,663	3,423
–10%	9,314	15,298	5,325	6,845

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by business segments for the years/period indicated.

	Year ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	Gross profit margin		Gross profit margin		Gross profit margin		Gross profit margin	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Automotive testing								
ICEV testing	17,950	31.2	14,867	24.9	8,158	29.8	7,707	23.5
NEV testing	16,076	35.7	17,415	26.1	10,260	27.0	7,642	26.9
ADAS testing	<u>3,826</u>	37.8	<u>9,309</u>	34.0	<u>1,734</u>	31.5	<u>2,483</u>	31.6
Sub-total	37,852	33.6	41,591	27.0	20,152	28.5	17,832	25.8
Testing facility solutions	5,906	27.3	9,279	20.2	195	18.2	6,311	27.2
Sales of automotive components	<u>870</u>	25.5	<u>722</u>	15.1	<u>560</u>	25.0	<u>263</u>	42.3
Total	<u>44,628</u>	32.4	<u>51,592</u>	25.2	<u>20,907</u>	28.2	<u>24,406</u>	26.3

Our gross profit amounted to approximately RMB44.6 million for the year ended 31 December 2024, and increased to approximately RMB51.6 million for the year ended 31 December 2025.

Our gross profit amounted to approximately RMB20.9 million for the six months ended 30 June 2025, and increased to approximately RMB24.4 million for the six months ended 30 June 2026.

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Automotive testing

ICEV testing

Gross profit margin generated from ICEV testing services for the year ended 31 December 2024 amounted to approximately 31.2% and decreased to approximately 24.9% for the year ended 31 December 2025.

Gross profit margin generated from ICEV testing services for the six months ended 30 June 2025 amounted to approximately 29.8% and decreased to approximately 23.5% for the six months ended 30 June 2026.

NEV testing

Gross profit margin generated from NEV testing services for the year ended 31 December 2024 amounted to approximately 35.7% and decreased to approximately 26.1% for the year ended 31 December 2025.

Gross profit margin generated from NEV testing services for the six months ended 30 June 2026 amounted to approximately 26.9%, which remained relatively stable as compared with approximately 27.0% for the six months ended 30 June 2025.

ADAS testing

Gross profit margin generated from ADAS testing services for the year ended 31 December 2024 amounted to approximately 37.8% and decreased to approximately 34.0% for the year ended 31 December 2025.

Gross profit margin generated from ADAS testing services for the six months ended 30 June 2025 amounted to approximately 31.5% remained stable as compared with the same of approximately 31.6% for the six months ended 30 June 2026.

Testing facility solutions

Gross profit margin generated from testing facility solutions for the year ended 31 December 2024 amounted to approximately 27.3% and decreased to approximately 20.2% for the year ended 31 December 2025.

Gross profit margin generated from testing facility solutions for the six months ended 30 June 2025 amounted to approximately 18.2% and increased to approximately 27.2% for the six months ended 30 June 2026.

Sales of automotive components

Gross profit margin generated from sales of automotive components for the year ended 31 December 2024 amounted to approximately 25.5% and decreased to approximately 15.1% for the year ended 31 December 2025.

Gross profit margin generated from sales of automotive components for the six months ended 30 June 2025 amounted to approximately 25.0% and increased to approximately 42.3% for the six months ended 30 June 2026.

For reasons of the fluctuations of our revenue during the Track Record Period, please refer to the paragraph headed “Period-to-Period Comparisons of Results of Operations” in this section.

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Other net income

Our other net income consist primarily of government grants, bank interest income and others. Government grants primarily represent reward and subsidies provided to the Group for its contribution to the local innovation and technology growth.

The following table sets forth a breakdown of our other income and gains during the Track Record Period.

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants	1,744	2,554	1,420	401
Net gain on disposal of PPE and early termination of lease	—	860	—	—
Interest income	253	28	4	7
Rental income, net	675	594	144	229
Gain on the dilution of interests in an associate	—	—	—	4,523
Others (<i>Note</i>)	(1,195)	(162)	(87)	277
Total	1,477	3,874	1,481	5,437

Note: Others include decommissioning fees and tax in arrears.

Our other net income amounted to approximately RMB1.5 million for the year ended 31 December 2024. Our other net income increased to approximately RMB3.9 million for the year ended 31 December 2025.

Our other net income amounted to approximately RMB1.5 million for the six months ended 30 June 2025 and increased to approximately RMB5.4 million for the six months ended 30 June 2026.

For the reasons of the fluctuations of our other net income during the Track Record Period, please refer to the paragraph headed “Period-to-Period Comparison of Results of Operations” in this section.

Selling and marketing expenses

Our selling and marketing expenses primarily consist of staff costs, business entertainment expenses, membership fees and travel expenses.

The following table sets forth a breakdown of our selling and marketing expenses by nature during the Track Record Period.

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	Year ended 31 December 2024		2025		Six months ended 30 June 2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Staff costs	6,644	67.7	6,411	64.1	2,824	72.7	3,074	73.9
Business entertainment expenses	1,557	15.8	1,635	16.4	436	11.2	447	10.7
Membership fees	396	4.0	359	3.6	215	5.5	224	5.4
Travel expenses	599	6.1	943	9.4	388	10.0	319	7.7
Others (Note)	631	6.4	647	6.5	22	0.6	96	2.3
Total	9,827	100.0	9,995	100.0	3,885	100.0	4,160	100.0

Note: Others include advertising expenses and tender fees.

Our selling and marketing expenses amounted to approximately RMB9.8 million for the year ended 31 December 2024. Our selling and marketing expenses remained stable of approximately RMB10.0 million for the year ended 31 December 2025.

Our selling and marketing expenses amounted to approximately RMB3.9 million for the six months ended 30 June 2025. Our selling and marketing expenses increased to approximately RMB4.2 million for the six months ended 30 June 2026.

For the reasons of the fluctuations of our selling and marketing expenses during the Track Record Period, please refer to the paragraph headed “Period-to-Period Comparisons of Results of Operations” in this section.

General and administrative expenses

Our administrative expenses primarily consist of staff costs, depreciation and amortisation and legal and professional fees.

The following table sets forth a breakdown of our administrative expenses by nature during the Track Record Period.

	Year ended 31 December 2024		2025		Six months ended 30 June 2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Staff costs	11,599	54.8	10,031	38.9	4,524	56.4	5,416	36.3
Depreciation and amortisation	2,421	11.4	2,723	10.6	962	12.0	677	4.5
Professional fee	1,157	5.5	1,040	4.0	174	2.2	647	4.3
Office and other expenses (Note)	3,987	18.8	2,112	8.2	1,428	17.8	1,836	12.3
Tax surcharges	995	4.7	931	3.6	611	7.6	873	5.9
Entertainment fee	669	3.2	810	3.2	156	2.0	479	3.2
Labour union fee	347	1.6	368	1.4	171	2.0	195	1.4
[REDACTED]	–	–	7,761	30.1	–	–	4,783	32.1
Total	21,175	100.0	25,776	100.0	8,026	100.0	14,906	100.0

Note: Office and other expenses mainly include office expenses, travel expenses and property management expenses.

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Our general and administrative expenses amounted to approximately RMB21.2 million for the year ended 31 December 2024. Our general and administrative expenses increased by approximately 21.7% to approximately RMB25.8 million for the year ended 31 December 2025.

Our general and administrative expenses amounted to approximately RMB8.0 million for the six months ended 30 June 2025 and increased by approximately 85.7% to approximately RMB14.9 million for the six months ended 30 June 2026.

For the reasons of the fluctuations of our general and administrative expenses during the Track Record Period, please refer to the paragraph headed “Period-to-Period Comparisons of Results of Operations” in this section.

Research and development expenses

Our research and development expenses primarily consist of staff costs and depreciation and amortisation.

The following table sets forth a breakdown of our research and development expenses by nature during the Track Record Period.

	Year ended 31 December 2024		2025		Six months ended 30 June 2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Staff costs	7,801	74.0	6,890	58.2	3,233	85.0	3,821	77.8
Depreciation and amortisation	1,051	10.0	1,208	10.2	526	13.8	591	12.0
Raw materials costs	633	6.0	3,076	25.9	18	0.5	150	3.1
Contract development fees	847	8.0	136	1.1	—	—	—	—
Others (Note)	213	2.0	542	4.6	28	0.7	350	7.1
Total	10,545	100.0	11,852	100.0	3,805	100.0	4,912	100.0

Note: Others include trial testing fees, equipment testing fees and equipment leasing fees.

Our research and development expenses amounted to approximately RMB10.5 million for the year ended 31 December 2024. Our research and development expenses increased by approximately 12.4% to approximately RMB11.9 million for the year ended 31 December 2025.

Our research and development expenses amounted to approximately RMB3.8 million for the six months ended 30 June 2025 and increased by approximately 29.1% to approximately RMB4.9 million for the six months ended 30 June 2026.

For the reasons of the fluctuations of our research and development expenses during the Track Record Period, please refer to the paragraph headed “Period-to-Period Comparisons of Results of Operations” in this section.

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Reversal of/(provision for) impairment loss on trade receivables and contract assets

We recorded a reversal of impairment loss on trade receivables and contract assets of approximately RMB38,000 for the year ended 31 December 2024. Our reversal of impairment loss on trade receivables and contract assets increased to approximately RMB4.4 million for the year ended 31 December 2025.

We recorded a reversal of impairment loss on trade receivables and contract assets of approximately RMB3.9 million for the six months ended 30 June 2025, while we recorded a provision for impairment loss on trade receivables and contract assets of approximately RMB0.3 million for the six months ended 30 June 2026.

For the reasons of the fluctuations of our reversal of impairment loss during the Track Record Period, please refer to the paragraph headed “Period-Period Comparison Results of Operations” in this section.

Finance costs

The following table sets forth a breakdown of our finance costs by nature during the Track Record Period.

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Interest on interest-bearing borrowings	4,699	5,094	2,697	2,327
Interest on other borrowings	2,679	2,969	1,307	1,171
Interest on lease liabilities	539	407	234	200
Less: interest expense capitalised into construction in progress	(7,187)	(5,837)	(2,051)	(2,036)
Total	730	2,633	2,187	1,662

Our finance costs represented interest on interest-bearing borrowings, interest on other borrowings and interest on lease liabilities, less interest expense capitalised into construction in progress, amounted to approximately RMB0.7 million, RMB2.6 million, RMB2.2 million and RMB1.7 million for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. For detailed reasons, please refer to the paragraph headed “Period-to-Period Comparison of Results of Operations” in this section.

Changes in carrying amount of redemption liabilities

The Company entered into a series of investment agreements with certain independent investors. The capital contributions from the Pre[REDACTED] Investments give rise to financial liabilities if they are redeemable at the option of the Investors upon occurrence of events that are beyond the control of the Company. At initial recognition, such financial liabilities are measured at the present value of the redemption price, which represents the settlement that would be triggered by the event with the highest settlement outcome, and may change from time to time. Changes in the carrying amount of the financial liabilities are recognised in profit or loss.

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We recorded expenses from changes in the carrying amount of the redemption liabilities of approximately RMB27.5 million and RMB29.5 million for the years ended 31 December 2024 and 2025, respectively. We recorded expenses from changes in the carrying amount of the redemption liabilities of approximately RMB14.1 million and nil for the six months ended 30 June 2025 and 2026, respectively. The redemption rights granted to our Pre[REDACTED] investors were terminated and the redemption liabilities converted into equity in December 2025. For details, please refer to Note 25 to the Accountants' Report in Appendix I to this document.

Income tax expense

Our Group's major components of income tax expenses in each year/period of the Track Record Period were as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current tax – Provision for the year/period	1,390	2,138	1,195	1,517
Deferred tax – Origination and reversal of temporary differences	(753)	(1,615)	196	(1,896)
Total	637	523	1,391	(379)

Our income tax expense was approximately RMB0.6 million and RMB0.5 million for the years ended 31 December 2024 and 2025, respectively. Our income tax expense was approximately RMB1.4 million for the six months ended 30 June 2025. We recorded an income tax benefit of approximately RMB0.4 million for the six months ended 30 June 2026. Pursuant to the EIT Law, companies established in the PRC is subject to PRC EIT at a standard rate of 25% during the Track Record Period. However, our Company, along with its subsidiaries namely Shanghai Hexia, Shanghai Junzhi and Shanghai Jundao, are qualified as a high and new technology enterprise in the PRC and a lower income tax rate of 15% has been applied during the Track Record Period. Certain subsidiaries of the Group meet the conditions as small-scaled minimal profit enterprise and were qualified for the entitlement of preferential tax treatment of 75% exemption of taxable income and application of income tax rate of 20%. As at the Latest Practicable Date, we did not have any material dispute with any tax authority.

A reconciliation of the tax expense applicable to loss before tax at the statutory tax rates for the jurisdictions in which our Group are domiciled to the tax expense at the effective tax rate is as follows:

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	Year ended 31 December 2024		2025		Six months ended 30 June 2025		2026	
	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
(Loss)/profit before taxation	<u>(23,090)</u>		<u>(19,324)</u>		<u>(5,872)</u>		<u>3,234</u>	
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to profits in the countries concerned	(5,773)	25.0	(4,831)	25.0	(1,468)	25.0	809	25.0
Effect of preferential tax rate	2,466	(10.7)	1,408	(7.3)	514	(8.8)	(380)	(11.8)
Tax effect of non-deductible expenses	4,610	(20.0)	4,849	(25.1)	2,195	(37.4)	55	(1.7)
Tax effect of share of (profits)/losses of associates	(75)	0.3	95	0.5	25	(0.4)	93	2.9
Tax effect of gain on the dilution of interests in an associate	–	–	–	–	–	–	(678)	20.9
Tax effect of super deduction for research and development	(1,387)	6.0	(1,313)	6.8	(418)	7.1	(562)	(17.4)
Tax effect of unused tax losses and deductible temporary differences not recognised	796	(3.4)	505	(2.6)	543	(9.2)	311	9.6
Tax impact of utilisation of unrecognised tax losses in prior year	<u>–</u>	–	<u>–</u>	–	<u>–</u>	–	<u>(27)</u>	(1.0)
Total	<u>637</u>	(2.8)	<u>523</u>	(2.7)	<u>1,391</u>	(23.7)	<u>(379)</u>	(11.7)

For detailed reasons, please refer to the paragraph headed “Period-to-Period Comparison of Results of Operations” in this section.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended 30 June 2026 Compared to Six Months Ended 30 June 2025

Revenue

Our total revenue increased by approximately 25.2% from approximately RMB74.2 million for the six months ended 30 June 2025 to approximately RMB92.9 million for the six months ended 30 June 2026. Such increase was primarily attributable to the increase in revenue in testing facility solution which was partially offset by the decrease in revenue in sales of automotive components and in overall the revenue generated from automotive testing remained relatively stable.

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(i) ICEV testing services

Our revenue generated from ICEV testing services increased by approximately RMB5.4 million or 19.9% from approximately RMB27.4 million for the six months ended 30 June 2025 to approximately RMB32.8 million for the six months ended 30 June 2026. The increase in revenue generated from ICEV testing services was mainly attributable to the increase in revenue generated from Customer B by approximately RMB9.3 million and such increase was partially offset by (i) the decrease in revenue by approximately RMB1.2 million generated from a customer which primarily engaged in production and sales of powertrain, complete vehicle and key components in the PRC and (ii) the decrease in revenue by approximately RMB1.1 million generated from a customer which is manufacturer of vehicles headquartered in Guangzhou in the PRC for the provision of ICEV testing services for the six months ended 30 June 2026.

(ii) NEV testing services

Our revenue generated from NEV testing services decreased by approximately RMB9.6 million or 25.3% from approximately RMB38.0 million for the six months ended 30 June 2025 to approximately RMB28.4 million for the six months ended 30 June 2026, which was mainly due to the decrease in revenue generated from (i) Customer G by approximately RMB4.8 million and (ii) a customer by approximately RMB1.9 million for the provision of NEV testing services for the six months ended 30 June 2026.

(iii) ADAS testing services

Our revenue generated from ADAS testing services increased by approximately RMB2.4 million or 43.6% from approximately RMB5.5 million for the six months ended 30 June 2025 to approximately RMB7.9 million for the six months ended 30 June 2026, which was mainly due to the increase in revenue by approximately RMB4.0 million generated from a customer which primarily engaged in development of software products and provision of ADAS and autonomous driving solutions for passenger vehicles in the PRC.

(iv) Testing facility solutions

Our revenue generated from testing facility solutions increased by approximately RMB22.1 million or 21.1 times from approximately RMB1.1 million for the six months ended 30 June 2025 to approximately RMB23.2 million for the six months ended 30 June 2026, which was mainly due to the contribution by the increase in revenue generated from (i) Zhejiang CFMOTO Power Co., Ltd. by approximately RMB5.4 million for the project of mainly CVT testing bench equipment and transmission and front & rear-axle testing bench equipment; (ii) a customer by approximately RMB4.9 million for the project of construction of full-domain electrical monitoring and digital empowerment system; and (iii) a customer which primarily engaged in the sales of NEV powertrains and automotive electronic control technology in the PRC by approximately RMB3.5 million for the project of new-energy motor & motor-controller aging testing bench facility integration.

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(v) Sales of automotive components

Our revenue generated from sales of automotive components decreased by approximately RMB1.6 million or 72.7% from approximately RMB2.2 million for the six months ended 30 June 2025 to approximately RMB0.6 million for the six months ended 30 June 2026, which was mainly due to the decrease in revenue by approximately RMB0.8 million generated from a customer which primarily engaged in sales of key components of vehicle included NEV and ICEV for the six months ended 30 June 2026 in this segment.

Cost of Sales

Our cost of sales increased by approximately RMB15.3 million or 28.8% from approximately RMB53.2 million for the six months ended 30 June 2025 to approximately RMB68.5 million for the six months ended 30 June 2026, which was mainly due to the increase in (i) raw material costs of approximately RMB17.2 million; (ii) staff costs of approximately RMB2.5 million; and (iii) agency services fee of approximately RMB1.1 million which were generally in line with the increase in revenue during the corresponding period.

Our raw material costs increased by approximately RMB17.2 million or 3.0 times from approximately RMB5.9 million for the six months ended 30 June 2025 to approximately RMB23.1 million for the six months ended 30 June 2026, which was mainly due to the increase in provision of testing facility solution projects, which led to higher raw material cost and our raw material costs may be expected to increase further during the year of 2026 mainly driven by the possible growth of this revenue segment for the six months ended 30 June 2025 and 2026 respectively. Our subcontracting costs represented approximately 27.7% and 14.0% of the cost of sales. Our subcontracting costs decreased by RMB5.0 million or 33.9% which was mainly due to the decrease in reliance on our subcontractors for the projects of NEV testing services which accounted for approximately RMB4.8 million of subcontracting costs during the period ended 30 June 2025. Agency service fee represents the agency fees for customs clearance, vehicle registration, insurance, driver labor costs and other miscellaneous expenses (such as toll fees and charging fees) for our overseas road testing. Our agency service fee increased by approximately RMB1.1 million or 103.1% was mainly attributable to increase in provision of our ADAS testing services which required overseas testing and agencies to provide abovementioned agency services.

Gross Profit and Gross Profit Margin

Our gross profit increased by approximately RMB3.5 million or 16.7% from approximately RMB20.9 million for the six months ended 30 June 2025 to approximately RMB24.4 million for the six months ended 30 June 2026. Our gross profit margin decreased from approximately 28.2% for the six months ended 30 June 2025 to approximately 26.3% for the six months ended 30 June 2026.

Automotive testing

ICEV testing services

Gross profit margin generated from ICEV testing services decreased from approximately 29.8% for the six months ended 30 June 2025 to approximately 23.5% for the six months ended 30 June 2026. The decrease in gross profit margin was primarily due to the increase in raw material costs of specific tools required to perform our ICEV testing projects for the six months ended 30 June 2026 and such costs of specific tools amounted to approximately RMB1.4 million.

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NEV testing services

Gross profit margin generated from NEV testing services slightly decreased from approximately 27.0% for the six months ended 30 June 2025 to approximately 26.9% for the six months ended 30 June 2026 which remained relatively stable.

ADAS testing services

Gross profit margin generated from ADAS testing services remained relatively stable of approximately 31.6% for the six months ended 30 June 2026 as compared with the same of approximately 31.5% for the six months ended 30 June 2025.

Testing facility solutions

Gross profit margin generated from testing facility solutions increased from approximately 18.2% for the six months ended 30 June 2025 to approximately 27.2% for the six months ended 30 June 2026. The increase in gross profit margin was mainly due to our top 1, 3, 5 projects with relatively higher gross profit margin of approximately 22.0%, 58.1% and 42.1% respectively which contributed approximately total RMB11.7 million of revenue of this segment for the six months ended 30 June 2026.

Sales of automotive components

Gross profit margin generated from sales of automotive components amounted to approximately 25.0% for the six months ended 30 June 2025 and approximately 42.3% for the six months ended 30 June 2026 where this segment contributed approximately RMB0.6 million of the revenue and RMB0.3 million of the gross profit represented only approximately 0.7% and 1.1% of total revenue and gross profit.

Other net income

Our other net income increased by approximately RMB4.0 million or 267% from approximately RMB1.5 million for the six months ended 30 June 2025 to approximately RMB5.4 million for the six months ended 30 June 2026, primarily due to the increase in dilution gains from interest in associates of approximately RMB4.5 million.

Selling and marketing expenses

Our selling and marketing expenses increased by approximately RMB0.3 million or 7.7% from approximately RMB3.9 million for the six months ended 30 June 2025 to approximately RMB4.2 million for the six months ended 30 June 2026, primarily due to the increase in staff costs of approximately RMB0.2 million.

General and administrative expenses

Our general and administrative expenses increased by approximately RMB6.9 million or 85.3% from approximately RMB8.0 million for the six months ended 30 June 2025 to approximately RMB14.9 million for the six months ended 30 June 2026, primarily attributable to the one-off [REDACTED] of approximately RMB4.8 million recorded during the period of the six months ended 30 June 2026.

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Research and development expenses

Our research and development expenses increased by approximately RMB1.1 million or 29.1% from approximately RMB3.8 million for the six months ended 30 June 2025 to approximately RMB4.9 million for the six months ended 30 June 2026 which was mainly due to the increase in our salary costs of our research and development staff of approximately RMB0.6 million.

Reversal of/(provision for) impairment loss on trade receivable and contract assets

Our reversal of impairment loss on trade receivable and contract assets decreased from approximately RMB3.9 million for the six months ended 30 June 2025 to an impairment loss of approximately RMB0.4 million for the six months ended 30 June 2026, primarily due to the settlement of trade receivable which was provided impairment of approximately RMB4.4 million during six months ended 30 June 2025, leading to a reversal of the expected credit loss for the six months ended 30 June 2025 and no such reversal had been recognised for the six months ended 30 June 2026.

Finance costs

Our finance costs decreased from approximately RMB2.2 million for the six months ended 30 June 2025 to approximately RMB1.7 million for the six months ended 30 June 2026, primarily due to the decrease in interest on interest-bearing borrowings of approximately RMB0.4 million. Mainly due to the lower borrowing cost in which the interest rate range decreased from 2.7% to 6.95% for the six months ended 30 June 2025 to 2.5% to 6.78% for the six months ended 30 June 2026.

Income tax

The Group recorded income tax expenses of approximately RMB1.4 million for the six months ended 30 June 2025 and income tax credit of approximately RMB0.4 million was recorded for the six months ended 30 June 2026 which was mainly due to the recognition of deferred tax assets of approximately RMB1.9 million recognised during the six months ended 30 June 2026.

Loss/profit for the period

As a result of the foregoing, the Group recorded loss for the period of approximately RMB7.3 million for the six months ended 30 June 2025 and profit for the period of approximately RMB3.6 million was recorded for the six months ended 30 June 2026 which was primarily due to the loss from changes in carrying amount of redemption liabilities recognised of approximately RMB14.1 million during the six months ended 30 June 2025 where the redemption right granted were terminated in December 2025 and no such was occurred during the six months ended 30 June 2026 and the increase in profit from operation as the reasons mentioned above.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended 31 December 2025 Compared to Year Ended 31 December 2024

Revenue

Our total revenue increased by approximately 48.5% from approximately RMB137.8 million for the year ended 31 December 2024 to approximately RMB204.6 million for the year ended 31 December 2025, due to the increase in revenue across all of our business segments, including (i) automotive testing services which include ICEV, NEV, and ADAS testing services; (ii) testing facility solutions; and (iii) sales of automotive components.

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(i) ICEV testing services

Our revenue generated from ICEV testing services increased by approximately RMB2.2 million or 3.8% from approximately RMB57.5 million for the year ended 31 December 2024 to approximately RMB59.7 million for the year ended 31 December 2025. The slight increase in revenue generated from ICEV testing services was mainly attributable to the slowing growth of ICEV testing services as a result of (i) the policy-driven structural shift of investment from ICEVs to NEVs in the automotive testing industry in 2025; and (ii) the shortening of automotive research and development cycles of ICEV due to the maturity of testing techniques in ICEV development.

(ii) NEV testing services

Our revenue generated from NEV testing services increased by approximately 48.4% from approximately RMB45.1 million for the year ended 31 December 2024 to approximately RMB66.8 million for the year ended 31 December 2025, which was mainly due to the improvement in our NEV testing capacity in 2025 as our Jiashan Testing Facility, which focus on NEV testing, has commenced operations in the fourth quarter of 2025 which allowed our Group to cope with the increasing demand for NEV testing services.

(iii) ADAS testing services

Our revenue generated from ADAS testing services increased by approximately 170.5% from approximately RMB10.1 million for the year ended 31 December 2024 to approximately RMB27.4 million for the year ended 31 December 2025, which was mainly due to our growing overseas road testing services which are provided solely to our customers located in the PRC. Our top 2 and top 3 projects in 2025 were overseas road testing projects which contributed approximately RMB8.4 million and RMB5.3 million to our revenue during the year ended 31 December 2025. The revenue generated from overall overseas road testing services was increased by approximately RMB15.9 million or 274.5% for the year ended 31 December 2025 as compared with the same for the year ended 31 December 2024.

(iv) Testing facility solutions

Our revenue generated from testing facility solutions increased by approximately 111.5% from approximately RMB21.7 million for the year ended 31 December 2024 to approximately RMB45.8 million for the year ended 31 December 2025, which was mainly due to the completion of our top 1 project in relation to testing facility solutions provided to Customer F which contributed approximately RMB27.8 million to our revenue during the year ended 31 December 2025.

(v) Sales of automotive components

Our revenue generated from sales of automotive components increased by approximately 40.0% from approximately RMB3.4 million for the year ended 31 December 2024 to approximately RMB4.8 million for the year ended 31 December 2025, which was mainly due to the increase in sales orders of TCUs from 86 units to 2,920 units and urea pumps from 978 units to 2,508 units along with our expansion of business to include the sales of automotive components.

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Cost of Sales

Our cost of sales increased by approximately 64.3% from approximately RMB93.1 million for the year ended 31 December 2024 to approximately RMB153.0 million for the year ended 31 December 2025, which was mainly due to the increase in (i) raw material costs of approximately RMB27.7 million; (ii) subcontracting costs of approximately RMB15.0 million; (iii) agency services fee of approximately RMB8.1 million; (iv) depreciation and amortisation of approximately RMB5.2 million; and (v) staff costs of approximately RMB1.9 million which were in line with the increase in revenue during the corresponding year.

Our raw material costs increased by approximately RMB27.7 million or 142.8% from approximately RMB19.4 million for the year ended 31 December 2024 to approximately RMB47.1 million for the year ended 31 December 2025, which was mainly due to the increase in the use of raw materials primarily used for testing facility solutions because the provision of testing facility solutions involved our supplies of testing systems and equipment to our customers in this segment which required us to procure from our suppliers. Our cost of raw materials generated from the provision of testing facility solutions increased by RMB21.5 million or 151.8% for the year ended 31 December 2025 as compared with the same for the year ended 31 December 2024. Our subcontracting costs represented approximately 13.4% and 18.0% of the cost of sales for the years ended 31 December 2024 and 2025, respectively. Our subcontracting costs increased by approximately RMB15.0 million or 119.9%, which was mainly due to the increase in outsourcing certain automotive testing works to subcontractors. Agency service fee represents the agency fees for customs clearance for our overseas road testing. Our agency service fee increased by approximately RMB8.1 million or 159.6% was mainly attributable to our top 2 project in 2025 which involved overseas road testing and approximately RMB4.2 million of agency fee was incurred for this project.

Gross Profit and Gross Profit Margin

Our gross profit increased by approximately 15.6% from approximately RMB44.6 million for the year ended 31 December 2024 to approximately RMB51.6 million for the year ended 31 December 2025. Our gross profit margin decreased from approximately 32.4% for the year ended 31 December 2024 to approximately 25.2% for the year ended 31 December 2025.

Automotive testing

ICEV testing services

Gross profit margin generated from ICEV testing services decreased from approximately 31.2% for the year ended 31 December 2024 to approximately 24.9% for the year ended 31 December 2025. The decrease in gross profit margin was primarily due to the reduction in research and development time for ICEVs resulting from technological maturity, the average work order value of our ICEV testing decreased from approximately RMB296,370 per work order for the year ended 31 December 2024 to approximately RMB285,660 per work order for the year ended 31 December 2025. Together with the growing number of projects, this has markedly increased the share of non-billable tasks such as project management and business communication, leading to compressed gross profit margins. As referred to the top 10 projects table in "Business – Top ten projects", our top 3, 7 and 8 projects for the year ended 31 December 2024 which contributed relatively higher gross profit margin of approximately 52%, 76% and 77% respectively and also caused a relatively overall higher gross profit margin for the year ended 31 December 2024 as compared with the same of 31 December 2025 by such larger top projects for the year ended 31 December 2024.

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NEV testing services

Gross profit margin generated from NEV testing services decreased from approximately 35.7% for the year ended 31 December 2024 to approximately 26.1% for the year ended 31 December 2025. The decrease in gross profit margin was mainly due to the increase in outsourced NEV testing projects that the revenue generated from NEV testing services involved subcontracting amounted to approximately RMB27.4 million represented approximately 41.0% of the revenue of this segment, which led to the increase in cost of sales and a corresponding decrease in gross profit margin.

ADAS testing services

Gross profit margin generated from ADAS testing services decreased from approximately 37.8% for the year ended 31 December 2024 to approximately 34.0% for the year ended 31 December 2025. The decrease in gross profit margin was mainly due to the increase in our overseas road testing projects during the year ended 31 December 2025, which that ADAS testing projects conducted overseas generate lower gross profit margin than projects conducted in the PRC mainly resulted from top 2 and 3 projects for the year ended 31 December 2025 with the relative gross profit margin of approximately 25% and 17% respectively. Despite our overseas ADAS testing has higher contract values, it generates lower profit margin as overseas testing requires provision of overseas agency services to arrange necessary resources to perform the overseas testing, which adversely affect out gross profit margin.

Testing facility solutions

Gross profit margin generated from testing facility solutions decreased from approximately 27.3% for the year ended 31 December 2024 to approximately 20.2% for the year ended 31 December 2025. The decrease in gross profit margin was mainly due to our top 1 project in relation to testing facility solutions provided to Customer F generated a lower gross profit margin as Customer F consisting of a local government body and its operating entity has stronger bargaining power.

Sales of automotive components

Gross profit margin generated from sales of automotive components amounted to approximately 25.5% for the year ended 31 December 2024 and approximately 15.1% for the year ended 31 December 2025. The decrease in gross profit margins of sales of automotive components was mainly due to the increase in proportion of sales of TCU which generated a lower gross profit margin as the production of TCU was outsourced to a related party.

Other net income

Our other net income increased by approximately 162.3% from approximately RMB1.5 million for the year ended 31 December 2024 to approximately RMB3.9 million for the year ended 31 December 2025, primarily due to (i) the increase in net gain on disposal of property, plant and equipment and termination of lease of approximately RMB0.9 million; and (ii) the increase in government grants of approximately RMB0.8 million.

Our net gain on disposal of property, plant and equipment and termination of lease increased from nil for the year ended 31 December 2024 to approximately RMB0.9 million for the year ended 31 December 2025 was mainly due to the termination of lease of our Jinshan Testing Facility. Our government grants increased from approximately RMB1.7 million for the year ended 31 December 2024 to approximately RMB2.6 million for the year ended 31 December 2025 was mainly due to the government subsidy received from Zhejiang Provincial Department of Industry and Information Technology* (浙江省經濟和信息化廳).

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Selling and marketing expenses

Our selling and marketing expenses increased by approximately 1.7% from approximately RMB9.8 million for the year ended 31 December 2024 to approximately RMB10.0 million for the year ended 31 December 2025, primarily due to the increase in travel expenses of approximately RMB0.3 million and the increase in business entertainment expenses of approximately RMB78,000, which were in line with the increase in revenue during the corresponding year.

General and administrative expenses

Our general and administrative expenses increased by approximately 21.7% from approximately RMB21.2 million for the year ended 31 December 2024 to approximately RMB25.8 million for the year ended 31 December 2025, primarily attributable to the one-off [REDACTED] of approximately RMB7.8 million recorded during the year ended 31 December 2025.

Research and development expenses

Our research and development expenses remained stable at approximately RMB10.5 million and RMB11.9 million for the years ended 31 December 2024 and 2025 respectively.

Reversal of impairment loss on trade receivable and contract assets

Our reversal of impairment loss on trade receivable and contract assets increased from approximately RMB38,000 for the year ended 31 December 2024 to approximately RMB4.4 million for the year ended 31 December 2025, primarily due to the settlement of a long-aging trade receivable of approximately RMB4.4 million, leading to the reversal of the expected credit loss.

Finance costs

Our finance costs increased from approximately RMB0.7 million for the year ended 31 December 2024 to approximately RMB2.6 million for the year ended 31 December 2025, primarily due to the decrease in interest expense capitalised into construction in progress of approximately RMB1.4 million.

Income tax expense

Our income tax expenses decreased by approximately 17.9% from approximately RMB0.6 million for the year ended 31 December 2024 to approximately RMB0.5 million for the year ended 31 December 2025, primarily due to the increase in deferred tax from approximately RMB0.7 million for the year ended 31 December 2024 to approximately RMB1.6 million for the year ended 31 December 2025.

Loss for the year

As a result of the foregoing, our net loss decreased by approximately 16.4% from approximately RMB23.7 million for the year ended 31 December 2024 to approximately RMB19.8 million for the year ended 31 December 2025. Our Group recorded net loss for the year ended 31 December 2024 and the year ended 31 December 2025 was primarily due to the loss from changes in carrying amount of redemption liabilities recognised of approximately RMB27.5 million and RMB29.5 million for the years ended 31 December 2024 and 2025 respectively. The redemption right granted were terminated in December 2025.

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DISCUSSION OF CERTAIN SELECTED ITEMS FROM OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Net Current Liabilities

The following table sets forth our current assets and liabilities as of the dates indicated:

	As at 31 December 2024 <i>RMB'000</i>	As at 31 December 2025 <i>RMB'000</i>	As at 30 June 2026 <i>RMB'000</i>	As at 31 July 2026 <i>RMB'000</i> <i>(unaudited)</i>
Current assets				
Inventories	18,680	27,818	41,030	46,053
Contract assets	69,050	64,438	67,114	65,319
Trade and other receivables	73,783	88,828	84,390	92,666
Income tax recoverable	515	972	1,414	1,414
Cash and cash equivalents	10,316	35,947	16,025	15,723
Restricted cash balances	289	853	—	—
Total current assets	<u>172,633</u>	<u>218,856</u>	<u>209,973</u>	<u>221,175</u>
Current liabilities				
Trade and other payables	75,520	107,733	85,098	84,483
Contract liabilities	24,867	10,348	6,931	7,655
Interest-bearing borrowings	82,434	99,264	114,131	114,095
Income tax payable	1,244	1,988	2,826	2,751
Lease liabilities	3,286	2,005	2,215	2,941
Other borrowings	23,368	33,949	17,340	20,369
Redemption liabilities	247,773	—	—	—
Total current liabilities	<u>458,492</u>	<u>255,287</u>	<u>228,541</u>	<u>232,294</u>
Net current liabilities	<u>(285,859)</u>	<u>(36,431)</u>	<u>(18,568)</u>	<u>(11,119)</u>
Net (liabilities)/assets	<u>(24,467)</u>	<u>254,943</u>	<u>258,504</u>	<u>260,648</u>

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Our net current liabilities decreased from approximately RMB285.9 million as at 31 December 2024 to approximately RMB36.4 million as at 31 December 2025, primarily due to (i) the conversion of redemption liabilities to equity as a result of the termination of the investors' redemption right granted in previous years in December 2025 pursuant to the supplementary agreement signed by our Company and the investors with redemption right; and (ii) the decrease in contract liabilities of approximately RMB14.5 million related to made-to-order service arrangements which our Group receives a deposit for testing facility solutions before work commenced.

Our net current liabilities decreased from approximately RMB36.4 million as at 31 December 2025 to approximately RMB18.6 million as at 30 June 2026, primarily due to (i) a decrease in trade and other payables of approximately RMB22.6 million mainly attributable to settled payments to suppliers during the period; (ii) a decrease in other borrowings of approximately RMB16.6 million; and (iii) a increase in inventories of approximately RMB13.2 million which was partially offset by (iii) a decrease in cash and cash equivalents of approximately RMB19.9 million; and (iv) an increase in interest-bearing borrowings of approximately RMB14.9 million.

Our net current liabilities decreased from approximately RMB18.6 million as at 30 June 2026 to approximately RMB11.1 million as at 31 July 2026, primarily due to (i) an increase in inventories of approximately RMB13.8 million; and (ii) an increase in trade and other receivables of approximately RMB8.8 million which was partially offset by (iii) an increase in trade and other payables of approximately RMB8.7 million; and (iv) an increase in other borrowings of approximately RMB3.0 million.

Our Group turned from a net liability position of approximately RMB24.5 million as at 31 December 2024 to a net asset position of approximately RMB254.9 million as at 31 December 2025, primarily due to (i) the decrease in redemption liability of approximately RMB247.8 million; (ii) the decrease in contract liabilities of approximately RMB14.5 million; and (iii) the increase in property, plant and equipment of approximately RMB27.6 million.

Our Group net assets increased from approximately RMB254.9 million as at 31 December 2025 to approximately RMB258.5 million as at 30 June 2026, primarily due to (i) an increase in inventories of approximately RMB13.2 million; and (ii) a decrease in trade and other payables of approximately RMB22.6 million which was partially offset by (iii) a decrease in cash and cash equivalents of approximately RMB19.9 million; and (iv) an increase in interest-bearing borrowings of approximately RMB14.9 million.

Our Group net assets increased from approximately RMB258.5 million as at 30 June 2026 to approximately RMB260.6 million as at 31 July 2026, primarily due to (i) an increase in inventories of approximately RMB13.8 million; and (ii) an increase in trade and other receivables of approximately RMB8.8 million which was partially offset by (iii) an increase in trade and other payables of approximately RMB8.7 million; and (iv) an increase in other borrowings of approximately RMB3.0 million.

In addition, we intend to further improve our net current liabilities position through various measures as below:

- (i) we plan to use our continuous cash flow from operations to improve our net current liabilities position. Our net cash generated from operating activities increased from approximately RMB10.9 million for the year ended 31 December 2024 to approximately RMB51.4 million for the year ended 31 December 2025;

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- (ii) we plan to improve our net current liabilities position with the internal resources available to us. We had banking facilities of approximately RMB178.8 million, of which approximately RMB8.0 million was committed but unutilized as at 31 July 2026; and
- (iii) we plan to continue implementing effective evaluation system and stringent measures to enhance our trade receivables management. During the Track Record Period, our trade receivables and contract assets turnover days improved from 257 days for the year ended 31 December 2024 to 197.5 days for the year ended 31 December 2025.

Investment property and property, plant and equipment

Our investment property and property, plant and equipment primarily consists of buildings, equipment and machinery, right-of-use assets, construction in progress, leasehold improvements and investment property. The following table sets forth the net carrying amount of our investment property and property, plant and equipment as the dates as indicated:

	As at 31 December 2024 <i>RMB'000</i>	As at 31 December 2025 <i>RMB'000</i>	As at 30 June 2026 <i>RMB'000</i>
Buildings	28,916	28,811	28,175
Equipment and machinery	197,612	211,127	190,634
Construction in progress	35,325	50,350	68,760
Building and leasehold improvements	6,528	5,650	5,391
Investment properties – Lands	10,734	10,256	10,013
Total	279,115	306,194	302,973

The carrying amount of our investment property and property, plant and equipment increased from approximately RMB279.1 million as at 31 December 2024 to approximately RMB306.2 million as at 31 December 2025, primarily due to the addition of construction in progress of approximately RMB15.0 million.

The carrying amount of our investment property and property, plant and equipment decreased from approximately RMB306.2 million as at 31 December 2025 to approximately RMB303.0 million as at 30 June 2026, primarily due to the decrease in equipment and machinery mainly resulted from the depreciation for the six months ended 30 June 2026.

Right-of-use assets

The right-of-use asset recognised when a lease is capitalised is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

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The carrying amount of our right-of-use assets increased from approximately RMB15.4 million as at 31 December 2024 to approximately RMB16.3 million as at 31 December 2025, which was mainly due to the addition of the lease in respect of our Jiashan Testing Facility which was offset by the termination of the lease in respect of our Jinshan Testing Facility.

The carrying amount of our right-of-use assets increased from approximately RMB16.3 million as at 31 December 2025 to approximately RMB16.6 million as at 30 June 2026, which was mainly due to the addition of (i) the new lease entered into by Singmobility Technology Surveillance Pte Ltd. in February 2026; and (ii) new lease of a promises entered into by Shanghai Hexia.

Impairment assessment of non-financial assets

As of the end of each year/period during the Track Record Period, the Group assessed whether there was any indication that its non-financial assets including investment property, property, plant and equipment, right-of-use assets and intangible assets may be impaired. The Group follows the guidance of IAS 36 to determine whether impairment indicators exist for its investment property and property, plant and equipment and right-of-use assets based on external and internal sources of information. The Directors did not identify any impairment indication for the above-mentioned non-financial assets as of 31 December 2024, 31 December 2025 and 30 June 2026, and no impairment was made for these non-financial assets.

Contract assets and Contract liabilities

Contract assets primarily comprised of (a) amounts recognized for automotive testing revenue upon the transfer of testing data to customers but not yet billed as the amounts to be billed are subject to the agreement of the number of testing hours with the customers. Such amounts are typically reclassified to trade receivables when our Group agrees on the number of testing hours with the customers, which generally coincides with the time when our Group issues the invoices to the customer; and (b) for contracts relating to testing facility solutions retention amounts withheld until the expiration of the quality assurance period. Such amounts are typically reclassified to trade receivables when the quality assurance period expires and the retention amount becomes due.

Contract liabilities primarily arise when the customer pays non-refundable consideration before our Group recognises the related revenue. When our Group receives a prepayment before the production activity commences this will give rise to contract liabilities at the start of a contract, until the revenue recognised upon the transfer of control to the customer. Our Group typically receives a prepayment on all our Group's system integration contracts before work commences. The amount of the prepayment, if any, was negotiated on a case by case basis with customers.

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The table below sets forth our contract assets and contract liabilities as of the dates indicated:

	As at 31 December 2024 <i>RMB'000</i>	As at 31 December 2025 <i>RMB'000</i>	As at 30 June 2026 <i>RMB'000</i>
Contract assets			
Arising from performance under contracts with customers	69,498	64,714	67,401
Less: loss allowance	(448)	(276)	(287)
Total	69,050	64,438	67,114
Contract liabilities			
Advance payments from customers	24,867	10,348	6,931

Our contract assets decreased by approximately 6.7% from approximately RMB69.1 million as at 31 December 2024 to approximately RMB64.4 million as at 31 December 2025. The decrease in contract assets was primarily attributable to the decrease in average billing period of our contract assets which was affected by (i) the duration of automotive testing projects; and (ii) the duration of the quality assurance period of testing facility solutions projects. Our Group has no material reversal of contract assets after the end of the respective years.

Our contract assets remained relatively stable of approximately RMB 64.4 million as at 31 December 2025 as compared with approximately RMB67.1 million as at 30 June 2026.

Contract liabilities represent the prepayment received by our Group before the production activities of testing facility solutions commence. Our Group recorded contract liabilities of approximately RMB24.9 million as at 31 December 2024 mainly comprised of prepayment received from Customer F which has been subsequently recognised as revenue during the year ended 31 December 2025. As a result, our contract liabilities decreased to approximately RMB10.3 million as at 31 December 2025.

Our contract liabilities decreased by approximately 33.0% from approximately RMB10.3 million as at 31 December 2025 to approximately RMB6.9 million as at 30 June 2026. The decrease in contract liabilities was primarily attributable to approximately RMB6.3 million of contract liabilities balance as at 31 December 2025 had been recognised as revenue during the six months ended 30 June 2026.

These changes are indicative of the dynamic nature of our project-based business, where contract assets and contract liabilities are influenced by project schedules, customer advance payments, and revenue recognition patterns.

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The following table sets forth an aging analysis of contract assets as at the dates indicated:

	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000	As at 30 June 2026 RMB'000
0 to 90 days	26,949	27,190	24,245
91 to 180 days	11,372	15,390	13,345
181 to 365 days	30,729	21,858	29,524
Total	69,050	64,438	67,114

The following table sets forth the average billing period of our contract assets for the dates indicated:

	As at 31 December 2024 (days)	As at 31 December 2025 (days)	As at 30 June 2026 (days)
Average billing period ^(Notes)	148	119	130

Notes:

1. Average billing period was calculated based on the average of opening and closing contract assets as at the relevant year end divided by revenue for the relevant year, and multiplied by the number of days in the relevant year, being 365 days.
2. Average billing period was calculated based on the average of opening and closing contract assets as at the relevant period end divided by revenue for the relevant period, and multiplied by the number of days in the relevant period, being 183 days for the six months ended 30 June 2026.

The average billing period of our contract assets were approximately 148 days, 119 days and 130 days for the years ended 31 December 2024, 31 December 2025 and for the six months ended 30 June 2026, respectively. The subsequent billing by our Group was affected by (i) the duration of automotive testing projects; and (ii) the duration of the quality assurance period of testing facility solutions projects.

As at the Latest Practicable Date, (i) RMB21.8 million or 32.3% of our contract assets as at 30 June 2026 were subsequently billed while the remaining unbilled contract assets of approximately RMB45.6 million is expected to be billed by 31 December 2026; and (ii) RMB0.5 million or 7.0% of our contract liabilities as at 30 June 2026 were subsequently recognised as revenue.

Inventories

Our inventories primarily consist of (i) raw materials which is mainly hydrocarbon fluids; (ii) work in progress consist primarily of (a) testing facility solutions equipments that were not yet delivered to the client’s designated site and final customer acceptance was not yet obtained; (b) direct costs incurred in providing overseas road testing services before the services are completed and test data or data validation report is transferred to the customer and (iii) finished goods which are mainly TCUs and urea pumps.

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Our inventories increased from approximately RMB18.7 million as at 31 December 2024 to approximately RMB27.8 million as at 31 December 2025, primarily due to the increase in (i) work in progress by approximately RMB9.7 million and (ii) finished goods by approximately RMB0.6 million. The increase in work in progress was primarily due to the increase in work orders of facility systems solutions, which in turn led to the increase in testing facility solutions equipments that were not yet delivered to the client's designated site and final customer acceptance was not yet obtained. Our inventories increased from approximately RMB27.8 million as at 31 December 2025 to approximately RMB41 million as at 30 June 2026, primarily due to the increase in work in progress by approximately RMB10.2 million mainly resulted from the confirmed orders of our testing facility solutions for which delivery had not yet been completed as at the six months ended 30 June 2026.

The following table sets forth our inventories as at the dates indicated:

	As at 31 December 2024 <i>RMB'000</i>	As at 31 December 2025 <i>RMB'000</i>	As at 30 June 2026 <i>RMB'000</i>
Raw materials	6,479	5,348	7,509
Work in progress	9,805	19,469	29,679
Finished goods	2,396	3,001	3,842
Total	18,680	27,818	41,030

The following table sets forth an aging analysis of inventories as of the date indicated.

	As at 31 December 2024 <i>RMB'000</i>	As at 31 December 2025 <i>RMB'000</i>	As at 30 June 2026 <i>RMB'000</i>
Within 1 year	17,177	26,083	40,316
1 to 2 years	1,503	1,735	714
Total	18,680	27,818	41,030

The following table sets forth the number of our inventory turnover days for the dates indicated:

	As at 31 December 2024 (days)	As at 31 December 2025 (days)	As at 30 June 2026 (days)
Inventory turnover days ^(Notes)	44.1	41.5	67.8

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Notes:

1. Inventory turnover days were calculated based on the average of opening and closing inventory balance divided by sales for the relevant year, and multiplied by the number of days in the relevant year, being 365 days.
2. Inventory turnover days were calculated based on the average of opening and closing inventory balance divided by sales for the relevant period, and multiplied by the number of days in the relevant period, being 183 days for the six months ended 30 June 2026.

Our inventory turnover days remained stable of approximately 44.1 days for the year ended 31 December 2024 and approximately 41.5 days for the year ended 31 December 2025.

Our inventory turnover days increased from approximately 41.5 days for the year ended 31 December 2025 to approximately 67.8 days for the six months ended 30 June 2026, which was primarily attributable to relatively higher average inventory levels which was in line with our growth of revenue for the six months ended 30 June 2026 as compared with the corresponding period in 2025.

As at 31 August 2026, our Group was able to utilise approximately RMB7.7 million or 18.7% of our Group’s inventories as at 30 June 2026. No impairment had been made for our inventories during the Track Record Period given that our inventories were mainly for the provision of testing facility solutions and automotive testing services to our customers for the confirmed orders and pending for the completion and delivery of such orders to our customers.

Trade receivables

During the Track Record Period, our trade receivables primarily represent receivables from customer for (i) automotive testing; (ii) testing facility solutions; and (iii) sales of automotive components. The credit period granted to our customers was generally 30 days to 120 days from the date of invoice. The following table sets forth our trade receivables as at the dates indicated:

	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000	As at 30 June 2026 RMB'000
Trade receivables	36,479	57,571	60,546
Less: Allowance for expected credit losses	(5,177)	(983)	(1,321)
Total	31,302	56,588	59,225

Our trade receivables, net of loss allowance increased from approximately RMB31.3 million as at 31 December 2024 to approximately RMB56.6 million as at 31 December 2025, which is in line with the increase in revenue and recorded approximately RMB59.2 million as at 30 June 2026 which was relatively stable as compared the same of approximately RMB56.6 million as at 31 December 2025.

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The following table sets forth an aging analysis of trade receivables, based on the date of revenue recognition and net loss of allowance as of the date indicated.

	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000	As at 30 June 2026 RMB'000
Within 1 year	26,809	52,157	55,151
1 to 2 years	3,320	2,150	2,242
2 to 3 years	1,173	2,281	1,832
Total	31,302	56,588	59,225

We perform an impairment analysis at the end of each of the Track Record Period based on an assessment of the present value of all expected cash shortfalls to measure expected credit losses. These estimates are based on the information about past events, current conditions and forecasts of future economic conditions.

As at 31 August 2026, approximately RMB24.2 million or 39.9% of our trade receivables as at 30 June 2026 had been subsequently settled.

The table below sets forth the overall turnover days of our trade receivables and contract assets for the year indicated:

	As at 31 December 2024 (days)	As at 31 December 2025 (days)	As at 30 June 2026 (days)
Trade receivables and contract assets turnover days ^(Note 1 and 2)	257.0	197.5	243.7
Trade receivables turnover days ^(Note 3 and 4)	108.8	78.4	114.1

Notes:

1. Trade receivables and contract assets turnover days were calculated based on the average of opening and closing trade receivables balance and contract assets divided by revenue for the relevant year, and multiplied by the number of days in the relevant year, being 365 days.
2. Trade receivables and contract assets turnover days were calculated based on the average of opening and closing trade receivables balance and contract assets divided by revenue for the relevant period, and multiplied by the number of days in the relevant period, being 183 days for the six months ended 30 June 2026.
3. Trade receivables turnover days were calculated based on the average of opening and closing trade receivables balance divided by revenue for the relevant year, and multiplied by the number of days in the relevant year, being 365 days.
4. Trade receivables turnover days were calculated based on the average of opening and closing trade receivables balance divided by revenue for the relevant period and multiplied by the number of days in the relevant period, being 183 days for the six months ended 30 June 2026.

Our trade receivables and contract assets turnover days decreased from approximately 257.0 days for the year ended 31 December 2024 to approximately 197.5 days for the year ended 31 December 2025. The decrease in trade receivables and contract assets turnover days was primarily attributable to the decrease in contract assets of approximately RMB4.6

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million. In view of the increasing proportion of the customers with longer settlement cycle, resulted in our prolonged trade receivables and contract assets settlement cycle. As our cash outflow from operating activities mainly consists of payments for staff costs, raw material costs, subcontracting fee and other operating expenses which are normally settled in a relatively shorter period, this creates cash flow mismatch. To mitigate the adverse impact on our liquidity position, our Group will (i) use revolving credit lines to bridge temporary gaps; and (ii) regularly project inflows and outflows to anticipate mismatches and plan accordingly.

Our trade receivables and contract assets turnover days increased from approximately 197.5 days for the year ended 31 December 2025 to approximately 243.7 days for the six months ended 30 June 2026, and our trade receivables turnover days increased from approximately 78.4 days to approximately 114.1 days over the same period. The increase was primarily attributed to the relatively higher opening trade receivables balance i.e. 31 December 2025 for the computation of trade receivables turnover days for the six months ended 30 June 2026 which caused the relatively longer trade receivables and contract assets turnover days for the six months ended 30 June 2026.

Our Group maintains a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and taken into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade debtors and bills receivables are due within 30 to 180 days from the date of billing.

Bill receivables, prepayments and other debtors and deposits

Our bills receivables primarily represent bank bills and commercial bills received from our customers. Our prepayments to suppliers primarily represent prepayments for goods. Our other debtors and deposits primarily represents input value-added tax credit, business deposit and security deposit and advances to employees.

The following table sets forth our bill receivables, prepayments and other debtors and deposits as of the dates indicated:

	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000 (unaudited)	As at 30 June 2026 RMB'000
Bill receivables, carried at amortised cost, net of loss allowance	411	455	–
Bills receivable measured at fair value through other comprehensive income	–	3,772	3,246
Prepayments	22,670	10,996	5,553
Other debtors and deposits	19,400	17,017	16,366
Total	42,481	32,240	25,165

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Our bills receivables, prepayments and other debtors and deposits decreased from approximately RMB42.5 million as at 31 December 2024 to approximately RMB32.2 million as at 31 December 2025, primarily due to the decrease in prepayments which mainly attributable to the completion of system integration solutions projects. Our bills receivables, prepayments and other debtors and deposits decreased from approximately RMB32.2 million as at 31 December 2025 to approximately RMB25.2 million as at 30 June 2026, primarily due to the decrease in prepayments as a result of the decrease in rental of certain testing equipment which required prepayment.

The following table sets forth a breakdown of our other debtors and deposits as of the dates indicated:

	As at 31 December 2024 <i>RMB'000</i>	As at 31 December 2025 <i>RMB'000</i>	As at 30 June 2026 <i>RMB'000</i>
Input value-added tax credit	10,075	6,632	9,101
Accounts receivable finance	1,826	3,881	1,677
Business deposit and security deposit	4,619	4,944	3,920
Employee advances	2,799	1,466	1,524
Others	81	94	144
Total	19,400	17,017	16,366

Our other debtors and deposit decreased by approximately RMB2.4 million or 12.3% from approximately RMB19.4 million for the year ended 31 December 2024 to approximately RMB17.0 million for the year ended 31 December 2025, which was mainly attributed to the decrease in input value-added tax (“VAT”) credit of approximately RMB3.4 million. The balance of input VAT credit was generated from the company’s historical acquisition or construction of long-term assets (such as machinery and equipment, and construction in progress). As the company commences production and generates output VAT, this previously retained input VAT is used to offset the VAT payable in the current period. As business activities continue, the existing balance of input VAT credit is gradually used, resulting in a corresponding decrease in the balance of input VAT credit.

Our other debtors and deposits in overall remained relatively stable of approximately RMB16.4 million as at 30 June 2026 as compared with the same of approximately RMB17.0 million as at 31 December 2025.

As at 31 August 2026, approximately RMB8.2 million or 50.0% of our bill receivables, prepayments and other debtors and deposits as at 30 June 2026 had been subsequently settled.

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Trade payables

Our trade payables primarily represented amounts payable to our subcontractor for the subcontracting cost and our suppliers for the purchases of our raw materials. Settlement for trade payables is generally made in accordance with the terms specified in the purchase orders governing the relevant transactions. Our suppliers generally grant us with a credit period of 30 to 90 days. The following table sets forth an aging analysis of trade payables based on the invoice date, as at the dates indicated:

	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000	As at 30 June 2026 RMB'000
Within 1 year	46,291	71,829	60,041
1 to 2 years	7,800	2,330	3,340
2 to 3 years	116	3,612	1,637
Over 3 years	13	116	961
Total	54,220	77,887	65,979

Our trade payables increased from approximately RMB54.2 million as at 31 December 2024 to approximately RMB77.9 million as at 31 December 2025, which was in line with the increase in cost of sales mainly attributable to (i) the increase in raw materials costs; and (ii) the increase in subcontracting costs as our Group has outsourced more automotive testing works to subcontractors during the corresponding periods.

Our trade payables decreased by approximately 15.3% from approximately RMB77.9 million as at 31 December 2025 to approximately RMB66.0 million as at 30 June 2026. The decrease was primarily attributable to the decrease in trade payables which was due within 1 year from approximately RMB71.8 million as at 31 December 2025 to approximately RMB60.0 million as at 30 June 2026.

As at 31 August 2026, approximately RMB12.6 million or 19.0% of our trade payables as at 30 June 2026 had been subsequently settled.

The following table sets forth our average trade payables turnover days for the year indicated:

	As at 31 December 2024 (days)	As at 31 December 2025 (days)	As at 30 June 2026 (days)
Trade payables turnover days ^(Notes)	111.4	117.9	141.8

Notes:

- Trade payables turnover days were calculated based on the average of opening and closing trade payables balance divided by cost of sales for the relevant year, and multiplied by the number of days in the relevant year, being 365 days.

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2. Trade payables turnover days were calculated based on the average of opening and closing trade payables balance divided by the cost of sales for the relevant period, and multiplied by the number of days in the relevant period, being 183 days for the six months ended 30 June 2026.

Our trade payable turnover days remain stable of approximately 111.4 days as at 31 December 2024 and approximately 117.9 days as at 31 December 2025.

Our trade payables turnover days increased from approximately 117.9 days for the year ended 31 December 2025 to approximately 141.8 days for the six months ended 30 June 2026. The increase was mainly due to the increase in average trade payables for the six months ended 30 June 2026 as compared with the same for the year ended 31 December 2025 mainly resulted from the relatively lower trade payables balance as at 31 December 2024 which was adopted as opening balance to compute the trade payables turnover days for the year ended 31 December 2025.

Other payables and accruals

Our other payables and accruals primarily comprise of other tax payable, the amounts payable to employees and accrued liabilities. The following table sets out a breakdown of our other payables and accruals as at the dates indicated:

	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000	As at 30 June 2026 RMB'000
Bills payables	1,034	2,850	–
Other tax payable	290	962	1,113
Accrued payroll, welfare and bonus	12,022	12,794	10,533
Payable for [REDACTED]	–	3,706	2,292
Other payables and accrued charges	7,954	9,534	5,181
Total	21,300	29,846	19,119

Our other payables and accruals increased from approximately RMB21.3 million as at 31 December 2024 to approximately RMB29.8 million as at 31 December 2025, primarily due to (i) the increase in payable for [REDACTED] of approximately RMB3.7 million; and (ii) the increase in bill payables of approximately RMB1.8 million.

Our other payables and accruals decreased from approximately RMB29.8 million as at 31 December 2025 to approximately RMB19.1 million as at 30 June 2026, primarily due to (i) the decrease in bills payables of approximately RMB 2.9 million, mainly due to that the Company ceased to use bills payable to settle supplier payments during the six months ended 30 June 2026; and (ii) the decrease in other payables and accrued charges of approximately RMB4.4 million.

As at 31 August 2026, approximately RMB2.7 million or 51.4% of our other payables and accruals as at 30 June 2026 had been subsequently settled.

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LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our operations primarily through cash generated from our operating activities and bank borrowings. Our use of cash primarily relates to our operating activities, purchases of property, plant and equipment and repayment of bank borrowings. During the Track Record Period and up to the Latest Practicable Date, we were able to repay our borrowings when they became due and to manage our liquidity risks by maintaining adequate reserves of cash and cash equivalents, bank facilities, continuously monitoring our forecasted and actual cash flows, and matching the maturity profiles of our assets and liabilities. During the Track Record Period and up to the Latest Practicable Date, we did not experience material difficulties in obtaining our banking facilities, nor did we experience any liquidity shortage.

We currently expect that there will not be any material change in our sources of cash and use of cash, and additional funds is expected to be available from the [REDACTED] from the [REDACTED] for implementing our future plans as detailed in the section headed “Future Plans and [REDACTED]” in this document. Our ability to fund our working capital needs, repay our indebtedness and finance other obligations depends on our future operating performance and cash flow, which are in turn subject to the prevailing economic conditions and other factors, many of which are beyond our control.

We may need additional cash resources in the future if we experience changing business conditions or other developments. We may also need additional cash resources in the future if we find and wish to pursue opportunities for investment, acquisition, and collaborations of other similar actions. If our existing cash resources are insufficient to meet our requirements, we may seek to obtain extra credit facilities, or sell or issue equity securities, which might result in dilution to the Shareholders.

Cash flow

The table below sets forth the selected cash flow data from the cash flow statements for the years indicated. This information should be read together with the consolidated financial information contained in the Accountants’ Report in Appendix I to this document.

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
			(unaudited)	
Net cash generated from/(used in) operating activities	10,889	51,431	10,022	(2,086)
Net cash used in investing activities	(53,383)	(59,353)	(34,268)	(24,126)
Net cash generated from financing activities	35,374	33,601	22,805	6,342
Net (decrease)/increase in cash and cash equivalents	(7,120)	25,679	(1,441)	(19,870)
Cash and cash equivalents at the beginning of the year/period	17,436	10,316	10,316	35,947
Effect of foreign exchange rate changes	—	(48)	—	(52)
Cash and cash equivalents at the ending of the year/period	10,316	35,947	8,875	16,025

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Cash flows from operating activities

During Track Record Period, our Group derived its cash inflows from operating activities principally from the receipt of payments for the (i) automotive testing services; (ii) testing facility solutions; and (iii) sales of automotive components. Our Group's cash outflow from operating activities is principally for purchases of raw materials.

For the year ended 31 December 2024, our net cash flows generated from operating activities was approximately RMB10.9 million, primarily due to our loss before taxation of approximately RMB23.1 million, as adjusted by (i) non-cash items, which primarily included (a) changes in carrying amount of redemption liabilities of approximately RMB27.5 million and (b) depreciation and amortisation of approximately RMB20.6 million; and (ii) changes in working capital which primarily included (a) increase in contract assets of approximately RMB24.9 million; (b) increase in trade and other payables of approximately RMB11.4 million; and (c) increase in trade and other receivables of approximately RMB9.3 million.

For the year ended 31 December 2025, our net cash flows generated from operating activities was approximately RMB51.4 million, primarily due to our loss before taxation of approximately RMB19.3 million, as adjusted by (i) non-cash items, which primarily included (a) changes in carrying amount of redemption liabilities of approximately RMB29.5 million and (b) depreciation and amortisation of approximately RMB25.8 million; and (ii) changes in working capital which primarily included (a) decrease in contract liabilities of approximately RMB14.5 million; (b) increase in trade and other receivables of approximately RMB10.9 million; (c) increase in inventories of approximately RMB9.1 million; and (d) increase in trade and other payables of approximately RMB49.4 million.

For the six months ended 30 June 2026, our net cash flows used in operating activities was approximately RMB2.1 million, primarily due to our profit before taxation of approximately RMB3.2 million, as adjusted by (i) non-cash items, which primarily included (a) depreciation and amortisation of approximately RMB14.9 million, (b) gain on the dilution of interests in an associate of approximately RMB4.5 million, and (c) finance costs of approximately RMB1.7 million; and (ii) changes in working capital which primarily included (a) increase in inventories of approximately RMB13.2 million; (b) decrease in trade and other receivables of approximately RMB4.1 million; (c) decrease in trade and other payables of approximately RMB2.7 million; and (d) increase in contract assets of approximately RMB2.7 million.

Cash flows used in investing activities

During the Track Record Period, our cash flows used in investing activities primarily consisted of payment for the purchase of property, plant and equipment and the payments for investments in associates.

For the year ended 31 December 2024, our net cash used in investing activities amounted to approximately RMB53.4 million which was mainly due to payment for the purchase of property, plant and equipment of approximately RMB52.7 million.

For the year ended 31 December 2025, our net cash used in investing activities amounted to approximately RMB59.4 million which was mainly due to payment for the purchase of property, plant and equipment of approximately RMB58.9 million.

For the six months ended 30 June 2026, our net cash used in investing activities amounted to approximately RMB24.1 million which was mainly due to payment for the purchase of property, plant and equipment of approximately RMB23.4 million.

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Cash flows generated from financing activities

During the Track Record Period, our cash flows generated from financing activities primarily consisted of proceeds from interest-bearing borrowings, cash received from sale of leaseback transactions. During the same period, our cash outflow from financing activities primarily consisted of repayments of interest-bearing borrowings.

For the year ended 31 December 2024, our net cash flows generated from financing activities amounted to approximately RMB35.4 million which was mainly due to (i) the proceeds from interest-bearing borrowings of approximately RMB72.0 million and (ii) proceeds from other borrowings of approximately RMB46.6 million, which were partially offset by (i) repayments of interest-bearing borrowings of approximately RMB79.5 million and (ii) repayments of other borrowings of approximately RMB16.9 million.

For the year ended 31 December 2025, our net cash flows generated from financing activities amounted to approximately RMB33.6 million which was mainly due to (i) the proceeds from interest-bearing borrowings of approximately RMB97.2 million and (ii) proceeds from other borrowings of approximately RMB40.4 million, which were partially offset by (i) repayments of interest-bearing borrowings of approximately RMB80.0 million and (ii) repayments of other borrowings of approximately RMB36.9 million.

For the six months ended 30 June 2026, our net cash flows generated from financing activities amounted to approximately RMB6.3 million which was mainly due to (i) the repayments of interest-bearing borrowings of approximately RMB120.0 million and (ii) proceeds from other borrowings of approximately RMB15.2 million, which were partially offset by (i) interest paid for interest-bearing borrowings of approximately RMB84.5 million and (ii) repayments of other borrowings of approximately RMB39.2 million.

INDEBTEDNESS

Our indebtedness primarily consist of (i) loans and borrowings; (ii) lease liabilities; and (iii) redemption liabilities. The following table sets forth a breakdown of our indebtedness as at the dates indicated:

	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000	As at 30 June 2026 RMB'000	As at 31 July 2026 RMB'000 (unaudited)
Interest-bearing borrowings	118,202	135,370	170,899	170,863
Lease liabilities	11,731	11,432	12,035	13,564
Other borrowings	39,622	43,064	18,989	26,344
Redemption liabilities	247,773	—	—	—
Total	417,328	189,866	201,923	210,771

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Interest-bearing borrowings and other borrowings

Our Group had (i) interest-bearing borrowings of approximately RMB118.2 million, RMB135.4 million, RMB170.9 million and RMB170.9 million; and (ii) other borrowings of approximately RMB39.6 million, RMB43.1 million, RMB19.0 million and RMB26.3 million as at 31 December 2024, 31 December 2025, 30 June 2026 and 31 July 2026 (being the most recent practicable date for the purpose of this indebtedness statement), respectively. We primarily use our interest-bearing borrowings and other borrowings for our operational needs, including but not limited to payments to our suppliers. Our borrowings amount fluctuated during the Track Record Period in accordance with the financing needs in the corresponding periods.

The analysis of the repayment schedule of interest-bearing borrowings is as follows:

	As at 31 December 2024 <i>RMB'000</i>	As at 31 December 2025 <i>RMB'000</i>	As at 30 June 2026 <i>RMB'000</i>	As at 31 July 2026 <i>RMB'000</i> <i>(unaudited)</i>
Within one year or on demand	82,434	99,264	114,131	114,095
After one year but within 2 years	6,000	12,338	6,000	6,000
After 2 years but within 5 years	20,000	23,768	50,768	50,768
After 5 years	9,768	—	—	—
Total	118,202	135,370	170,899	170,863

Other Borrowings

As at 31 December 2024 and 2025, our Group entered into certain sale and leaseback transactions for financing purpose, under which our Group sold some of its machinery and equipment to external parties and leased them back for terms of 1.5 years to 3 years with a right to repurchase the assets at the end of the leaseback for a minimal consideration. Our Group determined the transfers to buyer-lessor did not satisfy the requirements of IFRS 15 to be accounted for as a sale of the assets, thus our Group continues to recognise the underlying assets, and recognises the sale proceeds as other borrowings. All obligations arising from other borrowings were secured by equipment and machinery.

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At 31 December 2024, 31 December 2025, 30 June 2026 and 31 July 2026, the sale and leaseback transactions liabilities were as follows:

	As at 31 December 2024 <i>RMB'000</i>	As at 31 December 2025 <i>RMB'000</i>	As at 30 June 2026 <i>RMB'000</i>	As at 31 July 2026 <i>RMB'000</i> <i>(unaudited)</i>
Within 1 year	23,368	33,949	17,340	20,369
After 1 year but within 2 years	9,755	8,720	1,649	5,975
After 2 years but within 5 years	6,499	395	–	–
Less: Amount due for settlement within 12 months shown under current liabilities	<u>(23,368)</u>	<u>(33,949)</u>	<u>(17,340)</u>	<u>(20,369)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>16,254</u>	<u>9,115</u>	<u>1,649</u>	<u>5,975</u>

Our Group’s interest-bearing borrowings and other borrowings were primarily used to finance its working capital requirements during the Track Record Period. Mr. Xia Huipeng and Mr. He Zhisheng, each a Controlling Shareholder, had provided personal guarantee for the Group’s interest-bearing borrowings and other borrowings, which will be either repaid or released on or before [REDACTED] and are to be replaced by the corporate guarantee given by our Company upon [REDACTED]. The effective interest rates on our Group’s interest-bearing borrowings as at 31 December 2024, 31 December 2025 and 30 June 2026 ranged from 3.0% to 5.85% per annum, 2.5% to 4.7% per annum and 2.5% to 4.3% per annum respectively. The effective interest rates on our Group’s other borrowings as at 31 December 2024, 31 December 2025 and 30 June 2026 ranged from 3.1% to 6.95% per annum, 3.0% to 6.45% per annum and 3.00% to 6.78% per annum respectively. As at 31 July 2026, we had banking facilities of approximately RMB178.8 million, of which approximately RMB8.0 million was committed but unutilised.

During the Track Record Period and up to the Latest Practicable Date, our Director confirm that we did not experience any delay, default in repayment of interest-bearing borrowings or breach of covenant nor experience any difficulty in obtaining banking facilities with terms that are commercially acceptable to us. As at the Latest Practicable Date, we did not have any plan for material external debt financing.

Indebtedness statement

Our Directors confirm that there has not been any material change in our indebtedness since 31 July 2026 up to the date of the Document.

FINANCIAL INFORMATION

Save as disclosed in this document, our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there was no material covenant or undertaking relating to any of our outstanding debts, guarantees, pledges over key assets, or other contingent obligations and there was no breach of covenant during the Track Record Period and up to the Latest Practicable Date.

Save as disclosed above, our Group did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities or any covenants and undertakings in connection therewith as at 31 July 2026, being the indebtedness statement date.

SUFFICIENCY OF WORKING CAPITAL

Taking into account the financial resources available to our Group, including the available cash and cash equivalents, available banking facilities, cash flows generated from our operations and the estimated [REDACTED] from the [REDACTED], and in the absence of unforeseen circumstances, our Directors are of the opinion, and the Sole Sponsor concurs, that our Group has available sufficient working capital for our present requirements for at least 12 months from the date of this document.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital expenditures

Our capital expenditures during the Track Record Period consist of expenditures on the additions to property and plant and equipment. We made prepayments for property, plant and equipment during the Track Record Period, and such prepayments were classified as current assets in our statements of financial position, which affected our capital expenditures during the Track Record Period. Our capital expenditures amounted to approximately RMB52.7 million, RMB58.9 million and RMB23.4 million for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, respectively. Historically, we have funded our capital expenditures mainly through cash generated from our operations and bank borrowings.

We expect our capital expenditures to increase in the future as our business continues to grow, which we will use primarily for the purchase of our testing equipment. We expect to fund future capital expenditures through cash generated from operations, bank borrowings and the [REDACTED] from the [REDACTED].

Capital commitments

Our capital commitments primarily relate to purchase of property, plant and equipment. Our capital commitments were RMB7.5 million, RMB2.4 million and RMB4.3 million as at 31 December 2024, 31 December 2025 and 30 June 2026, respectively.

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KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the year/period or as at the dates indicated.

	As at/For the year ended 31 December 2024	As at/For the year ended 31 December 2025	As at/For the six months ended 30 June 2026
Gross profit margin ⁽¹⁾	32.4%	25.2%	26.3%
Adjusted net profit margin (non-IFRS measure) ⁽²⁾	3.6%	8.5%	4.2%
Current ratio ⁽³⁾	0.4 times	0.9 times	0.9 times
Quick ratio ⁽⁴⁾	0.3 times	0.7 times	0.7 times
Gearing ratio ⁽⁵⁾	(531.1%)	57.6%	70.8%
Adjusted interest coverage (non-IFRS measure) ⁽⁶⁾	8.7 times	7.8 times	3.1 times

Notes:

- (1) Gross profit margin is calculated using gross profit for the year/period by total revenue for the year/period and multiplied by 100%.
- (2) Adjusted net profit margin (non-IFRS measure) equals adjusted net profit (non-IFRS measure) divided by revenue for the year/period and multiplied by 100%.
- (3) Current ratio is calculated by dividing current assets by current liabilities.
- (4) Quick ratio is calculated by dividing current assets less inventories by current liabilities.
- (5) Gearing ratio is calculated as interest-bearing borrowings and lease liabilities divided by total equity as at the end of the respective year/period, multiplied by 100%.
- (6) Adjusted interest coverage (non-IFRS measure) is calculated using adjusted net profit (non-IFRS measure) before interest expenses and income tax divided by finance costs.

See “Period-to-Period Comparison of Results of Operations” in this section for a discussion of the factors affecting our results of operations during the respective periods.

Current Ratio

Our current ratio increased from approximately 0.4 times as at 31 December 2024 to approximately 0.9 times as at 31 December 2025 primarily attributable to the decrease in current liabilities due to the decrease in redemption liabilities of approximately RMB247.8 million due to the conversion of redemption liabilities to equity as a result of the termination of the investors’ redemption right granted in previous years in December 2025 pursuant to the supplementary agreement signed by our Company and the investors with redemption right.

Our current ratio remained at the same level of approximately 0.9 times as at 31 December 2025 and 30 June 2026.

Quick Ratio

Our current ratio increased from approximately 0.3 times as at 31 December 2024 to approximately 0.7 times as at 31 December 2025 primarily attributable to the decrease in current liabilities due to the decrease in redemption liabilities of approximately RMB247.8 million due to the conversion of redemption liabilities to equity.

Our quick ratio remained at the same level of approximately 0.7 times as at 31 December 2025 and 30 June 2026.

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Gearing Ratio

Our Group recorded negative gearing ratio of approximately 531.1% as at 31 December 2024 due to the redemption liabilities of approximately RMB247.8 million which arose due to certain investment agreements we had entered into with Pre-[REDACTED] Investors. Our Group subsequently recorded a positive gearing ratio of approximately 57.7% as at 31 December 2025 due to the decrease in redemption liabilities of approximately RMB247.8 million due to the conversion of redemption liabilities to equity.

Our gearing ratio increased from approximately 57.7% as at 31 December 2025 to approximately 70.8% as at 30 June 2026. The increase was primarily attributable to the increase in total debt of approximately RMB36.1 million from RMB146.8 million as at 31 December 2025 to approximately RMB182.9 million as at 30 June 2026, mainly driven by the increase in current and non-current interest-bearing borrowings, while our total equity remained relatively stable at approximately RMB258.5 million as at 30 June 2026 as compared with approximately RMB254.9 million as at 31 December 2025.

Adjusted Interest Coverage Ratio (non-IFRS measures)

Our adjusted interest coverage ratio (non-IFRS measures) was approximately 8.7 times and 7.8 times for the years ended 31 December 2024 and 2025, respectively, which remained relatively stable.

For the six months ended 30 June 2026, our adjusted interest coverage ratio decreased to approximately 3.1 times compared to 7.8 times for the year ended 31 December 2025. This decrease was primarily attributable to i) the relatively higher level of finance costs for the six months ended 30 June 2026; and ii) decrease in adjusted net profit (non-IFRS measures) for the six months ended 30 June 2026.

CONTINGENT LIABILITIES

As at 31 December 2024, 31 December 2025 and 30 June 2026, we did not have any significant contingent liabilities. If we were involved in material legal proceedings, our Group would record any loss contingencies when, based on information then available, it is probable that a loss has been incurred and the amount of loss can be reasonably estimated. As at the Latest Practicable Date, we had no material contingent liabilities. We are currently not a party to any litigation that is likely to have a material adverse effect on our business, results of operations or financial condition.

MATERIAL RELATED PARTY TRANSACTIONS

During the Track Record Period, our Group had entered into certain related party transactions. Our Directors confirm that these transactions were conducted in our normal course of business and at prices and terms no less than those charged to and contracted with our other third-party suppliers. Our Directors also consider that these related party transactions did not distort our results during the Track Record Period and did not make our historical results not reflective of our future performance.

For the details of our related party transactions, please refer to Note 31 of the Accountants' Report in Appendix I to this document.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Our Directors confirm that we had not entered into any material off-balance sheet transactions or arrangements during the Track Record Period and up to the Latest Practicable Date.

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FINANCIAL RISKS DISCLOSURE

Credit risk

Our credit risk is primarily attributable to trade receivables and contract assets. Our Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade debtors and bills receivable are due within 30 to 120 days from the date of billing.

We performed impairment assessment under expected credit losses ("ECL") model. For details of information about exposure to credit risk and ECLs for trade receivables, please refer to Note 29(a) to the Accountants' Report included in Appendix I to this document.

Liquidity risk

Our Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants and its relationship with finance providers, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. For details of remaining contractual maturities at the end of each Track Record Period of our financial liabilities, please refer to Note 29(b) to the Accountants' Report included in Appendix I to this document.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our Group's interest rate risk arises primarily from cash and cash equivalents, restricted cash balances, interest-bearing borrowings, other borrowings, redemption liabilities and lease liabilities. Borrowings issued at variable rates and cash and cash equivalents expose the Group to cash flow interest rate risk. Cash and cash equivalents and borrowings issued at floating rates expose our Group to fair value interest rate risk.

For details, please refer to Note 29(c) to the Accountants' Report included in Appendix I to this document.

Currency Risk

Our Group's business are principally conducted in RMB and most of our Group's monetary assets and liabilities are denominated in RMB. Accordingly, our Directors consider our Group's exposure to foreign currency risk is not significant.

DIVIDEND AND DIVIDEND POLICY

No dividends have been paid or declared by the Company during the Track Record Period.

There is no assurance that dividends of any amount will be declared or be distributed in any year. Although currently we do not have a formal dividend policy or a fixed dividend distribution ratio, our Board may declare dividends in the future after taking into account various factors, including our future earnings and cash inflows, future plan for use of funds, long-term development of our business, statutory reserves, discretionary common reserve funds, legal and regulatory restrictions, and other factors which our Directors consider

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relevant. A decision to distribute any interim dividend or recommend any final dividend would require the approval of our Board and will be at its discretion. In addition, any final dividend for a financial year will be subject to Shareholders’ approval. Our Board currently do not have plans to establish a dividend policy. In addition, our dividend policy will also be subject to our Articles of Association, the PRC Company Law, any other applicable PRC laws and regulations.

Under PRC laws, dividends may be paid only out of distributable profits. Distributable profits are our net profit as determined under the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As advised by our PRC Legal Advisor, dividends may not be distributed while we have accumulated losses.

ACCUMULATED LOSSES

Our Group’s accumulated losses of approximately RMB36.5 million as at 1 January 2024 was mainly attributable to (i) the changes in carrying amount of redemption liabilities; (ii) the equity-settled share-based payment expenses recognized before the Track Record Period; and (iii) [REDACTED]. Our Group recorded a total comprehensive loss of approximately RMB23.7 million and RMB19.9 million for the year ended 31 December 2024 and 31 December 2025 and total comprehensive income of approximately RMB3.6 million for the six months ended 30 June 2026, respectively, which was mainly attributable to (i) the changes in carrying amount of redemption liabilities arising from the investors’ redemption right granted in previous years of approximately RMB27.5 million, RMB29.5 million and nil. The redemption right granted were terminated in December 2025; (ii) equity-settled share-based payment expenses of approximately RMB1.3 million, nil and nil; and (iii) the [REDACTED] of nil, approximately RMB7.8 million and approximately RMB4.8 million during the respective year or period. As a result, our Group recorded accumulated losses of approximately RMB60.2 million, RMB80.1 million and RMB76.4 million as at 31 December 2024, 31 December 2025 and 30 June 2026, respectively.

DISTRIBUTABLE RESERVES

As at 30 June 2026, we did not have any distributable reserves.

[REDACTED]

Based on the mid-point [REDACTED] of HK\$[REDACTED] per [REDACTED], the total estimated [REDACTED] in relation to the [REDACTED] is expected to be approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), assuming the [REDACTED] is not exercised. Our total [REDACTED] consist of (i) [REDACTED]-related expenses of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million); and (ii) non-[REDACTED]-related expenses of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), which consist of (a) fees and expenses of legal advisers and Reporting Accountants of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), and (b) other fees and expenses of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million).

During the Track Record Period, we incurred [REDACTED] of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), of which HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) were recognized in our statements of profit or loss for the year ended 31 December

FINANCIAL INFORMATION

2025 and for the six months ended 30 June 2026 and approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be recognized as deduction from equity upon the [REDACTED].

Subsequent to the Track Record Period, we expect to incur [REDACTED] of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) prior to and upon completion of the [REDACTED], of which approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) is expected to be recognized as expenses in our statements of profit or loss for the year ending 31 December 2026, and approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) is expected to be accounted for as a deduction from equity upon the [REDACTED]. The [REDACTED] to be incurred subsequent to the Track Record Period consist of (i) [REDACTED]-related expenses of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), and (ii) non-[REDACTED]-related expenses of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million).

The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that save for the estimated non-recurring [REDACTED] as disclosed in the paragraph headed “[REDACTED]” in this section, since 30 June 2026 and up to the date of this document; (i) there was no material adverse change in the market conditions and the industry and the regulatory environment in which our Group operates that affects our financial or operating position materially and adversely; (ii) there was no material adverse change in the business, revenue structure, profitability, cost structure, financial and trading position and prospects of our Group; and (iii) no event had occurred that would affect the information shown in the Accountants’ Report in Appendix I to this document materially and adversely.

DISCLOSURE UNDER THE GEM LISTING RULES

Our Directors confirm that, as at the Latest Practicable Date, there were no circumstances which would have given rise to any disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

For details of our unaudited [REDACTED] adjusted consolidated net tangible assets, please refer to the section headed “Unaudited [REDACTED] Financial Information” in Appendix II to this document.

FUTURE PLANS AND [REDACTED]

BUSINESS OBJECTIVES AND STRATEGIES

Our long-term objective is to leverage upon our current business model become one of the leading automotive testing services provider in the PRC while seeking to expand to new areas through taking advantage of emerging market opportunities. Please refer to “Business – Business strategies” in this document for details of our business objectives and strategies.

REASONS FOR THE [REDACTED]

According to the F&S Report, the market for automotive testing services in the PRC has demonstrated consistent growth, increasing from approximately RMB14.8 billion in 2020 to approximately RMB22.9 billion in 2025, representing a CAGR of approximately 9.1%. The overall growth in the automotive testing solutions industry in the PRC has been driven by increasing vehicle complexity and regulatory standards for safety emissions as well as rising investments in the research and development of NEV.

Given the vast market size and demand for automotive testing services in the PRC, we have placed significant effort in developing this business segment and during the Track Record Period, it was the key contributor to our overall profitability. During the Track Record Period, revenue derived from our automotive testing services accounted for approximately 81.8% and 75.3% of our total revenue respectively. Our automotive testing services rely on specialised testing equipment and machinery and given the rapidly changing market and technological landscape, there is significant pressure on us to continuously upgrade our major testing equipment and machinery to maintain our competitiveness. For details, please refer to “Industry Overview – Market Challenges and Threats” and “Business – Market and Competition” in this document.

Our Directors have considered various means of financing including both debt and equity financing to raise the necessary funds to finance our Group’s business strategies and believe that equity financing through the [REDACTED] is the more preferable means, despite its relatively higher immediate cost, after taking into account the interest obligations, potential amount of funds that can be raised and collateral requirements associated with debt financing. Our Directors also believe that equity financing can broaden our Group’s capital base and entails less risks on the part of our Group, as Shareholders may look to the long-term benefits that can be provided by our Group.

Without the [REDACTED], our Group remains a privately held company and there is no guarantee that banks or other financial institutions would lend to our Group for the purposes of implementing our business strategies at all or on favourable terms and without the imposition of stringent financing requirements. We believe that through the [REDACTED], our Group’s ability to access debt financing will be enhanced, as we will be able to access the debt capital markets and as a publicly listed company banks and other financial institutions are generally more willing to provide financing on more favourable terms.

Aside from the financing benefits arising from the [REDACTED], our Directors also believe that the [REDACTED] will serve to enhance our corporate profile, reputation and market presence. As such, it will serve to distinguish our Group from other market players and may provide reassurance and confidence to our customers and suppliers as to the sustainability and commitment of our Group towards its growth in the industry, which in turn may provide stronger bargaining power to our Group for future endeavours and negotiations.

For the reasons set out above, our Directors consider that the [REDACTED] and the [REDACTED] is in the long-term commercial interests of our Group.

FUTURE PLANS AND [REDACTED]

[REDACTED]

It is estimated that the [REDACTED] from the [REDACTED] (after deducting [REDACTED] commissions and estimated expenses payable by the Group in connection with the [REDACTED]), assuming the [REDACTED] is not exercised and an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range), will be approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million). Our Group currently intends to apply the [REDACTED] in the following manner:

Strengthening our ability to provide automotive testing services

1. Strengthening our ability to provide ICEV testing

Approximately [REDACTED]% or HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be used for strengthening our ability to provide ICEV testing at our Changxing Headquarters. While the ICEV market is expected to experience a slight decline, the ICEV segment remains one of our core businesses, with its associated testing equipment accounting for a substantial portion of our asset base. We currently face occasional capacity constraints or a lack of specialised testing equipment, such that we may subcontract a portion of the testing services to Independent Third Parties. As such, we plan to allocate our net proceeds toward upgrading our ICEV testing capabilities, as it will resolve our capacity mismatch, bridge our testing technological gaps, and enable us to capture more orders. Moreover, this upgrade will facilitate our expansion into the non-road sector, enabling us to test engines for agricultural machinery, ships, and aircraft, while also developing our HICEV testing capabilities and ensuring full compliance with new regulatory requirements. While the specialised equipment required for high-power non-road applications is capital-intensive, we view that the strategic upgrade is vital to maintaining the long-term stability and resilience of our ICEV business. Specifically, we intend to implement the following upgrades:

- approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be used to upgrade one of our hydraulic dynamometer test benches and acquire new auxiliary facilities, including intake air conditioning, environmental air conditioning, and exhaust systems (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)), in order to expand the scope of our testing capabilities and further develop high-power ICE testing business;
- approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be used to upgrade one of our electric dynamometer test benches and acquire new measurement, control, and data acquisition systems (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)) in order to support our testing capacity to carry out performance development, calibration, durability and emission tests for HICEV. Specifically, this upgrade is achieved through purchasing gas analysers and PN10 particle counters to meet hydrogen engine emission standards, alongside new temperature and pressure modules for precise calibration. We will also upgrade the central control systems with the required software drivers to ensure data transmission between the new hardware and our main control network, while also upgrading our software to run the latest regulatory emission tests;

FUTURE PLANS AND [REDACTED]

- approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be used to upgrade one of our electric dynamometer test benches and acquire external auxiliary equipment and construct environmental protection support facilities (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)) in order to enhance high-power hybrid testing service capabilities;
- approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be used to upgrade one of our electric dynamometer test benches and acquire new auxiliary systems for water, electricity, oil, and gas measurement, as well as related infrastructure construction (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)) in order to enhance our testing capabilities on off-road environment;
- approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be used to upgrade one of our electric dynamometer test benches and acquire engine exhaust emission analysis and measurement systems (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)) in order to enhance our testing capabilities on off-road environment and expand our testing capacities in response to the new regulatory standards; and
- approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be used to upgrade one of our electric dynamometer test benches and acquire environmental monitoring systems, measurement systems, and constructing environmental protection facilities (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)) in order to expand our testing capacities in response to the new emission standards.

2. *Strengthening our ability to provide NEV testing*

- Approximately [REDACTED]% or HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be used for strengthening our ability to provide NEV testing services which we intend to utilise as follows:
 - approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used to upgrade two of our electric motor & electric drive test benches at our Changxing Headquarters (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)) in order to meet the increasing demand for NEV testing driven by growth in this business segment. Specifically, this upgrade is achieved through purchasing two new advanced calibration testing systems, one for high-speed, high-torque applications and another for high-power, heavy-duty performance, that will provide the necessary high-speed and heavy-duty power requirements to test individual motors used in NEVs; and
 - approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used to upgrade four of our electric motor & electric drive test benches and acquire ancillary systems at our Jiashan Testing Facility (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)) in order to fill the gap in NEV testing capacity and expand into the robotics testing business. Specifically, this upgrade is achieved through purchasing new power sourcing units and combining it with our existing testing equipment to form a complete, unified testing system capable of testing highly integrated vehicle components.

FUTURE PLANS AND [REDACTED]

3. *Strengthening our ability to provide ADAS testing*

- Approximately [REDACTED]% or HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be used for strengthening our ability to provide ADAS testing services, which will primarily be stationed at our ADAS testing base in Suzhou; though, given the highly mobile nature of the equipment, it can be conveniently deployed to other testing venues as requested by our customers.
- approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used to purchase one set of new equipment for ADAS testing. We intend to purchase a specialised ultra-flat crushable moving platform, which is a highly durable, impact-absorbing mobile platform used to carry dummy vehicle, so that the testing vehicle can safely collide with the dummy vehicle and drive directly over the platform without sustaining damage during collision simulations, for testing active safety systems, such as automatic emergency braking (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)) in order to increase testing capacity and meet growth in this business segment; and
- approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used to purchase one set of new equipment and systems for road testing. Specifically, we intend to purchase testing equipment and systems for anti-lock braking systems, noise, vibration and harshness testing and data acquisition equipment (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)) in order to to enhance our on-road testing capabilities.

4. *Strengthening our ability to provide whole vehicle testing*

- Approximately [REDACTED]% or HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used for upgrading one of our roller test benches at our Changxing Headquarters to a four-wheel drive chassis dynamometer equipped with an environmental chamber (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)) in order to enhance our vehicle performance and thermal management testing services. Specifically, this upgrade is achieved through a custom modification of the two existing two-wheel drive dynamometers where our team independently handles the electromechanical design, software development, and final integration of procured components with the new environmental chamber to establish a fully operational testing facility.

Intensifying our research and development efforts to enhance our capabilities in providing Automotive Testing Solutions to drive our growth

We adopt an in-house research and development approach to enhance our testing capabilities. Our business strategy involves the independent design and development of systems and core components, complemented by the procurement of conventional or standard parts to build new testing capabilities. Therefore, the aforementioned planned upgrades and acquisitions of testing equipment inherently intensify our research and development initiatives. Specifically, these upgrades will facilitate our research and development strategy in the following manner:

- In relation to the upgrade of our ICEV testing facility, the upgraded test benches serve as the operational platform required to run our custom emission-testing software that fulfills new regulatory standard. This enables us to deploy our in-house developments;

FUTURE PLANS AND [REDACTED]

- In relation to the upgrade of our NEV testing facility, the procured and upgraded test benches serve as foundational platforms for our research and development, as it enables us to develop our new testing solutions on the upgraded testing benches; and
- In relation to the upgrade of our whole-vehicle testing facility, the four-wheel-drive chassis dynamometer is independently developed by us, and the upgrade by integrating the external parts enables us to complete our development of our proprietary test bench.

Expanding our automotive testing services to new industries to diversify our customer and revenue base

The aforementioned planned upgrades and acquisitions of testing equipment will also serve to diversify our testing services, allowing us to expand into new, emerging industries and broaden our customer and revenue base. Specifically, the upgrades will further our business strategies in the following manner:

- In relation to the upgrade of our ICEV testing facility, we can significantly enhance our capabilities to test higher-power engines. It will enable us to meet the testing demands for power generator engines and the power systems of construction machinery, thereby expanding our operations and customer base within the non-road sector. It will also enable us to handle higher power outputs, allowing us to test engines for agricultural equipment, ships and aircrafts; and
- In relation to the upgrade of our NEV testing facility, the enhanced testing capabilities will equip us the ability to meet the stringent testing requirements for the electric drive systems of drones, thereby expanding our business into the low-altitude aircraft and drone sectors, the enhanced capabilities will also allow us to fulfill the testing requirements for motors and electric drive systems used in robots, thereby facilitating our expansion into the robotics and broader vehicle industries, expanding into new business areas and diversifying our customer portfolio.

IMPLEMENTATION PLANS

Our Directors have drawn up an implementation plan for the six months ending 30 June 2027 to 31 December 2028 with a view to achieving our business objective. The detailed implementation plan and expanded timetable are set out below:

Implementation plans	Six months ending				Total	% of total [REDACTED]
	30 June 2027 RMB'000	31 December 2027 RMB'000	30 June 2028 RMB'000	31 December 2028 RMB'000		
1. Strengthening our ability to provide ICEV testing	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2. Strengthening our ability to provide NEV testing	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
3. Strengthening our ability to provide ADAS testing	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

FUTURE PLANS AND [REDACTED]

	30		Six months ending		Total	% of total [REDACTED]
	June 2027 RMB'000	December 2027 RMB'000	June 2028 RMB'000	December 2028 RMB'000		
Implementation plans						
4. Strengthening our ability to provide whole vehicle testing	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

To the extent that the [REDACTED] from the [REDACTED] are insufficient to fund our Group’s business strategies, our Directors may delay the pace of the implementation of our Group’s business strategies until its internal resources are sufficient. Our Directors may also consider other factors when determining the pace of implementation, such as the long term funding needs of our Group and the need to maintain a healthy level of working capital. Alternatively, our Directors may also consider bank financing or other debt or equity fund raising exercises, though this may affect our Group in such ways as disclosed in the paragraph headed “Reasons for the [REDACTED]” in this section.

If the [REDACTED] is fixed at the high-end of the indicative range of the [REDACTED], being HK\$[REDACTED] per [REDACTED], the [REDACTED] to be received by our Group from the [REDACTED] will increase by approximately HK\$[REDACTED] million. Our Group intends to apply the additional [REDACTED] for the above purposes on a pro-rata basis. If the [REDACTED] is set at the low-end of the indicative range of the [REDACTED], being HK\$[REDACTED] per [REDACTED], the [REDACTED] to be received by our Group from the [REDACTED] will decrease by approximately HK\$[REDACTED] million. Our Group intends to reduce the [REDACTED] for the above purposes on a pro-rata basis.

If the [REDACTED] is exercised in full, it is estimated that the additional [REDACTED] from the [REDACTED] of these additional Shares to be received by our Group, after deducting the estimated [REDACTED] fee, incentive fee and estimated [REDACTED] payable by it, will be approximately (i) HK\$[REDACTED] million, assuming the [REDACTED] is fixed at the high-end of the indicative range of the [REDACTED], being HK\$[REDACTED] per [REDACTED]; (ii) HK\$[REDACTED] million, assuming the [REDACTED] is fixed at the mid-point of the indicative range of the [REDACTED], being HK\$[REDACTED] per [REDACTED]; and (iii) HK\$[REDACTED] million, assuming the [REDACTED] is fixed at the low-end of the indicative range of the [REDACTED], being HK\$[REDACTED] per [REDACTED]. Any additional [REDACTED] received by our Group from the exercise of the [REDACTED] will also be allocated to the above purposes on a pro-rata basis.

To the extent that the [REDACTED] from the [REDACTED] are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, our Group will only deposit the [REDACTED] into short-term interest-bearing accounts at licenced commercial banks and/or other authorised financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). Our Group will make appropriate announcement if there is any material change to the above proposed use of [REDACTED].

FUTURE PLANS AND [REDACTED]

BASES AND ASSUMPTIONS

[REDACTED] should note that our ability to achieve our business objectives and implementation plans depends on a number of bases and assumptions, in particular:

- there will be no material changes in the existing political, legal, fiscal, social or economic conditions in the PRC and any other places in which any member of our Group will carry on business and provides services;
- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;
- there will be no material changes in the prevailing laws (whether in the PRC or any other part of the world), policies or industry or regulatory treatments relating to us, or in the political, economic and market conditions in the places in which we operate or will operate our business;
- we will retain our key staff in our management team;
- there will be no material changes in the bases or rates of taxation in the PRC;
- there will be no significant changes in our business relationship with our existing strategic and business partners;
- there will be no significant changes in our business relationship with our major customers and suppliers;
- the [REDACTED] will be completed in accordance with and as described in “Structure and Conditions of the [REDACTED]” in this document;
- there will be no material changes in the funding required for each of the scheduled achievements as outlined under “Implementation Plans” in this section;
- we will not be materially affected by the risk factors as set out in “Risk Factors” in this document; and
- we will be able to continue its operations in substantially the same manner as we have been operating during the Track Record Period and we will be able to carry out the development plans without disruptions adversely affecting its operations or business objectives in any way.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

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STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I – [1] to I – [●], received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF 浙江和夏科技股份有限公司 HEXIA TECHNOLOGIES CO., LTD. AND VAST HARBOUR CORPORATE FINANCE LIMITED (FORMERLY KNOWN AS GOLDLINK CAPITAL (CORPORATE FINANCE) LIMITED)

Introduction

We report on the historical financial information of 浙江和夏科技股份有限公司 HEXIA Technologies Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-73, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2024, 31 December 2025 and 30 June 2026, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended 31 December 2024 and 31 December 2025 and the six months ended 30 June 2026 (the “Track Record Period”), and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-91 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “Document”) in connection with the initial [REDACTED] of H shares of the Company on GEM of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2024, 31 December 2025 and 30 June 2026, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of unaudited interim financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended 30 June 2025 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

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Report on matters under the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 28(b) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[Date]

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ACCOUNTANTS’ REPORT

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in RMB)

		Years ended 31 December		Six months ended 30 June	
	Note	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue	4	137,763	204,575	74,153	92,858
Cost of sales		(93,135)	(152,983)	(53,246)	(68,452)
Gross profit		44,628	51,592	20,907	24,406
Other net income	5	1,477	3,874	1,481	5,437
Selling and marketing expenses		(9,827)	(9,995)	(3,885)	(4,160)
General and administrative expenses		(21,175)	(25,776)	(8,026)	(14,906)
Research and development expenses		(10,545)	(11,852)	(3,805)	(4,912)
Reversal of/(provision for) impairment loss on trade receivable and contract assets		38	4,366	3,943	(347)
Profit from operations		4,596	12,209	10,615	5,518
Share of profits less losses of associates		500	632	(167)	(622)
Finance costs	6(a)	(730)	(2,633)	(2,187)	(1,662)
Changes in carrying amount of redemption liabilities	25	(27,456)	(29,532)	(14,133)	–
(Loss)/profit before taxation	6	(23,090)	(19,324)	(5,872)	3,234
Income tax	7(b)	(637)	(523)	(1,391)	379
(Loss)/profit for the year/period		(23,727)	(19,847)	(7,263)	3,613

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ACCOUNTANTS' REPORT

		Years ended 31 December		Six months ended 30 June	
	Note	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Attributable to:					
Equity shareholders of the Company		(23,727)	(19,847)	(7,263)	3,608
Non-controlling interests		—	—	—	5
(Loss)/profit for the year/period		<u>(23,727)</u>	<u>(19,847)</u>	<u>(7,263)</u>	<u>3,613</u>
(Loss)/earnings per share					
Basic and diluted (RMB)	10	<u>(0.91)</u>	<u>(0.76)</u>	<u>(0.28)</u>	<u>0.14</u>
(Loss)profit for the year/period		(23,727)	(19,847)	(7,263)	3,613
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements of foreign operations		—	(48)	—	(52)
Other comprehensive income for the year/period		—	(48)	—	(52)
Total comprehensive income for the year/period		<u>(23,727)</u>	<u>(19,895)</u>	<u>(7,263)</u>	<u>3,561</u>
Attributable to:					
Equity shareholders of the Company		(23,727)	(19,895)	(7,263)	3,556
Non-controlling interests		—	—	—	5
Total comprehensive income for the year/period		<u>(23,727)</u>	<u>(19,895)</u>	<u>(7,263)</u>	<u>3,561</u>

The accompanying Notes form part of the Historical Financial Information.

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ACCOUNTANTS' REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

		As at 31 December		As at
	Note	2024	2025	30 June
		RMB'000	RMB'000	2026
				RMB'000
Non-current assets				
Property, plant and equipment	11	268,381	295,938	292,960
Investment property	11	10,734	10,256	10,013
Right-of-use assets	12	15,365	16,320	16,585
Intangible assets		—	—	324
Interests in associates	14	13,694	14,827	19,128
Deferred tax assets	26(b)	1,892	3,507	5,403
Other non-current assets	15	12,675	7,398	2,999
		<u>322,741</u>	<u>348,246</u>	<u>347,412</u>
Current assets				
Inventories	16	18,680	27,818	41,030
Contract assets	20	69,050	64,438	67,114
Trade and other receivables	17	73,783	88,828	84,390
Income tax recoverable	26(a)	515	972	1,414
Cash and cash equivalents	18	10,316	35,947	16,025
Restricted cash balances	18	289	853	—
		<u>172,633</u>	<u>218,856</u>	<u>209,973</u>
Current liabilities				
Trade and other payables	19	75,520	107,733	85,098
Contract liabilities	20	24,867	10,348	6,931
Interest-bearing borrowings	21	82,434	99,264	114,131
Income tax payable	26(a)	1,244	1,988	2,826
Lease liabilities	22	3,286	2,005	2,215
Other borrowings	24	23,368	33,949	17,340
Redemption liabilities	25	247,773	—	—
		<u>458,492</u>	<u>255,287</u>	<u>228,541</u>
Net current liabilities		<u>(285,859)</u>	<u>(36,431)</u>	<u>(18,568)</u>
Total assets less current liabilities		<u>36,882</u>	<u>311,815</u>	<u>328,844</u>

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ACCOUNTANTS’ REPORT

		As at 31 December		As at
	Note	2024	2025	30 June
		RMB’000	RMB’000	2026
				RMB’000
Non-current liabilities				
Interest-bearing borrowings	21	35,768	36,106	56,768
Lease liabilities	22	8,445	9,427	9,820
Deferred income	23	882	2,224	2,103
Other borrowings	24	16,254	9,115	1,649
		<u>61,349</u>	<u>56,872</u>	70,340
NET (LIABILITIES)/ASSETS		<u>(24,467)</u>	<u>254,943</u>	<u>258,504</u>
CAPITAL AND RESERVES				
Share capital	28	26,117	26,630	26,630
Reserves		<u>(50,584)</u>	<u>228,313</u>	<u>231,869</u>
Total equity attributable to equity shareholders of the Company		(24,467)	254,943	258,499
Non-controlling interests		<u>—</u>	<u>—</u>	<u>5</u>
TOTAL (DEFICIT)/EQUITY		<u>(24,467)</u>	<u>254,943</u>	<u>258,504</u>

The accompanying Notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

		As at 31 December		As at
	Note	2024	2025	30 June
		RMB’000	RMB’000	2026
				RMB’000
Non-current assets				
Property, plant and equipment	11	158,990	167,596	162,915
Investment property	11	10,734	10,256	10,013
Right-of-use assets	12	7,687	11,108	10,548
Intangible assets		–	–	324
Investments in subsidiaries	13	24,000	35,100	42,000
Interests in associates	14	13,694	14,804	14,604
Deferred tax assets	26(b)	1,759	2,833	4,704
Other non-current assets	15	6,408	4,785	2,815
		<u>223,272</u>	<u>246,482</u>	<u>247,923</u>
Current assets				
Inventories	16	14,230	19,315	13,819
Contract assets	20	37,629	38,846	37,546
Trade and other receivables	17	147,797	186,316	217,901
Income tax recoverable	26(a)	509	960	951
Cash and cash equivalents	18	5,803	13,788	2,869
Restricted cash balances	18	289	853	–
		<u>206,257</u>	<u>260,078</u>	<u>273,086</u>
Current liabilities				
Trade and other payables	19	59,250	111,971	134,563
Contract liabilities	20	24,636	10,244	5,921
Interest-bearing borrowings	21	65,093	84,212	89,111
Lease liabilities	22	984	1,169	912
Other borrowings	24	20,012	28,264	12,226
Redemption liabilities	25	247,773	–	–
		<u>417,748</u>	<u>235,860</u>	<u>242,733</u>
Net current (liabilities)/assets		<u>(211,491)</u>	<u>24,218</u>	<u>30,353</u>
Total assets less current liabilities		<u>11,781</u>	<u>270,700</u>	<u>278,276</u>

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ACCOUNTANTS’ REPORT

		As at 31 December		As at
	Note	2024	2025	30 June
		RMB’000	RMB’000	2026
				RMB’000
Non-current liabilities				
Interest-bearing borrowings	21	35,768	29,768	56,768
Lease liabilities	22	1,263	4,787	4,319
Deferred income	23	882	2,224	2,103
Other borrowings	24	16,254	9,115	1,649
		<u>54,167</u>	<u>45,894</u>	<u>64,839</u>
NET (LIABILITIES)/ASSETS		<u>(42,386)</u>	<u>224,806</u>	<u>213,437</u>
CAPITAL AND RESERVES				
Share capital	28	26,117	26,630	26,630
Reserves		<u>(68,503)</u>	<u>198,176</u>	<u>186,807</u>
TOTAL (DEFICIT)/EQUITY		<u>(42,386)</u>	<u>224,806</u>	<u>213,437</u>

The accompanying Notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	Note	Attributable to equity shareholders of the Company				TOTAL EQUITY/ (DEFICIT) RMB'000
		Share capital RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	
Balance at 1 January 2024		<u>25,651</u>	<u>16,312</u>	<u>–</u>	<u>(36,480)</u>	<u>5,483</u>
Changes in equity for 2024						
Total comprehensive loss		<u>–</u>	<u>–</u>	<u>–</u>	<u>(23,727)</u>	<u>(23,727)</u>
Capital contribution from a shareholder	28	–	2,500	–	–	2,500
Share issuance	28	466	19,534	–	–	20,000
Redemption rights granted upon share issuance	25	–	(20,000)	–	–	(20,000)
Redemption rights granted upon transfer of shares from the ultimate controlling shareholder	25	–	(10,000)	–	–	(10,000)
Equity-settled share-based transactions	27	<u>–</u>	<u>1,277</u>	<u>–</u>	<u>–</u>	<u>1,277</u>
Balance at 31 December 2024 and 1 January 2025		<u><u>26,117</u></u>	<u><u>9,623</u></u>	<u><u>–</u></u>	<u><u>(60,207)</u></u>	<u><u>(24,467)</u></u>
Changes in equity for 2025:						
Loss for the year		–	–	–	(19,847)	(19,847)
Other comprehensive income		<u>–</u>	<u>–</u>	<u>(48)</u>	<u>–</u>	<u>(48)</u>
Total comprehensive loss		<u>–</u>	<u>–</u>	<u>(48)</u>	<u>(19,847)</u>	<u>(19,895)</u>
Share issuance	28	513	21,487	–	–	22,000
Redemption rights granted upon share issuance	25	–	(22,000)	–	–	(22,000)
Termination of redemption rights	25	<u>–</u>	<u>299,305</u>	<u>–</u>	<u>–</u>	<u>299,305</u>
Balance at 31 December 2025		<u><u>26,630</u></u>	<u><u>308,415</u></u>	<u><u>(48)</u></u>	<u><u>(80,054)</u></u>	<u><u>254,943</u></u>

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Note	Attributable to equity shareholders of the Company					Non-	TOTAL EQUITY
	Share capital RMB’000	Capital reserve RMB’000	Exchange reserve RMB’000	Accumulated losses RMB’000	Total RMB’000	controlling interests RMB’000	
Balance at 31 December 2025 and 1 January 2026	26,630	308,415	(48)	(80,054)	254,943	–	254,943
Changes in equity for six months ended 30 June 2026							
Profit for the period	–	–	–	3,608	3,608	5	3,613
Other comprehensive income	–	–	(52)	–	(52)	–	(52)
Total comprehensive income	–	–	(52)	3,608	3,556	5	3,561
Balance at 30 June 2026	26,630	308,415	(100)	(76,446)	258,499	5	258,504

(unaudited)

Note	Attributable to equity shareholders of the Company			TOTAL
	Share capital RMB’000	Capital reserve RMB’000	Accumulated losses RMB’000	DEFICIT RMB’000
Balance at 31 December 2024 and 1 January 2025	26,117	9,623	(60,207)	(24,467)
Changes in equity for six months ended 30 June 2025:				
Loss for the period	–	–	(7,263)	(7,263)
Total comprehensive loss	–	–	(7,263)	(7,263)
Balance at 30 June 2025	26,117	9,623	(67,470)	(31,730)

The accompanying Notes form part of the Historical Financial Information.

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CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in RMB)

		Years ended 31 December		Six months ended 30 June	
	Note	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Operating activities					
Cash generated from/(used in) operations	18(b)	14,214	53,254	12,492	(972)
Interest received		253	28	4	7
Income tax paid		(3,578)	(1,851)	(2,474)	(1,121)
Net cash generated from/(used in) operating activities		<u>10,889</u>	<u>51,431</u>	<u>10,022</u>	<u>(2,086)</u>
Investing activities					
Payment for the purchase of property, plant and equipment		(52,731)	(58,852)	(34,168)	(23,353)
Payment for the purchase of intangible assets		–	–	–	(373)
Payments for the investments in associates		(2,000)	(501)	(100)	(400)
Repayment of advances to a related party		1,348	–	–	–
Net cash used in investing activities		<u>(53,383)</u>	<u>(59,353)</u>	<u>(34,268)</u>	<u>(24,126)</u>
Financing activities					
Capital element of lease rentals paid	18(c)	(1,437)	(307)	–	(794)
Interest element of lease rentals paid	18(c)	(538)	(341)	(210)	(200)
Proceeds from interest-bearing borrowings	18(c)	72,035	97,172	18,000	120,000
Repayments of interest-bearing borrowings	18(c)	(79,515)	(80,004)	(11,861)	(84,471)
Interest paid for interest-bearing borrowings	18(c)	(4,699)	(5,094)	(2,697)	(2,327)
Payment of capitalised [REDACTED] [REDACTED]		–	(298)	–	(620)
Capital contributions from a shareholder	28(a)(i)	2,500	–	–	–
Share issuance	25	20,000	22,000	–	–
Proceeds from other borrowings	18(c)	46,574	40,377	36,738	15,159
Repayments of other borrowings	18(c)	(16,867)	(36,935)	(15,858)	(39,234)
Interest paid for other borrowings	18(c)	(2,679)	(2,969)	(1,307)	(1,171)
Net cash generated from financing activities		<u>35,374</u>	<u>33,601</u>	<u>22,805</u>	<u>6,342</u>

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		Years ended 31 December		Six months ended 30 June	
	Note	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Net (decrease)/increase in cash and cash equivalents		(7,120)	25,679	(1,441)	(19,870)
Cash and cash equivalents at the beginning of the year/period		17,436	10,316	10,316	35,947
Effect of foreign exchange rate changes		—	(48)	—	(52)
Cash and cash equivalents at the end of the year/period	18(a)	<u>10,316</u>	<u>35,947</u>	<u>8,875</u>	<u>16,025</u>

The accompanying Notes form part of the Historical Financial Information.

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB)

1 Basis of preparation and presentation of Historical Financial Information

HEXIA Technologies Co., Ltd. (浙江和夏科技股份有限公司) (Original name was Zhejiang Hexia Automotive Testing Technology Co., Ltd. (浙江和夏汽車檢測技術有限公司)) (hereinafter referred to as “the Company”) was incorporated in the People’s Republic of China (the “PRC”) on 23 October 2017 as a limited liability company under the Company Law of the PRC. In August 2020, the Company was converted from a limited liability company into a joint stock limited liability company.

The Company and its subsidiaries (hereinafter referred to as “the Group”) are engaged in delivering automotive testing solutions for domestic and international automotive and components manufacturers. Automotive testing solutions includes (i) automotive testing, (ii) testing facility solutions and (iii) the sales of automotive components. The Group’s operations are mainly in the PRC.

The financial statements of the Company and the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established. The financial statements of the Company for the year ended 31 December 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the “PRC GAAP”) and audited by Lianda Certified Public Accountants (Special General Partnership) Shanghai Branch (利安達會計師事務所(特殊普通合夥)上海分所). The financial statements of the Company for the year ended 31 December 2025 were prepared in accordance with the PRC GAAP and audited by Beijing zhongmingguocheng Certified Public Accountants (Special General Partnership) (北京中名國成會計師事務所(特殊普通合夥)).

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private and limited liability companies:

Name of company	Note	Date and location of incorporation/ establishment	Particulars of registered capital/ paid-up capital	Proportion of ownership interest		Principal place of operation and activities
				Held by the Company	Held by the subsidiary	
Jinan Hexia Automotive Technology Co., Ltd. (濟南和夏汽車技術有限公司)	(i)(iv)	The PRC/ 13 March 2017	RMB2,000,000/ RMB2,000,000	100%	–	The PRC/ No substantial operation
Zhejiang Hexia Testing and Certification Technology Co., Ltd. (浙江和夏檢測認證技術有限公司)	(i)(iii)	The PRC/ 24 June 2022	RMB20,000,000/ RMB2,000,000	100%	–	The PRC/ No substantial operation
Shanghai Hexia New Energy Technology Co., Ltd. (上海和夏新能源科技有限公司)	(i)(iii)	The PRC/ 19 January 2017	RMB10,000,000/ RMB10,000,000	100%	–	The PRC/ Automotive service& manufacturing
Shanghai Hexia Jundao Intelligent Technology Co., Ltd. (上海和夏駿道智能科技有限公司)	(i)(iii)	The PRC/ 3 September 2021	RMB10,000,000/ RMB10,000,000	100%	–	The PRC/ Automotive service& manufacturing
Rugao Junfu Technology Co., Ltd. (如皋駿富科技有限公司)	(i)(iii)	The PRC/ 1 November 2023	RMB1,000,000/ Nil	100%	–	The PRC/ Automotive service& manufacturing
Shanghai Hexia Junzhi Technology Co., Ltd. (上海和夏駿智科技有限公司)	(i)(iii)	The PRC/ 25 January 2021	RMB20,000,000/ RMB20,000,000	–	100%	The PRC/ Automotive service & manufacturing
Chongqing Meiyaersi Technology Development Co., Ltd. (重慶美雅爾斯科技發展有限公司)	(i)(iii)	The PRC/ 15 March 2016	RMB10,000,000/ RMB1	–	100%	The PRC/ Automotive service& manufacturing

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Name of company	Note	Date and location of incorporation/ establishment	Particulars of registered capital/ paid-up capital	Proportion of ownership interest		Principal place of operation and activities
				Held by the Company	Held by the subsidiary	
Shenzhen Zhongka Automotive Parts Co., Ltd. (深圳市眾卡汽車零部件有限公司)	(i)(iii)(v)	The PRC/ 30 August 2018	RMB5,000,000/ RMB3,000,000	–	100%	The PRC/ Automotive service& manufacturing
Zhejiang Jiayu Intelligent Equipment Co., Ltd. (浙江嘉馭智能裝備有限公司)	(i)(vii)	The PRC/ 23 July 2025	RMB10,000,000/ RMB10,000,000	100%	–	The PRC/ Automotive service& manufacturing
Zhejiang Jiayi Intelligent Technology Co., Ltd. (浙江嘉際智能科技有限公司)	(i)(vii)	The PRC/ 24 September 2025	RMB10,000,000/ RMB10,000,000	100%	–	The PRC/ No substantial operation
Shanghai Chike Intelligent Technology Co., Ltd. (上海馳科智能科技有限公司)	(i)(ii)(vi)	The PRC/ June 25 2023	RMB5,000,000/ RMB5,000,000	–	100%	The PRC/ Automotive service& manufacturing
Zhejiang Chike Intelligent Equipment Co., Ltd. (浙江馳科智能裝備有限公司)	(i)(ii)	The PRC/ March 13 2026	RMB10,000,000/ Nil	–	95%	The PRC/ No substantial operation
Chongqing Jiuhuan Technology Service Co., Ltd. (重慶九寰科技服務有限公司)	(i)(ii)	The PRC/ March 23 2026	RMB500,000/ Nil	–	60%	The PRC/ No substantial operation
Jiangsu Chike Intelligent Equipment Co., Ltd. (江蘇馳科智能裝備有限公司)	(i)(ii)	The PRC/ July 14 2026	RMB10,000,000/ Nil		100%	The PRC/ No substantial operation
Singmobility Technology Surveillance Pte Ltd.	(ii)	Singapore/ 18 March 2025	SGD400,000/ SGD400,000	–	100%	Singapore/ Automotive service& manufacturing

Notes:

- (i) These entities are limited liability companies established in the PRC. The official name of these entities is in Chinese. The English name is for identification purpose only.
- (ii) No audited financial statements of these entities for the years ended 31 December 2024 and 31 December 2025 were prepared.
- (iii) The financial statements of these entities for the year ended 31 December 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Lianda Certified Public Accountants (Special General Partnership) Shanghai Branch (利安達會計師事務所(特殊普通合夥)上海分所). The financial statements of these entities for the year ended 31 December 2025 were prepared in accordance with the PRC GAAP and audited by Beijingzhongmingguocheng Certified Public Accountants (Special General Partnership) (北京中名國成會計師事務所(特殊普通合夥)).
- (iv) In January 2026, the subsidiary was de-registered. The financial statements of this entity for the year ended 31 December 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Lianda Certified Public Accountants (Special General Partnership) Shanghai Branch (利安達會計師事務所(特殊普通合夥)上海分所). No audited financial statements of this entity were prepared for the year ended 31 December 2025.
- (v) In March 2026, the subsidiary was de-registered.
- (vi) From the establishment of the entity until January 2026, the Group held a 60% proportion of ownership interest in the subsidiary. In February 2026, the Group acquired the remaining 40% minority interest for nil consideration.

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- (vii) No audited financial statements of these entities for the years ended 31 December 2024, as they have not been incorporated. The financial statements of these entities for the year ended 31 December 2025 were prepared in accordance with the PRC GAAP and audited by Beijingzhongmingguocheng Certified Public Accountants (Special General Partnership) (北京中名國成會計師事務所 (特殊普通合夥)).

All companies now comprising the Group have adopted 31 December as their financial year end date.

The Group had net current liabilities of RMB18,568,000 as at 30 June 2026. Based on the projection of the Group’s profit and cash inflows from operations and the unutilised banking facilities of RMB8,002,000 as at 30 June 2026, the directors concluded that the Group is able to continue as a going concern for the next twelve months from the date of this report.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (the “IASB”). Further details of the material accounting policy information are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 33.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information and the Stub Period Corresponding Financial Information are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

2 Material accounting policy information

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that certain bills receivables are stated at their fair value as explained in Notes 2(e) and 2(m).

(b) Use of estimates and judgements

The preparation of Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(o), (p) or (q) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, investments in a subsidiary are stated at cost less impairment losses (see Note 2(j)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(d) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

An interest in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the ECL model to such other long-term interests where applicable (see Note 2(j)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statements of financial position, investments in associates are accounted for using the equity method.

(e) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries and associates, are set out below:

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(u)(iv)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference

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between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(f) Investment property

Investment property is stated at cost less accumulated depreciation and impairment losses (see Note 2(j)(ii)). Depreciation is calculated to write-off the cost of investment property less its estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

- Investment properties-Lands 25 – 50 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Any gain or loss on disposal of investment property is recognised in profit or loss. Rental income from investment properties is recognised in accordance with Note 2(u)(vi).

(g) Property, plant and equipment

The following items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see Note 2(j)(ii)):

- right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and
- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(i)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives as follows:

- Buildings 20 – 50 years
- Equipment and machinery 3 – 10 years
- Building and leasehold improvements Shorter of useful lives or lease terms

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(h) Intangible assets

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 2(j)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss. The estimated useful lives of intangible assets are as follows:

- Software 5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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(i) *Leased assets*

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) *As a lessee*

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(j)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) *As a lessor*

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(u)(vi).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(i)(i), then the Group classifies the sub-lease as an operating lease.

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(j) *Credit losses and impairment of assets*

(i) *Credit losses from financial instruments*

The Group recognises a loss allowance for expected credit losses ("ECLs") on the financial assets measured at amortised cost, including cash and cash equivalents, restricted cash balances, trade and other receivables, contract assets and non-equity securities measured at FVOCI.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

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ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written-off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written-off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of the following non-financial assets to determine whether there is any indication of impairment:

- property, plant and equipment, including the construction in progress;
- intangible assets;
- right-of-use assets;
- Investment property;
- Investments in subsidiaries in the Company's statements of financial position;
- Interests in associates.

If any such indication exists, the asset's recoverable amount is estimated.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Reversals of impairment losses

The impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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(k) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(u)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see Note 2(j)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(m)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(u)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(m)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs.

Except for certain bills receivable measured at FCOVI, receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see Note 2(j)(i)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(j)(i)).

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(p) Redemption Liabilities

A contract that contains an obligation to purchase the Company's equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount, even if the Company's obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is measured at the highest redemption amount (on a present value basis) the Company could be

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required to pay from time to time. Any change in the carrying amount of the redemption liability arising from remeasurement of the redemption amount is recognised in profit or loss. The then carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty's redemption right.

The redemption liability is classified as current as the Company does not have the right at the reporting date to defer settlement of the liability for at least 12 months from the reporting date.

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(x)).

(r) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Equity-settled share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(s) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year/period and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") published by the Organisation for Economic Co-operation and Development.

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The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(t) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products of services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see Note 2(j)(ii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products or services.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Automotive testing

Revenue from automotive testing is recognised upon transfer of test data or data validation report to the client.

(ii) Testing facility solutions

Revenue from testing facility solutions is recognised upon the transfer of control to the customer, which occurs when equipment is delivered to the client's designated site and final customer acceptance is obtained.

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(iii) Sales of automotive components

Sales of automotive components is recognised when control of the goods transfers to the customer, which occurs upon delivery to the client's site and their acceptance of the goods.

(iv) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(v) Government grants

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset by way of being recognised in other income.

(vi) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(v) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

(w) Sale and leaseback transactions

The Group applies the requirements of IFRS 15 Revenue from Contracts with Customers to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that does not satisfy the requirements of IFRS 15 as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the sale proceeds as other borrowings within the scope of IFRS 9 Financial Instruments.

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(y) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

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- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 Critical accounting judgement and estimates

(a) Allowance for impairment of trade and other receivables

The Group's management determines the loss allowance for expected credit losses on trade and other receivables based on an assessment of the present value of all expected cash shortfalls. These estimates are based on the information about past events, current conditions and forecasts of future economic conditions. The Group's management reassesses the loss allowance at each reporting period end.

(b) Depreciation and amortisation

Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the respective assets, after taking into account the estimated residual values. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expenses to be recorded during the reporting period. The useful lives are based on the industry experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

4 Revenue and segment reporting

(a) Revenue

The principal activities of the Group are providing automotive testing, testing facility solutions and sales of automotive components.

The Group's chief operating decision maker is the general manager of the Group, who reviews the Group's results of operations as a whole for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group has one reportable operating segment with no reportable segment information presented.

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(i) *Disaggregation of revenue*

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Revenue from contracts with customers within the scope of IFRS 15				
Disaggregated by major products or service lines				
– Automotive testing	112,680	153,959	70,844	69,036
– Testing facility solutions	21,666	45,833	1,070	23,201
– Sales of automotive components	3,417	4,783	2,239	621
	<u>137,763</u>	<u>204,575</u>	<u>74,153</u>	<u>92,858</u>

The Group’s revenue from contracts with customers were recognised at point in time.

(ii) *Information about major customers:*

During the Track Record Period, the Group’s customers with whom transactions have exceeded 10% of the total revenue of the Group in the respective years/periods are as follows:

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Customer A	N/A*	28,288	N/A*	N/A*
Customer B	N/A*	N/A*	8,777	18,052
Customer C	N/A*	N/A*	N/A*	10,388

* Less than 10% of the Group’s revenue in the respective year/period.

(iii) *Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date:*

The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 to its sales contracts for products or service that the Group will be entitled to when it satisfies the remaining performance obligations under these contracts that had an expected duration of one year or less.

(b) *Segment reporting*

(i) *Segment information*

IFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Company’s chief operating decision maker for the purpose of resources allocation and performance assessment. The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group’s chief operating decision maker is the chief executive officer of the Group who reviews the Group’s consolidated results of operations in assessing performance of and making decisions about allocations to this segment. On this basis, the Company has determined that it only has one operating segment.

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Geographical information

The following table sets out information about the geographical location of the Group’s revenue from external customers. The geographical location of customers is based on the location of the customers.

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
			(unaudited)	
The PRC	133,913	200,730	74,103	92,858
Other Asian countries *	3,850	3,845	50	—
	<u>137,763</u>	<u>204,575</u>	<u>74,153</u>	<u>92,858</u>

* Other Asian countries primarily include Japan and Malaysia.

The geographical location of specified non-current assets (primarily property, plant and equipment, investment property, right-of-use assets, intangible assets and interest in associate) is based on the physical location of the assets, in the case of property, plant and equipment, investment property and right-of-use assets, and the location of operations, in the case of interest in an associate. During the Track Record Period, all of the Group’s specified non-current assets are physically located in the Chinese Mainland. Accordingly, no segment analysis based on geographical locations of the assets is provided.

5 Other net income

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
			(unaudited)	
Government grants	1,744	2,554	1,420	401
Net gain on disposal of PPE and early termination of lease	—	860	—	—
Interest income	253	28	4	7
Rental income, net	675	594	144	229
Gain on the dilution of interests in an associate	—	—	—	4,523
Others	(1,195)	(162)	(87)	277
	<u>1,477</u>	<u>3,874</u>	<u>1,481</u>	<u>5,437</u>

Government grants are primarily represent reward and subsidies provided to the Group for its contribution to the local innovation and technology growth.

6 (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging:

(a) Finance costs

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
			(unaudited)	
Interest on interest-bearing borrowings	4,699	5,094	2,697	2,327
Interest on other borrowings	2,679	2,969	1,307	1,171
Interest on lease liabilities	539	407	234	200
Less: interest expense capitalised into construction in progress*	(7,187)	(5,837)	(2,051)	(2,036)
	<u>730</u>	<u>2,633</u>	<u>2,187</u>	<u>1,662</u>

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* The borrowing costs have been capitalized at a rate range of 3.1%-6.95%, 2.7%-6.95%, 2.7%-6.95% (unaudited) and 2.5%-6.78% per annum, respectively, for the years ended December 31, 2024 and 2025 and six months ended June 30, 2025 and 2026.

(b) *Staff costs*

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Equity-settled share-based payment expenses	1,277	–	–	–
Salaries, wages and other benefits	43,594	42,377	17,767	19,508
Contributions to defined contribution retirement plans (i)	2,359	2,314	1,122	1,293
	<u>47,230</u>	<u>44,691</u>	<u>18,889</u>	<u>20,801</u>

(i) Employees of the Group’s PRC entities are required to participate in a defined contribution scheme administered and operated by the local municipal government authorities, whereby the PRC entities are required to make contribution at the rates required by different local government authorities. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the Schemes. The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the annual contributions described above.

(c) *Other items*

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Depreciation and Amortisation				
– Investment property, property, plant and equipment (Note 11)	18,279	23,654	12,505	13,739
– Right-of-use assets (Note 12)	2,321	2,165	1,160	1,132
– Intangible assets	–	–	–	5
Cost of inventories (Note 16(b))	92,988	151,945	53,008	67,598
Research and development expenses	10,545	11,852	3,805	4,912
[REDACTED]	–	7,761	–	4,781

(i) During the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, cost of inventories and research and development expenses include staff costs, depreciation and amortisation expenses of RMB40,460,000, RMB47,201,000, RMB21,890,000 (unaudited) and RMB25,384,000, respectively, which amounts are also included in the respective total amounts disclosed separately above.

7 Income tax in the consolidated statements of profit or loss

(a) *Taxation in the consolidated statements of profit or loss represents:*

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Current tax				
Provision for the year/period	1,390	2,138	1,195	1,517
Deferred tax				
Origination and reversal of temporary differences	(753)	(1,615)	196	(1,896)
	<u>637</u>	<u>523</u>	<u>1,391</u>	<u>(379)</u>

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(b) Reconciliation between tax expenses and accounting (loss)/profit at applicable tax rates

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
(Loss)/profit before taxation	(23,090)	(19,324)	(5,872)	3,234
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to profits in the countries concerned	(5,773)	(4,831)	(1,468)	809
Effect of preferential tax rate	2,466	1,408	514	(380)
Tax effect of non-deductible expenses	4,610	4,849	2,195	55
Tax effect of share of (profits)/losses of associates	(75)	(95)	25	93
Tax effect of gain on the dilution of interests in an associate	–	–	–	(678)
Tax effect of super deduction for research and development (i)	(1,387)	(1,313)	(418)	(562)
Tax effect of unused tax losses and deductible temporary differences not recognised	796	505	543	311
Tax impact of utilisation of unrecognised tax losses in prior years	–	–	–	(27)
Actual tax expense	637	523	1,391	(379)

(i) : Under the Enterprise Income Tax (the “CIT”) Law of the PRC (the “CIT Law”) and its relevant regulations, 100% additional tax deduction is allowed for qualified research and development costs during the Track Record Period.

Pursuant to the PRC CIT Law , the Company and its subsidiaries established and operated in the PRC are liable to CIT at a rate of 25% unless otherwise specified.

According to the Administrative Measures for Determination of High-Tech Enterprises (Guokefahuo [2016] No. 32), the Company, along with its subsidiaries Shanghai Hexia New Energy Technology Co., Ltd., Shanghai Hexia Junzhi Technology Co., Ltd. and Shanghai Hexia Jundao Intelligent Technology Co., Ltd., were entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% during the Track Record Period.

Certain subsidiaries of the Group meet the conditions as small-scaled minimal profit enterprise and were qualified for the entitlement of preferential tax treatment of 75% exemption of taxable income and application of income tax rate of 20%.

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8 Directors’ and supervisors’ emoluments

Directors’ and Supervisor’s emoluments as recorded in the historical financial information are set out below:

	Year ended 31 December 2024			
	Salaries, allowances and benefits in kind <i>RMB’000</i>	Discretionary bonuses <i>RMB’000</i>	Contributions to retirement scheme <i>RMB’000</i>	Total <i>RMB’000</i>
Executive directors:				
Mr. Xia Huipeng	363	259	28	650
Mr. He Zhisheng	583	144	28	755
Ms. Chen Yan	197	144	19	360
Mr. Zhao Bo	576	144	44	764
Mr. Xia Quanhui	239	322	9	570
Non-executive directors:				
Ms. Tian Chunshan	–	–	–	–
Ms. Yang Jie	–	–	–	–
Supervisors:				
Mr. Yuan Bin	460	144	9	613
Mr. Sun Yan	291	144	9	444
Mr. Yang Xinchun	359	132	14	505
	<u>3,068</u>	<u>1,433</u>	<u>160</u>	<u>4,661</u>

	Year ended 31 December 2025			
	Salaries, allowances and benefits in kind <i>RMB’000</i>	Discretionary bonuses <i>RMB’000</i>	Contributions to retirement scheme <i>RMB’000</i>	Total <i>RMB’000</i>
Executive directors:				
Mr. Xia Huipeng	445	156	24	625
Mr. He Zhisheng	574	144	14	732
Ms. Chen Yan	266	144	19	429
Mr. Zhao Bo	566	144	29	739
Mr. Xia Quanhui (ii)	232	263	10	505
Supervisors:				
Mr. Yuan Bin (ii)	604	144	9	757
Mr. Sun Yan (ii)	294	36	9	339
Mr. Yang Xinchun (ii)	337	131	14	482
Non-executive directors:				
Ms. Tian Chunshan	–	–	–	–
Ms. Yang Jie	–	–	–	–
Independent non-executive directors:				
Ms. Wong Ting (iii)	–	–	–	–
Mr. Qian Jun (iii)	–	–	–	–
Mr. Guan Bin (iii)	–	–	–	–
	<u>3,318</u>	<u>1,162</u>	<u>128</u>	<u>4,608</u>

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Six months ended 30 June 2025 (unaudited)				
	Salaries, allowances and benefits in kind <i>RMB'000</i>	Discretionary bonuses <i>RMB'000</i>	Contributions to retirement scheme <i>RMB'000</i>	Total <i>RMB'000</i>
Executive directors:				
Mr. Xia Huipeng	222	78	12	312
Mr. He Zhisheng	286	72	7	365
Ms. Chen Yan	103	72	10	185
Mr. Zhao Bo	288	72	22	382
Mr. Xia Quanhui (ii)	116	132	5	253
Supervisors:				
Mr. Yuan Bin (ii)	301	72	5	378
Mr. Sun Yan (ii)	145	18	5	168
Mr. Yang Xinchun (ii)	169	66	7	242
Non-executive directors:				
Ms. Tian Chunshan	—	—	—	—
Ms. Yang Jie	—	—	—	—
	<u>1,630</u>	<u>582</u>	<u>73</u>	<u>2,285</u>

Six months ended 30 June 2026					
	Directors’ fees <i>RMB’000</i>	Salaries, allowances and benefits in kind <i>RMB’000</i>	Discretionary bonuses <i>RMB’000</i>	Contributions to retirement scheme <i>RMB’000</i>	Total <i>RMB’000</i>
Executive directors:					
Mr. Xia Huipeng	—	211	72	12	295
Mr. He Zhisheng	—	281	72	7	355
Ms. Chen Yan	—	130	72	10	212
Mr. Zhao Bo	—	276	72	7	355
Non-executive directors:					
Ms. Tian Chunshan	—	—	—	—	—
Ms. Yang Jie	—	—	—	—	—
Independent non-executive directors:					
Ms. Wong Ting (<i>iii</i>)	60	—	—	—	60
Mr. Qian Jun (<i>iii</i>)	60	—	—	—	60
Mr. Guan Bin (<i>iii</i>)	60	—	—	—	60
	180	898	288	36	1,402

Notes:

- (i) During the Track Record Period, no director or supervisor has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and supervisors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.
- (ii) Mr. Xia Quanhui, Mr. Yuan Bin, Mr. Sun Yan and Mr. Yang Xinchun were resigned as executive directors and supervisors in December 2025.

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- (iii) Ms. Wong Ting, Mr. Qian Jun and Mr. Guan Bin were appointed as independent non-executive directors in December 2025.

9 Individuals with highest emoluments

For the five individuals with the highest emoluments of the Group for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, three, four, four (unaudited) and three are directors/supervisors whose emoluments are disclosed in Note 8 and the emoluments in respect of the remaining two, one, one (unaudited) and two individuals during the Track Record Period are as follows:

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and benefits in kind	1,273	550	262	770
Retirement scheme contributions	28	8	24	17
Equity-settled share-based payments	751	—	—	—
	<u>2,052</u>	<u>558</u>	<u>286</u>	<u>787</u>

The emoluments of the above individuals with the highest emoluments are within the following bands:

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	Number of individuals	Number of individuals	Number of individuals (unaudited)	Number of individuals
HKD Nil – HKD1,000,000	1	1	1	2
HKD1,000,001 – HKD1,500,000	1	—	—	—

During the Track Record Period, no amounts were paid or payable to the above individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

10 (Loss)/earnings per share

(a) Basic (loss)/earnings per share

The basic (loss)/earnings per share for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 is calculated by dividing the (loss)/profit attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary shares in issue during the years/periods.

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
			(unaudited)	
(Loss)/profit for the year/period attributable to ordinary equity shareholders of the Company (RMB'000)	(17,897)	(14,783)	(5,434)	3,608
Weighted average number of ordinary shares ('000)	19,613	19,539	19,539	26,630
Basic (loss)/earnings per share (expressed in RMB per share)	<u>(0.91)</u>	<u>(0.76)</u>	<u>(0.28)</u>	<u>0.14</u>

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(i) *(Loss)/profit for the year/period attributable to ordinary equity shareholders of the Company*

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
(Loss)/profit for the year/ period attributable to all equity shareholders of the Company	(23,727)	(19,847)	(7,263)	3,608
Allocation of (loss)/profit for the year/period attributable to ordinary shares with redemption rights issued to investors (Note 25)	5,830	5,064	1,829	—
(Loss)/profit for the year/ period attributable to ordinary equity shareholders of the Company	<u>(17,897)</u>	<u>(14,783)</u>	<u>(5,434)</u>	<u>3,608</u>

(ii) *Weighted average number of ordinary shares*

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Issued ordinary shares at the beginning of the year/period	25,651	26,117	26,117	26,630
Effect of ordinary shares issued (Note 28(c))	351	115	—	—
Effect of ordinary shares with redemption rights issued to investors (Note 25)	<u>(6,389)</u>	<u>(6,693)</u>	<u>(6,578)</u>	<u>—</u>
Weighted average number of ordinary shares at the end of the year/period	<u>19,613</u>	<u>19,539</u>	<u>19,539</u>	<u>26,630</u>

(b) *Diluted (loss)/earnings per share*

For the year ended 31 December 2024 and 2025 and the six months ended 30 June 2025, ordinary shares with redemption rights (Note 25) were not included in the calculation of diluted loss per share as their inclusion would have been anti-dilutive. Accordingly, diluted loss per share were the same as basic loss per share of the respective year/period.

For the six months ended 30 June 2026, there were no dilutive potential ordinary shares outstanding. Accordingly, diluted earnings per share was the same as basic earnings per share.

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11 Investment property and property, plant and equipment

(a) Reconciliation of carrying amount

The Group

	Buildings RMB'000	Equipment and machinery RMB'000	Building and leasehold improvements RMB'000	Construction in progress RMB'000	Subtotal RMB'000	Investment properties- Lands RMB'000	Total RMB'000
Cost:							
At 1 January 2024	30,989	159,290	7,727	24,861	222,867	11,467	234,334
Transfer from construction in progress	3,919	72,614	28	(76,561)	–	–	–
Additions	–	2,217	550	87,025	89,792	–	89,792
At 31 December 2024 and 1 January 2025	34,908	234,121	8,305	35,325	312,659	11,467	324,126
Transfer from construction in progress	1,151	28,192	34	(29,377)	–	–	–
Additions	–	8,152	–	44,402	52,554	–	52,554
Disposals	–	(2,345)	–	–	(2,345)	–	(2,345)
At 31 December 2025 and 1 January 2026	36,059	268,120	8,339	50,350	362,868	11,467	374,335
Transfer from construction in progress	–	31,629	–	(31,629)	–	–	–
Additions	–	2,173	–	10,256	12,429	–	12,429
Transfer to construction in progress	–	(50,828)	–	39,783	(11,045)	–	(11,045)
Disposals	–	(2,092)	–	–	(2,092)	–	(2,092)
At 30 June 2026	36,059	249,002	8,339	68,760	362,160	11,467	373,627
Accumulated depreciation:							
At 1 January 2024	4,784	20,562	1,078	–	26,424	308	26,732
Charge for the year	1,208	15,947	699	–	17,854	425	18,279
At 31 December 2024 and 1 January 2025	5,992	36,509	1,777	–	44,278	733	45,011
Charge for the year	1,256	21,008	912	–	23,176	478	23,654
Written back on disposals	–	(524)	–	–	(524)	–	(524)
At 31 December 2025 and 1 January 2026	7,248	56,993	2,689	–	66,930	1,211	68,141
Charge for the period	636	12,601	259	–	13,496	243	13,739
Transfer to construction in progress	–	(11,045)	–	–	(11,045)	–	(11,045)
Written back on disposals	–	(181)	–	–	(181)	–	(181)
At 30 June 2026	7,884	58,368	2,948	–	69,200	1,454	70,654
Net book value:							
At 31 December 2024	28,916	197,612	6,528	35,325	268,381	10,734	279,115
At 31 December 2025	28,811	211,127	5,650	50,350	295,938	10,256	306,194
At 30 June 2026	28,175	190,634	5,391	68,760	292,960	10,013	302,973

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The Company

	Buildings RMB'000	Equipment and machinery RMB'000	Building and leasehold improvements RMB'000	Construction in progress RMB'000	Subtotal RMB'000	Investment properties- Lands RMB'000	Total RMB'000
Cost:							
At 1 January 2024	30,989	88,919	7,727	26,838	154,473	11,467	165,940
Transfer from construction in progress	3,919	34,359	–	(38,278)	–	–	–
Additions	–	1,869	–	35,049	36,918	–	36,918
At 31 December 2024 and 1 January 2025	34,908	125,147	7,727	23,609	191,391	11,467	202,858
Transfer from construction in progress	1,151	12,936	34	(14,121)	–	–	–
Additions	–	2,998	–	20,240	23,238	–	23,238
Disposals	–	(1,587)	–	–	(1,587)	–	(1,587)
At 31 December 2025 and 1 January 2026	36,059	139,494	7,761	29,728	213,042	11,467	224,509
Transfer from construction in progress	–	10,137	–	(10,137)	–	–	–
Additions	–	2,104	–	817	2,921	–	2,921
At 30 June 2026	36,059	151,735	7,761	20,408	215,963	11,467	227,430
Accumulated depreciation:							
At 1 January 2024	4,784	15,679	1,078	–	21,541	308	21,849
Charge for the year	1,208	9,136	516	–	10,860	425	11,285
At 31 December 2024 and 1 January 2025	5,992	24,815	1,594	–	32,401	733	33,134
Charge for the year	1,256	11,647	518	–	13,421	478	13,899
Written back on disposals	–	(376)	–	–	(376)	–	(376)
At 31 December 2025 and 1 January 2026	7,248	36,086	2,112	–	45,446	1,211	46,657
Charge for the period	636	6,707	259	–	7,602	243	7,845
At 30 June 2026	7,884	42,793	2,371	–	53,048	1,454	54,502
Net book value:							
At 31 December 2024	28,916	100,332	6,133	23,609	158,990	10,734	169,724
At 31 December 2025	28,811	103,408	5,649	29,728	167,596	10,256	177,852
At 30 June 2026	28,175	108,942	5,390	20,408	162,915	10,013	172,928

The Group’s buildings are located in the PRC.

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As at 31 December 2024, 31 December 2025 and 30 June 2026, the buildings were pledged as security for certain of the Group's bank borrowings as detailed in Note 21.

As at 31 December 2024, 31 December 2025 and 30 June 2026, the Group entered into certain sale and leaseback transactions for financing purpose, under which the Group sold some of its machinery and equipment to external parties and leased them back for terms of 1.5-3 years with a right to repurchase the assets at the end of the leaseback for a minimal consideration. The Group determined the transfers to buyer-lessor did not satisfy the requirements of IFRS 15 to be accounted for as a sale of the assets, thus the Group continues to recognise the underlying assets, and recognises the sale proceeds as other borrowings (Note 24) in accordance with the accounting policy set out in Note 2(x). As at 31 December 2024, 31 December 2025 and 30 June 2026, the carrying amounts of the equipment and machinery pledged for the aforementioned sale and leaseback transactions were RMB66,546,000, RMB89,085,000 and RMB61,490,000, respectively.

(b) Investment property

As set out in Note 2(f), the Group has applied the cost model for its investment properties.

An independent professional valuer has been engaged by the Group to measure the fair value of the investment properties owned by the Group. As at 31 December 2024, 31 December 2025 and 30 June 2026, the total fair value of the investment properties were RMB11,680,000, RMB11,690,000 and RMB11,690,000, respectively.

The valuation technique and significant unobservable inputs used to estimate the fair value of the such buildings included the investment properties are set forth below. The fair value measurement for investment properties has been categorised as Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique Significant unobservable inputs	Valuation technique Significant unobservable inputs
<ul style="list-style-type: none"> Direct comparison approach to value the property in the existing state, and uses the market basis assuming sale with immediate vacant possession and by making reference to comparable sales evidence. The valuations take into account the characteristics of the property which included the location, size, shape, view, floor level, year of completion and other factors collectively. 	<ul style="list-style-type: none"> Weighted average price per square meter: The weighted average price per square meter is estimated according to the comparable properties in close proximity. Weighted average price per square meter ranges from RMB900 to RMB2,267, RMB900 to RMB2,268 and RMB900 to RMB2,268, per square meters for 31 December 2024 and 2025 and 30 June 2026, respectively. The higher the weighted average price per square meter, the higher the fair value of the properties.

The investment properties were leased out under operating lease. The lease runs for an initial period of 9 years, with relatively stable lease payments.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Within 1 year	842	842	842	842
After 1 year but within 2 years	842	842	842	842
After 2 years but within 3 years	842	842	842	842
After 3 years but within 4 years	842	842	842	842
After 4 years but within 5 years	842	772	842	351
After 5 years	772	—	351	—
	<u>4,982</u>	<u>4,140</u>	<u>4,561</u>	<u>3,719</u>

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12 Right-of-use assets

The Group

	Land use rights RMB'000	Leased properties RMB'000	Total RMB'000
Cost:			
At 1 January 2024	6,321	9,319	15,640
Additions	—	5,247	5,247
At 31 December 2024 and 1 January 2025	6,321	14,566	20,887
Additions	—	9,683	9,683
Disposals	—	(10,329)	(10,329)
At 31 December 2025 and 1 January 2026	6,321	13,920	20,241
Additions	—	1,397	1,397
At 30 June 2026	6,321	15,317	21,638
Accumulated amortisation:			
At 1 January 2024	624	2,577	3,201
Charge for the year	127	2,194	2,321
At 31 December 2024 and 1 January 2025	751	4,771	5,522
Charge for the year	128	2,037	2,165
Written back on disposals	—	(3,766)	(3,766)
At 31 December 2025 and 1 January 2026	879	3,042	3,921
Charge for the period	64	1,068	1,132
At 30 June 2026	943	4,110	5,053
Net book value:			
At 31 December 2024	5,570	9,795	15,365
At 31 December 2025	5,442	10,878	16,320
At 30 June 2026	5,378	11,207	16,585

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The Company

	Land use rights RMB'000	Leased properties RMB'000	Total RMB'000
Cost:			
At 1 January 2024, 31 December 2024	6,321	4,234	10,555
Additions	–	4,255	4,255
At 31 December 2025 and 1 January 2026	6,321	8,489	14,810
At 30 June 2026	6,321	8,489	14,810
Accumulated amortisation:			
At 1 January 2024	624	1,411	2,035
Charge for the year	127	706	833
At 31 December 2024 and 1 January 2025	751	2,117	2,868
Charge for the year	128	706	834
At 31 December 2025 and 1 January 2026	879	2,823	3,702
Charge for the period	64	496	560
At 30 June 2026	943	3,319	4,262
Net book value:			
At 31 December 2024	5,570	2,117	7,687
At 31 December 2025	5,442	5,666	11,108
At 30 June 2026	5,378	5,170	10,548

The Company’s land use rights are located in the PRC. As at 31 December 2024, 31 December 2025 and 30 June 2026, the land use rights were pledged as security for certain of the Company’s bank borrowings as detailed in Note 21.

The analysis of the Group’s and the Company’s net book value of right-of-use assets by class of underlying asset is as follows:

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Properties leased for own use, carried at depreciated cost	9,795	10,878	11,207
Land use rights, carried at depreciated cost	5,570	5,442	5,378
Properties leased for own use, carried at depreciated cost	15,365	16,320	16,585

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The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Properties leased for own use, carried at depreciated cost	2,117	5,666	5,170
Land use rights, carried at depreciated cost	5,570	5,442	5,378
	<u>7,687</u>	<u>11,108</u>	<u>10,548</u>

The analysis of expense items in relation to Group’s and the Company’s leases recognised in profit or loss is as follows:

The Group

	Years ended 31 December 2024 RMB'000	2025 RMB'000	Six months ended 30 June 2025 RMB'000 (unaudited)	2026 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:				
Properties leased for own use, carried at depreciated cost	2,194	2,037	1,096	1,068
Land use rights, carried at depreciated cost	127	128	64	64
	<u>2,321</u>	<u>2,165</u>	<u>1,160</u>	<u>1,132</u>
Interest on lease liabilities	539	407	234	200
Expense relating to short-term leases	1,094	1,080	414	579

Additions to right-of-use assets during the year ended 31 December 2024 and 2025 and the six months ended 30 June 2026 was approximately RMB5,247,000, RMB9,683,000 and RMB1,397,000, respectively. These amounts primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 18(d) and 22, respectively.

13 Investments in subsidiaries

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Investments in subsidiaries, at cost	<u>24,000</u>	<u>35,100</u>	<u>42,000</u>

Details of the subsidiaries are set out in Note 1.

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14 Interests in associates

The Group

Aggregate information of associates that are not individually material:

	Years Ended/ As at 31 December		Years Ended/ As at 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	13,694	14,827	13,627	19,128
Aggregate amounts of the Group’s share of those associates’ profit or loss	500	632	(167)	(622)
Other comprehensive income	—	—	—	—
Total comprehensive income	500	632	(167)	(622)

The Company

Aggregate information of associates that are not individually material:

	Years Ended/ As at 31 December		Years Ended/ As at 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	13,694	14,804	13,672	14,604
Aggregate amounts of the Group’s share of those associates’ profit or loss	500	1,110	(22)	(600)
Other comprehensive income	—	—	—	—
Total comprehensive income	500	1,110	(22)	(600)

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- (a) As at 31 December 2024, 31 December 2025 and 30 June 2026, the following list contains all associates, all of which are unlisted corporate entities whose quoted market price is not available:

Name of associate	Note	Date and location of incorporation/ establishment/ operation	Particulars of registered capital/ paid-up capital	Proportion of ownership interest		Principal activity
				Held by the Company	Held by a subsidiary	
Shangjian (Zhejiang) Motor Vehicle Testing Technology Co., Ltd. (上檢(浙江)機動車檢測技術有限公司)	(i)(ii)	The PRC/ 29 March 2021	RMB60,000,000/ RMB60,000,000	19%	–	Service industry
Zhejiang Qingshan Pengpai Intelligent Power Co., Ltd. (浙江清山澎湃智能動力有限公司)	(ii)(vi)	The PRC/ 27 March 2024	RMB10,000,000/ RMB7,000,000	34%	–	Automobile manufacturing
Suzhou Xingren Technology Co., Ltd. (蘇州星韜技術有限公司)	(i)(ii)(v)	The PRC/ 24 October 2024	RMB15,756,000/ RMB7,455,000	–	7%	Service industry
Shanghai Hu’an Cloud Intelligent Technology Co., Ltd. (上海滬安雲智能科技有限公司)	(ii)(vii)	The PRC/ 12 June 2025	RMB1,000,000/ RMB3,000	–	40%	Service industry
Huzhou Advanced Electrical Technology Co., Ltd. (湖州先進電氣科技有限公司)	(ii)	The PRC/ 15 October 2025	RMB15,000,000/ RMB1,000,000	40%	–	Service industry

Notes:

- (i) According to the Articles of Association of these entities, the Group is empowered to appoint one director with no restriction on the voting right compared with other directors. Therefore, the Company has significant influence but not control or joint control on the associates mentioned above, which are accounted for as investment in associate.
- (ii) The official name of these entities is in Chinese. The English name is for identification purpose only.
- (iii) All the above PRC companies are the limited liability companies.
- (iv) The directors consider none of the associates were significant to the Group during the Track Record Periods.
- (v) The registered capital was RMB10,000,000 as at 31 December 2024 and increased to RMB11,905,000 as at 31 December 2025 and increased to RMB15,756,000 as at 30 June 2026. The paid-up capital was nil as at 31 December 2024 and increased to RMB3,655,000 as at 31 December 2025 and increased to RMB7,455,000 as at 30 June 2026.
- (vi) The paid-up capital was RMB3,830,000 as at 31 December 2024 and increased to RMB7,000,000 as at 31 December 2025.
- (vii) Formerly known as Shanghai Anzhi Yundun Technology Co., Ltd.

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15 Other non-current assets

At 31 December 2024, 31 December 2025 and 30 June 2026, other non-current assets as follows:

The Group

	As at 31 December 2024 RMB'000	December 2025 RMB'000	As at 30 June 2026 RMB'000
Prepayments for property, plant and equipment	11,171	6,433	2,549
Deposits for leaseback assets	1,504	965	450
	<u>12,675</u>	<u>7,398</u>	<u>2,999</u>

The Company

	As at 31 December 2024 RMB'000	December 2025 RMB'000	As at 30 June 2026 RMB'000
Prepayments for property, plant and equipment	4,904	4,351	2,462
Deposits for leaseback assets	1,504	434	353
	<u>6,408</u>	<u>4,785</u>	<u>2,815</u>

16 Inventories

(a) *Inventories in the consolidated statements of financial position comprise:*

The Group

	As at 31 December 2024 RMB'000	December 2025 RMB'000	As at 30 June 2026 RMB'000
Raw materials	6,479	5,348	7,509
Work in progress	9,805	19,469	29,679
Finished goods	2,396	3,001	3,842
	<u>18,680</u>	<u>27,818</u>	<u>41,030</u>

The Company

	As at 31 December 2024 RMB'000	December 2025 RMB'000	As at 30 June 2026 RMB'000
Raw materials	3,591	1,782	2,173
Work in progress	9,336	15,009	9,168
Finished goods	1,303	2,524	2,478
	<u>14,230</u>	<u>19,315</u>	<u>13,819</u>

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- (b) *The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:*

The Group

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Carrying amount of inventories sold	92,751	148,869	52,990	67,448
Carrying amount of inventories used in R&D	237	3,076	18	150
	<u>92,988</u>	<u>151,945</u>	<u>53,008</u>	<u>67,598</u>

17 Trade and other receivables

- (a) *Trade and other receivables*

The Group

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
Trade receivables	36,479	57,571	60,546
Less: Allowance for expected credit losses	(5,177)	(983)	(1,321)
Trade receivables, net of loss allowance	31,302	56,588	59,225
Prepayments	22,670	10,996	5,553
Other debtors and deposits	19,400	17,017	16,366
Bills receivable, carried at amortised cost, net of loss allowance (i)	411	455	–
Bills receivable, measured at fair value through other comprehensive income (“FVOCI”) (i)	–	3,772	3,246
	<u>73,783</u>	<u>88,828</u>	<u>84,390</u>

The Company

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
Trade receivables	30,423	47,705	47,527
Less: Allowance for expected credit losses	(5,088)	(626)	(875)
Trade receivables, net of loss allowance	25,335	47,079	46,652
Prepayments	14,226	7,498	4,584
Other debtors and deposits	9,621	11,180	7,598
Bills receivable, carried at amortised cost, net of loss allowance	375	455	–
Bills receivable, measured at fair value through other comprehensive income (“FVOCI”)	–	3,741	1,529
Amounts due from subsidiaries, net of loss allowance	98,240	116,363	157,538
	<u>147,797</u>	<u>186,316</u>	<u>217,901</u>

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- (i) Bills receivable represents bank acceptance bills regulated by the relevant PRC rules and regulations. As at 31 December 2024, 31 December 2025 and 30 June 2026, the Group had total bills receivable amounting to RMB411,000, RMB4,227,000 and RMB3,246,000, respectively. Among which, bills receivable amounting to RMB411,000, RMB455,000 and nil, were measured at amortised cost, reflecting the Group’s objective to hold those bills to collect contractual cash flows on maturity date; and bills receivable amounting to nil, RMB3,772,000 and RMB3,246,000, were measured at FVOCI, reflecting the Group’s objective to realise cash flows from those bills through holding the bills to collect contractual cash flows on maturity date or to sell (endorse or discount) them from time to time to meet liquidity needs.

Based on cash management needs, the Group may decide to endorse certain bank acceptance bills to its suppliers as settlement for trade payables or to discount certain bank acceptance bills to collect cash before the maturity date. The bank acceptance bills had a maturity of less than seven months. In the opinion of the directors, the Group transferred substantially all the risks and rewards of these bills, because the acceptance banks of these bills are of good credit quality such that the probability of non-settlement by the acceptance banks upon maturity is very low, and the Group transferred all interest rate risk of the bills upon endorsement or discounting. As at 31 December 2024, 31 December 2025 and 30 June 2026, bills that were endorsed/ discounted and thus derecognised, but not yet reached maturity amounting to RMB14,394,000, RMB14,323,000 and RMB9,304,000, respectively. These amounts represented the Group’s maximum exposure to loss should the acceptance banks fail to settle the bills upon maturity. However, non-settlement by these acceptance banks was considered unlikely.

As at 31 December 2024, 31 December 2025 and 30 June 2026, bank acceptance bills amounting to RMB161,000, RMB3,553,000 and RMB2,350,000, respectively, were endorsed but not derecognised because the Group retained substantially all the risks and rewards of these bills. For these bank acceptance bills, the Group continued to recognise the full carrying amounts of the bills and associated liabilities of equivalent amounts in trade and other payable.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors, based on the date of revenue recognition and net of loss allowance, is as follow:

The Group

	As at 31 December		As at
	2024	2025	30 June
	RMB’000	RMB’000	2026
			RMB’000
Within 1 year	26,809	52,157	55,151
1 to 2 years	3,320	2,150	2,242
2 to 3 years	1,173	2,281	1,832
	<u>31,302</u>	<u>56,588</u>	<u>59,225</u>

The Company

	As at 31 December		As at
	2024	2025	30 June
	RMB’000	RMB’000	2026
			RMB’000
Within 1 year	20,214	44,092	43,533
1 to 2 years	3,983	1,916	1,287
2 to 3 years	1,138	1,071	1,832
	<u>25,335</u>	<u>47,079</u>	<u>46,652</u>

Trade debtors and bills receivable are due within 30 to 180 days from the date of billing. Further details on the Group’s credit policy and credit risk arising from trade debtors and bills receivable are set out in Note 29(a).

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(b) *Prepayments*

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Prepayments for:			
– Service fee	4,049	1,815	778
– Goods	18,621	8,426	3,656
– [REDACTED] to be capitalized	–	755	1,119
	<u>22,670</u>	<u>10,996</u>	<u>5,553</u>

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Prepayments for:			
– Service fee	3,375	1,589	733
– Goods	10,851	5,154	2,732
– [REDACTED] to be capitalized	–	755	1,119
	<u>14,226</u>	<u>7,498</u>	<u>4,584</u>

18 Cash and cash equivalents and other cash flow information

(a) *Cash and cash equivalents comprise:*

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Cash at bank	10,605	36,800	16,025
Less: Restricted cash balances(i)	<u>(289)</u>	<u>(853)</u>	<u>–</u>
Cash and cash equivalents	<u>10,316</u>	<u>35,947</u>	<u>16,025</u>

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Cash at bank	6,092	14,641	2,869
Less: Restricted cash balances(i)	<u>(289)</u>	<u>(853)</u>	<u>–</u>
Cash and cash equivalents	<u>5,803</u>	<u>13,788</u>	<u>2,869</u>

- (i) Restricted cash balances primarily consisted of funds held in an escrow bank account designated as deposit for bill payable.

As at 31 December 2024, 31 December 2025 and 30 June 2026, cash and cash equivalents were mainly situated in Mainland China. Remittance of funds out of Chinese mainland is subject to relevant rules and regulations of foreign exchange control.

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(b) Reconciliation of Group’s (loss)/profit before taxation to cash generated from/(used in) operations:

		Years ended 31 December		Six months ended 30 June	
	Note	2024	2025	2025	2026
		RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
(Loss)/profit before taxation		(23,090)	(19,324)	(5,872)	3,234
Adjustments for:					
Depreciation and amortisation	6(c)	20,600	25,819	13,665	14,876
(Reversal of)/provision for impairment loss on trade receivable and contract assets		(38)	(4,366)	(3,943)	347
Finance costs	6(a)	730	2,633	2,187	1,662
Interest income	5	(253)	(28)	(4)	(7)
Equity-settled share-based payment expenses	27	1,277	–	–	–
Changes in carrying amount of redemption liabilities	25	27,456	29,532	14,133	–
Share of profits less losses of associates		(500)	(632)	167	622
Net gain on disposal of PPE and early termination of lease	5	–	(860)	–	–
Gain on the dilution of interests in an associate	5	–	–	–	(4,523)
Changes in working capital:					
Increase in inventories		(4,092)	(9,138)	(26,511)	(13,212)
(Increase)/decrease in trade and other receivables		(9,332)	(10,852)	(37,155)	4,100
(Increase)/decrease in contract assets		(24,880)	4,784	(10,699)	(2,687)
Increase/(decrease) in contract liabilities		14,391	(14,519)	11,875	(3,417)
Increase/(decrease) in trade and other payables		11,352	49,427	56,519	(2,699)
(Increase)/decrease in restricted cash balances		(289)	(564)	(3,261)	853
Increase/(decrease) in deferred income		882	1,342	1,391	(121)
Cash generated from/(used in) operations		<u>14,214</u>	<u>53,254</u>	<u>12,492</u>	<u>(972)</u>

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(c) Reconciliation of Group’s liabilities arising from financing activities

The table below details changes in the Group’s liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group’s consolidated cash flow statements as cash flows from financing activities.

	Interest-bearing borrowings RMB'000 (Note 21)	Lease liabilities RMB'000 (Note 22)	Other borrowings RMB'000 (Note 24)	Redemption liabilities RMB'000 (Note 25)	Total RMB'000
At 1 January 2024	125,682	7,922	9,915	190,317	333,836
Changes from financing cash flows:					
Proceeds from interest-bearing borrowings	72,035	–	–	–	72,035
Repayment of interest-bearing borrowings	(79,515)	–	–	–	(79,515)
Proceeds from other borrowings	–	–	46,574	–	46,574
Interest paid on borrowings	(4,699)	–	–	–	(4,699)
Capital element of leases rentals paid	–	(1,437)	–	–	(1,437)
Interest element of leases rentals paid	–	(538)	–	–	(538)
Repayments of other borrowings	–	–	(16,867)	–	(16,867)
Interest paid for other borrowings	–	–	(2,679)	–	(2,679)
Total changes from financing cash flows	(12,179)	(1,975)	27,028	–	12,874
Other changes:					
Interest expenses (Note 6(a))	4,699	539	2,679	–	7,917
Increase in lease liabilities from entering into new leases during the year	–	5,245	–	–	5,245
Redemption rights granted upon share issuance	–	–	–	20,000	20,000
Redemption rights granted upon transfer of shares from the ultimate controlling shareholder	–	–	–	10,000	10,000
Changes in carrying amount of Redemption liabilities	–	–	–	27,456	27,456
Total other changes	4,699	5,784	2,679	57,456	70,618
At 31 December 2024	118,202	11,731	39,622	247,773	417,328

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	Interest-bearing borrowings RMB’000 (Note 21)	Lease liabilities RMB’000 (Note 22)	Other borrowings RMB’000 (Note 24)	Redemption liabilities RMB’000 (Note 25)	Total RMB’000
At 1 January 2025	118,202	11,731	39,622	247,773	417,328
Changes from financing cash flows:					
Proceeds from interest-bearing borrowings	97,172	–	–	–	97,172
Repayment of interest-bearing borrowings	(80,004)	–	–	–	(80,004)
Proceeds from other borrowings	–	–	40,377	–	40,377
Interest paid on borrowings	(5,094)	–	–	–	(5,094)
Capital element of leases rentals paid	–	(307)	–	–	(307)
Interest element of leases rentals paid	–	(341)	–	–	(341)
Repayments of other borrowings	–	–	(36,935)	–	(36,935)
Interest paid for other borrowings	–	–	(2,969)	–	(2,969)
Total changes from financing cash flows	12,074	(648)	473	–	11,899
Other changes:					
Interest expenses (Note 6(a))	5,094	407	2,969	–	8,470
Increase in lease liabilities from entering into new leases during the year	–	9,683	–	–	9,683
Termination of lease during the year	–	(9,741)	–	–	(9,741)
Redemption rights granted upon share issuance	–	–	–	22,000	22,000
Changes in carrying amount of Redemption liabilities	–	–	–	29,532	29,532
Termination of redemption rights	–	–	–	(299,305)	(299,305)
Total other changes	5,094	349	2,969	(247,773)	(239,361)
At 31 December 2025	135,370	11,432	43,064	–	189,866

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(unaudited)	Interest-bearing borrowings RMB'000 (Note 21)	Lease liabilities RMB'000 (Note 22)	Other borrowings RMB'000 (Note 24)	Redemption liabilities RMB'000 (Note 25)	Total RMB'000
At 1 January 2025	118,202	11,731	39,622	247,773	417,328
Changes from financing cash flows:					
Proceeds from interest-bearing borrowings	18,000	–	–	–	18,000
Repayment of interest-bearing borrowings	(11,861)	–	–	–	(11,861)
Proceeds from other borrowings	–	–	36,738	–	36,738
Interest paid on borrowings	(2,697)	–	–	–	(2,697)
Capital element of leases rentals paid	–	–	–	–	–
Interest element of leases rentals paid	–	(210)	–	–	(210)
Repayments of other borrowings	–	–	(15,858)	–	(15,858)
Interest paid for other borrowings	–	–	(1,307)	–	(1,307)
Total changes from financing cash flows	3,442	(210)	19,573	–	22,805
Other changes:					
Interest expenses (Note 6(a))	2,697	234	1,307	–	4,238
Changes in carrying amount of Redemption liabilities	–	–	–	14,133	14,133
Total other changes	2,697	234	1,307	14,133	18,371
At 30 June 2025	124,341	11,755	60,502	261,906	458,504

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	Interest-bearing borrowings RMB’000 (Note 21)	Lease liabilities RMB’000 (Note 22)	Other borrowings RMB’000 (Note 24)	Total RMB’000
At 1 January 2026	135,370	11,432	43,064	189,866
Changes from financing cash flows:				
Proceeds from interest-bearing borrowings	120,000	–	–	120,000
Repayment of interest-bearing borrowings	(84,471)	–	–	(84,471)
Proceeds from other borrowings	–	–	15,159	15,159
Interest paid on borrowings	(2,327)	–	–	(2,327)
Capital element of leases rentals paid	–	(794)	–	(794)
Interest element of leases rentals paid	–	(200)	–	(200)
Repayments of other borrowings	–	–	(39,234)	(39,234)
Interest paid for other borrowings	–	–	(1,171)	(1,171)
Total changes from financing cash flows	33,202	(994)	(25,246)	6,962
Other changes:				
Interest expenses (Note 6(a))	2,327	200	1,171	3,698
Increase in lease liabilities from entering into new leases during the period	–	1,397	–	1,397
Total other changes	2,327	1,597	1,171	5,095
At 30 June 2026	170,899	12,035	18,989	201,923

(d) *Total cash outflow for leases*

Amounts included in the cash flow statements for leases comprise the following:

	Years ended 31 December 2024 RMB’000	2025 RMB’000	Six months ended 30 June 2025 RMB’000 (unaudited)	2026 RMB’000
Within operating cash flows	1,094	1,080	414	579
Within financing cash flows	1,975	648	210	994
Lease rentals paid	3,069	1,728	624	1,573

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19 Trade and other payables

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Trade payables	54,220	77,887	65,979
Bills payables	1,034	2,850	–
Other tax payables	451	962	1,113
Accrued payroll, welfare and bonus	12,022	12,794	10,533
Payable for [REDACTED]	–	3,706	2,292
Other payables and accrued charges	7,793	9,534	5,181
	<u>75,520</u>	<u>107,733</u>	<u>85,098</u>

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Trade payables	49,334	92,979	126,517
Bills payables	1,034	2,850	–
Other tax payables	53	–	6
Accrued payroll, welfare and bonus	4,731	4,656	3,069
Payable for [REDACTED]	–	3,706	2,292
Other payables and accrued charges	4,098	7,780	2,679
	<u>59,250</u>	<u>111,971</u>	<u>134,563</u>

All trade and other payables (including amounts due to related parties) are expected to be settled or recognised as income within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of trade creditors, based on the invoice date, is as follows:

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Within 1 year	46,291	71,829	60,041
1 to 2 years	7,800	2,330	3,340
2 to 3 years	116	3,612	1,637
Over 3 years	13	116	961
	<u>54,220</u>	<u>77,887</u>	<u>65,979</u>

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The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Within 1 year	43,034	86,403	121,770
1 to 2 years	6,184	2,088	2,552
2 to 3 years	116	4,372	1,630
Over 3 years	–	116	565
	<u>49,334</u>	<u>92,979</u>	<u>126,517</u>

20 Contract assets and Contract liabilities

(a) Contract assets

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Contract assets			
Arising from performance under contracts with customers	69,498	64,714	67,401
Less: loss allowance	(448)	(276)	(287)
	<u>69,050</u>	<u>64,438</u>	<u>67,114</u>

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Contract assets			
Arising from performance under contracts with customers	37,796	39,012	37,707
Less: loss allowance	(167)	(166)	(161)
	<u>37,629</u>	<u>38,846</u>	<u>37,546</u>

Contract assets primarily comprise: (a) amounts recognized for automotive testing revenue upon the transfer of testing data to customers but not yet billed under the relevant contracts, as the amounts to be billed are subject to the agreement of the number of testing hours with the customers. Such amounts are reclassified to trade receivables when the Group agrees on the number of testing hours with the customers, which generally coincides with the time when the Group issues the invoices to the customers; and (b) for contracts relating to testing facility solutions retention amounts withheld until the expiration of the quality assurance period. Such amounts are typically reclassified to trade receivables when the quality assurance period expires and the retention amount becomes due.

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(b) *Contract liabilities*

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Contract liabilities			
Advance payments from customers	24,867	10,348	6,931

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Contract liabilities			
Advance payments from customers	24,636	10,244	5,921

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

– System solution contract

When the Group receives a prepayment before the production activity commences this will give rise to contract liabilities at the start of a contract, until the revenue recognised upon the transfer of control to the customer. The Group typically receives a prepayment on all the Group’s system solution contracts before work commences. The amount of the prepayment, if any, was negotiated on a case by case basis with customers.

Movements in contract liabilities

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Balance at 1 January	10,476	24,867	10,348
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	(10,476)	(22,263)	(10,348)
Increase in contract liabilities as a result of receiving forward sales deposits and instalments during the year/period in respect of properties still under construction as at the year/period end	24,867	7,744	6,931
Balance at 31 December/30 June	24,867	10,348	6,931

All of the other contract liabilities are expected to be recognised as income within one year.

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21 Interest-bearing borrowings

(a) *The analysis of the repayment schedule of interest-bearing borrowings is as follows:*

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Within 1 year or on demand	82,434	99,264	114,131
After 1 year but within 2 years	6,000	12,338	6,000
After 2 years but within 5 years	20,000	23,768	50,768
After 5 years	9,768	–	–
	<u>35,768</u>	<u>36,106</u>	<u>56,768</u>
	<u>118,202</u>	<u>135,370</u>	<u>170,899</u>

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Within 1 year or on demand	65,093	84,212	89,111
After 1 year but within 2 years	6,000	6,000	6,000
After 2 years but within 5 years	20,000	23,768	50,768
After 5 years	9,768	–	–
	<u>35,768</u>	<u>29,768</u>	<u>56,768</u>
	<u>100,861</u>	<u>113,980</u>	<u>145,879</u>

(b) *Assets pledged as security for bank loans*

The interest-bearing borrowings represent:

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Secured bank loans	46,768	59,769	56,768
Unsecured bank loans	71,434	75,601	114,131
	<u>118,202</u>	<u>135,370</u>	<u>170,899</u>

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Secured bank loans	46,768	59,769	56,768
Unsecured bank loans	54,093	54,211	89,111
	<u>100,861</u>	<u>113,980</u>	<u>145,879</u>

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As at 31 December 2024, 31 December 2025 and 30 June 2026, the secured bank loans were provided by bank with 1 to 8 years term facilities, which allows the Group to draw borrowings up to RMB50,000,000, RMB59,770,000 and RMB59,770,000 for daily operations. These secured bank loans were pledged by land use rights and buildings owned by the Company (Notes 11 and 12) with a carrying amount of RMB34,468,000, RMB34,253,000 and RMB33,553,000 at 31 December 2024, 31 December 2025 and 30 June 2026, respectively.

Certain facilities granted to the Group were guaranteed by Mr. Xia Huipeng and Mr. He Zhisheng, the shareholders of the Group. Upon the successful completion of a [REDACTED], these guarantees are to be released.

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Guarantees for granting interest-bearing borrowings	75,752	89,123	41,785

22 Lease liabilities

At 31 December 2024, 31 December 2025 and 30 June 2026, the lease liabilities were repayable as follows:

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Within 1 year	3,286	2,005	2,215
After 1 year but within 2 years	2,325	1,809	2,314
After 2 years but within 5 years	5,925	5,816	6,224
After 5 years	195	1,802	1,282
	8,445	9,427	9,820
	11,731	11,432	12,035

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Within 1 year	984	1,169	912
After 1 year but within 2 years	832	944	960
After 2 years but within 5 years	431	3,034	3,087
After 5 years	–	809	272
	1,263	4,787	4,319
	2,247	5,956	5,231

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23 Deferred income

The Group and Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Government grants	882	2,224	2,103

Government grants are related to assets which were obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets.

24 Other Borrowings

At 31 December 2024, 31 December 2025 and 30 June 2026, the Sale and leaseback transactions liabilities were as follows:

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Within 1 year	23,368	33,949	17,340
After 1 year but within 2 years	9,755	8,720	1,649
After 2 years but within 5 years	6,499	395	–
Less: Amount due for settlement within 12 months shown under current liabilities	(23,368)	(33,949)	(17,340)
Amount due for settlement after 12 months shown under non-current liabilities	16,254	9,115	1,649

All obligations arising from other borrowings were secured by equipment and machinery as mentioned in Note 11.

Apart from the above secured assets, the other borrowings of RMB13,505,000, RMB42,379,000 and RMB18,989,000, was additionally guaranteed by Mr. Xia Huipeng and Mr. He Zhisheng, the shareholders of the Group as at 31 December 2024, 31 December 2025 and 30 June 2026. Upon the successful completion of a qualified public offering, these guarantees are to be released.

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Within 1 year	20,012	28,264	12,226
After 1 year but within 2 years	9,755	8,720	1,649
After 2 years but within 5 years	6,499	395	–
Less: Amount due for settlement within 12 months shown under current liabilities	(20,012)	(28,264)	(12,226)
Amount due for settlement after 12 months shown under non-current liabilities	16,254	9,115	1,649

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25 Redemption liabilities

Since the Company’s establishment, the Company has conducted several rounds of financing, including Series Pre-A financing, Series A Financing, Series A+ Financing, Series B Financing and Series B+ Financing, by issuing shares to the investors (“The Pre[REDACTED] Investors”) and granting them a redemption right. The Pre[REDACTED] Investors shall have the right to require the Company and/or the founding shareholders of the Company to purchase their shares acquired upon the occurrence of any redemption triggering events, including but not limited to the Company’s failure to complete a qualified [REDACTED] by June 30, 2026, and any breaches of contracts or misconducts by the Company, the ultimate controlling shareholders or the key employees of the Company (“Material Breach”).

If the redemption is triggered by the Company’s failure to complete a qualified [REDACTED] by June 30, 2026, the redemption price shall equal to the aggregate of the original investment amount plus an annual simple interest rate of 10% on the investment amount plus all declared but unpaid dividends. If the redemption is triggered by a Material Breach, the redemption price shall equal to the aggregate of the original investment amount plus an annual simple interest rate of 15% on the investment amount.

The Company’s contractual obligation to purchase its equity instruments for cash upon the occurrence of redemption triggering events that are beyond the control of the Company gives rise to financial liabilities for the redemption amount and they are accounted for in accordance with Note 2(p). Changes in the carrying amount of the redemption liabilities arising from remeasurement of the redemption amount are recognised in profit or loss and presented in “Changes in carrying amount of redemption liabilities”.

The movement of the carrying amount of redemption liabilities during the Track Record Period is set out below:

The Group and the Company

	As at 31 December	
	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>
At the beginning of the year	190,317	247,773
Redemption rights granted upon transfer of shares from the ultimate controlling shareholder	10,000	–
Redemption rights granted upon share issuance	20,000	22,000
Changes in carrying amount	27,456	29,532
Termination of redemption rights (i)	–	(299,305)
At the end of the year	<u>247,773</u>	<u>–</u>

- (i) In December 2025, pursuant to the supplemental agreements entered into between the Company, founding shareholders and the Pre[REDACTED] Investors, the redemption rights granted by the Company were terminated on a void ab initio basis, and there are no circumstances under which the redemption rights previously granted will be reinstated. The Company recognised and measured the redemption liabilities due to the Pre[REDACTED] Investors prior to the supplemental agreements as it did not have an unconditional right to avoid the redemption obligations upon redemption triggering events. Immediately upon the termination, the redemption liabilities were derecognised and the carrying amount of RMB299,305,000 was reclassified to equity.

The redemption rights granted by the founding shareholders shall be terminated from the day immediately preceding the date on which the Company submits its first filing of the [REDACTED] to the Stock Exchange, however, such rights shall automatically be reinstated if the Company terminates or withdraws its [REDACTED], or if the [REDACTED] is rejected or denied.

In connection with redemption rights granted by the founding shareholders, the directors of the Company have confirmed that (i) the Company does not have any obligation to fulfil the abovementioned redemption rights granted by the founding shareholders; and (ii) the Company has not provided any guarantee for the abovementioned redemption rights granted by the founding shareholders in the event of a default by the founding shareholders. Accordingly, no financial liability has been recorded in the Historical Financial Information with respect to these special rights granted to the Pre[REDACTED] investors by the founding shareholders.

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26 Income tax in the consolidated statements of financial position

(a) *Current taxation in the consolidated statements of financial position represents:*

The Group

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
As at 1 January	2,917	729	729	1,016
Provision for current income tax for the year/period	1,390	2,138	1,195	1,517
Income tax paid, net of tax refund	(3,578)	(1,851)	(2,474)	(1,121)
As at 31 December/30 June	<u>729</u>	<u>1,016</u>	<u>(550)</u>	<u>1,412</u>
Reconciliation to the consolidated statements of financial position				
Income tax payable	1,244	1,988	1,883	2,826
Income tax recoverable	(515)	(972)	(2,433)	(1,414)
	<u>729</u>	<u>1,016</u>	<u>(550)</u>	<u>1,412</u>

The Company

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
As at 1 January	95	(509)	(509)	(960)
Provision for current income tax for the year/period	–	–	–	9
Income tax paid, net of tax refund	(604)	(451)	(454)	–
As at 31 December/30 June	<u>(509)</u>	<u>(960)</u>	<u>(963)</u>	<u>(951)</u>
Reconciliation to the consolidated statements of financial position				
Income tax recoverable	<u>(509)</u>	<u>(960)</u>	<u>(963)</u>	<u>(951)</u>

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(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the Track Record Period:

The Group

	The effect of ROU assets RMB'000	The effect of lease liability RMB'000	Credit loss allowance RMB'000	Accruals and other temporary differences RMB'000	Tax losses RMB'000	Total RMB'000
Deferred tax arising from:						
1 January 2024	386	(209)	850	112	–	1,139
Credited/(charged) to profit or loss	106	(139)	(2)	602	186	753
At 31 December 2024	492	(348)	848	714	186	1,892
Charged/(credited) to profit or loss	(1,342)	1,241	(636)	409	1,943	1,615
At 31 December 2025	(850)	893	212	1,123	2,129	3,507
Charged/(credited) to profit or loss	(68)	30	18	910	1,006	1,896
At 30 June 2026	(918)	923	230	2,033	3,135	5,403

The Company

	The effect of ROU assets RMB'000	The effect of lease liability RMB'000	Credit loss allowance RMB'000	Accruals and other temporary differences RMB'000	Tax losses RMB'000	Total RMB'000
Deferred tax arising from:						
1 January 2024	212	(159)	1,135	–	–	1,188
Credited/(charged) to profit or loss	106	(139)	142	275	187	571
At 31 December 2024	318	(298)	1,277	275	187	1,759
Charged /(credited) to profit or loss	(1,168)	1,191	(1,131)	240	1,942	1,074
At 31 December 2025	(850)	893	146	515	2,129	2,833
Charged/(credited) to profit or loss	74	(109)	9	980	917	1,871
At 30 June 2026	(776)	784	155	1,495	3,046	4,704

(c) Deferred tax assets not recognised:

As at 31 December 2024, 31 December 2025 and 30 June 2026, the Group has not recognised deferred tax assets in respect of their respective cumulative tax losses of RMB13,297,000, RMB16,668,000 and RMB13,590,000 and other deductible temporary differences of RMB2,677,000, RMB2,642,000 and RMB2,015,000, respectively as it is not probable that future taxable profits against which the losses and deductible temporary differences can be utilised will be available in the relevant tax jurisdiction and entity.

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The expiration information of the Group’s unrecognised deferred tax assets in respect of cumulative tax losses is set out below:

	As at 31 December		As at
	2024	2025	30 June
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
2025	706	–	–
2026	550	550	–
2027	4,036	1,786	–
2028	2,625	1,951	378
2029	5,380	1,830	829
2030	–	2,343	1,193
2031 and thereafter	–	8,208	11,190
Total	<u>13,297</u>	<u>16,668</u>	<u>13,590</u>

27 Equity-settled share-based transactions

(a) *Share award schemes*

In January 2024, 170,000 restricted shares units (“RSUs”) of the Company were granted to employees at RMB10.00 each through certain limited partnerships as platforms of employee stock ownership plan. None of the grants were subject to vesting conditions.

(b) *Expenses arising from share-based payment transactions*

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
General and administrative expenses	<u>1,277</u>	<u>–</u>	<u>–</u>	<u>–</u>

(c) *Fair values of RSUs*

The fair value of services received in return for shares is measured by reference to the fair value of RSUs granted. The estimate of the fair value of the newly granted RSUs is measured based on an equity allocation model.

	Grant date
	As at 31
Fair value of RSUs and assumptions	January, 2024
Fair value at measurement date	RMB17.51
Risk-free interest rate	2.28%
Expected dividend yield	0.00%
Expected volatility	48.29%
Subscription price	RMB10.00

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28 Capital, reserves and dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group’s consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company’s individual components of equity between the beginning and the end of the year/period are set out below:

The Company

	Note	Share capital RMB’000	Capital reserve RMB’000	Accumulated losses RMB’000	Total RMB’000
Balance at 1 January 2024		25,651	17,585	(49,131)	(5,895)
Changes in equity for 2024:					
Loss and total comprehensive income for the year		–	–	(30,268)	(30,268)
Capital contribution from a shareholder	(i)	–	2,500	–	2,500
Share issuance	28(c)	466	19,534	–	20,000
Transfer of shares from the ultimate controlling shareholder	25	–	(10,000)	–	(10,000)
Redemption rights granted upon share issuance	25	–	(20,000)	–	(20,000)
Equity-settled share-based transactions	27	–	1,277	–	1,277
Balance at 31 December 2024 and 1 January 2025		26,117	10,896	(79,399)	(42,386)
Changes in equity for 2025:					
Loss and total comprehensive income for the year		–	–	(32,113)	(32,113)
Share issuance	28(c)	513	21,487	–	22,000
Redemption rights granted upon share issuance	25	–	(22,000)	–	(22,000)
Termination of redemption rights	25	–	299,305	–	299,305
Balance at 31 December 2025 and 1 January 2026		26,630	309,688	(111,512)	224,806
Change in equity for six months ended 30 June 2026:					
Loss and total comprehensive income for the period		–	–	(11,369)	(11,369)
Balance at 30 June 2026		26,630	309,688	(122,881)	213,437

- (i) In March 2024, the Company received a contribution from incentive platform Changxing Lingguan Investment Management Partnership (Limited Partnership) in the form of cash.

(b) Dividends

No dividends have been declared or paid by the Company or its subsidiaries to its equity shareholders during the Track Record Period.

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(c) *Share capital*

(i) *Issued share capital*

	Years ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	No. of shares ('000)	RMB'000	No. of shares ('000)	RMB'000	No. of shares ('000) (unaudited)	RMB'000 (unaudited)	No. of shares ('000)	RMB'000
Ordinary shares, issued and fully paid:								
At 1 January	25,651	25,651	26,117	26,117	26,117	26,117	26,630	26,630
Issuance of ordinary shares	466	466	513	513	–	–	–	–
At 31 December/30 June	<u>26,117</u>	<u>26,117</u>	<u>26,630</u>	<u>26,630</u>	<u>26,117</u>	<u>26,117</u>	<u>26,630</u>	<u>26,630</u>

(d) *Nature and purpose of reserves*

(i) *Capital reserve*

The capital reserve comprises the following:

- reserves arising from business combinations under common control;
- the excess of the net contributions from the shareholders of the Company over the total paid-in capital or shares issued;
- Contributions from a shareholder;
- amounts in relation to the recognition of the redemption rights granted to investors (see Note 25);
- The share-based payment reserve arising from the difference between the fair value of the RSUs granted and the consideration paid by the employees of the Group that has been recognised in accordance with the accounting policy in Note 2(r)(ii);

(ii) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2(v).

(e) *Capital management*

The Group’s primary objectives when managing capital are to safeguard the Group’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

29 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group’s business. The Group’s exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group’s credit risk is primarily attributable to trade receivables and contract assets. The Group’s exposure to credit risk arising from cash and cash equivalents, restricted cash balances and bills receivable is limited because the counterparties are banks and financial institutions,

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which the Group considers to represent low credit risk. The Group’s exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account the remaining lease term and the period covered by the rental deposits.

The Group does not provide any other guarantees which would expose the Group to credit risk.

Trade receivables and contract assets

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer’s past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 180 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2024, 31 December 2025 and 30 June 2026, 13%, 3% and 12% of the total trade receivables and contract assets was due from the Group’s largest customer, respectively, 22%, 34% and 39% of the total trade receivables and contract assets, respectively, was due from the Group’s five largest customers.

Trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due to measure ECL. Management collectively assessed the expected credit losses taking into account the ageing analysis and the history of bad debt losses. The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

And the recognition and measurement method of loss allowance for each category is measured separately:

- For trade receivables and contract assets due from customers with specific credit risks or external credit ratings. The Group applies the individual identification method based on the characteristics of credit risk of each individual balance.
- The remaining trade receivables and contract assets due from customers are grouped based on similar credit risk, the Group calculates the expected credit loss by referring to the historical credit loss experience for each aging bucket, combining with the current situation and the forecast of future economic conditions.

As of 31 December 2024, 31 December 2025 and 30 June 2026, the balances of various trade receivables and contract assets are as follows:

	As at 31 December 2024		
	Gross carrying amount RMB’000	Loss allowance RMB’000	Net carrying amount RMB’000
Customers with specific credit risks or credit ratings	4,380	(4,380)	–
Customers grouped based on similar credit risk	101,597	(1,245)	100,352
	<u>105,977</u>	<u>(5,625)</u>	<u>100,352</u>

	As at 31 December 2025		
	Gross carrying amount RMB’000	Loss allowance RMB’000	Net carrying amount RMB’000
Customers grouped based on similar credit risk	<u>122,285</u>	<u>(1,259)</u>	<u>121,026</u>

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	As at 30 June 2026		
	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Customers grouped based on similar credit risk	127,947	(1,608)	126,339

For trade receivables and contract assets based on individual assessments, the Group assesses the credit quality of the customers, taking into account of their financial positions, past experience and other factors. The expected credit loss considers the customers’ external credit ratings.

For trade receivables and contract assets based on similar credit risk assessments, the loss allowance as at 31 December 2024, 31 December 2025 and 30 June 2026 was determined as follows for trade receivables and contract assets from customers which have been grouped based on similar credit risk characteristics:

	As at 31 December 2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 1 year	0.65%	96,482	623
After 1 year but within 2 years	9.02%	3,649	329
After 2 years but within 3 years	19.99%	1,466	293
		101,597	1,245

	As at 31 December 2025		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 1 year	0.43%	117,093	498
After 1 year but within 2 years	8.16%	2,341	191
After 2 years but within 3 years	20.00%	2,851	570
		122,285	1,259

	As at 30 June 2026		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 1 year	0.36%	122,787	439
After 1 year but within 2 years	13.93%	2,441	340
After 2 years but within 3 years	17.47%	2,290	400
Over 3 years	100.00%	429	429
		127,947	1,608

Expected loss rates are based on actual loss experience over the recent past years/periods. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the trade receivables and contract assets.

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Movement in the loss allowance account in respect of trade receivables and contract assets during the year/period is as follows:

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Balance at the beginning of the year/ period	5,663	5,625	1,259
Impairment losses recognised	(38)	14	349
Amounts reversed	—	(4,380)	—
Balance at the end of the year/period	<u>5,625</u>	<u>1,259</u>	<u>1,608</u>

(b) Liquidity risk

The Group’s policy is to regularly monitor its liquidity requirements and its compliance with lending covenants and its relationship with finance providers, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group’s financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay:

As at 31 December 2024 Contractual undiscounted cash outflow					
Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Trade and other payables (Note 19)	75,520	—	—	75,520	75,520
Interest-bearing borrowings (Note 21)	85,731	6,240	20,800	10,159	122,930
Other borrowings (Note 24)	24,486	11,422	7,073	—	42,981
Lease liabilities (Note 22)	3,520	2,667	6,361	196	12,744
Redemption liabilities (Note 25)	247,773	—	—	—	247,773
	<u>437,030</u>	<u>20,329</u>	<u>34,234</u>	<u>10,355</u>	<u>501,948</u>
	<u>437,030</u>	<u>20,329</u>	<u>34,234</u>	<u>10,355</u>	<u>501,948</u>

As at 31 December 2025 Contractual undiscounted cash outflow					
Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Trade and other payables (Note 19)	107,733	—	—	107,733	107,733
Interest-bearing borrowings (Note 21)	102,839	12,782	24,623	—	140,244
Other borrowings (Note 24)	35,365	9,219	400	—	44,984
Lease liabilities (Note 22)	2,125	2,125	6,374	1,851	12,475
	<u>248,062</u>	<u>24,126</u>	<u>31,397</u>	<u>1,851</u>	<u>305,436</u>
	<u>248,062</u>	<u>24,126</u>	<u>31,397</u>	<u>1,851</u>	<u>305,436</u>

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	As at 30 June 2026					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand <i>RMB'000</i>	More than 1 year but less than 2 years <i>RMB'000</i>	More than 2 years but less than 5 years <i>RMB'000</i>	More than 5 years <i>RMB'000</i>	Total <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
Trade and other payables <i>(Note 19)</i>	85,098	–	–	–	85,098	85,098
Interest-bearing borrowings <i>(Note 21)</i>	117,555	6,180	52,291	–	176,026	170,899
Other borrowings <i>(Note 24)</i>	18,468	1,667	–	–	20,135	18,989
Lease liabilities <i>(Note 22)</i>	2,603	2,614	6,686	1,302	13,205	12,035
	<u>223,724</u>	<u>10,461</u>	<u>58,977</u>	<u>1,302</u>	<u>294,464</u>	<u>287,021</u>

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s interest rate risk arises primarily from cash and cash equivalents, restricted cash balances, interest-bearing borrowings, other borrowings, redemption liabilities and lease liabilities. Borrowings issued at variable rates and cash and cash equivalents expose the Group to cash flow interest rate risk. Cash and cash equivalents and borrowings issued at floating rates expose the Group to fair value interest rate risk. The Group’s interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group at the end of the reporting period.

	2024		2025		30 June 2026	
	Effective interest rate %	RMB'000	Effective interest rate %	RMB'000	Effective interest rate %	RMB'000
Fixed rate instruments:						
Restricted cash balances	0.85	284	0.05~0.70	853	–	–
Interest-bearing borrowings	3.00~5.85	(76,434)	2.50~4.70	(84,338)	2.50~4.30	(88,000)
Other borrowings	3.10~6.95	(39,622)	3.00~6.45	(43,064)	3.00~6.78	(18,989)
Redemption liabilities	15.00	(247,773)	–	–	–	–
Lease liabilities	4.50	(11,731)	3.50	(11,432)	1.15~3.50	(12,035)
		<u>(375,276)</u>		<u>(137,981)</u>		<u>(119,024)</u>
Variable rate instruments:						
Cash and cash equivalents	0.10~0.50	10,316	0.05	35,947	0.05	11,013
Restricted cash balances	0.10~0.50	5	–	–	–	–
Interest-bearing borrowings	3.10~4.40	(41,768)	2.70~3.80	(50,768)	2.50~3.80	(82,768)
		<u>(31,447)</u>		<u>(14,821)</u>		<u>(71,755)</u>
		<u>(406,723)</u>		<u>(152,802)</u>		<u>(190,779)</u>

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(ii) Sensitivity analysis

At 31 December 2024, 31 December 2025 and 30 June 2026, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group’s net loss and accumulated loss by approximately RMB267,000, RMB126,000 and RMB305,000, respectively.

The sensitivity analysis above indicates the instantaneous change in the Group’s net loss and accumulated loss that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group’s profit after tax (and retained earnings) is estimated as an annualised impact on interest expense or income of such a change in interest rates.

(d) Currency risk

The Group’s businesses are principally conducted in RMB and most of the Group’s monetary assets and liabilities are denominated in RMB. Accordingly, the directors consider the Group’s exposure to foreign currency risk is not significant.

(e) Fair value measurement

(i) Financial instruments carried at fair value

The following table presents the fair value of the Group’s financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 31 December 2025 RMB’000	Fair value measurements as at 31 December 2025 categorised into		
		Level 1 RMB’000	Level 2 RMB’000	Level 3 RMB’000
Financial assets measured at FVOCI:				
Bills receivable	3,772	—	—	3,772
	<u>3,772</u>	<u>—</u>	<u>—</u>	<u>3,772</u>
	Fair value at 30 June 2026 RMB’000	Fair value measurements as at 30 June 2026 categorised into		
		Level 1 RMB’000	Level 2 RMB’000	Level 3 RMB’000
Financial assets measured at FVOCI:				
Bills receivable	3,246	—	—	3,246
	<u>3,246</u>	<u>—</u>	<u>—</u>	<u>3,246</u>

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During the years ended 31 December 2024, 31 December 2025 and the six months ended 30 June 2025 and 2026, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group’s policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

	Valuation Technique(s)	Unobservable(s)	Relationship of unobservable input(s) to fair value	Range
Bills receivable	Discounted cash flow model	Lack of marketability discount	The fair value measurement is negatively correlated to the lack of marketability discount	30 June 2026: 0% (2025: 0%)

As at 31 December 2024, 31 December 2025 and 30 June 2026, it is estimated that a general increase/decrease of 1% in lack of marketability discount, with all other variables held constant, would have increased (loss)/decreased profit and increased/decreased the Group’s accumulated loss by approximately nil, RMB28,000 and RMB24,000, respectively.

The movement during the year/period in the balance of these Level 3 fair value measurements are as follows:

	1 January 2025 RMB’000	Acquisition/ (disposal) RMB’000	Net unrealised gains or losses recognised in other comprehensive income during the year RMB’000	Net unrealised gains or losses recognised in profit or loss during the year RMB’000	31 December 2025 RMB’000
Financial assets:					
Bills receivable	–	3,772	–	–	3,772

	1 January 2026 RMB’000	Acquisition/ (disposal) RMB’000	Net unrealised gains or losses recognised in other comprehensive income during the year RMB’000	Net unrealised gains or losses recognised in profit or loss during the year RMB’000	30 June 2026 RMB’000
Financial assets:					
Bills receivable	3,772	(526)	–	–	3,246

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group’s financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2024, 31 December 2025 and 30 June 2026.

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30 Commitments

Capital commitments for purchase of property, plant and equipment outstanding at 31 December 2024, 31 December 2025 and 30 June 2026 not provided for in the financial statements were as follows:

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
Contracted for	7,489	2,423	4,293

31 Material related party transactions

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company’s directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Salaries, allowances and benefits in kind	3,996	4,302	2,124	1,691
Discretionary bonuses	1,541	1,220	610	378
Contribution to defined contribution retirement plan	205	175	95	71
	5,742	5,697	2,829	2,140

(b) Name and relationship with related parties

Name and relationship with related parties had other material transactions with the Group during the Track Record Period:

Name of the related party	Relationship
Shangjian (Zhejiang) Motor Vehicle Testing Technology Co., Ltd.* (上檢(浙江)機動車檢測技術有限公司)	Associate
Zhejiang Qingshan Pengpai Intelligent Power Co., Ltd.* (浙江清山澎湃智能動力有限公司)	Associate
Suzhou Xingren Technology Co., Ltd.* (蘇州星軼技術有限公司)	Associate
Changxing Hexia Investment Management Partnership (Limited Partnership)* (長興和夏投資管理合夥企業(有限合夥))	Shareholder
Xia Huipeng (夏慧鵬)	Founder of the Company and Shareholder
He Zhisheng (何志生)	Founder of the Company and Shareholder

* The English translation of the above company names is for reference only. The official names of the companies established in the PRC are in Chinese.

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(c) *Material related party transactions*

Particulars of material transactions between the Group and the above related parties during the Track Record Period are as follows:

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Sales of products and services				
Shangjian (Zhejiang) Motor Vehicle Testing Technology Co., Ltd.* (上檢(浙江)機動車檢測技術有限公司)	3,225	2,296	2,269	3,260
Rental income				
Shangjian (Zhejiang) Motor Vehicle Testing Technology Co., Ltd.* (上檢(浙江)機動車檢測技術有限公司)	973	966	483	351
Zhejiang Qingshan Pengpai Intelligent Power Co., Ltd.* 浙江清山澎湃智能動力有限公司	—	88	—	—
	973	1,054	483	351
Service rendered to:				
Suzhou Xingren Technology Co., Ltd.* 蘇州星軻技術有限公司	—	113	—	—
Zhejiang Qingshan Pengpai Intelligent Power Co., Ltd.* 浙江清山澎湃智能動力有限公司	—	113	—	—
	—	226	—	—
Purchase of materials				
Zhejiang Qingshan Pengpai Intelligent Power Co., Ltd.* (浙江清山澎湃智能動力有限公司)	278	2,262	319	1,512
Shangjian (Zhejiang) Motor Vehicle Testing Technology Co., Ltd.* (上檢(浙江)機動車檢測技術有限公司)	121	—	—	—
	399	2,262	319	1,512
Repayment of advances to a related party				
Changxing Hexia Investment Management Partnership (Limited Partnership)* (長興和夏投資管理合夥企業(有限合夥))	1,348	—	—	—

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(d) Balances with related parties

Trade in nature:

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Trade and other receivables			
Shangjian (Zhejiang) Motor Vehicle Testing Technology Co., Ltd.* (上檢(浙江) 機動車 檢測技術有限公司)	1,458	1,384	555
Zhejiang Qingshan Pengpai Intelligent Power Co., Ltd.* (浙江清山澎湃智能動力有限公司)	132	770	553
Suzhou Xingren Technology Co., Ltd.* (蘇 州星韜技術有限公司)	—	121	120
	<u>1,590</u>	<u>2,275</u>	<u>1,228</u>
Trade and other payables			
Zhejiang Qingshan Pengpai Intelligent Power Co., Ltd.* (浙江清山澎湃智能動力有限公司)	<u>47</u>	<u>969</u>	<u>1,779</u>

(e) Guarantees issued by related party

As disclosed in Note 21 the interest-bearing borrowings of RMB75,752,000, RMB89,123,000 and RMB41,785,000 as at 31 December 2024, 31 December 2025 and 30 June 2026, respectively, were guaranteed by Mr. Xia Huipeng and Mr. He Zhisheng, the shareholders of the Group.

As disclosed in Note 24 the other borrowings of RMB13,505,000, RMB42,379,000 and RMB18,989,000 as at 31 December 2024, 31 December 2025 and 30 June 2026, respectively, were guaranteed by Mr. Xia Huipeng and Mr. He Zhisheng, the shareholders of the Group.

Upon or before the successful completion of a qualified [REDACTED], these guaranteed are to be settled through either repayment or release.

32 Immediate and ultimate controlling party

As at 31 December 2024, 31 December 2025 and 30 June 2026, the directors consider the immediate controlling party and ultimate controlling party of the Group was Mr. Xia Huipeng.

33 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Track Record Period

Up to the date of this report, the IASB has issued a number of new or amended standards, which are not yet effective for the Track Record Period and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027
Amendments to IAS 21, <i>Translation to a hyperinflationary presentation currency</i>	1 January 2027
IFRS 20, <i>Regulatory assets and regulatory liabilities</i>	1 January 2029
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be decided

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The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position except for the following:

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity financial statements. IFRS 18 is effective for the year beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

34 Significant non-adjusting events after the Track Record Period

There were no material subsequent events after 30 June 2026 up to the date of this report.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 30 June 2026.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

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TAXATION

Certain PRC and Hong Kong tax consequences on [REDACTED] relating to the ownership of H Shares by an investor who [REDACTED] such H Shares in the [REDACTED] and holds the H Shares as capital assets are summarised as follows. This summary does not purport to and is not intended to address all material tax consequences of the ownership of H Shares, and does not take into account the specific circumstances of any particular [REDACTED], some of which may be subject to special provisions.

This summary is based on the tax laws of the PRC and Hong Kong (including the tax treaties to which PRC or Hong Kong is a party thereto) in effect as at the Latest Practicable Date, all of which are subject to change (or changes in interpretation), possibly with retroactive effect.

This section in this document does not address any aspect of the PRC or Hong Kong taxation other than income tax, capital tax, business tax, stamp duty and estate duty. Potential [REDACTED] are urged to consult their tax advisors regarding the PRC, Hong Kong and other tax consequences of [REDACTED] in H Shares.

PRC TAXATION

1. TAXATION OF SECURITY HOLDERS

Taxation on Dividends

Individual Investor

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the “**IIT Law**”), which was last amended by the Standing Committee of the National People’s Congress (the “**SCNPC**”) on 31 August 2018 and came into effect on 1 January 2019, and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》) (the “**Implementation Regulations of the IIT Law**”), which was last amended by the State Council on 18 December 2018 and came into effect on 1 January 2019, individual income tax shall be payable at a rate of 20% on dividends received by individuals. Resident individuals shall pay individual income tax in accordance with the provisions of this Law for the income derived within and outside China. Non-resident individuals shall pay individual income tax in accordance with the provisions of this Law for the income derived in China.

According to the Notice of the PRC State Administration of Taxation on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045 (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》), which was promulgated by the STA on 28 June 2011 and came into effect on the same day, the dividend received by the overseas resident individual shareholders from the stocks issued by domestic non-foreign invested enterprises in Hong Kong is subject to the payment of individual income tax according to the items of “interests, dividend and bonus income”, which shall be withheld by the withholding agents according to the relevant laws. The overseas resident individual shareholders who hold the stocks issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries where they are residents and China and the tax arrangements between the Mainland China and Hong Kong (Macau) Special Administrative Region. Since the tax rate for dividends under the above tax agreements and tax arrangements is generally 10% and there are many shareholders, and for the purpose of simplifying tax administration, domestic non-foreign invested enterprises issuing shares in Hong Kong may, when distributing dividend, generally withhold

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individual income tax at the rate of 10%, and are not obligated to file an application. If the tax rate for dividend is not equal to 10%, the following provisions shall apply: (1) if the individual who receives dividends and bonuses is a citizen from countries under agreements to be entitled to tax rates lower than 10%, the withholding agents will file applications in accordance with stipulations on their behalf to seek entitlement of the relevant agreed preferential treatments, and upon approval by the tax authorities, over withheld tax amounts will be refunded; (2) if the individual who receives dividends and bonuses is a citizen from countries under agreements to be entitled to tax rates higher than 10% but lower than 20%, the withholding agents will withhold the individual income tax at the agreed-upon effective tax rate when distributing dividend (bonus), and are not obligated to file an application; and (3) if the individual who receives dividends and bonuses is a citizen from countries without tax agreements or are under other situations, the withholding agents will withhold the individual income tax at a tax rate of 20% when distributing dividend.

Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**EIT Law**”) last amended by the SCNPC and implemented on 29 December 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) last amended by the State Council on 6 December 2024 and implemented on 20 January 2025, the tax rate for corporate income tax is 25%. A non-resident enterprise is subject to a 10% EIT on mainland China-sourced income, if such non-resident enterprise does not have an establishment or place of business in the Mainland China or has an establishment or place of business in the Mainland China but the Mainland China-sourced income is not actually connected with such establishment or place of business in the Mainland China. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment to non-resident enterprises every time it is paid or due.

Pursuant to the Notice on the Issues Concerning Withholding the EIT on the Dividends Paid by Chinese Resident Enterprises to H Shareholders that are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》)(國稅函[2008]897號) issued by the SAT on 6 November 2008, the PRC resident enterprises are required to withhold EIT at a unified rate of 10% on dividends of 2008 and onwards paid to H Shareholders that are overseas non-resident enterprises.

Pursuant to the Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (Guo Shui Han [2009] No. 394) (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》國稅函[2009]394號) issued by the SAT on 24 July 2009, a PRC-resident enterprise listed within or outside the PRC by issuing stocks (including A shares, B shares and overseas shares) is required to withhold EIT at a unified rate of 10% on dividends of 2008 and onwards paid to non-resident enterprise shareholders. Non-resident enterprise shareholders shall follow relevant provisions executed by tax treaty where they need to enjoy the treatment of tax treaty.

According to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), which was signed between the People's Republic of China and the Hong Kong Special Administrative Region of the People's Republic of China on 21 August 2006 and effective from 8 December 2006, resident

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living in either region who receives dividends distributed by an enterprise from the other region shall be subject to tax of the other region. However, such dividends may also be taxed in the side of which the company paying the dividends is a resident, and according to the laws of that side. If the individual receiving the dividend is the resident of the other region, the taxation amount shall not exceed: (i) 5% of the total dividend in case the individual receiving the dividends directly owns at least 25% of the capital of the enterprise distributing the dividends; and (ii) 10% of the total dividend in other circumstances.

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or made adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the enterprise income tax imposed on the dividends received from PRC resident enterprises. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including the Hong Kong Special Administrative Region of China, the Macao Special Administrative Region of China, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the PRC tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the PRC tax authorities.

Taxes on Share Transfer

Income Tax

Individual investors

According to the IIT Law and the Implementation Regulations of the IIT Law, income derived by individuals from the transfer of securities or equity interests is regarded as income from property transfer and is subject to individual income tax at a rate of 20%.

According to the Circular of the Ministry of Finance and the State Administration of Taxation on Continuing Temporary Exemption From Individual Income Tax on the Income From Stocks Transfer (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) promulgated by the MOF and the SAT on 30 March 1998 and implemented on the same date, since 1 January 1997, the individual income tax levied on the individual income from transfer of stocks of listed companies will continue to be temporarily exempted.

According to the Circular on Issues Concerning the Levy of Individual Income Tax on Incomes from the Transfer of Restricted Shares of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) jointly promulgated by the MOF, the SAT and the China Securities Regulatory Commission (the "CSRC") on 31 December 2009 and implemented on the same date, individuals' income from the transfer of the shares of listed companies obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from the individual income tax, except for the relevant restricted shares as defined in the Supplementary Circular of the Ministry of Finance, the State Administration of Taxation, and the CSRC on Issues Concerning the Levy of Individual Income Tax on Income from the Transfer of Restricted Shares of Listed Companies (《財政部、國家稅務總局、證監會關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As of the Latest Practicable Date, the

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aforementioned provisions did not specify whether to impose the individual income tax on the income from the transfer of shares of PRC-resident enterprises listed on overseas stock exchanges by non-PRC resident individuals.

Enterprise Investors

According to the EIT Law and its implementation rules, a non-resident enterprise that has not established an establishment or premises in the PRC or it has established an establishment and premises but the income received has no actual connection with the establishment and premises, it shall pay an enterprise income tax at a rate of 10% for the income arising within the PRC. The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise on each payment or when it is payable on due date.

Stamp Duty

According to the Stamp Tax Law of the People's Republic of China (《中華人民共和國印花稅法》) promulgated by the SCNPC on 10 June 2021 and came into effect on 1 July 2022, entities and individuals that issue taxable certificates and conduct securities transactions within the territory of PRC are taxpayers of stamp duty and shall pay stamp duty in accordance with the provisions of this law. Entities and individuals that issue taxable certificates outside the territory of PRC to be used within the territory of the PRC shall pay stamp duty in accordance with the provisions of this law. Therefore, the stamp duty levied on the transfer of shares in PRC listed companies does not apply to non-PRC investors buying and selling H Shares outside the territory of the PRC.

2. MAJOR TAXES OF THE COMPANY IN THE PRC

Enterprise Income Tax

Pursuant to the EIT Law, enterprises established in the PRC and other organisations deriving income (collectively referred to as "**Enterprises**") are subject to enterprise income tax in accordance with such law at a statutory tax rate of 25%.

Pursuant to the latest revised Measures for the Administration of the Certification of High-tech Enterprises (《高新技術企業認定管理辦法》) jointly issued by the Ministry of Science and Technology, the Ministry of Finance, and the State Taxation Administration on 29 January 2016, and effective from January 1, 2016, enterprises recognised as high-tech enterprises are eligible to enjoy a preferential enterprise income tax rate of 15% in accordance with the relevant provisions of the EIT Law.

Value-added Tax

Pursuant to the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》) (the "**VAT Law**"), promulgated by the SCNPC on 25 December 2024 and implemented on 1 January 2026, entities and individuals (including individual industrial and commercial households) that sell goods, services, intangible assets, or real estate (hereinafter referred to as taxable transactions), as well as import goods, are taxpayers of value-added tax and shall pay value-added tax in accordance with the provisions thereof. VAT rates shall be as follows: (1) taxpayers who sell goods, provide processing, repair, and maintenance services, leasing services for tangible movable properties or import goods shall be subject to the VAT of 13%, unless otherwise prescribed by Item (2), Item (4) or Item (5) of this article; (2) unless otherwise prescribed by Item (4) or Item (5) of this article, taxpayers shall be subject to the VAT of 9% if they sell transportation services, postal services, basic telecommunications

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services, construction services or real estate leasing services, sell real estate, transfer land-use rights, or sell or import any of the following goods: 1. Grains, edible vegetable oil or edible salt; 2. Tap water, heating, air-conditioning, hot water, gas, liquefied petroleum gas, natural gas, dimethyl ether, bog gas or residential coal products; 3. Books, newspapers, magazines, audio-visual products or electronic publications; 4. Feeds, fertilisers, pesticides, agricultural machinery or plastic films for agricultural use; (3) Taxpayers who sell services or intangible assets shall be subject to the VAT of 6%, unless otherwise prescribed by Item (1), Item (2) or Item (5) of this article; (4) Taxpayers who export goods shall be subject to zero-rated VAT, unless otherwise prescribed by the State Council; and (5) Domestic entities and individuals who engage in cross-border sales of services or intangible assets that are within the scope prescribed by the State Council shall be subject to zero-rated VAT.

3. FOREIGN EXCHANGE

Pursuant to the Foreign Exchange Control Regulations of the PRC (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Control Regulations**”) lastly amended by the State Council on 5 August 2008 and implemented on the same date, all international payments and transfers are categorised into current account items and capital account items. Financial institutions engaged in the settlement and sale of foreign exchange shall conduct reasonable review of the authenticity of transaction documents and their consistency with foreign exchange receipts and payments, and shall accept the supervision and inspection of the foreign exchange administrative authority. With respect to capital account items, foreign institutions and individuals making direct investments within the territory of PRC shall, after obtaining approval from the relevant competent authorities, register with the foreign exchange administrative authority. Foreign exchange income obtained outside the territory of PRC may be repatriated into the territory or deposited overseas; foreign exchange under capital account items and funds converted from such foreign exchange shall be used for the purposes approved by the relevant competent authorities and the foreign exchange administrative authority. In the event of a serious imbalance in the balance of international payments or the imminent occurrence thereof, or in the event of a serious crisis in the national economy or the imminent occurrence thereof, the State may take necessary safeguard and control measures with respect to international payments.

Pursuant to the Public Announcement of the PBOC on Improving the Reform of the Renminbi Exchange Rate Regime (PBOC Public Announcement [2005] No. 16) (《中國人民銀行關於完善人民幣匯率形成機制改革的公告》) issued by the PBOC on 21 July 2005 and implemented on the same date, the PRC began to implement a managed floating exchange rate system based on market supply and demand and with reference to a basket of currencies since 21 July 2005. Therefore, the RMB exchange rate was no longer pegged to the U.S. dollar only, and a more flexible Renminbi Exchange Rate Regime was formed. The PBOC would announce the closing price of a foreign currency such as the U.S. dollar against the RMB in the inter-bank foreign exchange market after the closing of the market on each working day. This closing price will be used as the middle price for quoting the RMB exchange rate on the following working day.

According to the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) (Guo Fa [2014] No. 50) which was promulgated and implemented by the State Council on 23 October 2014, the State Council has decided to cancel the examination and approval by the SAFE and its branches for the remittance and settlement of proceeds raised from the overseas listing of the foreign shares.

According to the Notice on Issues Concerning the Fund Management for Overseas Listing of Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》) jointly promulgated by the PBOC and the SAFE on 24 December 2025, funds raised by domestic

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enterprises through overseas listing shall in principle be repatriated to the PRC in a timely manner. If such funds are retained overseas for use in activities such as outbound direct investment, overseas securities investment, or overseas lending, the relevant enterprises shall obtain approval or filing documents from the competent business authorities prior to the completion of the overseas listing issuance or any offer size adjustment option exercise, and shall comply with the relevant cross-border fund management regulations.

According to the Notice of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (Hui Fa [2015] No. 13) promulgated by the SAFE on 13 February 2015 and implemented on 1 June 2015, two administrative approval items, namely the approval for foreign exchange registration under domestic direct investment and the approval for foreign exchange registration under overseas direct investment, have been cancelled. Instead, banks shall directly examine and handle the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment. The SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) (Hui Fa [2016] No. 16) which was promulgated by the SAFE and implemented on 9 June 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The voluntary percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is provisionally set at 100%, subject to adjustment of the SAFE in due time in accordance with international revenue and expenditure situations.

HONG KONG TAXATION

Dividend Taxation

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes.

Trading gains from sales of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Stock Exchange realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

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TAXATION AND FOREIGN EXCHANGE

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of the Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

Pursuant to the Revenue (Abolition of Estate Duty) Ordinance 2005, estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after 11 February 2006.

TAXATION OF OUR COMPANY IN HONG KONG

Our Directors do not consider that any of our Company's income is derived from or arose in Hong Kong for the purpose of Hong Kong taxation. Our Company will therefore not be subject to Hong Kong taxation.

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the PRC and jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, and no predictions are made about changes or adjustments to relevant laws or policies, and no legal or tax comments or suggestions will be made accordingly. The discussion has no intention to deal with all possible tax consequences resulting from the investment in H Shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulations. Accordingly, you should consult your own tax advisor regarding the tax consequences of an investment in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this document, which is fully subject to change or adjustment and may have retrospective effect.

No issues on the PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, business tax/appreciation tax, stamp duty and estate duty were referred in the discussion. Prospective investors are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

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SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

This Appendix summarises certain aspects of the laws and regulations of Mainland China which are relevant to our Company’s operations and business. Laws and regulations relating to taxation in Mainland China are discussed separately in Appendix IV to this document. This Appendix also contains a summary of laws and regulatory provisions of the PRC Company Law. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which is important to the potential investors. For a discussion of laws and regulations which are relevant to our Company’s business, please refer to the section headed “Regulatory Overview” in this document.

THE PRC LAWS AND REGULATIONS

The PRC Legal System

The PRC legal system is based on the Constitution of the People’s Republic of China (《中華人民共和國憲法》) (the “**Constitution**”), and is made up of laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents. However, prior guiding cases that the Supreme People’s Court released are of reference and exemplary value.

According to the Constitution and the Legislation Law of the People’s Republic of China (Revised 2023) (《中華人民共和國立法法(2023修正)》) (the “**Legislation Law**”), the National People’s Congress (the “**NPC**”) and the Standing Committee of the National People’s Congress (the “**SCNPC**”) are empowered to exercise the legislative power of the State in accordance with the Constitution. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments shall not be in conflict with the basic principles of such laws. The NPC may authorise the SCNPC to enact relevant laws.

The State Council of the People’s Republic of China (the “**State Council**”), the central people’s government, is the executive organ of the supreme organ of state power and the highest organ of administration in PRC. The State Council has the power to formulate administrative regulations based on the Constitution and laws.

The people’s congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative regions, provided that such local regulations do not contravene the Constitution, laws or administrative regulations. The people’s congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, environmental protection, historical and cultural protection, grassroots governance, etc. based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene the Constitution, laws and administrative regulations and the relevant local regulations of their respective provinces or autonomous regions. The formulation of local regulations of cities divided into districts shall be submitted to the standing committees of the people’s congresses of provinces or autonomous regions for approval before implementation.

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People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries and commissions of the State Council, PBOC, the National Audit Office, institutions with administrative functions directly under the State Council and the institutions stipulated by the law may formulate rules within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The people's governments of the provinces, autonomous regions, municipalities and cities or autonomous prefectures divided into districts may formulate rules based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts or autonomous prefectures within such administrative areas. Departmental rules, departmental rules and local government rules shall have the same effect and shall be implemented within the scope of their respective powers.

Where adaptations of relevant laws, administrative regulations and local regulations are made in autonomous regulations or separate regulations in accordance with the law, those provisions in the autonomous regulations or separate regulations shall prevail in the autonomous areas concerned. Where adaptations of relevant laws, administrative regulations, or local regulations are made in special economic zone regulations on the basis of an authorization, those provisions of the special economic zone regulations shall prevail in the special economic zones concerned.

The NPC has the power to alter or abrogate any inappropriate laws enacted by its committee, and to abrogate any autonomous regulations and separate regulations as approved by its committee which contravene the Constitution or the Legislation Law. The SCNPC has the power to abrogate any administrative regulations that contravene the Constitution or laws, to abrogate any local regulations that contravene the Constitution, laws or administrative regulations, and to abrogate any autonomous regulations and separate regulations which have been approved by the SCNPC of the relevant provinces, autonomous regions or municipalities directly under the central government, but contravene the Constitution or the Legislation Law. The State Council has the power to alter or abrogate any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or abrogate any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of the local people's congresses have the power to abrogate inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to alter or abrogate any inappropriate rules enacted by the people's governments at a lower level. The authorising authorities have the power to abrogate any regulations enacted by the authorised authorities that transcends the authorised powers or contravenes the purpose of such authorisation, and may revoke such authorization when necessary.

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The power to interpret laws is vested in the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) issued by the SCNPC on 10 June 1981 and becoming effective on the same date, issues related to the further clarification or supplement of laws and decrees shall be interpreted or provided by the SCNPC through decrees, issues related to the specific application of laws and decrees in a court trial shall be interpreted by the Supreme People's Court of the People's Republic of China (the "**Supreme People's Court**"), and issues related to the specific application of laws and decrees in the procuratorial work shall be interpreted by the Supreme People's Procuratorate of the People's Republic of China (the "**Supreme People's Procuratorate**"). If there are differences in principle in the interpretation of the Supreme People's court and the Supreme People's Procuratorate, they shall be submitted to the SCNPC for interpretation or decision, and issues related to the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be interpreted by the State Council and the competent authorities. Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the central government which have enacted these regulations shall provide the interpretations or make the stipulations. Issues related to the specific application of local regulations shall be interpreted by the competent departments of the people's governments of provinces, autonomous regions and municipalities directly under the central government.

The PRC Judicial System

Under the Constitution and the PRC Law on the Organisation of the People's Courts (Revised in 2018) (《中華人民共和國人民法院組織法》(2018年修訂)), the People's Courts is made up of the Supreme People's Court, the local people's courts at all levels, and the special people's courts.

The Supreme People's Court shall be the highest judicial organ. The local people's courts at all levels are divided into the higher people's courts, the intermediate people's courts and the basic people's courts. Special people's courts include military courts, maritime courts, intellectual property courts and financial courts. The Supreme People's Court supervises the trial of the local people's courts at all levels and the special people's courts. People's courts of higher level supervise the trial of people's courts of lower level.

According to the Civil Procedure Law of the PRC (Revised in 2023) (《中華人民共和國民事訴訟法(2023修正)》) (the "**PRC Civil Procedure Law**"), each party to a civil action conducted within the PRC must comply with the relevant provisions of the PRC Civil Procedure Law. Jurisdiction over civil cases shall be exercised by the people's courts. In dealing with the civil actions arising from disputes on property and personal relations between citizens, legal persons or other organisations and among citizens, legal persons and other organisations, the people's courts shall apply the provisions of the PRC Civil Procedure Law.

A foreign individual, a person without nationality, a foreign enterprise and a foreign organisation shall have the same litigation rights and obligations as a PRC citizen, legal person and other organisations when initiating or defending any proceedings at a people's court. If the courts of a foreign country impose restrictions on the civil litigation rights of the PRC citizens, legal persons and other organisations, the people's courts of the PRC shall follow the principle of reciprocity regarding the civil litigation rights of the citizens, enterprises and organisations of that foreign country.

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If any party to a civil action refuses to comply with civil judgments, rulings, mediation statements and other legal documents that have taken legal effect and should be enforced by the people's courts, as well as awards made by arbitration institutions established in accordance with the law, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement.

A party seeking to enforce a legally effective judgment or ruling made by a people's court against another party who is not or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgment or ruling. Alternatively, the people's court may, pursuant to the provisions of an international treaty concluded or acceded to by the PRC or in accordance with the principle of reciprocity, request the foreign court to recognise and enforce the judgment or ruling.

If a legally effective judgment or ruling made by a foreign court requires recognition and enforcement by the people's court, the party concerned may directly apply for recognition and enforcement to the intermediate people's court with jurisdiction. Alternatively, the foreign court may, pursuant to the provisions of an international treaty concluded between or acceded to by the foreign state and the PRC or in accordance with the principle of reciprocity, request the people's court to recognise and enforce the judgment or ruling.

The Company Law, Overseas Listing Trial Measures and Guidelines for Articles of Association

A joint stock limited company which was incorporated in the PRC and seeking a listing on the Stock Exchange is mainly subject to the following laws and regulations:

- The Company Law of the People's Republic of China (2023 Revision) (《中華人民共和國公司法(2023修正)》) (the "**Company Law**") which was revised by the SCNPC on 29 December 2023 and the latest revision of which was implemented on 1 July 2024.
- The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") which was issued on 17 February 2023 and implemented on 31 March 2023 by the CSRC; and
- The Guidelines for the Articles of association of Listed Companies (《上市公司章程指引》) (the "**Guidelines for Articles of association**") which was latest amended and implemented by the CSRC on 28 March 2025.

General

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with independent legal person property and enjoying the right to legal person property. A joint stock limited company shall be liable for the debts of the company with all its property. Shareholders of a joint stock limited company shall be liable to the company to the extent of the shares they have subscribed for.

The establishment of a joint stock limited company shall be subject to the formulation of Articles of association in accordance with the law. These Articles of association shall be binding on the company, its shareholders, directors, supervisors and senior management members.

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A joint stock limited company shall have its own name, which shall comply with the relevant provisions of the State. A joint stock limited company established under the Company Law shall include in its name the words "Joint Stock Limited Company" or "Joint Stock Company".

In conducting its business activities, a joint stock limited company shall comply with laws and regulations, observe social ethics and commercial morality, act in good faith and accept supervision by the government and the general public.

Incorporation

A joint stock limited company may be incorporated by way of promotion or share offering.

A joint stock limited company shall be incorporated by a minimum of two promoters while the maximum number thereof shall be 200, and at least half of the promoters must have residences within the PRC. To establish a joint stock limited company, the promoters shall jointly formulate the articles of association.

For a joint stock limited company incorporated by way of promotion, the promoters shall subscribe for the full amount of shares to be issued upon the establishment of the company as provided for in the articles of association. Where a joint stock limited company is incorporated by share offering, shares subscribed for by the promoters shall not be less than 35% of the total number of shares to be issued when the company is established as stipulated in its articles of association, unless otherwise provided by laws or administrative regulations. The promoters shall pay the subscription monies in full for the shares they have subscribed for before the company is incorporated.

The promoters of a joint stock limited company incorporated by way of share offering must convene an inaugural meeting within 30 days after the issued shares to be issued when the company is established have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting shall be held only when the subscribers holding more than half of the voting rights are present. The convening and voting procedures of the inaugural meeting of a joint stock limited company incorporated by way of promotion shall be stipulated in the company's articles of association or the agreement among the promoters.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall authorise a representative to apply to the registration authority for registration of the establishment of the company.

Registered Capital

Shareholders of a joint stock limited company may make a capital contribution in currencies, or non-monetary assets such as in kind, intellectual property rights, land use rights, equity rights or creditors' rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by laws or administrative regulations.

Non-monetary assets contributed as capital shall be valued and verified, and shall not be over-valued or under-valued. Where laws or administrative regulations have provisions on valuation, such provisions shall prevail.

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Shareholder of a joint stock limited company who fails to make any full payment for the shares on time shall be liable to compensate any loss incurred to the company in addition to payment for the shares in full amount.

Issuance of Shares

The capital of a joint stock limited company shall be divided into shares. All shares issued by the company shall be either par value or no-par value shares as specified in the company's articles of association. For shares with par value, each share has an equal amount. Shares shall be issued on a fair and equitable basis and each share of the same class shall carry the same rights. Shares of the same class issued at the same time shall be issued on the same terms and at the same price per share, and subscribers shall pay the same price for each share they subscribe.

Shares of a joint stock limited company shall be in the form of share certificates. Share certificates are certificates issued by the company evidencing the shares held by the shareholders. Share certificates issued by the company are registered share certificates. The issuance price of par value shares may be based on the par value or may exceed the par value, but shall not be less than the par value.

The share certificates shall be in paper form or in other forms prescribed by the securities regulatory authority of the State Council. The share certificates issued in paper form shall contain the following major particulars: (1) the name of the company; (2) the date of incorporation of the company or issuance date of the share certificates; and (3) the class of share certificates, par value and number of shares represented. For shares issued with no par value, the number of shares represented by the share certificates. If share certificates are in paper form, the certificate number shall also be specified, and they shall be signed by the legal representative and affixed with the seal of the company. The share certificates of the promoters in paper form shall be marked with the words "promoters' shares". After the incorporation of the joint stock limited company, share certificates shall be formally delivered to shareholders. Share certificates shall not be delivered to shareholders prior to the company's incorporation.

Where a joint stock limited company intends to issue new shares, its general meeting shall make a resolution about the following matters: (1) the class and amount of the new shares; (2) the issuing price of the new shares; (3) the beginning and ending dates for the issuance of the new shares; (4) the class and amount of the new shares to be issued to the original shareholders; and (5) if any no par value stock is issued, the proceeds from the issuance of the new shares shall be included into the registered capital. Where a company intends to issue new shares, it may make a pricing plan according to its business operations and financial condition.

Where a joint stock limited company intends to make public offering of shares, it shall go through the registration with the securities regulatory authority of the State Council and announce this document. this document shall be accompanied by the articles of association and shall contain the following matters: (1) the total number of shares to issue; (2) the nominal value and issue price of shares with par value or the issue price of shares with no par value; (3) the use of proceeds; (4) rights and obligations of the subscribers; (5) class of shares and their rights and obligations; and (6) commencement and end dates of the offering and the explanation that the subscribers may withdraw their subscribed shares if the shares are not fully subscribed within the time limit. Where a company issues shares at the time of its establishment, the number of shares subscribed by the promoters shall also be specified.

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Where a joint stock limited company intends to make public offering of shares, such offer shall be underwritten by security companies established under PRC law, and underwriting agreements shall be entered into. A company offering shares to the public shall also enter into agreements with banks in relation to the receipt of subscription monies. The receiving banks shall receive and keep in custody the subscription monies, issue receipts to subscribers who have paid the subscription monies and is obliged to furnish evidence of receipt of those subscription monies to relevant authorities. An announcement shall be made after the company has raised the full amount of the subscription monies for the shares to be issued.

Increase in Registered Capital

When a joint stock limited company issues new shares for the purpose of increasing its registered capital, the shareholders shall not be entitled to pre-emptive rights, unless otherwise provided by the articles of association or resolved by a resolution of the general meeting that the shareholders shall be entitled to pre-emptive rights.

When a joint stock limited company issues new shares for the purpose of increasing its registered capital, the subscription of new shares by shareholders shall be governed by the relevant provisions on the payment of stock capital for the establishment of a joint stock limited company.

Reduction of Registered Capital

When a joint stock limited company needs to reduce its registered capital, it shall prepare a balance sheet and an inventory of property. The company shall inform its creditors within 10 days from the date of resolution of the general meeting on reduction in registered capital, and make an announcement in the newspaper or the National Enterprise Credit Information Publicity System within 30 days. The creditors have the right to demand the company to settle the debts or provide corresponding guarantees within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement if the notice has not been received. When a company reduces its registered capital, it shall reduce its capital contribution or shares in proportion to the capital contributions or shares held by shareholders, except as otherwise provided by laws or agreed upon by all the shareholders of a limited company or the articles of association of a joint stock limited company.

Repurchase of Shares

A joint stock limited company may not repurchase its own shares other than for the following purposes: (1) reducing its registered capital; (2) merging with other companies which hold its shares; (3) carrying out an employee stock ownership plan or equity incentive plan; (4) acquiring its shares at the request of its shareholders who vote in a general meeting against a resolution regarding a merger and division; (5) utilising the shares for conversion of corporate bonds which are convertible into shares; and (6) where it is necessary for the listed company to safeguard the value of the company and the interests of its shareholders. The acquisition by a company of its own shares on the grounds set out in item (1) to (2) above shall be approved by way of a resolution of a general meeting; the acquisition by a company of its own shares in circumstances as set out in items (3), (5) and (6) above may be approved by way of a resolution at a board meeting with two-third or more of the directors present in accordance with the provisions of the company's articles of association or the authorization of the general meeting. Following the acquisition by a company of its own shares in accordance with these requirements, such shares shall be canceled within 10 days from the date of the acquisition under the circumstance in item (1); such shares shall be transferred or canceled within six months under the circumstances in items (2) or (4); the total shares held by the company shall not exceed 10% of the total amount of shares issued

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by the company and such shares shall be transferred or canceled within three years under the circumstances in items (3), (5) or (6). A listed company shall perform its information disclosure obligations in accordance with the provisions of the Securities Law of People's Republic of China (《中華人民共和國證券法》) (the "**Securities Law**") when acquiring its own shares. The acquisition by a listed company of its own shares in circumstances as set out in items (3), (5) and (6) aforesaid shall be conducted through open centralised trading.

The company shall not accept the equity rights of the company as the subject of pledge.

Transfer of Shares

The shares of a joint stock limited company held by its shareholders may be transferred to other shareholders or to persons other than its shareholders. Where there are restrictions on the transfer of the shares under the articles of association of the company, such transfer shall comply with the relevant provisions. A shareholder should effect a transfer of his/her shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by the laws or administrative regulations. Following the transfer, the company shall enter the names and domiciles of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of 20 days prior to convening a general meeting or five days prior to the record date for the purpose of determining entitlements to dividend distributions, unless otherwise stipulated by laws, administrative regulation or the securities regulatory authority of the State Council on the changes in the share register of listed companies.

Shares which have been in issue before a joint stock limited company's public offering shall not be transferred within one year from the date of such joint stock limited company's listing on a stock exchange. If any laws, administrative regulations or the securities regulatory authority under the State Council provide otherwise for the shareholders or de facto controllers of listed companies to transfer their shares of the company held, such provisions shall prevail. Directors, supervisors and senior management of the company shall declare to the company their holdings of the company's shares and the changes therein, and shall not transfer more than 25% of the total number of shares of the company held by them in each year of the period of service determined at the time of their assumption of their office; and the shares held by them shall not be transferred within one year from the date of listing and trading of the company's shares. The shares of the company held by the aforesaid persons may not be transferred within six months after their departure from office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and senior management. Where the shares were pledged within the lock-up period as prescribed by laws and administrative regulations, the pledgee shall not exercise the pledge rights during such lock-up period.

The General Meeting

The general meeting of a joint stock limited company is made up of all shareholders. The general meeting is the organ of authority of a company and shall exercise its functions and powers in accordance with the Company Law.

The general meeting of a joint stock limited company exercises the following functions and powers:

- (1) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;

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- (2) to examine and approve reports of the board of directors;
- (3) to examine and approve reports of the supervisory committee;
- (4) to examine and approve a company's profit distribution plans and loss recovery plans;
- (5) to resolve on the increase or reduction of a company's registered capital;
- (6) to resolve on the issuance of corporate bonds;
- (7) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;
- (8) to amend the articles of association; and
- (9) other functions and powers specified in the provisions of the articles of association.

The general meetings of a joint stock limited company are required to be held every year. An extraordinary general meeting is required to be held within two months after the occurrence of any of the following circumstances:

- (1) the number of directors is less than the number stipulated herein or less than two-thirds of the number specified in the articles of association;
- (2) when the unrecovered losses amount to one-third of the total paid-up share capital;
- (3) shareholders individually or jointly holding 10% or more of the company's shares request;
- (4) when deemed necessary by the board of directors;
- (5) the supervisory committee proposes to convene the meeting; and
- (6) other circumstances as stipulated in the articles of association.

The general meeting of a joint stock limited company shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman of the board of directors is incapable of performing or not performing his/her duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his/her duties, a director nominated by more than half of directors shall preside over the meeting.

If the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the supervisory committee should convene and preside over the general meeting in a timely manner. If the supervisory committee fails to convene and preside over the general meeting, shareholders individually or jointly holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over the general meeting.

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If the shareholders who individually or jointly hold more than 10% of the shares of the company request to convene an extraordinary general meeting, the board of directors and the supervisory committee should, within 10 days after the receipt of such request, decide whether to hold an extraordinary general meeting and reply to the shareholders in writing.

Notice of general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting. Shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the board of directors in writing 10 days before the general meeting. The interim proposals shall have clear subject and specific matters for resolution. The board of directors shall notify other shareholders within two days after receiving the proposal, and submit the interim proposal to the general meeting for consideration, except where the interim proposal is in violation of laws, administrative regulations or the provisions of the articles of association, or does not fall into the terms of reference of the general meeting. The company shall not increase the shareholding ratio requirements on shareholders proposing interim proposals. A company offering shares to the public shall make the notices as mentioned in the preceding paragraphs by way of announcement. The general meeting shall not make resolutions on matters not specified in the notice.

Shareholders of a joint stock limited company present at general meeting shall have one vote for each share they hold, except the shareholders of classified shares. The company may not have a voting right for the shares it holds. The passing of any resolution at the shareholder's meeting requires affirmative votes of shareholders representing more than half of the voting rights held by the shareholders who attend the meeting, except in cases of proposed amendments to a articles of association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the shareholder's meeting.

An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting of a joint stock limited company pursuant to the articles of association of the company or a resolution of the general meeting. Under the aforementioned accumulative voting system, when the general meeting elects directors or supervisors, each share has the same voting rights as the number of directors or supervisors to be elected, and the voting rights owned by shareholders can be used collectively.

Minutes shall be prepared in respect of matters considered at the general meeting of a joint stock limited company and the chairperson and directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

A joint stock limited company shall have a board of directors. A joint stock limited company with a relatively small scale or relatively small number of shareholders may dispense with the board of directors and have one director to exercise the functions and powers of the board of directors as prescribed by the Company Law.

The board of directors of a joint stock limited company may exercise the following powers:

- (1) to convene general meeting and report on its work to the general meeting;

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- (2) to implement the resolutions passed by the shareholders at the general meeting;
- (3) to decide on the company's operational plans and investment proposals;
- (4) to formulate the company's proposals for profit distribution and for recovery of losses;
- (5) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;
- (6) to formulate proposals for the merger, division, dissolution of the company or change in the form of the company;
- (7) to decide on the setup of the company's internal management organs;
- (8) to decide on appointment or dismissal the manager of the company and his/her remuneration matters, and as nominated by the manager, to decide on appointment or dismissal the company's deputy manager and financial officer and his/her remuneration matters;
- (9) to formulate the company's basic management system; and
- (10) other authority stipulated in the articles of association or granted by the general meeting.

The board of directors of a joint stock limited company shall comprise no less than three members, among whom may be representatives of the company's employees. In the case of a joint stock limited company with 300 or more employees, except when a supervisory committee has been established including a number of employee representatives among its members as required by law, the company's board of directors shall include employee representatives among its members. An employee representative on the board of directors shall be elected by the company's employees through the employee representative assembly, employee assembly, or other forms of democratic elections.

The term of a director shall be stipulated in the articles of association, provided that no term of office shall exceed three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with laws, administrative regulations and the articles of association until a re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum. If a director resigns, he/she shall notify the company in writing. The resignation shall take effect on the date the company receives the notice. However, if the circumstances as prescribed above exist, the director shall continue to perform his/her duties.

The general meeting may remove any director through resolutions, effective as of the date when the resolutions take effect. Where a director is removed before expiration of his/her term of office without justifiable reasons, the director may demand indemnification from the company.

Meetings of the Board of Directors

Meetings of the board of directors shall be convened at least twice a year. Notices of such meetings shall be given to all directors and supervisors 10 days before the meetings are convened. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the

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supervisory committee. The chairman of the board of directors shall convene the meeting within 10 days of receiving such proposal, and preside over the meeting. The board of directors may otherwise determine the means and the period of notice for convening an interim board meeting.

Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board of directors. The board of directors shall prepare minutes of the meetings of the board of directors and such minutes shall be signed by the directors present at the meeting.

Directors shall attend board meetings in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorization. The directors shall be responsible for resolutions adopted by the board of directors. The directors adopting a resolution that contravenes laws, administrative regulations, the articles of association or resolutions of the general meeting and results in severe losses to the company shall be liable to the company for compensation. However, a director may be exempt from such liability with the proof that he/she has expressed a disagreement which has been recorded in the minutes of the meeting.

The Chairman of the Board of Directors

The board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over meetings of the board of directors and review the implementation of resolutions of the board of directors. The vice chairman shall assist the chairman to perform his/her duties. In the event that the chairman cannot or does not perform his/her duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman cannot or does not perform his/her duties, a director nominated by half or more of the directors shall preside over the meeting.

Manager and Senior Management

A joint stock limited company shall have a manager, who shall be appointed or dismissed by the board of directors. The manager is accountable to the board of directors and exercises his or her powers in accordance with the provisions of the articles of association or the authorization of the board of directors. The manager attended the board meeting as an observer.

Senior management personnel shall refer to the company's manager, deputy manager, financial officer, the secretary of the board of directors of listed companies, and other personnel as stipulated in the articles of association.

Qualifications and Obligations of Directors, Supervisors and Senior Management

None of the following persons may serve as directors, supervisors or other senior management of the company:

- (1) persons without capacity or with limited capacity for civil acts;
- (2) persons who were sentenced to criminal punishment due to corruption, bribery, embezzlement of property, misappropriation of property or disrupting the socialist market economic order, or who have been deprived of political rights due to any

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criminal offenses, where less than five years have lapsed since the expiration of the execution period, those who were ordered for a probational period, less than two years since the lapse of the probational period;

- (3) persons who served as directors, or factory directors or managers, who bear personal liability for the bankruptcy liquidation of their companies or enterprises, where not more than three years have elapsed since the date of completion of the bankruptcy liquidation of their companies or enterprises;
- (4) persons who served as the legal representative of a company or an enterprise of which the business licence was revoked and was ordered to close down due to violation of laws and who was personally liable for such revocation and order, where less than three years have lapsed since the date of the revocation of the business licence or being ordered to be closed down; and
- (5) persons who have a substantial amount of personal debts due and unsettled and declared by the People's Court as a judgement defaulter.

Any election, appointment or engagement of a director, supervisor, general manager, deputy general manager or any other senior management in violation of the preceding paragraph shall be invalid. The company shall dismiss any director, supervisor, senior management who fall within any of the circumstances during his term of office.

Director, supervisor, senior management shall observe laws, administrative regulations and the Articles of association.

Director, supervisor, senior management shall fulfill the obligations of loyalty to the company, take measures to avoid conflicts between their own interests and the interests of the company, and not pursue for improper benefits by taking use of their positions. Director, supervisor, senior management owe towards the company obligations of diligence, and exercise reasonable care to maximise the gain of the company when performing their duties. Where a controlling shareholder or de facto controller of the company does not act as a director of the company but actually carries out the affairs of the company, the foregoing provisions shall apply.

Directors, supervisors, senior management shall fulfill the following obligations of loyalty to the company:

- (1) misappropriating the company's properties and not to divert the assets of the company;
- (2) depositing any capital of the company in any amounts into accounts under their own name or the name of other individuals;
- (3) abusing their powers to take bribes or other unlawful income;
- (4) accepting, and keeping in their possession, commissions for the transactions between others and the company;
- (5) disclosing the company's secrets without authorization; and
- (6) committing other acts in violation of their obligation of loyalty to the company.

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Directors, supervisors, senior management enters into a contract or transaction with the company, whether directly or indirectly, such person shall report to the board of directors or the general meeting on matters related to the contract or transaction, and obtain approval through are solution passed by the board of directors or the general meeting in accordance with the Company's Articles of association.

No directors, supervisors, senior management may exploit their position to seize corporate opportunities for themselves or others. However, this prohibition shall not apply in any of the following circumstances: (1) having reported to the board of directors or the general meeting and obtained approval through a resolution passed in accordance with the Company's Articles of association; and (2) the company is unable to utilise such corporate opportunity under applicable laws, administrative regulations or the provisions of its Articles of association.

If a director, supervisor, senior management violates the provisions of laws, administrative regulations, or departmental regulations while performing his duties and causes losses to the company; he shall bear the liability for compensation.

Audit Committee and Other Special Committees

A joint stock limited company may, as stipulated in its articles of association, establish an audit committee within the board of directors composed of directors to exercise the functions and powers prescribed for the board of supervisors by the Company Law, without establishing a board of supervisor or supervisor. The audit committee shall be composed of at least three members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments. Among the members of the board of directors of the company, an employees' representative may become a member of the audit committee. A resolution made by the audit committee shall be adopted by more than half of the members thereof. For voting on a resolution of the audit committee, each member shall have one vote. The discussion methods and voting procedures of the audit committee shall be prescribed in the articles of association, unless it is otherwise provided under the Company Law. A company may set up other committees in the board of directors under the articles of association.

Finance and Accounting

The company shall establish its financial and accounting systems according to the laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare a financial and accounting report which shall be audited by an accounting firm in accordance with the law. The financial and accounting report shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual general meeting. A joint stock limited company issuing its shares in public must publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company can no longer withdraw statutory reserve fund if its statutory reserve fund has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before

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making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profits, it may also make an allocation to the discretionary reserve fund from its after-tax profits upon a resolution of the general meeting. The remaining after-tax profits after making up losses and allocation of reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association. Shares held by the company shall not be entitled to any distribution of profits.

The premium over the nominal value of the shares of the company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company. The reserve fund of the company shall be used to make up losses of the company, expand the production and operation of the company or increase the capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve fund and statutory reserve fund shall be firstly used. If losses still cannot be made up, the capital reserve fund can be used according to the relevant provisions. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve fund shall not be less than 25% of the registered capital before such conversion.

The company shall not keep accounting books other than those provided by law. Its funds shall not be deposited in any accounts opened in the name of any individual.

Appointment and Dismissal of Accounting Firms

The appointment and dismissal of accounting firm responsible for the auditing of the company shall be determined by the general meeting, the board of directors or the supervisory committee. The accounting firm shall be allowed to state its views when the general meeting, the board of directors or the supervisory committee of the company conducts a vote on the dismissal of the accounting firm.

The company shall provide the true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information to the engaged accounting firm, and it shall not refuse or withhold any such information nor shall it provide any false information.

Merger and Division

Company mergers may take the form of merger by absorption or merger by consolidation. Where one company absorbs other companies, this constitutes merger by absorption, and the absorbed companies shall be dissolved. Where two or more companies merge to establish a new company, this constitutes merger by consolidation, and all merging parties shall be dissolved.

Dissolution and Liquidation

The company shall be dissolved for the following reasons:

- (1) expiry of the business term stipulated in the articles of association or occurrence of other dissolution events stipulated in the articles of association;
- (2) resolution by the general meeting to dissolve;
- (3) dissolution required due to company merger or division;

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- (4) revocation of business licence, order to close down or cancellation in accordance with law; and
- (5) where the company is dissolved by the People's Court in accordance with Article 231 of the rules.

Where the company falls under the grounds for dissolution specified in the preceding paragraph, it shall disclose such grounds through the National Enterprise Credit Information Publicity System within 10 days.

In the event of paragraphs (1) and (2) above, the company may carry on its existence by amending its articles of association if no property has been distributed to any shareholder. The amendments to the articles of association in accordance with the provisions described above or resolutions passed by the general meeting shall require the approval of more than two-thirds of voting rights of shareholders attending a general meeting.

Where the company is dissolved under the circumstances set out in items (1), (2), (4) and (5) above, the company shall be liquidated. The directors are the liquidation obligor of the company, and shall establish a liquidation committee to carry out liquidation within 15 days from the date when the cause of dissolution occurred. The liquidation committee shall be composed of directors, unless otherwise provided in the articles of association or unless others are elected by a resolution of the general meeting. If the liquidation obligor fails to perform its liquidation obligation in a timely manner and causes losses to the company or creditors, they shall be liable for compensation.

Where the company is dissolved under the circumstances set out in items (1), (2), (4) and (5) above, the company shall be liquidated. If a liquidation committee is not established within the prescribed period or the liquidation fails to effect after the establishment of a liquidation committee, the interested party may file an application with a people's court, requesting that the court appoint relevant personnel to form a liquidation committee to administer the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

During the liquidation period, the liquidation group shall exercise the following functions and powers:

- (1) to sort out the company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to send notices to creditors or notify them by public notice;
- (3) to dispose of and liquidate any relevant unfinished business matters of the company;
- (4) to pay all outstanding taxes and the taxes arising during the liquidation process;
- (5) to settle claims and debts;
- (6) to distribute the assets remaining after the company's debts have been repaid; and
- (7) to represent the company in any civil litigation proceedings.

The liquidation group shall notify the creditors within 10 days of its establishment, and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their claims to the liquidation group

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within 30 days of the date on which the notice is received or 45 days of the date of announcement if no notice is received. Creditors who file claims shall state matters relating to their claims with supporting evidence. The liquidation group shall register the creditor's claims.

The liquidation group shall not pay off any debts to any creditors during the period of filing of creditor's claims. After sorting out the company's assets and the preparation of the balance sheet and an inventory of assets, the liquidation group shall formulate a liquidation plan and present it to a general meeting or to the People's Court for confirmation. The assets of the company remaining after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to the Shareholders according to the proportion of their shareholdings. During the liquidation period, the company shall subsist but shall not engage in business activities unrelated to liquidation. The company's assets shall not be distributed to shareholders prior to making repayment pursuant to the provisions of the preceding paragraph.

If after sorting out the company's assets and preparing a balance sheet and an inventory of assets, the liquidation group discovers that the company's assets are insufficient to repay the company's debts in full, the liquidation group shall immediately apply to the People's Court for a declaration of insolvency liquidation. After the insolvency application is accepted by the People's Court, the liquidation group shall turn over liquidation matters to the bankruptcy administrator appointed by the People's Court.

The members of the liquidation group shall fulfill their liquidation duties and bear the duties of loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation; and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Following the completion of liquidation, the liquidation group shall prepare a report on liquidation which shall be submitted to the general meeting or the People's Court for confirmation and submit to the company registration authority and apply for cancellation of registration of the company.

Overseas Listing

According to the Overseas Listing Trial Measures, a direct overseas issuance and listing by a domestic enterprise refers to the overseas issuance and listing of a joint-stock limited company established and registered within China. The CSRC supervises and administers the overseas issuance and listing activities of domestic enterprises in accordance with the law. If an issuer conducts an initial public offering or listing overseas, it must file a record with the CSRC within three working days after submitting the application documents for issuance and listing overseas. If the filing materials are complete and comply with the regulations, the CSRC will complete the filing within 20 working days from the date of receiving the materials and publicise the filing information on its website. If the filing materials are incomplete or non-compliant, the CSRC will notify the issuer of the required supplementary materials within five working days of receiving the filing materials. The issuer must supplement the materials within 30 working days.

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Lost Stock Certificates

According to the Company Law, if a stock certificate is stolen, lost, or destroyed, the shareholder may, in accordance with the public notice procedure for vindication of claims under the Civil Procedure Law, request the people's court to declare the stock certificate invalid. After the people's court declares the stock certificate invalid, the shareholder may apply to the company for a replacement stock certificate.

Delisting

According to the Securities Law, if a listed security falls under the circumstances for delisting as prescribed by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with its business rules. If a stock exchange decides to terminate the listing and trading of a security, it shall promptly make an announcement and report to the securities regulatory authority under the State Council for the record.

According to the Overseas Listing Trial Measures, if an issuer voluntarily delists or is forced to delist after its overseas issuance and listing, the issuer shall report the specific circumstances to the CSRC within three working days from the occurrence and announcement of the relevant event.

Securities Laws and Regulations

The Securities Law of the People's Republic of China was most recently amended by the Standing Committee of the National People's Congress on 28 December 2019, with the amendments taking effect on 1 March 2020. The Securities Law comprises 14 chapters with a total of 226 articles, covering provisions on securities issuance, securities trading, acquisitions of listed companies, information disclosure, investor protection, securities trading venues, securities companies, securities registration and clearing institutions, securities service providers, the securities industry association, securities regulatory authorities, and legal liabilities.

Arbitration and Enforcement of Arbitral Awards

According to the Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》) ("Arbitration Law"), revised by the Standing Committee of the National People's Congress on 12 September 2025, and effective as of 1 March 2026, contractual disputes and other disputes over property rights between citizens, legal persons, and other organisations of equal status may be submitted to arbitration. The use of arbitration to resolve disputes requires mutual voluntary agreement between the parties, resulting in an arbitration agreement. If there is no arbitration agreement and one party applies for arbitration, the arbitration commission shall not accept the case. If the parties have an arbitration agreement and one party initiates litigation in a people's court, the court shall not accept the case, unless the arbitration agreement is invalid.

Arbitration follows a system of finality of awards. After an arbitral award is rendered, if a party applies for arbitration again or initiates litigation in a people's court regarding the same dispute, the arbitration commission or the people's court shall not accept the case. If the award is set aside or enforcement is refused by a people's court in accordance with the law, the parties may, based on a new arbitration agreement reached between them, apply for arbitration again or initiate litigation in a people's court.

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A party may apply to the intermediate people's court in the place where the arbitration commission is located to set aside an award if they provide evidence proving any of the following circumstances: (1) there is no arbitration agreement; (2) the matters addressed in the award fall outside the scope of the arbitration agreement or are beyond the authority of the arbitration commission; (3) the composition of the arbitral tribunal or the arbitration procedure violated legal procedures; (4) the evidence on which the award is based was forged; (5) the opposing party concealed evidence sufficient to affect the impartiality of the award; and (6) an arbitrator engaged in misconduct, such as soliciting or accepting bribes, engaging in malpractice for personal gain, or perverting the law in rendering the award. If a collegial panel formed by the people's court, after review and verification, finds that any of the circumstances listed in the preceding paragraph exists, it shall rule to set aside the award. If the people's court determines that the award violates public interest, it shall also rule to set aside the award.

Both parties shall comply with an award. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the Civil Procedure Law.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognised and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》) (the "**New York Convention**") adopted on 10 June 1958 pursuant to a resolution of the Standing Committee of the NPC passed on 2 December 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognised and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (1) the PRC will only recognise and enforce foreign arbitral awards on the principle of reciprocity and (2) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. The Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) was promulgated by the Supreme People's Court on 24 January 2000 and effective on 1 February 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) was promulgated by the Supreme People's Court on 27 November 2020 and effective on 26 November 2020. According to such arrangement, awards made by arbitral authorities in mainland China can be applied for enforcement in Hong Kong, and Hong Kong arbitration awards can also be applied for enforcement in the mainland China.

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Judicial Judgment and its Enforcement

Pursuant to the Supreme People’s Court’s Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**Arrangement**”) issued by the Supreme People’s Court on 25 January 2024 and taking effect on 29 January 2024, the mutual recognition and enforcement of effective judgments in civil and commercial cases between the courts of the Mainland and the Hong Kong Special Administrative Region, as well as of effective judgments on civil compensation in criminal cases, shall be governed by the Arrangement. The time limit, procedure and method for applying for the recognition and enforcement of a judgment shall be subject to the provisions of the law of the requested place.

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

This Appendix contains a summary of the main provisions of the Company's Articles of Association. The main purpose of this Appendix is to provide potential investors with an overview of the Company's Articles of Associations, and it may not contain all the information that is important for potential investors.

SHARES

Issuance of Shares

The shares of the Company are issued in registered form. Share certificates of the Company shall specify the particulars as required by the Company Law as well as any other particulars required by the stock exchange on which the Company's shares are listed.

The issuance of the Company's shares shall comply with the principles of openness, fairness and impartiality. Each share of the same class shall carry equal rights.

Shares of the same class issued at the same time shall have identical issuance terms and prices. Each unit or individual subscribing for shares shall pay the same amount per share.

Increase, Decrease and Repurchase of Shares

To meet its operational and development needs, the Company may increase its capital by the following means upon separate resolutions passed by the shareholders' general meeting in accordance with laws and administrative regulations:

- (i) issuing shares to non-specific persons;
- (ii) issuing shares to specific persons;
- (iii) distributing bonus shares to existing shareholders;
- (iv) capitalising capital reserves; and
- (v) other means permitted by laws, administrative regulations, the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (《香港聯合交易所有限公司GEM證券上市規則》) (the "GEM Listing Rules") and approved by relevant regulatory authorities such as the State Council's securities regulatory authority.

The issuance of new shares for capital increase shall, after approval in accordance with the provisions of the Articles of Association and the Hong Kong Listing Rules, be conducted in accordance with the procedures stipulated by relevant national laws, administrative regulations, the Articles of Association and the Hong Kong Listing Rules.

The Company may reduce its registered capital. Any reduction of the Company's registered capital shall be conducted in accordance with the procedures stipulated by the Company Law, the Hong Kong Listing Rules, other relevant regulations and the Articles of Association.

Provided that it does not contravene laws, regulations, the Hong Kong Listing Rules and the provisions of the Articles of Association, the Company may, under the following circumstances, repurchase its own shares in accordance with laws, administrative regulations, departmental rules and the Articles of Association:

- (i) to reduce the Company's registered capital;

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- (ii) to merge with another company holding shares of the Company;
- (iii) to use the shares for employee share incentive plans or equity incentives;
- (iv) where shareholders object to resolutions on the Company's merger or division adopted by the shareholders' general meeting and request the Company to acquire their shares;
- (v) to use the shares for the conversion of corporate bonds issued by the Company which are convertible into shares;
- (vi) where it is necessary for the Company to safeguard its corporate value and shareholders' rights; and
- (vii) other circumstances permitted by relevant laws, administrative regulations and the Hong Kong Listing Rules.

The Company may repurchase its own shares through open market transactions on a centralised trading platform, or by other means recognised by laws, administrative regulations, normative documents, the Hong Kong Listing Rules, other securities regulatory rules applicable in the place where the Company's shares are listed, the CSRC and other competent regulatory authorities or stock exchanges (if applicable). Where the Company repurchases its own shares due to the circumstances specified in items (iii), (v) or (vi) of the preceding paragraph of the Articles of Association, such repurchase shall, on the premise of compliance with the requirements of the Hong Kong Listing Rules and the HKEX's regulatory rules and guidelines, be conducted through open market transactions on a centralised trading platform.

Where the Company repurchases its own shares due to the circumstances specified in items (i) to (ii) of the preceding paragraph of the Articles of Association, a resolution of the shareholders' general meeting shall be required. Where the Company repurchases its own shares due to the circumstances specified in items (iii), (v) or (vi) of the preceding paragraph of the Articles of Association, a resolution passed at a board meeting attended by more than two-thirds of the directors may be adopted in accordance with the provisions of the Articles of Association or authorisation by the shareholders' general meeting.

After repurchasing its own shares in accordance with the preceding paragraph of the Articles of Association, the Company shall:

- (i) the repurchased shares shall be cancelled within 10 days from the date of repurchase for the circumstance specified in sub-paragraph (i);
- (ii) the repurchased shares shall be transferred or cancelled within six months for the circumstances specified in items (ii) or (iv); and
- (iii) for the circumstances specified in items (iii), (v) or (vi), ensure that the total number of the Company's own shares held by the Company does not exceed 10% of the total issued shares of the Company, and shall transfer or cancel such shares within three years.

Where laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and other relevant regulatory rules applicable in the place where the Company's shares are listed contain different provisions on matters relating to share repurchases, such provisions shall prevail.

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Transfer of Shares

Shares of the Company issued prior to its public offering shall not be transferable within one year from the date of listing and trading of the Company's shares on a stock exchange. Where laws, administrative regulations or the securities regulatory authority of the State Council have different provisions on the transfer of the Company's shares held by shareholders or de facto controllers of a listed company, such provisions shall prevail.

Directors and senior management of the Company shall report to the Company their holdings of the Company's shares and any changes thereto. During their tenure as determined upon appointment, the number of shares they transfer each year shall not exceed 25% of the total number of shares they hold in the Company. The shares they hold in the Company shall not be transferable within one year from the date of listing and trading of the Company's shares. Such persons shall not transfer the shares they hold in the Company within six months after leaving their positions. Where the HKEX or relevant securities regulatory authorities have different provisions on transfer restrictions applicable to H Shares, such provisions shall prevail.

Where a shareholder holding more than 5% of the Company's shares, a director or a senior management member sells the Company's shares or other equity-type securities they hold within six months after purchase, or repurchases them within six months after sale, any gains derived therefrom shall belong to the Company, and the board of directors of the Company shall recover such gains. This does not apply where a securities firm holds more than 5% of shares as a result of underwriting and holding remaining shares, or in other circumstances prescribed by the CSRC.

SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETING

General Provisions on Shareholders

The Company shall maintain a register of shareholders based on the certificates provided by the securities registration institution, which shall constitute sufficient evidence of shareholders' shareholdings in the Company. Shareholders shall enjoy rights and assume obligations according to the classes of shares they hold. Shareholders holding shares of the same class shall enjoy equal rights and assume the same obligations. The Company shall ensure that the register of H Share shareholders is available for inspection by shareholders free of charge during the business hours of the appointed overseas agency, provided that the Company may be allowed to suspend registration of shareholders under terms equivalent to Section 632 of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

Shareholders of the Company have the following rights:

- (i) to receive dividends and other forms of profit distribution in proportion to their shareholdings;
- (ii) to request, convene, preside over, attend or appoint a proxy to attend the shareholders' general meeting in accordance with the law, and exercise corresponding speaking and voting rights;
- (iii) to supervise the Company's operations and make suggestions or inquiries;
- (iv) to transfer, gift or pledge their shareholdings in accordance with laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association;

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- (v) to inspect and make copies of the Articles of Association, the register of shareholders, minutes of shareholders' general meetings, resolutions of board meetings, resolutions of audit committee meetings and financial and accounting reports; shareholders who satisfy the prescribed conditions may inspect the Company's accounting books and accounting vouchers;
- (vi) to participate in the distribution of the Company's remaining assets in proportion to their shareholdings upon the Company's termination or liquidation;
- (vii) for shareholders who object to resolutions on the Company's merger or division adopted by the shareholders' general meeting, to require the Company to acquire their shares; and
- (viii) other rights stipulated by laws, administrative regulations, departmental rules, normative documents, securities regulatory authorities in the place where the Company's shares are listed, the Hong Kong Listing Rules or the Articles of Association.

Where the content of a resolution of the shareholders' general meeting or the board of directors violates laws or administrative regulations, shareholders have the right to request the People's Court to declare it invalid.

Where the convening procedures or voting methods of a shareholders' general meeting or board meeting violate laws, administrative regulations or the Articles of Association, or the content of a resolution violates the Articles of Association, shareholders have the right to request the People's Court to revoke it within 60 days from the date the resolution was made, except where the convening procedures or voting methods involve only minor flaws and have no material impact on the resolution.

Where the board of directors, shareholders or other relevant parties dispute the validity of a resolution of the shareholders' general meeting, they shall promptly file a lawsuit with the People's Court. Pending a judgment or ruling from the People's Court to revoke the resolution or otherwise, relevant parties shall implement the resolution of the shareholders' general meeting. The Company, directors and senior management shall earnestly perform their duties to ensure the normal operation of the Company.

Upon the People's Court issuing a judgment or ruling on relevant matters, the Company shall fulfil information disclosure obligations in accordance with laws, administrative regulations, the Hong Kong Listing Rules, and the provisions of the CSRC and the stock exchange, fully explain the impact, and actively cooperate with the execution after the judgment or ruling becomes effective. Where matters involve corrections to prior events, the Company shall promptly handle them and fulfil corresponding information disclosure obligations.

Shareholders of the Company have the following obligations:

- (i) to comply with laws, administrative regulations, securities regulatory rules in the place where the Company's shares are listed and the Articles of Association;
- (ii) to pay the subscription monies in accordance with the shares they subscribe for and the method of subscription;
- (iii) not to withdraw their capital contributions except under circumstances provided by laws and regulations;

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- (iv) not to abuse shareholder rights to the detriment of the Company or other shareholders; not to abuse the Company's independent legal person status and the limited liability of shareholders to the detriment of the Company's creditors; and
- (v) other obligations stipulated by laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules in the place where the Company's shares are listed and the Articles of Association.

A shareholder who abuses shareholder rights and causes losses to the Company or other shareholders shall be liable for compensation according to law. A shareholder who abuses the Company's independent legal person status and the limited liability of shareholders to evade debts, thereby seriously harming the interests of the Company's creditors, shall bear joint and several liability for the Company's debts.

General Provisions on Shareholders' General Meeting

The shareholders' general meeting of the Company is composed of all shareholders. The shareholders' general meeting is the Company's authority organ and exercises the following functions and powers in accordance with the law:

- (i) to elect and replace directors not representing the staff and workers, and determine matters concerning their remuneration;
- (ii) to examine and approve reports of the board of directors;
- (iii) to examine and approve reports of the audit committee;
- (iv) to examine and approve the Company's profit distribution plans and loss recovery plans;
- (v) to adopt resolutions on increases or decreases of the Company's registered capital;
- (vi) to adopt resolutions on the issuance of corporate bonds;
- (vii) to adopt resolutions on the Company's merger, division, dissolution, liquidation or change of corporate form;
- (viii) to amend the articles of association;
- (ix) to adopt resolutions on the appointment, dismissal or non-renewal of the accounting firm engaged for the Company's audit business and its remuneration;
- (x) to examine and approve matters concerning provision of guarantees and other transactions as specified in the following provisions of the Articles of Association;
- (xi) to examine matters concerning the Company's purchase or sale of major assets exceeding 30% of the Company's total assets as last audited within one year;
- (xii) to examine and approve changes in the use of proceeds raised;
- (xiii) to examine equity incentive plans and employee share incentive plans; and
- (xiv) other matters which should be decided by the shareholders' general meeting as stipulated by laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules in the place where the Company's shares are listed and the Articles of Association.

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The shareholders' general meeting may authorise the board of directors to adopt resolutions on the issuance of corporate bonds.

The aforementioned functions and powers of the shareholders' general meeting shall not be delegated to the board of directors or other institutions or individuals in the form of authorisation.

The following major provision of guarantees by the Company shall be submitted to the shareholders' general meeting for examination and approval after deliberation and approval by the board of directors:

- (i) any single guarantee with an amount exceeding 10% of the Company's net assets as last audited;
- (ii) any guarantee provided after the aggregate amount of external guarantees provided by the Company and its controlled subsidiaries exceeds 50% of the Company's net assets as last audited;
- (iii) guarantees provided to objects with an asset-liability ratio exceeding 70%;
- (iv) guarantees where the accumulated amount calculated on a rolling basis within 12 consecutive months exceeds 30% of the Company's total assets as last audited;
- (v) any guarantee provided after the Company's total external guarantees exceed 30% of the Company's total assets as last audited;
- (vi) guarantees provided to shareholders, de facto controllers and their related parties; and
- (vii) other external guarantees requiring shareholders' general meeting approval as stipulated by laws, administrative regulations, departmental rules and the Hong Kong Listing Rules.

When the board of directors deliberates and approves guarantee matters, in addition to requiring approval by more than half of all directors, approval by more than two-thirds of directors attending the board meeting shall also be required. When the shareholders' general meeting deliberates the guarantee matter specified in sub-paragraph (iv) above, approval by more than two-thirds of the voting rights held by shareholders present at the meeting shall be required.

When the shareholders' general meeting deliberates a proposal to provide a guarantee to a shareholder, de facto controller or their related parties, such shareholder or the shareholder controlled by such de facto controller shall not participate in the voting on such proposal. Such proposal shall be passed by more than half of the voting rights held by other shareholders present at the shareholders' general meeting.

Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. An annual general meeting shall be held once every year within six months after the end of the previous fiscal year.

An extraordinary general meeting shall be convened within two months from the occurrence of any of the following circumstances:

- (i) when the number of directors falls below the quorum stipulated by the Company Law or two-thirds of the number stipulated by the Articles of Association;

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- (ii) when the Company's uncovered losses reach one-third of the total share capital;
- (iii) when requested by shareholders holding singly or collectively 10% or more of the total voting shares of the Company (on a one-share-one-vote basis, the same below);
- (iv) when the board of directors deems it necessary;
- (v) when proposed by the audit committee; and
- (vi) other circumstances stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles of Association.

Convening of Shareholders' General Meeting

The board of directors shall convene the shareholders' general meeting within the prescribed time limit.

Subject to the consent of more than half of all independent non-executive directors (hereinafter referred to as "**Independent Directors**"), the Independent Directors have the right to propose to the board of directors to convene an extraordinary general meeting. The board of directors shall, in accordance with laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules in the place where the Company's shares are listed and the Articles of Association, provide a written response agreeing or disagreeing to convene an extraordinary general meeting within 10 days after receiving such proposal.

If the board of directors agrees to convene an extraordinary general meeting, it shall issue a notice for convening the shareholders' general meeting within five days after passing the board resolution. If the board of directors disagrees to convene an extraordinary general meeting, it shall state the reasons and make an announcement.

A proposal by the audit committee to the board of directors to convene an extraordinary general meeting shall be submitted in writing. The board of directors shall, in accordance with laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules in the place where the Company's shares are listed and the Articles of Association, provide a written response agreeing or disagreeing to convene an extraordinary general meeting within 10 days after receiving such proposal.

If the board of directors agrees to convene an extraordinary general meeting, it shall issue a notice for convening the shareholders' general meeting within five days after passing the board resolution. Any changes to the original proposal in the notice shall be subject to the consent of the audit committee.

If the board of directors disagrees to convene an extraordinary general meeting, or fails to provide a written response within 10 days after receiving the proposal, it shall be deemed that the board of directors is unable or fails to perform its duty to convene the shareholders' general meeting, and the audit committee may convene and preside over the meeting on its own.

Shareholders holding singly or collectively 10% or more of the Company's shares requesting the board of directors to convene an extraordinary general meeting shall submit a written request. The board of directors shall, in accordance with laws, administrative regulations and the Articles of Association, provide a written response agreeing or disagreeing to convene an extraordinary general meeting within 10 days after receiving such request.

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If the board of directors agrees to convene an extraordinary general meeting, it shall issue a notice for convening the shareholders' general meeting within five days after passing the board resolution. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the board of directors disagrees to convene an extraordinary general meeting, or fails to provide a response within 10 days after receiving the request, shareholders holding singly or collectively 10% or more of the Company's shares may submit a written request to the audit committee to propose convening an extraordinary general meeting.

If the audit committee agrees to convene an extraordinary general meeting, it shall issue a notice for convening the shareholders' general meeting within five days after receiving the request. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the audit committee fails to issue a notice for the shareholders' general meeting within the prescribed time limit, it shall be deemed that the audit committee is not convening and presiding over the shareholders' general meeting, and shareholders holding singly or collectively 10% or more of the Company's shares for 90 consecutive days or more may convene and preside over the meeting on their own.

Where the audit committee or shareholders decide to convene a shareholders' general meeting on their own, they shall notify the board of directors in writing. Where relevant regulations require the completion of filing procedures, the Company shall complete the corresponding filing procedures.

Prior to the announcement of the resolution of the shareholders' general meeting, the shareholding proportion of the convening party shall not be less than 10%.

For a shareholders' general meeting convened by the audit committee or shareholders on their own, the board of directors shall provide cooperation. The board of directors shall provide the register of shareholders as of the record date.

The necessary expenses for a shareholders' general meeting convened by the audit committee or shareholders on their own shall be borne by the Company.

Proposals and Notice of Shareholders' General Meeting

When the Company convenes a shareholders' general meeting, the board of directors, the audit committee and shareholders holding singly or collectively 1% or more of the Company's shares have the right to submit proposals to the Company.

Shareholders holding singly or collectively 1% or more of the Company's shares may, 10 days prior to the convening of the shareholders' general meeting, submit an extraordinary proposal in writing to the convenor. The convenor shall, within two days after receiving the proposal, issue a supplementary notice for the shareholders' general meeting, announce the content of the extraordinary proposal, and submit such extraordinary proposal to the shareholders' general meeting for deliberation, unless the extraordinary proposal violates laws, administrative regulations or the articles of association, or does not fall within the scope of functions and powers of the shareholders' general meeting. Regarding the announcement of a supplementary notice for the shareholders' general meeting, if the securities regulatory rules in the place where the Company's shares are listed have special provisions, such provisions shall prevail on the premise of not contravening applicable PRC laws and regulations such as the Company Law and the Guidelines on Articles of Association for Listed Companies. If, according to the securities regulatory rules in the

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place where the Company's shares are listed, the shareholders' general meeting must be adjourned due to the announcement of a supplementary notice, the convening of the shareholders' general meeting shall be adjourned in accordance with such rules.

Except under the circumstances specified in the preceding paragraph, after issuing the notice for the shareholders' general meeting, the convenor shall not modify the proposals already listed in the notice or add new proposals.

Proposals not listed in the notice for the shareholders' general meeting or not in compliance with the provisions of the Articles of Association shall not be put to vote or adopted as a resolution at the shareholders' general meeting.

The convenor shall notify all shareholders by announcement at least 21 days prior to the convening of an annual general meeting, and at least 15 days prior to the convening of an extraordinary general meeting. Where laws, regulations and securities regulatory authorities in the place where the Company's shares are listed have different provisions, such provisions shall prevail.

In calculating the aforementioned time periods, the day of the meeting is excluded, but the day the notice is issued is included.

The notice for a shareholders' general meeting shall include the following contents:

- (i) the time, venue and duration of the meeting;
- (ii) matters and proposals to be submitted to the meeting for deliberation;
- (iii) a clear statement: all shareholders have the right to attend the shareholders' general meeting, and each shareholder has the right to appoint in writing one proxy to attend the meeting and vote, and such proxy need not be a shareholder of the Company. If a shareholder has appointed a proxy to attend any meeting, the shareholder shall be deemed present in person;
- (iv) the record date for shareholders entitled to attend the shareholders' general meeting;
- (v) the name and telephone number of the contact person for the meeting affairs;
- (vi) the time and procedures for voting via network or other means (if any); and
- (vii) other requirements stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules in the place where the Company's shares are listed, the Articles of Association, etc.

The notice and supplementary notice for a shareholders' general meeting shall fully and completely disclose the entire specific content of all proposals. Where matters to be discussed require opinions from Independent Directors, the opinions and reasons of the Independent Directors shall be disclosed simultaneously when issuing the notice or supplementary notice for the shareholders' general meeting.

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Holding of Shareholders' General Meeting

All shareholders or their proxies registered on the register of shareholders as of the record date have the right to attend the shareholders' general meeting (which may be attended virtually using technology) and exercise voting rights in accordance with relevant laws, regulations, the Hong Kong Listing Rules and the Articles of Association. The Company and the convenor shall not refuse such right for any reason.

Any shareholder entitled to attend and vote at a shareholders' general meeting has the right to appoint one person (who need not be a shareholder) as his/her proxy to attend and vote on his/her behalf.

In accordance with the shareholder's authorisation, such proxy may exercise the following rights:

- (i) the speaking rights of the shareholder at the shareholders' general meeting;
- (ii) to demand a poll either alone or jointly with others; and
- (iii) to exercise voting rights by a show of hands or by poll, unless otherwise provided by relevant laws, administrative regulations, the listing rules of the stock exchange in the place where the Company's shares are listed or other securities laws and regulations.

If the shareholder is a recognised clearing house (or its nominee) as defined under relevant ordinances in force in Hong Kong from time to time, such shareholder may authorise such person or persons as it thinks fit to act as its representative or representatives at any general meeting. However, if more than one person is so authorised, the instrument of authorisation shall specify the number and class of shares in respect of which each such person is so authorised. Such instrument of authorisation shall be signed by an authorised person of the recognised clearing house. A person so authorised shall be entitled to exercise (on behalf of the recognised clearing house (or its nominee)) the same powers as if he were an individual shareholder of the Company (without producing evidence of shareholding, notarised authorisation and/or further evidence of due authorisation) including speaking and voting at the meeting. Such authorised persons enjoy the same statutory rights as other shareholders, including the right to speak and vote.

An individual shareholder attending a meeting in person shall present his/her identification card or other valid documents or proof that can verify his/her identity. A proxy attending a meeting on behalf of another shall present his/her own valid identification documents and a power of attorney from the shareholder.

A corporate shareholder shall be represented by its legal representative or a proxy authorised by the legal representative. Where the legal representative attends the meeting, he/she shall present his/her identification card and valid proof of his/her status as legal representative. Where a proxy attends the meeting, the proxy shall present his/her own identification card and a written power of attorney duly issued by the legal representative of the corporate shareholder entity.

A power of attorney issued by a shareholder authorising another to attend the shareholders' general meeting shall specify the following:

- (i) the name of the entrusting party and the class and quantity of shares held in the Company;
- (ii) whether speaking and voting rights are granted;

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- (iii) the name of the proxy;
- (iv) specific instructions of the shareholder, including instructions to vote for, against or abstain on each deliberation item on the agenda of the shareholders' general meeting;
- (v) the date of issuance and validity period of the power of attorney; and
- (vi) signature or seal of the entrusting party; if the entrusting party is a corporate or non-corporate organisation shareholder, the seal of the corporate or non-corporate organisation entity shall be affixed.

The power of attorney shall state whether the proxy may vote according to his/her own discretion if the shareholder gives no specific instructions.

If a power of attorney is signed by a person authorised by the entrusting party, the authorisation letter or other authorisation document for such authorised signing shall be notarised. The notarised authorisation letter or other authorisation document and the voting proxy form shall be kept at the Company's domicile or other place designated in the notice convening the meeting.

If the entrusting party is a legal person, its legal representative or a person authorised by a resolution of its board of directors or other decision-making body shall attend the Company's shareholders' general meeting as its representative.

The shareholders' general meeting shall be presided over by the chairman of the board. If the chairman is unable or fails to perform his/her duties, a director jointly recommended by more than half of the directors shall preside.

A shareholders' general meeting convened by the audit committee on its own shall be presided over by the convenor of the audit committee. If the convenor of the audit committee is unable or fails to perform his/her duties, an audit committee member jointly recommended by more than half of the audit committee members shall preside.

A shareholders' general meeting convened by shareholders on their own shall be presided over by the convenor or a representative recommended by them.

When convening a shareholders' general meeting, if the meeting moderator violates the rules of procedure causing the shareholders' general meeting to be unable to continue, the shareholders' general meeting may, with the consent of shareholders holding more than half of the voting rights present at the meeting, recommend one person to serve as the meeting moderator and continue the meeting.

Voting and Resolutions of Shareholders' General Meeting

Resolutions of the shareholders' general meeting are divided into ordinary resolutions and special resolutions.

An ordinary resolution of the shareholders' general meeting shall be passed by more than half of the voting rights held by shareholders (including proxies) present at the meeting (voting by electronic means is permitted).

A special resolution of the shareholders' general meeting shall be passed by more than two-thirds of the voting rights held by shareholders (including proxies) present at the meeting (voting by electronic means is permitted).

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The following matters shall be passed by the shareholders' general meeting by an ordinary resolution:

- (i) work reports of the board of directors;
- (ii) profit distribution plans and loss recovery plans prepared by the board of directors;
- (iii) election and replacement of directors not representing the staff and workers, and determination of their remuneration and payment methods;
- (iv) the Company's annual budget plans and final account plans;
- (v) the Company's annual report and its balance sheet, profit statement and other financial statements;
- (vi) resolutions on the appointment, dismissal, non-renewal of the accounting firm and its remuneration; and
- (vii) other matters not required to be passed by a special resolution under laws, administrative regulations, the Hong Kong Listing Rules or the Articles of Association.

The following matters shall be passed by the shareholders' general meeting by a special resolution:

- (i) increase or decrease of the Company's registered capital;
- (ii) issuance of corporate bonds;
- (iii) division, spin-off, merger, dissolution, liquidation and change of corporate form of the Company;
- (iv) amendment to the Articles of Association;
- (v) the Company's purchase or sale of major assets or guarantee amount exceeding 30% of the Company's total assets as last audited within one year;
- (vi) equity incentive plans;
- (vii) other matters required to be passed by a special resolution under laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules in the place where the Company's shares are listed or the Articles of Association, or other matters which the shareholders' general meeting determines by an ordinary resolution will have a material impact on the Company; and
- (viii) other matters required by the HKEX to be passed by a special resolution.

Shareholders (including proxies) shall exercise voting rights according to the number of voting shares they represent, with each share carrying one vote.

When the shareholders' general meeting deliberates on major matters affecting the interests of minority investors, the votes of minority investors shall be counted separately. The results of separate vote counting shall be publicly disclosed in a timely manner.

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Shares held by the Company itself carry no voting rights and shall not be included in the total number of voting shares present at the shareholders' general meeting.

Where a shareholder's purchase of the Company's voting shares violates Paragraph 1 or 2 of Article 63 of the Securities Law, the portion of shares exceeding the prescribed ratio shall not carry voting rights for 36 months after purchase and shall not be included in the total number of voting shares present at the shareholders' general meeting.

Subject to compliance with applicable laws, regulations and the provisions of securities regulatory authorities in the place where the Company's shares are listed, the board of directors, Independent Directors, shareholders holding more than 1% of voting shares, or investor protection institutions established in accordance with laws, administrative regulations or the provisions of securities regulatory authorities in the place where the Company's shares are listed may publicly solicit shareholders' voting rights. When soliciting shareholders' voting rights, specific voting intentions and other information shall be fully disclosed to the solicited parties. It is prohibited to solicit shareholders' voting rights in a paid or disguised paid manner. Except as stipulated by law, the Company shall not impose a minimum shareholding ratio restriction on the solicitation of voting rights.

BOARD OF DIRECTORS

Directors

Directors of the Company shall be natural persons. A person falling under any of the following circumstances may not serve as a director of the Company:

- (i) having no or limited capacity for civil conduct;
- (ii) having been sentenced to criminal punishment for corruption, bribery, embezzlement of property, misappropriation of property or disruption of the socialist market economic order, or having been deprived of political rights due to a crime, where five years have not elapsed since the completion of the sentence, or if probation was given, where two years have not elapsed since the expiration of the probation period;
- (iii) having served as a director, factory director or manager of a company or enterprise which underwent bankruptcy liquidation, and being personally liable for the bankruptcy of such company or enterprise, where three years have not elapsed since the completion of the bankruptcy liquidation of such company or enterprise;
- (iv) having served as the legal representative of a company or enterprise whose business licence was revoked or which was ordered to close down due to a violation of law, and being personally liable for such revocation or closure, where three years have not elapsed since such company or enterprise had its business licence revoked or was ordered to close down;
- (v) having been listed by the People's Court as a dishonest judgement debtor (discredited person subject to enforcement) due to relatively large amount of personal debt overdue and unpaid;
- (vi) having been subject to securities market entry restrictions imposed by the CSRC, other competent regulatory authorities or stock exchanges, and the ban period has not expired;

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- (vii) having been publicly determined by a stock exchange as unsuitable to serve as a director, senior management member, etc. of a company, and the specified period has not expired; and
- (viii) other circumstances stipulated by laws, administrative regulations, departmental rules, other normative documents, the Hong Kong Listing Rules and other securities regulatory rules in the place where the Company's shares are listed.

The election, appointment or engagement of a director in violation of this Article of Association shall be invalid. If a director falls under any of the circumstances in this Article of Association during his/her term of office, the Company shall remove him/her from the position and cease his/her performance of duties.

Directors not representing the staff and workers shall be elected or replaced by the shareholders' general meeting in accordance with the provisions of the Articles of Association, with a term of three years for each tenure. Directors whose term has expired may be re-elected for consecutive terms. Directors representing the staff and workers shall be elected democratically by the staff and workers' congress, staff and workers' general meeting or through other forms. Their positions shall not be removed without cause before the expiration of their term. Subject to not contravening relevant laws and regulations of the place of the Company's incorporation and regulatory rules of the place where its shares are listed, shareholders have the right at a shareholders' general meeting to remove any director (including a managing director or other executive director) before the expiration of his/her term by an ordinary resolution; provided that such removal shall not affect any claim for damages by such director under any contract.

A director's term shall be calculated from the date of appointment until the expiration of the term of the incumbent board of directors. If a director's term expires and a timely re-election is not conducted, the original director shall, prior to the assumption of office by the newly elected director, continue to perform the duties of a director in accordance with laws, administrative regulations, departmental rules and the Articles of Association.

Subject to not contravening relevant laws and regulations of the place of the Company's incorporation and regulatory rules of the place where its shares are listed, if the board of directors appoints a new director to fill a casual vacancy on the board, such appointed director shall hold office only until the next annual general meeting of the Company following his/her appointment, and shall be eligible for re-election at such annual general meeting.

A director may concurrently serve as a senior management member, provided that the total number of directors concurrently serving as senior management members and directors representing the staff and workers shall not exceed half of the total number of directors of the Company.

A director may resign before the expiration of his/her term. The resignation of a director requires the submission of a written resignation report to the board of directors. The board of directors shall disclose relevant information in accordance with applicable laws and regulations and the regulatory rules of the stock exchange in the place where the Company's shares are listed within two days after receiving the report.

If a director's resignation results in the number of members of the Company's board of directors or its specialised committees falling below the statutory minimum, or results in the composition of the board of directors or its specialised committees failing to comply with laws, regulations, securities regulatory rules in the place where the Company's shares are listed or the Articles of Association due to the resignation of an Independent Director, the original director shall, prior to the assumption of office by the newly elected director,

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continue to perform the duties of a director in accordance with laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association.

Except under the circumstances listed in the preceding paragraph, a director's resignation shall become effective upon the delivery of the resignation report to the board of directors.

Upon the effectiveness of a director's resignation or the expiration of his/her term, he/she shall complete all handover procedures with the board of directors. His/her duty of loyalty to the Company and shareholders shall not terminate automatically within a reasonable period before the resignation report becomes effective or after its effectiveness, and within a reasonable period after the end of the term. His/her duty to keep the Company's trade secrets confidential shall remain effective after the end of his/her term until such secrets become public information. The duration of other obligations shall be determined based on the principle of fairness, taking into account the length of time between the occurrence of the event and the departure, as well as the circumstances and conditions under which the relationship with the Company ended.

Board of Directors

The Company shall have a board of directors, which shall be accountable to the shareholders' general meeting.

The board of directors shall comprise nine (9) directors, with one (1) chairman of the board. Directors of the Company are categorised as executive directors, non-executive directors and independent non-executive directors. At all times, the number of independent directors shall not be fewer than three (3) and shall represent more than one-third of the total number of directors on the board.

The board of directors shall exercise the following functions and powers:

- (i) to convene shareholders' general meetings and report on its work thereto;
- (ii) to implement resolutions of the shareholders' general meeting;
- (iii) to decide on the Company's business plans and investment proposals;
- (iv) to formulate the Company's profit distribution plans and loss recovery plans;
- (v) to formulate proposals for increases or decreases in the Company's registered capital, the issuance of bonds or other securities and the listing thereof;
- (vi) to formulate proposals for major acquisitions by the Company, the repurchase of the Company's own shares, or merger, division, dissolution and change of corporate form;
- (vii) to decide on matters such as the Company's external investments, acquisition and sale of assets, asset mortgages, provision of external guarantees, entrusted wealth management, connected transactions, and external donations, within the scope of authorisation by the shareholders' general meeting;
- (viii) to decide on the establishment of the Company's internal management structure;

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- (ix) to decide on the appointment, dismissal, remuneration and incentive/disciplinary matters of the general manager and other senior management personnel of the Company; based on the nomination by the general manager, to decide on the appointment, dismissal, remuneration and incentive/disciplinary matters of deputy general managers, the chief financial officer and other senior management personnel of the Company;
- (x) to formulate the Company's basic management systems;
- (xi) to formulate proposals for amendments to the Company's articles of association;
- (xii) to manage the Company's information disclosure matters;
- (xiii) to submit proposals to the shareholders' general meeting for the appointment or change of the accounting firm engaged for the Company's audit;
- (xiv) to hear work reports from the Company's general manager and review the general manager's work; and
- (xv) other functions and powers granted by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules applicable in the place where the Company's shares are listed, the Articles of Association, or the shareholders' general meeting.

Matters falling outside the scope of authorisation by the shareholders' general meeting shall be submitted to the shareholders' general meeting for deliberation.

The chairman of the board shall exercise the following functions and powers:

- (i) to preside over shareholders' general meetings and to convene and preside over board meetings;
- (ii) to supervise and inspect the implementation of resolutions of the board of directors;
- (iii) to sign share certificates, corporate bonds and other securities of the Company; and
- (iv) other functions and powers stipulated by laws, administrative regulations, departmental rules, regulatory rules applicable in the place where the Company's shares are listed, the Company's articles of association, or granted by the board of directors.

Board Meetings

Board meetings are divided into regular meetings and extraordinary meetings. At least four (4) board meetings shall be held each year, approximately one per quarter, of which at least two (2) shall be regular meetings. Board meetings shall be convened by the chairman of the board. Regular board meetings shall be notified in writing to all directors by the convenor at least fourteen (14) days prior to the meeting.

Shareholders representing one-tenth (1/10) or more of the voting rights, one-third (1/3) or more of the directors, or the audit committee, may propose to convene an extraordinary board meeting. The chairman of the board shall convene and preside over the board meeting within ten (10) days from the date of receiving such proposal.

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A board meeting may only be held if more than half of the directors are present. Resolutions of the board of directors must be passed by more than half of all directors.

Each director shall have one vote in board resolutions.

Directors shall attend board meetings in person. If a director is unable to attend for any reason, he/she may authorise another director in writing to attend on his/her behalf. The power of attorney shall specify the name of the proxy, the matter(s) for which authorisation is granted, the scope of authorisation and the validity period, and shall be signed or sealed by the authorising director. The proxy attending the meeting shall exercise the director's rights within the scope of authorisation. A director who does not attend a board meeting and has not authorised a representative to attend shall be deemed to have waived his/her voting right at that meeting.

Committees

The board of directors of the Company shall establish an audit committee, a nomination committee, and a remuneration and appraisal committee.

The committees are accountable to the board of directors, perform their duties in accordance with the Articles of Association and the authorisation of the board, and their proposals shall be submitted to the board of directors for deliberation and decision. All members of the committees shall be directors. Among them, all members of the audit committee must be non-executive directors, and its chairman must be appointed by the board of directors and must be an independent non-executive director. The chairman of the audit committee shall be an accounting professional possessing the appropriate professional qualifications as prescribed under the Hong Kong Listing Rules or appropriate accounting or related financial management expertise. The chairman of the nomination committee shall be the chairman of the board of directors or an independent non-executive director among its members and shall be appointed by the board of directors. The chairman of the remuneration and appraisal committee shall be appointed by the board of directors and must be an independent non-executive director. The board of directors is responsible for formulating working regulations for the committees to standardise their operations.

The board of directors is responsible for formulating the rules of procedure for each committee, stipulating matters such as the composition, functions and powers, and procedures of the committees. Each committee may engage external advisors to provide professional opinions, and the related expenses shall be borne by the Company.

Senior Management

The Company shall have one (1) manager, who shall be appointed or dismissed by the board of directors. Depending on the Company's production and operation needs, the Company may have several deputy general managers, who shall be appointed or dismissed by the board of directors. The general manager, the chief financial officer, and other personnel recognised by the board of directors are the senior management personnel of the Company. The general manager's term of office is three (3) years for each term, and he/she may be reappointed upon expiry. The general manager's term of office is calculated from the date of appointment until the expiry of the term of the incumbent board of directors.

The general manager is accountable to the board of directors and exercises the following functions and powers:

- (i) to preside over the Company's production, operation and management work, organise the implementation of the board's resolutions, and report on his/her work to the board of directors;

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- (ii) to organise the implementation of the Company's annual business plans and investment proposals;
- (iii) to formulate proposals for the establishment of the Company's internal management structure;
- (iv) to formulate the Company's basic management systems;
- (v) to formulate the Company's specific rules and regulations;
- (vi) to propose to the board of directors the appointment or dismissal of the Company's deputy managers and chief financial officer;
- (vii) to decide on the appointment or dismissal of management personnel other than those whose appointment or dismissal should be decided by the board of directors; and
- (viii) other functions and powers granted by the Articles of Association or the board of directors.

The general manager shall attend board meetings. The general manager who does not serve as a director of the Company shall have no voting right at board meetings.

Senior management personnel of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. Senior management personnel who fail to faithfully perform their duties or breach their duty of good faith, thereby causing damage to the interests of the Company and its public shareholders, shall be liable for compensation in accordance with the law.

FINANCIAL AND ACCOUNTING SYSTEM, INTERNAL AUDIT AND ACCOUNTING FIRM

Financial and Accounting System

The Company shall formulate its financial and accounting system in accordance with laws, administrative regulations and the provisions of relevant state authorities. If the securities regulatory authority in the place where the Company's shares are listed has different provisions, such provisions shall prevail.

The Company shall prepare financial and accounting reports such as annual reports in accordance with the provisions of relevant laws, administrative regulations and departmental rules, the Hong Kong Listing Rules and other securities regulatory rules applicable in the place where the Company's shares are listed.

Financial and accounting reports shall be kept at the Company and made available for inspection by shareholders.

The Company shall not establish separate accounting books in addition to the statutory accounting books. The Company's funds shall not be deposited in any account opened in the name of any individual.

When distributing the after-tax profits of the current year, the Company shall allocate 10% of the profits to the Company's statutory reserve fund. Where the cumulative amount of the Company's statutory reserve fund has reached 50% or more of the Company's registered capital, further allocation may cease.

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If the Company's statutory reserve fund is insufficient to cover the accumulated losses of previous years, the profits of the current year shall first be used to cover the losses before allocating the statutory reserve fund as stipulated in the preceding paragraph.

After allocating the statutory reserve fund from the after-tax profits, the Company may, upon resolution of the shareholders' general meeting, also allocate a discretionary reserve fund from the after-tax profits.

After covering losses and allocating the reserves, the remaining after-tax profits shall be distributed to shareholders in proportion to their shareholdings, unless otherwise stipulated by laws and regulations, securities regulatory rules in the place where the Company's shares are listed, or the Articles of Association.

Where the shareholders' general meeting distributes profits to shareholders in violation of the Company Law, the shareholders must return the profits distributed in violation to the Company. Where losses are caused to the Company, the shareholders and the directors and senior management personnel responsible shall be liable for compensation.

Shares held by the Company itself shall not participate in profit distribution.

The Company's reserves shall be used to cover the Company's losses, expand the Company's production and operation, or be converted into an increase in the Company's registered capital.

When reserves are used to cover the Company's losses, the discretionary reserve fund and statutory reserve fund shall be used first. If the losses still cannot be covered, capital reserve may be used in accordance with regulations.

When the statutory reserve fund is converted into registered capital, the amount of such reserve retained shall not be less than 25% of the Company's registered capital before the conversion.

After the shareholders' general meeting passes a resolution on the profit distribution plan, the Company's board of directors must complete the distribution of dividends (or shares) within two (2) months after the shareholders' general meeting is held.

Internal Audit

The Company shall implement an internal audit system, specifying the leadership structure, responsibilities and authorities, staffing, funding, application of audit results and accountability for internal audit work. The Company's internal audit system shall be implemented after approval by the board of directors and publicly disclosed.

The Company's internal audit department shall conduct supervision and inspection of the Company's business activities, risk management, internal controls, financial information and other matters. The internal audit department shall maintain independence, be staffed with dedicated audit personnel, and shall not be placed under the leadership of the finance department or share office premises with the finance department.

The internal audit department is accountable to the board of directors. During its supervision and inspection of the Company's business activities, risk management, internal controls and financial information, the internal audit department shall accept the supervision and guidance of the audit committee. Upon discovering any related major issue or clue, the internal audit department shall immediately report directly to the audit committee.

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Appointment of Accounting Firm

The Company shall engage an accounting firm that complies with the Securities Law as well as the Hong Kong Listing Rules and other securities regulatory rules applicable in the place where the Company's shares are listed to conduct services such as the audit of accounting statements, verification of net assets and other related advisory services. The engagement term is one (1) year and may be renewed. The Company shall not engage an accounting firm that is connected with the Company to audit the Company.

The appointment and dismissal of an accounting firm must be decided by the shareholders' general meeting. The board of directors shall not appoint an accounting firm before a decision is made by the shareholders' general meeting.

The Company shall provide the engaged accounting firm with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting materials, and shall not refuse, conceal or make false reports.

The audit fees of the accounting firm shall be decided by the shareholders' general meeting.

When the Company dismisses or decides not to renew the engagement of an accounting firm, it shall notify the accounting firm thirty (30) days in advance.

When the Company's shareholders' general meeting votes on the dismissal of an accounting firm, the accounting firm shall be allowed to state its opinion. If the accounting firm resigns, it shall explain to the shareholders' general meeting whether there were any improper circumstances on the part of the Company.

MERGER, DIVISION, INCREASE AND DECREASE OF CAPITAL, DISSOLUTION AND LIQUIDATION

Merger, Division, Increase and Decrease of Capital

A merger of the Company may take the form of merger by absorption or merger by new establishment.

The absorption of another company by one company constitutes a merger by absorption, and the absorbed company shall be dissolved. The merger of two or more companies to establish a new company constitutes a merger by new establishment, and all merging parties shall be dissolved.

Where the consideration paid for a merger does not exceed ten percent (10%) of the Company's net assets, a resolution of the shareholders' general meeting may not be required, unless otherwise stipulated in the Articles of Association.

Where the Company conducts a merger without a resolution of the shareholders' general meeting in accordance with the preceding paragraph, a resolution of the board of directors shall be required.

For a merger, the merging parties shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify creditors within ten (10) days from the date of making the merger resolution and make an announcement within thirty (30) days in newspapers or on the National Enterprise Credit Information Publicity System.

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Creditors may, within thirty (30) days from the date of receiving the notice, or within forty-five (45) days from the date of announcement if no notice is received, demand that the Company repay its debts or provide corresponding security.

Upon a merger of the Company, the claims and debts of the merging parties shall be succeeded to by the surviving company or the newly established company after the merger.

Upon a division of the Company, its assets shall be divided accordingly. For a division, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify creditors within ten (10) days from the date of making the division resolution and make an announcement within thirty (30) days in newspapers or on the National Enterprise Credit Information Publicity System.

The Company's debts prior to the division shall be borne jointly and severally by the companies after the division, unless otherwise agreed in a written agreement reached between the Company and its creditors prior to the division regarding debt repayment.

When the Company needs to reduce its registered capital, it must prepare a balance sheet and an inventory of assets. The registered capital after the reduction shall not be lower than the statutory minimum.

The Company shall notify creditors within ten (10) days from the date of making the resolution to reduce registered capital and make an announcement within thirty (30) days in newspapers or on the National Enterprise Credit Information Publicity System. Creditors shall have the right, within thirty (30) days from the date of receiving the notice, or within forty-five (45) days from the date of announcement if no notice is received, to demand that the Company repay its debts or provide corresponding security.

A reduction of the Company's registered capital shall result in a corresponding reduction of the Company's shares according to the proportion of shares held by shareholders, unless otherwise stipulated by law or the Articles of Association.

If, after covering losses in accordance with the Articles of Association, the Company still has losses, it may reduce its registered capital to cover such losses. In the case of a reduction of registered capital to cover losses, the Company shall not make distributions to shareholders, nor shall it relieve shareholders of their obligation to make capital contributions or pay share subscription monies.

A reduction of registered capital under the preceding paragraph shall not be subject to the provisions of the second paragraph of the preceding article, but an announcement shall be made in newspapers or on the National Enterprise Credit Information Publicity System within thirty (30) days from the date the shareholders' general meeting passes the resolution to reduce registered capital.

After the Company reduces its registered capital in accordance with the two preceding paragraphs of this Article of Association, it shall not distribute profits until the cumulative amount of the statutory reserve fund and discretionary reserve fund reaches 50% of the Company's registered capital.

When the Company issues new shares to increase its registered capital, shareholders shall not enjoy pre-emptive subscription rights, unless otherwise decided by a resolution of the shareholders' general meeting.

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In the event of a merger or division of the Company, if registration items are changed, the Company shall complete change registration formalities with the company registration authority in accordance with the law. In the event of dissolution of the Company, the Company shall complete deregistration formalities in accordance with the law. In the event of establishment of a new company, establishment registration shall be completed in accordance with the law.

An increase or decrease of the Company's registered capital shall be subject to change registration with the company registration authority in accordance with the law.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

- (i) expiry of the term of business operation stipulated in the Articles of Association or occurrence of other causes for dissolution as stipulated in the Articles of Association;
- (ii) dissolution by resolution of the shareholders' general meeting;
- (iii) dissolution required due to a merger or division of the Company;
- (iv) revocation of business licence, order to close down or revocation in accordance with the law; or
- (v) where serious difficulties arise in the Company's business management, its continued existence would cause significant losses to the interests of shareholders, and such difficulties cannot be resolved through other means, shareholders holding ten percent (10%) or more of the total shareholders' voting rights of the Company may petition the People's Court to dissolve the Company.

Upon occurrence of any cause for dissolution specified in the preceding paragraph, the Company shall publicise such cause on the National Enterprise Credit Information Publicity System within ten (10) days.

Where the Company falls under circumstances (i) or (ii) of the preceding paragraph of the Articles of Association and has not yet distributed its assets to shareholders, it may continue to exist by amending the Articles of Association or by resolution of the shareholders' general meeting.

An amendment to the Articles of Association or a resolution of the shareholders' general meeting under the preceding paragraph shall require approval by more than two-thirds of the voting rights held by shareholders present at the shareholders' general meeting.

Where the Company is dissolved under circumstances (i), (ii), (iv) or (v) of the preceding paragraph of the Articles of Association, it shall be liquidated. Directors are the liquidation obligors of the Company and shall establish a liquidation committee to conduct liquidation within fifteen (15) days from the occurrence of the cause for dissolution.

The liquidation committee shall be composed of directors or persons determined by the shareholders' general meeting.

If liquidation obligors fail to perform their liquidation obligations in a timely manner, causing losses to the Company or its creditors, they shall be liable for compensation.

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A voluntary dissolution of the Company by resolution of the shareholders' general meeting under circumstance (ii) of the preceding paragraph of the Articles of Association shall require approval by more than two-thirds of the voting rights held by shareholders present at the shareholders' general meeting.

The liquidation committee shall exercise the following functions and powers during the liquidation period:

- (i) to liquidate the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (ii) to notify and announce to creditors;
- (iii) to handle the Company's unfinished business related to the liquidation;
- (iv) to pay outstanding taxes and taxes incurred during the liquidation process;
- (v) to liquidate claims and debts;
- (vi) to distribute the Company's remaining assets after repayment of debts; and
- (vii) to participate in civil litigation activities on behalf of the Company.

The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and make an announcement within sixty (60) days in newspapers or on the National Enterprise Credit Information Publicity System. Creditors shall declare their claims to the liquidation committee within thirty (30) days from the date of receiving the notice, or within forty-five (45) days from the date of announcement if no notice is received.

When declaring their claims, creditors shall specify the relevant matters of the claims and provide supporting evidence. The liquidation committee shall register the claims.

During the claim declaration period, the liquidation committee shall not repay creditors.

After liquidating the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit it to the shareholders' general meeting or the People's Court for confirmation.

After the Company's assets are used to pay liquidation expenses, employees' wages, social insurance premiums and statutory compensation, pay outstanding taxes, and repay the Company's debts in that order, the remaining assets shall be distributed to shareholders by the Company in proportion to their shareholdings.

During the liquidation period, the Company shall continue to exist but shall not carry out business activities unrelated to the liquidation. The Company's assets will not be distributed to shareholders before being used for the purposes specified in the preceding paragraph.

If, after liquidating the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee finds that the Company's assets are insufficient to repay its debts, it shall apply to the People's Court for bankruptcy liquidation in accordance with the law.

Upon acceptance of the bankruptcy application by the People's Court, the liquidation committee shall transfer the liquidation affairs to the bankruptcy administrator designated by the People's Court.

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SUMMARY OF ARTICLES OF ASSOCIATION

AMENDMENT TO ARTICLES

The Company shall amend its articles under any of the following circumstances:

- (i) after the amendment of the Company Law or relevant laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules applicable in the place where the Company's shares are listed, matters stipulated in the articles conflict with the provisions of the amended laws and administrative regulations;
- (ii) changes in the Company's circumstances are inconsistent with matters recorded in the articles; or
- (iii) the shareholders' general meeting decides to amend the articles.

If an amendment to the articles passed by resolution of the shareholders' general meeting requires approval by the competent authority, such amendment shall be submitted to the competent authority for approval. If the amendment involves registration items of the Company, change registration shall be completed in accordance with the law.

The board of directors shall amend the Articles of Association in accordance with the resolution of the shareholders' general meeting to amend the articles and the approval opinion(s) (if any) of the relevant competent authority.

If an amendment to the articles constitutes information required to be disclosed by laws and regulations, it shall be announced in accordance with regulations.

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STATUTORY AND GENERAL INFORMATION

FURTHER INFORMATION ABOUT OUR GROUP

1. Establishment of our Company

Our Company was established in the PRC as a limited liability company on 23 October 2017, and later converted into a joint stock company with limited liability on 12 August 2020.

We established a place of business in Room 53, 6B/F, Liven House, 61-63 King Yip Street, Kwun Tong, Hong Kong, and was registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance on 9 January 2026. Ms Tsui Mei Fung, a company secretary of our Company, has been appointed as our agent for the acceptance of service of process in Hong Kong.

As we are established in the PRC, we are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of PRC laws and principal regulatory provisions is set out in Appendix IV to this document.

2. Changes in registered capital of our Company

On 23 October 2017, our Company was established as a limited liability company with a registered capital of RMB50,000,000.

On 13 August 2018, our registered capital was decreased to RMB20,000,000.

On 12 August 2020, our Company was converted into a joint stock company with limited liability. Upon completion of such conversion, the share capital of our Company was RMB20,000,000 divided into 20,000,000 Shares of nominal value of RMB1.0 each.

On 2 July 2021, our registered capital was increased to RMB21,333,333.

On 8 June 2022, our registered capital was increased to RMB23,854,545.

On 12 January 2023, our registered capital was increased to RMB24,156,501.

On 21 July 2023, our registered capital was increased to RMB25,650,717.

On 27 March 2024, our registered capital was increased to RMB26,117,094.

On 4 November 2025, our registered capital was increased to RMB26,630,108.

Assuming the [REDACTED] is not exercised, immediately upon completion of the [REDACTED], the share capital of our Company will be RMB[REDACTED], made up of [REDACTED] H Shares, with a nominal value of RMB1.0 each.

Assuming the [REDACTED] is exercised in full and immediately upon completion of the [REDACTED], the share capital of our Company will be RMB[REDACTED], made up of [REDACTED] H Shares, with nominal value of RMB1.0 each.

Save as disclosed in this paragraph and in “History, Development and Corporate Structure – Establishment and corporate development” in this document, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this document.

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3. Restriction of the share repurchase

For details of the restrictions on the share repurchase by our Company, see “Summary of Articles of Association” in Appendix V to this document.

4. Resolutions of all Shareholders passed on 24 December 2025

At our Shareholders’ meeting held on 24 December 2025, among other things, the following resolutions were passed by our Shareholders:

- (a) approving the issue of the H Shares with a nominal value of RMB1.0 by our Company and the [REDACTED];
- (b) subject to completion of the [REDACTED], the Articles of Association have been approved and adopted, which shall become effective on the [REDACTED]; and
- (c) approving the Board to handle all matters relating to, among other things, the issue of the H Shares and the [REDACTED].

5. Registration under Part 16 of the Companies Ordinance

Our Company has established a place of business in Hong Kong for the purpose of registration under Part 16 of the Companies Ordinance at Room 53, 6B/F, Liven House, 61-63 King Yip Street, Kwun Tong, Hong Kong. Our Company has been registered as non-Hong Kong company under Part 16 of the Companies Ordinance. [Ms. Tsui Mei Fung], a company secretary of our Company, has been appointed as agent of our Company for the acceptance of service of process in Hong Kong.

6. Our Incentive Schemes

1. Background

The Company has adopted an Employee Incentive Scheme. As of the Latest Practicable Date, 4,262,375 Shares were held by the Employee Incentive Platforms, representing approximately 16.01% of the aggregate amount of the Shares in issue immediately before the completion of the [REDACTED]. The voting rights in our Company of the Employee Incentive Platform shall be exercised by the general partner, being Mr. Xia, our executive Director, pursuant to the partnership agreement. As the Employee Incentive Scheme does not involve the grant of options by our Company to subscribe for new Shares, the terms of the Employee Incentive Scheme are not subject to the provisions of Chapter 23 of the GEM Listing Rules.

2. Purposes of the Employee Incentive Scheme

The purpose of the Employee Incentive Scheme is to incentivize the management team, retain talent and promote its long-term sustainable development.

3. Participants

The participants of the Employee Incentive Scheme consist of Directors (excludes independent non-executive Directors), management and key employees of our Group who have received award under the Employee Incentive Schemes and those who the Board determines from time to time as eligible to receive awards under the Employee Incentive Scheme (the “Participants”).

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4. *Total number of the underlying shares of the Award*

In total 3,958,000 Shares are granted to the current and former employees of the Company under the Employee Incentive Platforms, representing 13.72% of the share capital of our Company in issue immediately prior to the [REDACTED].

5. *Transfer Restrictions*

Subject to the prior written consent of the general partner, Participants may transfer their Awards to other participants or to Mr. Xia. Participants shall not transfer Awards to persons other than the Participants, unless authorised by Mr. Xia.

6. *Withdrawal of the Awards*

The Participants may be required to withdraw from the Employee Incentive Scheme and transfer all of the partnership interests in the Employee Incentive Platforms held by them to the Participants designated by Mr. Xia in accordance with the Employee Incentive Scheme, in the event of including but not limited to expiration or termination of the employment. The transfer price shall be negotiated between Mr. Xia and the outgoing Participant.

7. *Administration of the Employee Incentive Scheme*

The Board has authorised Mr. Xia, chairman of the Board and our executive Director to manage the day-to-day operations of the Employee Incentive Platforms, in accordance with the rules of the Employee Incentive Scheme.

8. *Details of the Awards granted*

As of the Latest Practicable Date, an aggregate number of Shares underlying the Awards held by the Employee Incentive Platforms amounted to 4,262,375 Shares, representing 16.01% of our Company's total issued share capital immediately prior to the [REDACTED], had been granted to 46 Participants. Other material information of the Awards granted pursuant to the Employee Incentive Scheme as of the Latest Practicable Date are set out as below:

- (a) Details of the Awards granted to Directors, senior management, and connected persons of our Company pursuant to the Employee Incentive Schemes:

Grantee	Relationship with our Company	Number of Shares underlying the Awards directly held by the Employee Incentive Platform (as of the Latest Practicable Date)	Approximate shareholding percentage in the total issued Shares immediately prior to the [REDACTED]
<i>Director</i>			
Chen Yan (陳艷)	Executive Director and chief financial officer	400,000	1.50%
Zhao Bo (趙波)	Executive Director and deputy general manager	300,000	1.13%

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Grantee	Relationship with our Company	Number of Shares underlying the Awards directly held by the Employee Incentive Platform (as of the Latest Practicable Date)	Approximate shareholding percentage in the total issued Shares immediately prior to the [REDACTED]
<i>Senior Management</i>			
Mr. Yuan Bin (袁斌)	Director of power testing department and operation centre	150,000	0.56%
Mr. Jing Xiaoyong (景曉勇)	Director of technology centre	104,000	0.39%
Mr. Li Jianyu (李建宇)	Director of engineering centre	60,000	0.23%
<i>Connected Persons</i>			
Mr. Xia Quanhui (夏全輝)	Former Director, cousin of Mr. Xia	400,000	1.50%
Mr. Peng Xiaogang (彭曉剛)	Cousin of Mr. He	20,000	0.08%
Total		1,434,000	5.39%

- (b) Our Company also granted 2,524,000 Awards to the other 39 grantees, representing approximately 8.33% of our Company’s total issued share capital immediately prior to the [REDACTED].

FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Company within the two years preceding the date of this document and are or may be material:

- (a) the [REDACTED];
- (b) the capital contribution agreement dated 5 September 2025 entered into by our Company, our then Shareholders, Jiashan Ganyao and Changxing Puhua; and
- (c) the supplemental agreement to the Shareholders’ Agreement dated 20 December 2025 entered between our Company, our Controlling Shareholders and our Pre[REDACTED] Investors.

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2. Intellectual property rights of our Group

(a) Trademarks

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

No.	Trademark	Trademark number	Class	Place of Registration	Expiry date
1.		43585293	42	PRC	20 October 2030
2.		43582997	9	PRC	13 October 2030
3.		27652248	9	PRC	27 October 2028
4.		27644706	42	PRC	27 October 2028
5.		27643025	9	PRC	27 October 2028
6.		27640446	42	PRC	27 October 2028
7.		307191441	9, 16, 42	Hong Kong	12 February 2036

(b) Domain names

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

Domain name	Registered owner	Registration date	Expiry date
hexiaauto.com	Our Company	19 April 2017	19 April 2028

(c) Software copyright

As at the Latest Practicable Date, our Group had registered the following software copyright:

No.	Name	Registration number/ certificate number	First publication date	Copyright owner
1.	Comprehensive performance testing software for internal combustion engine (內燃機綜合性能測試軟件)	2023SR1207426	1 September 2022	our Company

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No.	Name	Registration number/ certificate number	First publication date	Copyright owner
2.	Speed control software for xControl powertrain benches (xControl 動力總成台架轉速控制軟件)	2022SR1617759	1 September 2022	our Company
3.	Pollutant emission (China VI) testing and analysis software for heavy-duty diesel vehicles (重型柴油車污染物排放 (China VI) 測試及分析軟件)	2022SR1541747	31 October 2021	our Company
4.	Pollutant emission testing and result analysis software for non-road diesel mobile machinery (非道路柴油移動機械污染物排放測試及結果分析軟件)	2022SR1545863	31 October 2021	our Company
5.	Ultra-low temperature control system for motor inverters v1.0 (電機逆變器超低溫溫控系统v1.0)	2020SR0261981	19 December 2018	our Company
6.	Flame temperature calibration (FTC) calculation software V1.0 (火焰溫度標定 (FTC) 計算軟件 v1.0)	2021SR0588883	15 December 2018	our Company
7.	Flame carbon concentration calculation software under colour ratio method v1.0 (色比法火焰碳煙濃度計算軟件 v1.0)	2021SR0774009	15 December 2018	our Company
8.	Flame temperature calculation software under colour ratio method v1.0 (色比法火焰溫度計算軟件 v1.0)	2021SR0774010	15 December 2018	our Company
9.	Fuel consumption meter control software v1.0 (油耗儀控制軟件v1.0)	2019SR0305744	11 December 2018	our Company
10.	Data acquisition software for engine benches v1.0 (發動機台架數據採集軟件 v1.0)	2019SR0305736	17 October 2018	our Company

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Name	Registration number/ certificate number	First publication date	Copyright owner
11.	Human-machine interaction software for xControl controllers v1.0 (xControl 控制 器人機交互軟件v1.0)	2021SR1970246	30 September 2021	Shanghai Hexia
12.	Torque calibration software for xControl benches v1.0 (xControl 台架扭矩標定 軟件 v1.0)	2021SR1585282	31 August 2021	Shanghai Hexia
13.	Data acquisition software for xControl benches (xControl 台 架數據採集軟件 v1.0)	2021SR1585216	31 August 2021	Shanghai Hexia
14.	System control software for xControl engine benches v1.0 (xControl 發動機台架系統控制軟 件 v1.0)	2021SR1970254	31 August 2021	Shanghai Hexia
15.	Integrated testing system on energy consumption, speed control and heat dissipation of motors v1.0 (電機耗能轉速散熱 一體化綜合測試系統 v1.0)	2021SR1620901	21 July 2021	Shanghai Hexia
16.	Automotive exhaust emission detection and control system v1.0 (汽車尾氣排放檢測控制 系統v1.0)	2021SR1610508	17 June 2021	Shanghai Hexia
17.	Comprehensive performance operation testing system for new energy vehicles v1.0 (新 能源汽車綜合性能運行檢測 系統v1.0)	2021SR1619713	12 May 2021	Shanghai Hexia
18.	Comprehensive testing system for model creation and display of automotive effects v1.0 (汽 車效果製作模型展示綜合檢測系統 v1.0)	2021SR1621075	25 March 2021	Shanghai Hexia
19.	Clutch bench testing software v2.0 (離合器台架測試軟件 v2.0)	2021SR1637956	20 November 2020	Shanghai Hexia

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Name	Registration number/ certificate number	First publication date	Copyright owner
20.	Warning software system on vehicle motion and collision v1.0 (車輛運動碰撞預警軟件系統 v1.0)	2021SR1621931	21 October 2020	Shanghai Hexia
21.	Monitoring system on chassis braking and steering control of automotive v1.0 (汽車底盤制動轉向控制監測系統v1.0)	2021SR1620926	23 September 2020	Shanghai Hexia
22.	Detection and control system for brake device of automotive v1.0 (汽車制動器動裝置檢測控制系統 v1.0)	2021SR1619381	21 August 2020	Shanghai Hexia
23.	Clutch bench testing software v1.0 (離合器台架測試軟件 v1.0)	2019SR0305726	18 July 2018	Shanghai Hexia
24.	Test project management software v1.0 (試驗項目管理軟件 v1.0)	2019SR0305753	12 April 2018	Shanghai Hexia
25.	Operation management software for laboratory equipment v1.0 (試驗室設備運行管理軟件 v1.0)	2019SR0305989	15 February 2018	Shanghai Hexia
26.	Hexia Jundao intelligent equipment technical service system v1.0 (和夏駿道智能設備技術服務系統 v1.0)	2024SR1305606	3 May 2024	Shanghai Jundao
27.	Hexia Jundao automated equipment integration control system v1.0 (和夏駿道自動化設備集成控制系統v1.0)	2024SR1305522	3 May 2024	Shanghai Jundao

(d) Patent

As at the Latest Practicable Date, our Group was the registered owner of and had the right to use the following patents which we consider to be or may be material to our business:

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Title of patent	Type	Patent number	Registered owner	Date of expiry
1.	Waste heat recovery and hydrogen-rich exhaust gas recirculation device for internal combustion engines (內燃機餘熱回收富氫排氣再循環裝置)	Invention patent	ZL201310014871.4	our Company	15 January 2033
2.	Fuel jet concentration field distribution testing device and implementation method (燃料射流濃度場分佈測試裝置及其實施方法)	Invention patent	ZL201610151100.3	our Company	16 March 2036
3.	Engine EGR exhaust gas recirculation testing system (發動機EGR廢氣循環測試系統)	Invention patent	ZL202110466247.2	our Company	28 April 2041
4.	Motor testing device and system (電機測試裝置和系統)	Invention patent	ZL202110517796.8	our Company	12 May 2041
5.	An automatic calibration and optimization method for electric driven MCU based on iTest software platform (一種基於 iTest 軟件平台的電驅 MCU 自動標定優化方法)	Invention patent	ZL202211316015.X	our Company	26 October 2042
6.	Temperature control system (溫度控制系統)	Invention patent	ZL202211688927.X	our Company	27 December 2042
7.	An intake system for a turbocharged hydrogen-ammonia hybrid fuel engine (一種用於增壓式氫氨混合型燃料發動機的進氣系統)	Invention patent	ZL202511358821.7	our Company	23 September 2045
8.	A lifting device for power battery frames of electric vehicles (一種電動汽車動力電池框升降裝置)	Utility model patent	ZL201820716029.3	our Company	14 May 2028
9.	A trolley-mounted water-spraying cooling device for power batteries under vehicle chassis (一種推車噴水式車輛底盤下動力電池降溫裝置)	Utility model patent	ZL202520584189.7	our Company	31 March 2035
10.	A coil for continuous discharge ignition (一種連續放電點火線圈)	Utility model patent	ZL201920963374.1	our Company	25 June 2029
11.	An ignition device with adjustable spark plug gap (一種火花塞間隙可調的點火裝置)	Utility model patent	ZL201920967391.2	our Company	25 June 2029

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Title of patent	Type	Patent number	Registered owner	Date of expiry
12.	An ignition device for pre-combustion chamber (一種用於預燃燒室的點火裝置)	Utility model patent	ZL201920966795.X	our Company	25 June 2029
13.	Fire extinguishing system for engine testing benches (發動機測試台架滅火系統)	Utility model patent	ZL202120919591.8	our Company	29 April 2031
14.	A drum testing bench for planar and rotational motion of vehicles (一種車輛平面回轉運動測試用轉鼓台架)	Utility model patent	ZL202222810603.0	our Company	25 October 2032
15.	A CIGS solar cell module array structure (一種CIGS太陽能電池組件點陣式結構)	Utility model patent	ZL202220413824.1	our Company	28 February 2032
16.	A testing device for substrate loading fixture in vacuum coating equipment (一種真空鍍膜設備用基片裝載治具的檢測裝置)	Utility model patent	ZL202220413825.6	our Company	28 February 2032
17.	A cooling device for engine testing (一種發動機測試用冷卻裝置)	Utility model patent	ZL202220421013.6	our Company	28 February 2032
18.	Two-way power supply structure (雙向電源結構)	Utility model patent	ZL202220462147.2	our Company	4 March 2032
19.	GIGS sheet bending detection device (GIGS片彎曲檢測裝置)	Utility model patent	ZL202220487242.8	our Company	8 March 2032
20.	A busbar ultrasonic welding device (一種匯流條超聲波焊接裝置)	Utility model patent	ZL202221779635.2	our Company	11 July 2032
21.	A temperature control system with coolant under constant pressure and constant current (一種恆壓恆流冷卻液溫控系统)	Utility model patent	ZL202222557665.5	our Company	26 September 2032
22.	A novel thermal shock device for engine testing (一種新型的發動機試驗用冷熱衝擊設備)	Utility model patent	ZL202322748888.4	our Company	13 October 2033
23.	A device for emergency stop button protection (一種急停按鈕保護裝置)	Utility model patent	ZL202323125167.4	our Company	20 November 2033

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Title of patent	Type	Patent number	Registered owner	Date of expiry
24.	Oil circuit structure at engine inlet and outlet (發動機進回油路結構)	Utility model patent	ZL202323463527.1	our Company	19 December 2033
25.	An oil drip tray with leak monitoring and alarm function (一種漏油可監測並發出警報的接油盤)	Utility model patent	ZL202323281530.1	our Company	4 December 2033
26.	A novel device for quick-connect assembly of wiring harness (一種新型線束快插頭組合裝置)	Utility model patent	ZL202323276809.0	our Company	4 December 2033
27.	Mounting and fixing structure for fuel filters (燃油濾清器安裝固定結構)	Utility model patent	ZL202321218558.8	our Company	19 May 2033
28.	Detachable instrument adapter for new energy benches (新能源台架可分體式儀表轉接設備)	Utility model patent	ZL202321974734.0	our Company	26 July 2033
29.	Testing device simulating the tire structure of a complete vehicle (模擬整車輪胎結構的測試裝置)	Utility model patent	ZL202321743164.4	our Company	5 July 2033
30.	A universal adapter for exhaust pipes (一種應用於排氣管的萬向轉接頭)	Utility model patent	ZL202322161128.3	our Company	11 August 2033
31.	Condensation treatment and collection device for exhaust gas of hydrogen engines (氫氣發動機排放尾氣冷凝處理收集裝置)	Utility model patent	ZL202322306646.X	our Company	25 August 2033
32.	A sampling tube for gas analyzer with anti-vibration and breakage protection (一種防抖動斷裂的氣體分析儀採樣管)	Utility model patent	ZL202322462903.9	our Company	12 September 2033
33.	An oil pressure regulating device for inlet and outlet of fuel consumption meter (一種油耗儀用進回油壓力調節裝置)	Utility model patent	ZL202422325280.5	our Company	24 September 2034
34.	A fuel pipeline for engines (一種發動機燃油管道)	Utility model patent	ZL202420024165.1	our Company	5 January 2034

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Title of patent	Type	Patent number	Registered owner	Date of expiry
35.	A heat insulation device based on the principle of air wall (一種基於空氣牆原理的隔溫裝置)	Utility model patent	ZL202421844409.7	our Company	1 August 2034
36.	Prediction method and system on remaining capacity of multi-condition batteries based on Gaussian process regression (基於高斯過程回歸的多工況電池剩餘容量預測方法及系統)	Invention patent	ZL202010234074.7	Shanghai Hexia	30 March 2040
37.	Testing method and system by lane line simulation based on image display (基於圖像顯示的車道線模擬仿真測試方法和系統)	Invention patent	ZL202110525520.4	Shanghai Hexia	12 May 2041
38.	Hybrid engine testing system (混合動力發動機測試系統)	Invention patent	ZL202110881521.2	Shanghai Hexia	2 August 2041
39.	Testing platform and testing method for intelligent driving and ADAS system (智能駕駛及ADAS系統測試平台和測試方法)	Invention patent	ZL202110893388.2	Shanghai Hexia	4 August 2041
40.	Testing system and method for chassis of vehicle based on intelligent driving and ADAS simulation (基於智能駕駛及ADAS模擬的車輛底盤測試系統和方法)	Invention patent	ZL202210094601.8	Shanghai Hexia	26 January 2042
41.	Hybrid power testing laboratory with rapid oil heating function (帶有機油快速加熱功能的混合動力測試實驗室)	Utility model patent	ZL201721575127.1	Shanghai Hexia	22 November 2027
42.	Nitrogen-regulated high-pressure exhaust gas recirculation device (氮氣調節式高壓排氣再循環裝置)	Utility model patent	ZL201820794448.9	Shanghai Hexia	27 May 2028
43.	Intake pipe volume adjustment mechanism featuring exhaust waste heat control (排氣餘熱控制型進氣管路容積調節機構)	Utility model patent	ZL201820794438.5	Shanghai Hexia	27 May 2028
44.	Fuel cell vehicle with chassis hydrogen storage (底盤儲氫式燃料電池汽車)	Utility model patent	ZL201820961295.2	Shanghai Hexia	21 June 2028

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Title of patent	Type	Patent number	Registered owner	Date of expiry
45.	New energy vehicle with solar power generation device (帶有太陽能發電裝置的新能源汽車)	Utility model patent	ZL201820961464.2	Shanghai Hexia	21 June 2028
46.	Throttle actuator featuring push-pull rod (推拉桿式油門執行器)	Utility model patent	ZL202122487553.2	Shanghai Hexia	15 October 2031
47.	Water flow monitoring device for eddy current dynamometer (電渦流測功機水流量監控裝置)	Utility model patent	ZL202122489966.4	Shanghai Hexia	15 October 2031
48.	Drum device with vibration function (具有振動功能的轉鼓裝置)	Utility model patent	ZL202122766119.8	Shanghai Hexia	9 November 2031
49.	Fuel temperature control system (燃油溫度控制系統)	Utility model patent	ZL202121010706.8	Shanghai Hexia	12 May 2031
50.	Leak alarm system for natural gas engine testing (天然氣發動機測試洩漏報警系統)	Utility model patent	ZL202121262489.1	Shanghai Hexia	7 June 2031
51.	Powertrain testing system for new energy vehicles (新能源汽車動力總成測試系統)	Utility model patent	ZL202121750236.9	Shanghai Hexia	29 July 2031
52.	A tooling for testing abnormal noise of automotive brake calipers on a test bench (一種汽車制動卡鉗異響台架測試的工裝)	Utility model patent	ZL202122275060.2	Shanghai Hexia	18 September 2031
53.	A testing bench on vibration characteristics for an automotive structural system (一種汽車結構系統的振動特性測試台架)	Utility model patent	ZL202122283620.9	Shanghai Hexia	18 September 2031
54.	A novel durability testing bench for an automotive charging port (一種汽車充電口新型耐久測試台架)	Utility model patent	ZL202122275059.X	Shanghai Hexia	18 September 2031
55.	A bench for fatigue testing of automotive parts (一種用於汽車零部件疲勞度測試的台架)	Utility model patent	ZL202122295385.7	Shanghai Hexia	18 September 2031
56.	A corrosion-resistant swirl core assembly for jet equipment (一種射流設備用耐腐蝕旋芯組合結構)	Utility model patent	ZL202423120618.X	Shanghai Hexia	18 December 2034

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No.	Title of patent	Type	Patent number	Registered owner	Date of expiry
57.	A urea injection control method based on diesel quality (一種基於柴油品質的尿素噴射控制方法)	Invention patent	ZL202211126976.4	Shanghai Jundao	16 September 2042
58.	A method for troubleshooting blockages in a urea injection system (一種尿素噴射系統堵塞原因的排查方法)	Invention patent	ZL202210580877.7	Shanghai Jundao	25 May 2042
59.	A method for troubleshooting failures of low SCR efficiency (一種SCR效率低故障原因排查方法)	Invention patent	ZL202210583690.2	Shanghai Jundao	25 May 2042
60.	Hybrid power testing laboratory with exhaust expansion power generation device (帶有排氣膨脹做功發電裝置的混合動力測試實驗室)	Utility model patent	ZL201721574138.8	Shanghai Jundao	22 November 2027
61.	Hybrid intelligent driving vehicle capable of automatic steering (可以自動轉向的混合動力智能駕駛汽車)	Utility model patent	ZL201721656444.6	Shanghai Jundao	2 December 2027
62.	Temperature control device for water-cooled intercoolers (水冷中冷氣體溫度控制裝置)	Utility model patent	ZL202320668076.6	Shanghai Jundao	30 March 2033
63.	Steel ball roller floating support system (鋼珠滾輪浮動支撐系統)	Utility model patent	ZL202321742994.5	Shanghai Jundao	5 July 2033
64.	A pressure measuring device (一種壓力測量裝置)	Utility model patent	ZL202322155480.6	Shanghai Jundao	11 August 2033
65.	A plane adjustment device for vehicle axle support (一種用於整車軸系支撐的平面調節裝置)	Utility model patent	ZL202422816801.7	Shanghai Jundao	19 November 2034
66.	A device for quickly installing a driving robot (一種安裝駕駛機器人快捷的裝置)	Utility model patent	ZL202420072510.9	Shanghai Jundao	12 January 2034
67.	A device for crankcase ventilation in engines by constant temperature in oil and gas (一種發動機曲軸箱通風油氣恆溫裝置)	Utility model patent	ZL202420764101.5	Shanghai Jundao	15 April 2034

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Title of patent	Type	Patent number	Registered owner	Date of expiry
68.	An intelligent heating and pressure stabilising device for ammonia pipeline (一種智能式氨氣管路加熱穩壓裝置)	Utility model patent	ZL202420644337.5	Shanghai Jundao	1 April 2034
69.	A large-range ammonia concentration measuring device (一種大量程氨氣濃度測量裝置)	Utility model patent	ZL202420644152.4	Shanghai Jundao	1 April 2034
70.	A rotary gear shifter for commercial vehicles (一種商用車用旋鈕式換擋器)	Utility model patent	ZL202420988529.8	Shanghai Jundao	9 May 2034
71.	An auxiliary device for motor rotor testing (一種電機轉子檢測輔助裝置)	Utility model patent	ZL202421533437.7	Shanghai Jundao	28 June 2034
72.	A tooling for testing motor spindles (一種電機主軸檢測工裝)	Utility model patent	ZL202421509750.7	Shanghai Jundao	28 June 2034
73.	A tooling and jig for assembling sealing rings of urea injection pump connectors (一種尿素噴射泵接頭密封圈組裝的工裝治具)	Utility model patent	ZL202221614287.3	Shanghai Jundao	24 June 2032
74.	An ECU automatic calibration method and system based on STARS measurement and control system (一種基於 STARS 測控系統的 ECU 自動標定方法及系統)	Invention patent	ZL202210251015.X	Shanghai Junzhi	15 March 2042
75.	A DPF parking regeneration control method and system for hybrid vehicles (一種混動車的 DPF 駐車再生控制方法及系統)	Invention patent	ZL202210251035.7	Shanghai Junzhi	15 March 2042
76.	A method and system for predicting behaviours and paths of target vehicles (目標車輛行為和路徑預測方法和系統)	Invention patent	ZL202210201687.X	Shanghai Junzhi	3 March 2042
77.	A satellite positioning-based intelligent driving and ADAS simulation testing method and system (基於衛星定位的智能駕駛及 ADAS 模擬測試方法和系統)	Invention patent	ZL202210093265.5	Shanghai Junzhi	26 January 2042

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Title of patent	Type	Patent number	Registered owner	Date of expiry
78.	A method and system for determining the illumination mode of a fault indicator in a hybrid commercial vehicle (一種混動商用車故障指示器點亮模式判斷的方法及系統)	Invention patent	ZL202211429994X	Shanghai Junzhi	14 November 2042
79.	A PEMS equipment installation structure for commercial vehicles (一種商用車PEMS設備安裝結構)	Utility model patent	ZL202321156562.6	Shanghai Junzhi	15 May 2033
80.	A tooling for assembly of urea injection pump breather (一種尿素噴射泵呼吸器裝配工裝)	Utility model patent	ZL202321134381.3	Shanghai Junzhi	12 May 2033
81.	A cooling system for motor testing benches (一種用於電機測試台架的冷卻系統)	Utility model patent	ZL202320468240.9	Shanghai Junzhi	13 March 2033
82.	An air flow meter detection device (一種空氣流量計檢測裝置)	Utility model patent	ZL202320427823.7	Shanghai Junzhi	8 March 2033
83.	A visible smoke debugging device for commercial vehicles (一種針對商用車可見煙調試裝置)	Utility model patent	ZL202320347665.4	Shanghai Junzhi	28 February 2033
84.	An exhaust system for an engine testing bench (一種用於發動機台架的送排風系統)	Utility model patent	ZL202320289595.1	Shanghai Junzhi	22 February 2033
85.	An air flow meter detection device (一種空氣流量計檢測裝置)	Utility model patent	ZL202320255674.0	Shanghai Junzhi	20 February 2033
86.	A fuel supply system for engine testing benches (一種發動機台架燃油供給系統)	Utility model patent	ZL202320226000.8	Shanghai Junzhi	15 February 2033
87.	A sampling and decompression device for a filter paper smoke meter (一種用於濾紙式煙度計的採樣減壓裝置)	Utility model patent	ZL202320142143.0	Shanghai Junzhi	14 January 2033
88.	A turbocharger blade protection device for stabilising intake airflow (一種穩定進氣流量的增壓器葉片保護裝置)	Utility model patent	ZL202223437560.2	Shanghai Junzhi	22 December 2032

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No.	Title of patent	Type	Patent number	Registered owner	Date of expiry
89.	A coolant filling system for engine testing benches with leak detection function (一種具備洩漏檢查功能的發動機台架冷卻液充注系統)	Utility model patent	ZL202223361704.0	Shanghai Junzhi	14 December 2032
90.	Gas pressure stabilising tank (氣體穩壓罐)	Utility model patent	ZL202223273225.3	Shanghai Junzhi	7 December 2032
91.	Power battery heat dissipation structure (動力電池散熱結構)	Utility model patent	ZL202223193099.0	Shanghai Junzhi	30 November 2032
92.	An easy and quick engine testing bench setup device for trolleys (一種發動機簡易快速上台架對中小車裝置)	Utility model patent	ZL202223096594.X	Shanghai Junzhi	21 November 2032
93.	A system for waste heat recovery and heating in engines (一種發動機餘熱回收供暖系統)	Utility model patent	ZL202223092134.X	Shanghai Junzhi	21 November 2032
94.	A safety device for detecting hydrogen leak in engine testing benches (一種發動機台架氫氣洩漏安全裝置)	Utility model patent	ZL202223036388.X	Shanghai Junzhi	15 November 2032
95.	A urea pump testing and durability testing device (一種尿素泵測試和耐久試驗裝置)	Utility model patent	ZL202222958293.7	Shanghai Junzhi	7 November 2032
96.	A novel housing for ECU controller (一種新型的ECU控制器外殼)	Utility model patent	ZL202221994860.8	Shanghai Junzhi	29 July 2032
97.	A novel natural gas engine injection system (一種新型的天燃氣發動機噴氣系統)	Utility model patent	ZL202221382247.0	Shanghai Junzhi	2 June 2032
98.	A novel yaw rate sensor (一種新型的橫擺角速度傳感器)	Utility model patent	ZL202221201006.1	Shanghai Junzhi	18 May 2032
99.	A testing device for a shifting mechanism with adjustable shifting force and stroke (一種可調換擋力及行程的換擋機構測試裝置)	Utility model patent	ZL202323210709.8	Shanghai Junzhi	28 November 2033
100.	Controller top cover (控制器上蓋板)	Design Patent	ZL202230131737.2	Shanghai Junzhi	15 March 2037

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No.	Title of patent	Type	Patent number	Registered owner	Date of expiry
101.	Controller housing (TCU) (控制器外殼(TCU))	Design Patent	ZL202430281211.1	Shanghai Junzhi	13 May 2039

3. Related party transactions

Save as disclosed in Note 31 to the Accountants’ report, set out in Appendix I to this document, during the Track Record Period, we have not engaged in any other material related party transactions.

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) *Disclosure of interests of Directors*

Save for the service contracts and letters of appointment entered into between our Directors and our Company, and save as disclosed in the section headed “Connected transactions” of this document and note 31 of the Accountants’ Report of our Group as set out in Appendix I to this document, none of our Directors or their respective close associates engaged in any dealing with us during the Track Record Period.

(b) *Particulars of Directors’ service contracts and letters of appointment*

Each of the Directors has entered into a service contract or letter of appointment with our Company. Each service agreement contains provisions in relation to, among other things, compliance with relevant laws and regulations and the Articles of Association.

Save as disclosed above, none of our Directors has or is proposed to have a service contract or letter of appointment (as the case may be) with our Company or any subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(c) *Remuneration of Directors*

Save as disclosed in “Directors and Senior Management – Remuneration and compensation of Directors and Senior Management” in this document and Note 31 to the Accountants’ Report as set out in Appendix I to this document, no Director received other remuneration or benefits in kind from our Company within two years preceding the date of this document.

During the Track Record Period, none of our Directors have waived any remuneration. Save as disclosed above, during the Track Record Period, no other amounts shall be paid or payable by us or any of our subsidiaries to the Directors or the five highest remunerated individuals.

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

The interests of our Directors and chief executives immediately upon completion of the [REDACTED] in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us 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 to be notified to our Company and the Stock Exchange pursuant to the “required standard of dealings” as contained in Chapter 5 of the GEM Listing Rules, once the Shares are listed, are as follows:

Name of Shareholders	Positions	Capacity/Nature of interest	Description of Shares	As at the Latest Practicable Date		Immediately after the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
				Number of Shares held/ interested (L)	Approximate percentage of shareholding in our Company	Description of Shares	Number of Shares held/ interested (L)	Approximately percentage of shareholding in our Company
Mr. Xia	Chairman of our Board, executive	Beneficial owner	Unlisted Shares	8,597,213	32.3%	[REDACTED]	[REDACTED]	[REDACTED]
	Director and general manager	Interest in controlled corporation ⁽¹⁾	Unlisted Shares	4,262,375	16.0%	[REDACTED]	[REDACTED]	[REDACTED]
		Interest held jointly with other persons ⁽²⁾	Unlisted Shares	6,679,426	25.1%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. He	Executive Director and chief technology officer	Beneficial owner	Unlisted Shares	4,281,704	16.1%	[REDACTED]	[REDACTED]	[REDACTED]
		Interest held jointly with other persons ⁽²⁾	Unlisted Shares	15,257,310	57.3%	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Chen Yan	Executive Director and chief financial officer	Beneficial owner	Unlisted Shares	400,000	1.5%	[REDACTED]	[REDACTED]	[REDACTED]
		Interest in controlled corporation ⁽³⁾	Unlisted Shares	437,625	1.6%	[REDACTED]	[REDACTED]	[REDACTED]
		Interest held jointly with other persons ⁽²⁾	Unlisted Shares	18,701,389	70.2%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhao Bo	Executive Director and deputy general manager	Beneficial owner	Unlisted Shares	300,000	1.1%	[REDACTED]	[REDACTED]	[REDACTED]
		Interest held jointly with other persons ⁽²⁾	Unlisted Shares	19,239,014	72.2%	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- As at the Latest Practicable Date, Mr. Xia is the general partner of Changxing Lingguan and Changxing Hexia. As such Mr. Xia is deemed to be interested in the Shares held by Changxing Lingguan and Changxing Hexia under the SFO.

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2. Our Controlling Shareholders comprises (i) Mr. Xia, Mr. He, Mr. Xia Quanhui, Ms. Chen Yan and Mr. Zhao Bo (together, the “**Concert Parties**”); (ii) Mr. Xia Zhipeng; (iii) Changxing Lingguan and Changxing Hexia; and (iv) Changxing Junying.

The Concert Parties are acting in concert pursuant to the Acting in Concert Agreement, which is expected to remain effective after the [REDACTED]. As such, each of the Concert Parties is deemed to be interested in the Shares the other is interested under the SFO. As at the Latest Practicable Date, the Concert Parties were collectively interested in approximately 70.1% of our total issued share capital.

In addition, Mr. Xia Zhipeng is the brother of Mr. Xia, as such Mr. Xia Zhipeng is deemed to be the person acting in concert with Mr. Xia under the Takeovers Code. As at the Latest Practicable Date, Mr. Xia Zhipeng is interested in approximately 3.2% of our total issued share capital.

As such, as at the Latest Practicable Date, each of our Controlling Shareholders is deemed to be interested in the aggregate interest held by the Controlling Shareholders, being approximately 73.4% of our total issued share capital under the SFO.

3. As at the Latest Practicable Date, Ms. Chen Yan is the general partner of Changxing Junying. As such, Ms. Chen Yan is deemed to be interested in the Shares held by Changxing Junying under the SFO.
4. The Letter “L” denotes the person’s long position in our Shares.

2. Interest discloseable under the SFO and substantial shareholders

Save as disclosed in “Substantial Shareholders” in this document, our Directors are not aware of any person (other than our Director or chief executive of our Company) who will, immediately following completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

3. Disclaimer

Save as disclosed in paragraphs headed “– 1. Directors – (d) Interests and short positions of our Directors in the Shares, underlying Shares or debentures of our Company and our associated corporations following the [REDACTED] and “– 2. Interest discloseable under the SFO and substantial shareholders” above in this section:

- (a) and taking no account of any Shares which may be taken up or acquired under the [REDACTED] or upon the exercise of the [REDACTED], our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the [REDACTED], have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be 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 us;
- (b) none of our Directors has any interest or short position in any of the shares, underlying shares or debentures of our Company or any 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 any of them is 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 be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, in each case once the Shares are [REDACTED]. None of our Directors nor any of

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the parties listed in “Other Information – 8. Qualification of experts” below has been interested in the promotion of, or has any direct or indirect interest 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 our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any other member of us nor will any Director apply for the H Shares either in his/her own name or in the name of a nominee;

- (c) none of our Directors nor any of the parties listed in “Other Information – 8. Qualification of experts” below is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to business of us; and
- (d) save in connection with the [REDACTED], none of the parties listed in “Other Information – 8. Qualification of experts” below:
 - (i) is interested legally or beneficially in any securities of any member of us; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of us.

OTHER INFORMATION

1. Tax and other indemnities

Our Controlling Shareholders has entered into a deed of indemnity with and in favour of our Company (being the contract referred to in “Further Information about our Business – 1. Summary of material contracts” in Appendix VI to this document) to provide indemnities to our Company in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the [REDACTED], whether alone or in conjunction with any other circumstances whenever occurring and whether or not such tax liabilities are chargeable against or attributable to any other person, firm, company or corporation, and whether or not such tax liabilities shall be paid or payable before or after the [REDACTED].

2. Estate duty

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

3. Litigation

As at the Latest Practicable Date, our Company is not engaged 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 by or against our Company, that would have a material adverse effect on our results of operations or financial condition of our Company.

4. Preliminary expenses

We have not incurred any material preliminary expenses.

5. Promoter

The promoters of our Company (the “Promoters”) are Mr. Xia , Mr. He, Changxing Lingguan, Changxing Hexia and Mr. Xia Zhipeng.

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Within the two years preceding the date of this document, no amount or benefit has been paid or given to any Promoters in connection with the [REDACTED].

6. Agency fees or commissions received

Save as disclosed in the sections headed [REDACTED] and "Directors and Senior Management" in this Document, no commissions, discounts, brokerages or other special terms were granted during the Track Record Period in connection with the issue or sale of any capital or security of any member of our Group.

7. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for [REDACTED] of, and [REDACTED], the H Shares to be issued as mentioned in this document and any H Shares which may be issued upon the exercise of the [REDACTED] on the Stock Exchange. All necessary arrangements have been made to enable the securities to be admitted into [REDACTED].

The Sole Sponsor is independent from our Company pursuant to Rule 6A.07 of the GEM Listing Rules.

The Sole Sponsor will be paid by our Company a fee of HK\$3.2 million to act as sponsor to the [REDACTED].

8. Qualifications of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this document:

Name	Qualification
Vast Harbour Corporate Finance Limited	Licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Llinks Law Offices	Qualified PRC lawyers
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

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9. Consents of experts

Each of the experts named in “Other information — 8. Qualifications of experts” in Appendix VI to this document has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of their report and/or letter and/or legal opinion and/or opinion (as the case may be) and the references to their names, addresses, qualifications or summaries of opinions included herein in the form and context in which they respectively appear.

None of the experts named above has any shareholding interests 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 our Company or any of our subsidiaries.

10. Binding effect

This document shall have the effect, if an application is made in pursuance of it, 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.

11. Taxation of holders of H Shares

Dealings in H Shares registered on our Company’s H Shares register of members will be subject to Hong Kong stamp duty. Intending holders of H Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in H Shares. It is emphasised that none of our Company, our Directors or the other parties involved in the [REDACTED] can accept responsibility for any tax effect on, or liabilities of, holders of H Shares resulting from their subscription for, purchase, holding or disposal of or dealing in H Shares. Profits from dealings in H Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty, the current rate of which is 0.1% of the consideration or, if higher, the value of the H Shares being sold or transferred. Information in relation to taxation is set out in Appendix III to this document.

12. Miscellaneous

- (a) Save as disclosed in “History, Development and Corporate Structure – Establishment and corporate development”, “Share Capital” and “Structure and Conditions of the [REDACTED] in this document:
 - (i) within two years preceding the date of this document:
 - no share or loan capital of our Company has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company; and
 - no commission (except commission to the [REDACTED] has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any shares in our Company;

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- (ii) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) there are no arrangements under which future dividends are waived or agreed to be waived;
 - (iv) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
 - (v) our Company has no outstanding convertible debt securities or debentures; and
 - (vi) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (b) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Company since 30 June 2026 (being the date to which the latest audited financial statements of our Company were made up);
- (c) our Directors confirm that there has not been any interruption in the business of our Company which may have or has had a significant effect on the financial position of our Company in the 12 months preceding the date of this document; and
- (d) no part of the equity and debt securities of our Company, if any, is currently [REDACTED] on or dealt in on any other stock exchange or trading system nor is any [REDACTED] on any stock exchange other than the [REDACTED] is currently being or agreed to be sought.

13. 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 for Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

