Application Proof of

创智芯联
Chuangzhi Semi-link

Shenzhen Chuangzhi Semi-link Technology Co., Ltd.
深圳創智芯聯科技股份有限公司

(the "**Company**")

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

WARNING

The publication of this Application Proof is required by The Stock Exchange of Hong Kong Limited (the "**Exchange**") and the Securities and Futures Commission (the "**Commission**") solely for the purpose of providing information to the public in Hong Kong.

This Application Proof is in draft form. The information contained in it is incomplete and is subject to change which can be material. By viewing this document, you acknowledge, accept and agree with the Company, its joint sponsors, overall coordinators, advisers or members of the underwriting syndicate that:

(a) this document is only for the purpose of providing information about the Company to the public in Hong Kong and not for any other purposes. No investment decision should be based on the information contained in this document;

(b) the publication of this document or supplemental, revised or replacement pages on the Exchange's website does not give rise to any obligation of the Company, its joint sponsors, overall coordinators, advisers or members of the underwriting syndicate to proceed with an offering in Hong Kong or any other jurisdiction. There is no assurance that the Company will proceed with the offering;

(c) the contents of this document or supplemental, revised or replacement pages may or may not be replicated in full or in part in the actual final listing document;

(d) the Application Proof is not the final listing document and may be updated or revised by the Company from time to time in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

(e) this document does not constitute a prospectus, offering circular, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it calculated to invite offers by the public to subscribe for or purchase any securities;

(f) this document must not be regarded as an inducement to subscribe for or purchase any securities, and no such inducement is intended;

(g) neither the Company nor any of its affiliates, advisers or members of its underwriting syndicate is offering, or is soliciting offers to buy, any securities in any jurisdiction through the publication of this document;

(h) no application for the securities mentioned in this document should be made by any person nor would such application be accepted;

(i) the Company has not and will not register the securities referred to in this document under the United States Securities Act of 1933, as amended, or any state securities laws of the United States;

(j) as there may be legal restrictions on the distribution of this document or dissemination of any information contained in this document, you agree to inform yourself about and observe any such restrictions applicable to you; and

(k) the application to which this document relates has not been approved for listing and the Exchange and the Commission may accept, return or reject the application for the subject public offering and/or listing.

If an offer or an invitation is made to the public in Hong Kong in due course, prospective investors are reminded to make their investment decisions solely based on the Company's prospectus registered with the Registrar of Companies in Hong Kong, which will be made available to the public during the offer period.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT

IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this document, you should obtain professional independent advice.

创智芯联
Chuangzhi Semi-link

Shenzhen Chuangzhi Semi-link Technology Co., Ltd.
深圳創智芯聯科技股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on [REDACTED] in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

***Joint Sponsors,* [REDACTED]**

海通國際 HAITONG　　建银国际 CCB International　　CMS 招商證券國際

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

A copy of this document, having attached thereto the documents specified in Appendix VIII to this document, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this document or any other documents referred to above.

The **[REDACTED]** is expected to be fixed by agreement between the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) and us on the **[REDACTED]**. The **[REDACTED]** is expected to be on or before **[REDACTED]** (Hong Kong time). The **[REDACTED]** will not be more than HK$**[REDACTED]** per **[REDACTED]** and is currently expected to be not less than HK$**[REDACTED]** per **[REDACTED]**. If, for any reason, the **[REDACTED]** is not agreed by **[REDACTED]** (Hong Kong time) between the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) and us, the **[REDACTED]** will not proceed and will lapse. **[REDACTED]** for **[REDACTED]** are required to pay, on **[REDACTED]**, the maximum **[REDACTED]** of HK$**[REDACTED]** for each **[REDACTED]** together with a brokerage fee of 1%, an SFC transaction levy of 0.0027%, a Stock Exchange trading fee of 0.00565% and an AFRC transaction levy of 0.00015%.

The [REDACTED] (for themselves and on behalf of the [REDACTED]) may, with our consent, reduce the number of [REDACTED] being [REDACTED] under the [REDACTED] and/or the indicative [REDACTED] below that stated in this document at any time on or prior to the morning of the last day for lodging [REDACTED] under the [REDACTED]. In such case, an announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.czsemi-link.com not later than the morning of the last day for lodging [REDACTED] under the [REDACTED]. Details of the arrangement will then be announced by us as soon as practicable. For further information, see "Structure of the [REDACTED]" and "How to Apply for [REDACTED]" in this document.

The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (for themselves and on behalf of the [REDACTED]) if certain events occur prior to 8:00 a.m. on the [REDACTED]. See "[REDACTED]" in this document.

The **[REDACTED]** have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be **[REDACTED]**, **[REDACTED]**, pledged or **[REDACTED]** within the United States, except that **[REDACTED]** may be **[REDACTED]**, **[REDACTED]** or delivered outside the United States in offshore transactions in reliance on Regulation S.

[REDACTED]

IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[1]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

CONTENTS

IMPORTANT NOTICE TO PROSPECTIVE [REDACTED]

This document is issued by us solely in connection with the* [REDACTED] *and the* [REDACTED] *and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the* [REDACTED] [REDACTED] *by this document pursuant to the* [REDACTED]*. This document may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a* [REDACTED] *of the* [REDACTED] *in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document for purposes of a* [REDACTED] *and the* [REDACTED] *and* [REDACTED] *of the* [REDACTED] *in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

***You should rely only on the information contained in this document to make your* [REDACTED] *decision. The* [REDACTED] *is made solely on the basis of the information contained and the representations made in this document. We have not authorized anyone to provide you with information that is different from what is contained in this document. Any information or representation not contained nor made in this document must not be relied on by you as having been authorized by us, the Joint Sponsors,* [REDACTED]*, any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the* [REDACTED].**

CONTENTS

CONTENTS

This summary aims to give you an overview of the information contained in this document and is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this document. As this is a summary, it does not contain all the information that may be important to you and we urge you to read the entire document carefully before making your [**REDACTED**] *decision. There are risks associated with any* [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

OUR MISSION

Committed to critical upstream sectors of electronic packaging industry as our enduring mission, we have long been devoted to developing the electronic IT industry in China and worldwide, accelerating the arrival of an intelligent world, where all things are connected, by facilitating "semi-link (芯聯)" innovations.

OUR VISION

To attain the position of global leadership in wet process plating chemicals industry, while establishing ourselves as a leading Chinese enterprise in the metallization and interconnection domain of electronic packaging industry with strong technical credibility and ecological integration competence.

OVERVIEW

We are a leading solution provider for metallization and interconnection plating chemicals and critical process technology in China, driving supply chain development in China for wafer-level and chip-level packaging, as well as PCB assembly for nearly 20 years.

According to Frost & Sullivan, we are the largest domestic provider of wet process plating chemicals in China, and the largest one-stop plating solution provider in the Chinese market, in terms of revenue in 2024. For over a decade, we have successfully navigated multiple industry cycles and technological transformation in electronic packaging, demonstrating enduring adaptability while growing along with our industry.

The chart below sets out highlights of our achievements during the Track Record Period and as of December 31, 2024.

First to Achieve Large-scale supply of ENIG/ENEPIG, copper electroplating for TSV, and cyanide-free gold electroplating chemicals for wafer-level packaging among Chinese providers[1]	**Technological Leadership** Widely used in EV, AI , data centers, high-end consumer electronics, telecom and other rapidly-growing sectors	**Broadest Coverage** In terms of types of plating chemicals provided by chinese providers[1]
80% Coverage of top-five power device manufacturers in China[3]	**No. 1** Among Chinese wet process plating chemicals providers and one-stop plating solution providers[2]	**53.8%** CAGR of revenue from semiconductor business segment for FY2022-FY2024
90% Coverage of top-ten PCB manufacturers in China[3]	**RMB 85+ million** R&D expenditures for FY2022-FY2024	**130+** Customers from semiconductor industry

Notes:

(1) Based on the Frost & Sullivan Report.

(2) Based on the Frost & Sullivan Report, in terms of revenue in 2024.

(3) Based on the Frost & Sullivan Report, as of December 31, 2024.

During the Track Record Period, we derived revenue mainly from following two business segments that comprise our one-stop service solution:

- **Plating Chemicals Business Segment.** This is our primary business, where we generate revenue from manufacturing and sales of plating chemicals used in electroless plating and electroplating process for semiconductor and PCB industry.

- **Plating Services Business Segment.** In managing this business segment, we charge our customers services fees for the provision of electroless plating and electroplating services on Si wafers and SiC wafers, as well as packaging substrate and PCB.

We benefit from this business combination, which allows us to strengthen our influence in relevant industry ecosystem. In particular, we are able to either supplement their manufacturing capacity through handling production batches that have stringent standards, or effectively complement their R&D by undertaking critical tasks including establishment and validation of innovative process, and engineering runs. Therefore, we allow customers to concentrate on their core business, while integrating us into their supply chain system, achieving sustainable development.

OUR COMPETITIVE STRENGTHS

We believe that our market edge is sustainably maintained by these key strengths:

- Leading market position in wet process plating chemicals market in China
- Unrivaled technological advantages supported by distinguished industry expertise and R&D capabilities
- Comprehensive one-stop service capability
- Extensive and high-quality customer base
- Growing opportunities in the trend of supply chain localization as a qualified local supplier
- Visionary Management Team with Profound Industry Insight

See "Business — Our Competitive Strengths."

OUR BUSINESS STRATEGIES

We plan to implement the following strategies to achieve further development:

- Improving our plating chemicals and plating services capacity
- Enhancing our R&D capabilities to optimize our plating process technologies and enrich our product portfolio
- Expanding globally to build an international customer ecosystem
- Broadening our customer reach and fostering deeper relationships by strengthening our sales team
- Creating stronger industry synergies by seeking strategic investments and acquisitions

See "Business — Strategy."

OUR PRODUCTS AND SERVICE OFFERINGS

We have long been dedicated to pioneering research in wet process plating chemicals and paired process for semiconductor and PCB industries. In the field of electronic packaging, after more than a decade of product formulation, and engineering experience accumulation, we have established ourselves as a leading plating solution provider for metallization and interconnection materials and critical process technology in China. We have developed a comprehensive product matrix of electroless plating and electroplating chemicals, providing full application coverage for wafer-level and chip-level packaging, as well as PCB assembly. The overall performance of our major plating chemicals has reached the international advanced level, with several key performance metrics surpassing global industry benchmarks.

Our extensive product coverage in plating chemicals, combined with our ability to provide flexible and customized plating services, creates a synergistic effect that enhances our influence within the industry ecosystem. We achieve this by complementing their R&D requirements by undertaking critical tasks including establishment and validation of innovative process, and engineering runs. Additionally, we provide on-demand manufacturing capacity for tailored, flexible production to meet non-standard demands and serving as a production buffer in cases of production overflow. This collaborative approach allows our customers to focus on their core competencies, while we integrate into their supply chain systems.

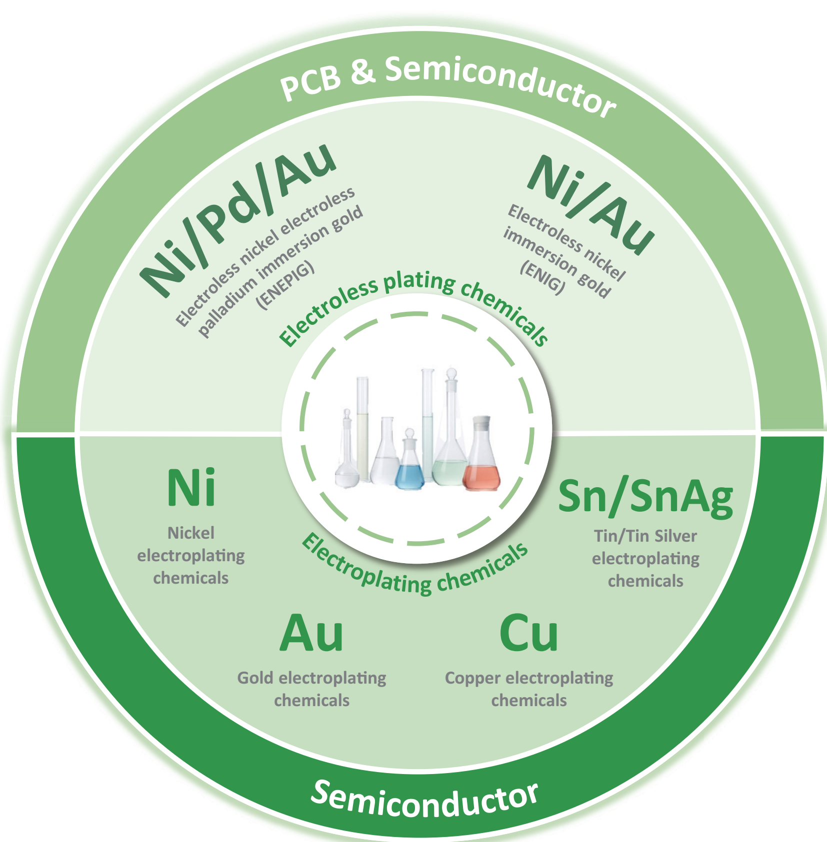
The following picture illustrates our one-stop solution that cover our customers' need for both plating chemicals and plating services in full life cycle.

Our Plating Chemicals

We develop, manufacture and sell a comprehensive product matrix of electroless plating and electroplating chemicals, achieving full application coverage from wafer-level and chip-level packaging to PCB assembly in the semiconductor and PCB field. Our plating chemicals, working with paired plating process, can create the critical conductive paths and functional conductive structures at atomic-level within different electronic devices, thereby facilitating electrical signal connections and enabling electronic products to achieve their functions.

Our plating chemicals and services cover both electroless plating and electroplating, the two major plating process in the electronic packaging applied to semiconductor and PCB industries. Specifically, our major products include ENIG/ENEPIG, copper electroplating and cyanide-free gold electroplating chemicals. The overall performance of our major plating chemicals has also reached the international advanced level, with several key performance metrics surpassing global industry benchmarks. According to Frost & Sullivan, as of the Latest Practicable Date, we were one of a few Chinese enterprises that have achieved full coverage of applications across wafer-level and chip-level packaging as well as PCB assembly.

The picture below illustrates our major products in plating chemicals business segment.



Electroless plating Chemicals

Our electroless plating chemicals, including ENIG/ENEPIG chemicals, are applied in the semiconductor and PCB sectors. In the semiconductor industry, our plating chemicals and paired process are principally utilized for wafer-level packaging of power chips such as IGBT and MOSFET, sensor chips such as CIS, as well as chip-level packaging of packaging substrate including IC substrate, glass substrate, and ceramic substrates. In the PCB industry, our plating chemicals and paired process are primarily employed in the surface metallization of high performance PCBs, such as HDI, high-frequency and high-speed board, FPC and RFPC.

Electroplating Chemicals

Mainly focusing on applications in semiconductor industry, our electroplating products comprise copper, gold, nickel, tin, and tin-silver electroplating chemicals. These products and paired process are primarily utilized for Si wafers and SiC wafer in wafer-level packaging, as well as glass substrates and ceramic substrates in chip-level packaging. They are capable of meeting the metal deposition requirements for surfaces or via of different base materials with various micro-scale structures in semiconductor manufacturing, covering metallization and interconnection process such as Bumping, RDL, TSV, and TGV.

During the Track Record Period, we generated revenue from the sales of plating chemicals of RMB311.5 million, RMB274.9 million, and RMB328.8 million in 2022, 2023 and 2024, respectively.

Our Plating Service

In order to efficiently and effectively address the evolving demands of our downstream customers, leveraging our leading capabilities on R&D and technological innovations in electronic packaging, we expand our business segment to offer plating services. Our customers provide wafers and substrates that have not yet undergone plating process to us, such as Si wafers, SiC wafers, and ceramic and glass substrates, and we perform plating services and return the finished products to our customers.

During the Track Record Period, we generated revenue from the provision of plating services of RMB8.1 million, RMB36.7 million, and RMB81.1 million in 2022, 2023 and 2024, respectively.

Application in Semiconductor and PCB Industries

Our plating chemicals and services are extensively adopted in the electronic packaging of devices used in downstream industries, including telecom, data center, EV, and consumer electronics. For details of our application case studies, see "Business — Application of Our Products and Services."

RESEARCH AND DEVELOPMENT

We have always positioned ourselves as a technology-driven company in the wet process plating chemical industry, with a strong focus on technological innovation and commercialization. Over the years, we have strategically advanced our R&D efforts, continuously exploring and refining ways to translate our cutting-edge process technology into marketable products. During the Track Record Period, our cumulative R&D expenditure reached RMB85.2 million. As of December 31, 2024, we had 69 employees involved in R&D functions, accounted for 16.6% of our total employees. The core members of our R&D team have over ten years of experience on average in electronic packaging industry.

We remain steadfastly focused on core technologies in the field of plating chemicals and process, specializing in various metallization and interconnection technologies at the solid and liquid interface.

Through years of R&D practice and deep collaboration with our customers, our technological capabilities have advanced from PCB assembly to wafer-level and chip-level packaging. In particular, our ability to provide a vast array of various core plating chemicals is built upon a deep understating of chemistry and materials science and years of application know-how, which enables us to overcome the complex application challenges. For details, see "Business — Research and Development — Our Key Technology."

MANUFACTURING AND PRODUCTION

Capitalizing on our rich industry experience and advanced production techniques, we have established plating chemicals production line featuring highly automated procedure, stringent quality control and ESG compliance standards. During the Track Record Period, we had two production sites for our plating chemicals, namely, Chuangzhi Plant and Zhiyuan Plant, and two production sites used for providing our plating service, namely, Xizhi Plant and Chuangzhixin Plant. For details of production sites and manufacturing procedures, see "Business — Manufacturing and Production."

SALES, MARKETING AND DISTRIBUTION

We have developed a customer-centric strategy that encompasses the entire sales and marketing lifecycle — from customer acquisition to service after product and services delivery. Our dedicated technical service team can be deployed directly to our customers' production lines to provide hands-on support to help our customer resolve technical issues or meet their customized needs after the delivery of our plating chemicals. Together with our plating chemicals, upon the request of our customers, we offer comprehensive guidance and tailored instructions to our customers, including on-site support at our customers' semiconductor and PCB production facilities, ensuring they can fully leverage our advanced techniques to optimize the performance of our plating chemicals.

During the Track Record Period, we primarily sold directly to end customers in China. To expand the geographic coverage and consumer reach of our products, we complement our direct sales with distribution network. We maintain a buyer-seller relationship with our distributors and unless there are quality issues and prior approval from us, we do not generally permit return from distributors. As of December 31, 2022, 2023, and 2024, we had 5, 6 and 5 distributors, respectively, which contributed to 3.3%, 3.4%, and 1.4% of our total revenues in 2022, 2023, 2024, respectively.

OUR CUSTOMERS

Our customers primarily include leading companies in semiconductors and PCB industries in China. During the Track Record Period, our five largest customers generated RMB110.0 million, RMB87.6 million and RMB105.1 million of revenue in 2022, 2023 and 2024, respectively, accounting for 34.4%, 28.1% and 25.6% of our total revenue for the same years, respectively. To the best knowledge of our Directors, all of our five largest customers during the Track Record Period are Independent Third Parties. None of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest customers during the Track Record Period.

OUR SUPPLIERS

We purchase raw materials and key components from third-party suppliers, including Palladium Sulfate, Nickel Sulfate, Dichlorotetraammine Palladium (二氯四氨鈀) and Sodium Hypophosphite (次磷酸鈉). During the Track Record Period, purchases from our five largest supplier amounted to RMB189.8 million, RMB83.7 million and RMB155.5 million in 2022, 2023 and 2024, respectively, accounting for 83.3%, 63.5% and 67.2% of our total purchases for the same years, respectively. To the best knowledge of our Directors, all of our five largest suppliers during the Track Record Period are Independent Third Parties. None of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest suppliers during the Track Record Period.

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our financial information during the Track Record Period, extracted from the Accountants' Report set out in Appendix I to this document. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, our financial statements in this document, including the related notes. Our financial information was prepared in accordance with HKFRS.

Summary of Consolidated Statements of Profit or Loss

The following table sets forth selected consolidated statement of profit or loss and other comprehensive income for the years indicated:

	Year Ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue	319,607	311,651	409,924
Cost of sales	(216,325)	(201,677)	(234,669)
Gross Profit	**103,282**	**109,974**	**175,255**
Other income and gains	2,924	4,288	3,513
Selling and distribution expenses	(30,058)	(28,735)	(34,800)
Administrative expenses	(30,394)	(33,292)	(41,521)
Research and development expenses	(16,301)	(30,053)	(38,823)
Impairment losses on financial and contract assets, net	936	(903)	(3,116)
Other expenses	(612)	(515)	(1,228)
Finance costs	(1,668)	(1,490)	(2,065)
Share of profits of an associate	–	–	2,957
PROFIT BEFORE TAX	**28,109**	**19,274**	**60,172**
Income tax credit/(expense)	(781)	147	(7,466)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**27,328**	**19,421**	**52,706**
Attributable to:			
Owners of our Company	27,328	19,421	54,448
Non-controlling interests	–	–	(1,742)
	27,328	19,421	52,706

See "Financial Information — Description of Key Components of Our Results of Operations" in this document.

Revenue

During the Track Record Period, our revenue was primarily generated from (i) the sales of plating chemicals used in electroless plating and electroplating process for semiconductor and PCB industry; and (ii) services fees charged for providing electroless plating and electroplating services.

The following table sets forth a breakdown of our revenue by business line, in absolute amount and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Plating chemicals						
Plating chemicals for PCB industry						
– *Electroless plating chemicals*	279,750	87.5	226,357	72.6	253,805	61.9
Plating chemicals for semiconductor industry						
– *Electroless plating chemicals*	15,757	5.0	29,113	9.4	45,905	11.2
– *Electroplating chemicals*	15,965	5.0	19,455	6.2	29,129	7.1
Subtotal	31,722	10.0	48,568	15.6	75,034	18.3
Subtotal	**311,472**	**97.5**	**274,925**	**88.2**	**328,839**	**80.2**
Plating Services						
Electroless-plating and electroplating services	6,369	2.0	23,540	7.6	78,909	19.3
Others*	1,766	0.5	13,186	4.2	2,176	0.5
Subtotal	**8,135**	**2.5**	**36,726**	**11.8**	**81,085**	**19.8**
Total	**319,607**	**100.0**	**311,651**	**100.0**	**409,924**	**100.0**

Note: In the process of offering plating services, we may, from time to time and requests from relevant customers, provide equipment to them assisting quick deployment of needed mass production capacity with expected quality.

See "Financial Information — Description of Key Components of Our Results of Operations — Revenue — Revenue Breakdown by Business Line" in this document.

Sales Volume and Average Selling Price

The following table sets forth a breakdown of sales volume and average selling prices of our plating chemicals products for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	ton	*RMB'000/ton*	*ton*	*RMB'000/ton*	*ton*	*RMB'000/ton*
Plating chemicals for PCB industry						
– Electroless plating chemicals	10,343	27.1	8,254	27.4	9,320	27.2
Plating chemicals for semiconductor industry						
– Electroless plating chemicals	156	101.2	293	99.5	407	112.8
– Electroplating chemicals	64	249.6	70	277.5	100	291.5

In 2022, 2023 and 2024, the average selling price of electroless plating chemicals for PCB industry remained generally stable, at RMB27.1 thousand per ton, RMB27.4 thousand per ton, and RMB27.2 thousand per ton, respectively. This pricing stability was attributable to the mature nature of our electroless plating chemicals business, where we adopted a relatively steady pricing strategy throughout the Track Record Period.

In 2022, 2023, and 2024, the average selling price of electroless plating chemicals for semiconductor industry remained generally stable, mainly as a result of a relatively consistent pricing strategy during the Track Record Period; while the average selling price of electroplating chemicals for semiconductor industry rose steadily, primarily due to an increase in sales of higher-priced products in 2023 and 2024.

See "Financial Information — Description of Key Components of Our Results of Operations — Revenue — Sales Volume and Average Selling Price" in this document.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by business segment for the periods indicated:

	Year Ended December 31,					
	2022		2023		2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Plating chemicals						
Plating chemicals for PCB industry	78,514	28.1	79,246	35.0	120,436	47.5
Plating chemicals for semiconductor industry	21,869	68.9	29,902	61.6	37,923	50.5
Subtotal	**100,383**	**32.2**	**109,148**	**39.7**	**158,359**	**48.2**
Plating services	2,899	35.6	826	2.2	16,896	20.8
Overall	**103,282**	**32.3**	**109,974**	**35.3**	**175,255**	**42.8**

During the Track Record Period, our overall gross profit and gross profit margin increased steadily, which were in line with our business growth. The majority of our gross profit was from the sales of plating chemicals during the Track Record Period. The continued growth of high-end orders for our plating chemicals for PCB industry in 2023 and 2024 has optimized our product portfolio, leading to our improved gross profit and gross profit margin in this business line.

In 2023, the relatively low gross profit and gross profit margin of plating services were mainly due to the fact that our Zhuhai and Nantong production bases for plating services were still in the stage of construction and trial production, with higher upfront investment costs. In 2024, the gross profit level of our plating services increased as compared to 2023 as these bases were put into operation throughout the year with higher capacity utilization and rising order volumes created economies of scale with improvement in production efficiency, as well as the purchase price of raw materials involved in plating services decreased.

See "Financial Information — Description of Key Components of Our Results of Operations — Gross Profit and Gross Profit Margin" in this document.

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financialposition as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Total current assets	427,726	398,504	452,993
Total non-current assets	452,975	556,866	605,922
Total current liabilities	93,618	88,627	125,009
Total non-current liabilities	45,077	45,316	39,460
Net current assets	334,108	309,877	327,984
Total equity	742,006	821,427	894,446

Our net current assets decreased slightly from RMB334.1 million as of December 31, 2022, to RMB309.9 million as of December 31, 2023, primarily due to (i) a decrease in inventories of RMB45.3 million, (ii) a decrease in cash and cash equivalents of RMB7.9 million, and (iii) a decrease in financial assets at fair value through profit or loss of RMB9.0 million. These were partially offset by (i) an increase in trade and bills receivables of RMB20.3 million, (ii) an increase in debt investments at FVOCI of RMB10.5 million, and (iii) a slight decrease in lease liabilities and trade and bills payables of RMB3.9 million.

Our net current assets increased slightly from RMB309.9 million as of December 31, 2023, to RMB328.0 million as of December 31, 2024, primarily due to (i) an increase in trade and bills receivables of RMB55.5 million, (ii) an increase in inventories of RMB35.9 million, and (iii) an increase in cash and cash equivalents of RMB23.7 million. These were partially offset by (i) a decrease in financial assets at fair value through profit or loss of RMB51.3 million, (ii) an increase in interest-bearing loans and borrowings of RMB16.9 million, and (iii) an increase in trade and bills payables of RMB26.8 million.

See "Financial Information — Discussion of Selected Items from Consolidated Statements of Financial Position" in this document.

Summary of Our Statement of Cash Flows

The following table sets forth a summary of our cash flows information for the periods indicated:

	Year Ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows from/(used in) operating activities	(7,629)	29,201	49,985
Net cash flows used in investing activities	(242,659)	(59,912)	(55,483)
Net cash flows from financing activities	231,083	22,845	29,207
Net increase/(decrease) in cash and cash equivalents	(19,205)	(7,866)	23,709
Cash and cash equivalents at beginning of year	89,873	70,668	62,802
Cash and cash equivalents at the end of year	**70,668**	**62,802**	**86,511**

See "Financial Information — Cash Flows" in this document.

Key Financial Ratios

The table below sets forth our key financial ratios for the years/as of the dates indicated:

	As of/Year Ended December 31,		
	2022	2023	2024
Gross profit margin(1)	32%	35%	43%
Net profit margin(2)	9%	6%	13%
Return on equity(3)	4%	2%	6%
Current ratio(4)	4.57	4.50	3.62
Gearing ratio(5)	6%	5%	6%
Debt to Equity Ratio(6)	19%	16%	18%

Notes:

(1) Gross profit margin was calculated based on gross profit divided by revenue for the respective year.

(2) Net profit margin was calculated based on net profit after taxes divided by revenue for the respective year.

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

(4) Current ratio was calculated based on the total current assets divided by the total current liabilities as of the relevant dates.

(5) Gearing ratio was calculated based on total borrowings divided by total equity as of the relevant dates and multiplied by 100%.

(6) Debt to equity ratio was calculated based on total liability divided by total equity as of the relevant date and multiplied by 100%.

See "Financial Information — Key Financial Ratios" in this document.

COMPETITIVE LANDSCAPE

Due to high technical barriers, the number of participants in China's wet process plating chemicals market is relatively limited, resulting in a relatively high concentration of overall market competition. Based on revenue in 2024, the top ten market participants accounted for 63.3% of the market share in China. Market participants in China can be divided into international manufacturers and domestic manufacturers. Thanks to the first-mover advantage in technology research and development and product layout, international manufacturers have historically dominated the China's Wet process plating chemicals market. However, with the rapid technological advancements and continuous introduction of new products by domestic manufacturers, a few domestic companies have gradually gained more market share.

Please refer to the section headed "Industry Overview" in this document for more details about the major competitors of our products.

RISK FACTORS

There are certain risks relating to an [**REDACTED**] in our Shares. A detailed discussion of the risk factors is set forth in the section headed "Risk Factors". A summary of key risk factors is set forth below. Any of the following developments may have a material and adverse effect on our business, financial condition, results of operations and prospects:

- If we fail to develop new products or services that address customer preferences and achieve market acceptance in a timely and cost-effective manner, our results of operations could be adversely affected.

- We depend on growth in the end markets that adopt our products. Any slowdown in the growth of these end markets could adversely affect our business, financial condition and results of operations.

- Our business growth and prospects are affected by our ability to continuously innovate and upgrade our technologies and production processes and to penetrate new markets.

- The wet process plating chemicals market is highly competitive. If we are not able to compete successfully, our business, results of operations and future prospects will be harmed.

- Our business depends substantially on the efforts of our management and highly skilled R&D personnel, and our operations may be severely disrupted if we lost their service.

- We may be exposed to credit risk arising from our trade and bills receivables. Failure to collect our trade and bills receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects.

You should read the entire section headed "Risk Factors" in this document before you decide to [**REDACTED**] in the [**REDACTED**].

DIVIDEND

No dividend had 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 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. Distribution of dividends will be decided by our Board at their discretion and will be subject to Shareholders' approval. In addition, our dividend policy will also be subject to our Articles of Association, the PRC Company Law and any other applicable PRC laws and regulations. See "Financial Information — Dividends" in this document.

OUR CONTROLLING SHAREHOLDERS

Pursuant to the respective concert party agreements dated August 5, 2020, November 3, 2020 and November 3, 2020 entered into by, among others, (i) Mr. Yao and (ii) each of Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke, each of Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke has agreed to act in concert with Mr. Yao and reach consensus when exercising Shareholders' rights, including but not limited to the right to vote at general meetings of our Company. For further details, see "History, Development and Corporate Structure — Concert Party Arrangements" in this document.

As of the Latest Practicable Date, Mr. Yao, an executive Director and the chairperson of our Board, was able to exercise approximately 66.75% voting rights in our Company, through (i) 60,107,040 Shares held by himself, (ii) 1,082,303 Shares held by Qianhai Lvzhiyuan, which is a limited liability company established under the laws of the PRC and is held as to 75% and 20% by Mr. Yao and Dr. Yao, respectively, (iii) 8,627,693 Shares held by Zhiyuanxin, which is a limited partnership established under the laws of the PRC and is managed by Mr. Yao as its executive partner, (iv) 3,854,607 Shares held by Zhiyuan Xinchuang, which is a limited partnership established under the laws of the PRC, and (v) 2,903,835 Shares held by Zhiyuan Xinke, which is a limited partnership established under the laws of the PRC.

Immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Mr. Yao will be entitled to exercise approximately [**REDACTED**]% voting rights in our Company. Therefore, Mr. Yao, Dr. Yao, Qianhai Lvzhiyuan, Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke will constitute a group of Controlling Shareholders of our Company under the Listing Rules.

For further details, see "Relationship with Our Controlling Shareholders" in this document.

PRE-[REDACTED] INVESTMENTS

Our Company obtained several rounds of investments from the Pre-[**REDACTED**] Investors and raised approximately RMB588.9 million in total. For details, see "History, Development and Corporate Structure — The Pre-[**REDACTED**] Investments — (1) Principal terms of the Pre-[**REDACTED**] Investments" in this document.

[REDACTED] STATISTICS

	Based on the [REDACTED] of HK$[REDACTED]	Based on the [REDACTED] of HK$[REDACTED]
[**REDACTED**] of our Shares[1]	HK$[**REDACTED**]	HK$[**REDACTED**]
Unaudited [**REDACTED**] adjusted net tangible assets per Share[2]	HK$[**REDACTED**]	HK$[**REDACTED**]

Notes:

(1) The calculation of [**REDACTED**] is based on the assumption that [**REDACTED**] Shares expected to be in issue immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised.

(2) Please see "Appendix II — Unaudited [**REDACTED**] Financial Information" for further details regarding the assumptions used and the calculations method.

USE OF [REDACTED]

We estimate the net [**REDACTED**] of the [**REDACTED**] which we will receive, assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] stated in this document), will be approximately HK$[**REDACTED**], after deduction of [**REDACTED**] and estimated expenses payable by us in connection with the [**REDACTED**] and assuming the [**REDACTED**] is not exercised.

- Approximately [45.0]% (or HK$[**REDACTED**]) will be used to the construction and upgrading of new production lines for our plating chemicals and plating services.

- Approximately [30.0]% (or HK$[**REDACTED**]) will be used for R&D, technological innovation, product upgrades and the expansion of our product portfolio.

- Approximately [15.0]% (or HK$[**REDACTED**]) will be used for our potential strategic expansion opportunities in the future.

- Approximately [10.0]% (or HK$[**REDACTED**]) will be used for general working capital and general corporate purposes.

[REDACTED]

[**REDACTED**] to be borne by us are estimated to be RMB[**REDACTED**] (HK$[**REDACTED**]) (including [**REDACTED**]), at the [**REDACTED**] of HK$[**REDACTED**] per Share, and assuming the [**REDACTED**] is not exercised, among which (i) [**REDACTED**] expenses, including [**REDACTED**] and other expenses are RMB[**REDACTED**] (HK$[**REDACTED**]) and (ii) non-[**REDACTED**]-related expenses are RMB[**REDACTED**] (HK$[**REDACTED**]), comprising (a) fees and expenses of legal advisors and accountants of RMB[**REDACTED**] (HK$[**REDACTED**]) and (b) other fees and expenses of RMB[**REDACTED**] (HK$[**REDACTED**]). As of December 31, 2024, we have not incurred any [**REDACTED**].

We estimate that [**REDACTED**] of RMB[**REDACTED**] (HK$[**REDACTED**]) is expected to be charged to our statements of profit or loss, and RMB[**REDACTED**] (HK$[**REDACTED**]) is expected to be capitalized. Our [**REDACTED**] as a percentage of gross [**REDACTED**] is [**REDACTED**]%, assuming an [**REDACTED**] of HK$[**REDACTED**] per Share and that the [**REDACTED**] is not exercised. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since December 31, 2024 (being the date on which the latest audited consolidated financial information of our Company was prepared) and there is no event since December 31, 2024 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below.

"Accountants' Report"	the accountants' report of our Company from Ernst & Young, the text of which is set out in Appendix I to this document
"affiliate(s)"	with respect to any specified person, any other person(s), directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person(s)
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company adopted on May 27, 2025 with effect upon the [**REDACTED**] (as amended from time to time), a summary of which is set out in Appendix VI to this document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board" or "Board of Directors"	the board of Directors
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[**REDACTED**]

"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, references in this document to "China" and "PRC" do not apply to Taiwan, the Macau Special Administrative Region of the People's Republic of China and Hong Kong

"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Shenzhen Chuangzhi Semi-link Technology Co., Ltd. (深圳創智芯聯科技股份有限公司), a joint stock company with limited liability incorporated in the PRC, the predecessor of which was Shenzhen Chuangzhi Chenggong Technology Co., Ltd. (深圳市創智成功科技有限公司) (formerly known as Shenzhen Guandali Chemical Co., Ltd. (深圳市冠達力化工有限公司) and Shenzhen Chenggong Chemical Co., Ltd. (深圳市成功化工有限公司)), a limited liability company established in the PRC on November 10, 2006, and if the context requires, includes its predecessor
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed thereto under the Listing Rules and in this context, refers to Mr. Yao, Dr. Yao, Qianhai Lvzhiyuan, Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke, further details of which are set out in the section headed "Relationship with Our Controlling Shareholders" in this document
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Domestic Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for in Renminbi

"Dr. Yao"	Dr. YAO Yu (姚玉), our executive Director, general manager and R&D director, and one of our Controlling Shareholders upon [**REDACTED**]
"EIT"	enterprise income tax
"Employee Incentive Scheme(s)"	the two employee incentive schemes of our Company which were adopted on July 27, 2020 and September 30, 2020, respectively, a summary of the principal terms of which is set forth in the paragraph headed "Further Information about Our Directors and Substantial Shareholders — 5. Employee Incentive Schemes" in Appendix VII to this document or any one of them as the context may require
"ESOP Platform(s)"	Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke, or any one of them as the context may require
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[**REDACTED**]

"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant
"Frost & Sullivan Report"	the industry report commissioned by our Company and independently prepared by Frost & Sullivan, a summary of which is set forth in the section headed "Industry Overview" in this document

[**REDACTED**]

"Group", "our Group", "we", "us" or "our"	our Company and all of its subsidiaries, or any one of them as the context may require

"Guide for New Listing Applicants"	the Guide for New Listing Applicants published by the Stock Exchange
"H Share(s)"	overseas [**REDACTED**] foreign ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be [**REDACTED**] and [**REDACTED**] in Hong Kong dollars and to be [**REDACTED**] on the [**REDACTED**]

[**REDACTED**]

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

"Hong Kong dollars" or "HK$"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong

[**REDACTED**]

"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

[**REDACTED**]

"Independent Third Party(ies)"	any person(s) or entity(ies) who/which is not a connected person of our Company within the meaning of the Listing Rules

[**REDACTED**]

[**REDACTED**]

"Latest Practicable Date"	June 2, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[**REDACTED**]

"Listing Committee"	the listing committee of the Hong Kong Stock Exchange

[**REDACTED**]

"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"Mr. Yao"	Mr. YAO Cheng (姚成), our executive Director and chairperson of our Board, and one of our Controlling Shareholders upon [**REDACTED**]
"Nomination Committee"	the nomination committee of our Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[**REDACTED**]

[**REDACTED**]

"Overseas Listing Trial Measures"	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》) promulgated by the CSRC on February 17, 2023
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the People's Republic of China (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Adviser"	AllBright Law Offices (Shenzhen), the legal adviser to our Company as to the PRC laws
"PRC Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time
"Pre-[**REDACTED**] Investment(s)"	the investment(s) in our Company undertaken by the Pre-[**REDACTED**] Investors pursuant to the relevant equity transfer agreement(s) and/or share subscription agreement(s), details of which are set out in the section headed "History, Development and Corporate Structure" in this document

"Pre-[**REDACTED**] Investor(s)"	the investor(s) who acquired interest in our Company pursuant to the relevant equity transfer agreement(s) and/or share subscription agreement(s), details of which are set out in the section headed "History, Development and Corporate Structure" in this document

[**REDACTED**]

"Qianhai Lvzhiyuan"	Shenzhen Qianhai Lvzhiyuan Technology Co., Ltd. (深圳市前海綠智源科技有限公司), a limited liability company established under the laws of the PRC on November 7, 2013 and one of our Controlling Shareholders upon [**REDACTED**]
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of our Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"Securities and Futures Commission" or "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
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including both Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of our Share(s)
"sq.m."	square meters

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs published by the SFC (as amended, supplemented or otherwise modified from time to time)
"Track Record Period"	the three financial years ended December 31, 2022, 2023 and 2024

[**REDACTED**]

"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder

[**REDACTED**]

"Zhiyuanxin"	Shenzhen Zhiyuanxin Investment Consulting Partnership (Limited Partnership) (深圳市智源芯投資諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on March 25, 2020, one of the ESOP Platforms and one of our Controlling Shareholders upon [**REDACTED**]

"Zhiyuan Xinchuang"	Shenzhen Zhiyuan Xinchuang Investment Consulting Partnership (Limited Partnership) (深圳市智源芯創投資諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on April 10, 2020, one of the ESOP Platforms and one of our Controlling Shareholders upon [**REDACTED**]
"Zhiyuan Xinke"	Shenzhen Zhiyuan Xinke Investment Consulting Partnership (Limited Partnership) (深圳市智源芯科投資諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on April 1, 2020, one of the ESOP Platforms and one of our Controlling Shareholders upon [**REDACTED**]
"%"	per cent

GLOSSARY OF TECHNICAL TERMS

In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Group and our business shall have the meanings set out below. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"2.5D packaging"	a packaging method that integrates multiple dies side-by-side on an interposer for high-density interconnects without full 3D stacking
"3D-NAND"	three-dimensional NAND flash memory, a type of non-volatile storage where memory cells are stacked vertically to increase capacity and reduce cost per bit
"3D packaging"	a semiconductor packaging technology that stacks multiple chips vertically with TSVs for high-performance and compact integration
"ADAS"	advanced driver-assistance systems, vehicle systems that enhance safety by using sensors and AI to assist with driving tasks such as braking and lane-keeping
"Advanced multilayer PCB"	complex PCBs with many layers, incorporating advanced design features for signal routing, power distribution, and thermal management
"Advanced packaging"	a collection of packaging techniques beyond traditional wire bonding, such as 2.5D/3D, fan-out, and chiplet architectures, for improved performance
"Ag"	silver, a highly conductive metal used in some electronic finishes and pastes, though less common due to its susceptibility to tarnish
"AI"	artificial intelligence, the simulation of human intelligence in machines designed to perform tasks such as learning, reasoning, and problem-solving
"Aspect ratio"	the ratio of depth to width of a via or trench in PCBs or semiconductors, influencing the difficulty of fabrication and plating

"Au"	gold, a highly conductive and oxidation-resistant metal used in bonding and metallization in electronic packaging
"Automotive-grade chip"	semiconductor components qualified to meet the rigorous standards for use in automotive environments, including reliability and temperature tolerance
"BMS"	battery management system, an electronic system that monitors and manages battery charging, discharging, and safety
"Boards"	general term for printed circuit boards (PCBs), which mechanically support and electrically connect electronic components
"Bumps"	small solder or metal balls formed on chip pads for flip-chip bonding or wafer-level packaging
"Bumping"	the process of creating bumps
"CAGR"	compound annual growth rate
"Ceramic substrates"	substrates made from ceramic materials used for high thermal conductivity and insulation in power modules and RF applications
"Chiplet"	a small functional chip that can be combined with others in a package using advanced integration to form a complete system, enabling modular chip design
"Chip-level packaging"	the process of enclosing and protecting individual semiconductor chips after dicing, providing electrical connections to external circuitry
"CIS"	CMOS image sensor, a semiconductor device that converts light into electrical signals using complementary metal-oxide-semiconductor (CMOS) technology
"CIS chips"	CMOS image sensor chips, semiconductor devices that convert light into electrical signals, widely used in consumer electronics, cameras and machine vision

"Consumer-grade chip"	semiconductor chips designed for consumer electronics, optimized for cost, performance, and power efficiency under typical usage conditions
"CoWoS packaging"	chip-on-wafer-on-substrate, an advanced 2.5D packaging technology developed by TSMC for integrating multiple chips with high bandwidth interconnects
"CPU"	central processing unit, the main processor in a computing system responsible for executing instructions and managing tasks
"Dies"	individual, separated semiconductor chips obtained from dicing a processed wafer, each containing a complete circuit
"Display driver IC"	integrated circuit that controls pixels on a display panel, translating digital signals into analog voltages to drive the screen
"DRAM"	dynamic random-access memory, a type of volatile memory widely used for system memory in computing devices due to its speed and density
"Electrical signal connections"	pathways formed using conductive materials to transmit electrical signals between components in electronic systems
"Electroless plating"	a chemical plating process that deposits metal on a substrate without the use of electrical current
"Electronic ceramic housings"	protective enclosures made from ceramics that provide excellent electrical insulation and thermal conductivity for electronic components
"Electroplating"	a plating process that utilizes the principle of electrolysis, metal cations in the plating solution are reduced at the cathode, resulting in the formation of a metallic coating on the cathode surface
"ENEPIG"	electroless nickel electroless palladium immersion gold, a multilayer surface metallization used in semiconductor and PCB manufacturing that enhances wire bonding and solderability

"ENIG"	electroless nickel immersion gold, a two-layer metallic coating on semiconductors and PCBs providing good surface planarity and oxidation resistance
"EV"	electric vehicle, a vehicle powered by one or more electric motors using energy typically stored in rechargeable batteries
"FCBGA"	flip-chip ball grid array, a type of semiconductor package where the chip is mounted face-down using bumps, with a ball grid array for board connection
"Flip-chip packaging"	a packaging method where a semiconductor die is mounted face-down on the substrate, enabling high I/O density and improved electrical performance
"Foveros"	a 3D chip stacking technology developed by Intel that enables logic-on-logic integration through fine-pitch die-to-die interconnects
"FOWLP"	fan-out wafer-level packaging, an advanced packaging technology that redistributes I/O connections beyond the chip footprint to improve thermal/electrical performance
"FPC"	flexible printed circuit board, a bendable and lightweight circuit board used in compact and dynamic electronic applications
"FRD"	fast recovery diode, a type of diode that quickly switches from conducting to non-conducting state, used in power applications to reduce losses
"Glass substrates"	thin glass layers used as a base for building circuits or interposers, offering thermal and dimensional stability
"GPU"	graphics processing unit, a specialized processor designed for rapid image rendering and parallel processing, widely used in AI and scientific computing
"HBM"	high bandwidth memory, a type of high-performance RAM used in GPUs and AI chips, offering fast data transfer through 3D stacking and wide interfaces

"Heterogeneous integration"	the integration of different types of chips (e.g., logic, memory, analog) into a single package, enhancing performance and system-level efficiency
"High-layer count boards"	PCBs with a large number of conductive layers (typically 10 or more), used in high-performance computing and communication systems for signal integrity and dense routing.
"High-speed digital PCB"	PCBs optimized for signal integrity and low jitter in digital circuits with fast data rates, commonly used in networking and computing
"HPC"	high performance computing, systems designed to process and compute complex data quickly, used in AI, scientific research, and simulations
"IC"	integrated circuit, a circuit in which many elements are fabricated and interconnected on a single substrate, typically silicon, to perform an electronic function
"IC Substrate"	an intermediate layer in semiconductor packaging that connects the chip to the PCB, providing signal routing and mechanical support. Refer to organic substrate, excluding ceramic/glass variants unless specified
"IDM"	integrated device manufacturer, a company that designs, manufactures, and sells semiconductor devices under one roof
"IGBT"	insulated-gate bipolar transistor, a semiconductor device used in power electronics for high-efficiency switching at high voltages
"Industrial-grade chip"	chips designed for industrial applications with higher durability, extended temperature ranges, and long-term reliability
"Interposers"	intermediate substrate used to connect, adapt, or integrate chips and substrates, especially when fine-pitch, high-density, or multi-chip connections are needed

GLOSSARY OF TECHNICAL TERMS

"I/O"	input/output, the interface through which a device communicates with the external environment or other devices
"I/O density"	the number of I/O connections per unit area on a semiconductor device or package, affecting signal bandwidth and integration level
"I/O pitch"	the distance between adjacent I/O terminals or bumps on a semiconductor package, impacting packaging density
"IVI"	in-vehicle infotainment, integrated systems in vehicles providing entertainment, navigation, and connectivity features to passengers and drivers
"Laser diode chips"	semiconductor devices that emit coherent light when electrically biased, used in optical communication, sensors, and display applications
"LLC"	a type of resonant converter that uses an inductor-inductor-capacitor topology for high-efficiency power conversion at variable load
"MEMS"	micro-electro-mechanical systems, miniature devices integrating electrical and mechanical components at the microscale for sensors and actuators
"Metallization and interconnection plating chemicals"	chemical solutions used to deposit metal layers on substrates, enabling electrical interconnection in semiconductor and PCB manufacturing
"Moore's Law"	the observation that the number of transistors on a chip doubles approximately every two years, historically driving exponential growth in computing power
"MOSFET"	metal-oxide-semiconductor field-effect transistor, a fundamental semiconductor device used for switching and amplifying signals

"Ni"	nickel, a metal used in semiconductor and PCB plating processes for its good corrosion resistance and electrical properties
"Optical communication modules"	devices that convert electrical signals into optical signals and vice versa for high-speed data transmission over fiber networks
"Oxidation resistance"	the capability of a material or surface finish to resist degradation caused by exposure to oxygen, essential for maintaining solderability and electrical conductivity
"PCB"	printed circuit board
"PCB assembly"	printed circuit board assembly, the process of soldering electronic components onto a fabricated PCB to form functional electronic devices
"Pd"	palladium, a metal with excellent conductivity and oxidation resistance
"PFC"	power factor correction, a circuit technique to improve the power factor of electronic devices, reducing wasted energy and harmonics
"PTH"	Plated Through Hole, a fundamental PCB manufacturing process where conductive metal (typically copper) is chemically deposited on the drilled hole walls to establish electrical connections between multilayer boards.
"pH"	a measure of the acidity or alkalinity of a solution, crucial in controlling chemical bath properties in wet processing and plating
"Power Chips"	semiconductor devices designed for power management and conversion, typically operating at high voltages or currents
"Power IC"	power integrated circuit, a type of IC designed to control and convert electrical power in systems such as chargers, converters, and motor drivers

"Power management chips"	integrated circuits that regulate, distribute, and manage power within electronic devices to ensure stable and efficient operation
"R&D"	research and development
"RDL"	redistribution layer process, a semiconductor packaging process that forms additional metal layers to reroute and extend the chip's input/output (I/O) pads to new locations, enabling higher I/O density, finer pitch, and compatibility with advanced packaging methods such as fan-in and fan-out packaging
"Redox reactions"	chemical reactions involving the transfer of electrons, fundamental to plating and etching processes in semiconductor and PCB manufacture
"Reducing agents"	substances that donate electrons in redox reactions, used in plating chemicals to facilitate metal deposition
"RF chips"	radio frequency chips, semiconductor devices that transmit and receive high-frequency signals in wireless communication systems
"RFPC"	hybrid PCB combining rigid and flexible layers, enabling complex 3D circuit designs with enhanced reliability and space efficiency
"Server-grade processor"	high-performance processor designed for data centers and servers, optimized for reliability, scalability, and multi-core workloads
"SGT MOSFET"	super gate trench metal-oxide-semiconductor field-effect transistor, a power MOSFET with a trench structure for reduced resistance and faster switching
"SiC Power Devices"	silicon carbide power devices, semiconductors made from SiC material offering higher efficiency, thermal performance, and voltage tolerance
"Si wafer"	silicon wafer, a thin, circular slice of crystalline silicon used as the base material for manufacturing integrated circuits and other microdevices

"SiC wafer"	silicon carbide wafer, a semiconductor material with superior efficiency, thermal conductivity, and high-voltage resistance used in power electronics
"SJ MOSFET"	super junction MOSFET, a high-voltage power transistor with alternating p- and n-type layers for reduced on-resistance and higher efficiency
"Sn"	tin, a soft metal commonly used in soldering materials for electronic assembly and surface finishes and metallization
"Solderability"	the ability of a surface to be wetted by molten solder, critical for forming strong, reliable electrical and mechanical connections
"Sq.m."	square meters
"Substrate-like PCBs"	advanced PCBs with features and performance approaching IC substrates, enabling finer lines, smaller vias, and higher density interconnects
"Surface Metalization"	a process of depositing a metal layer on a substrate surface to enable electrical conductivity, or soldering and bonding
"Synchronous rectifiers"	power conversion circuits that use MOSFETs instead of diodes for rectification, improving efficiency in DC-DC converters
"TCV"	through-ceramic via, a type of via used in advanced packaging or substrates to provide vertical electrical connections, similar to TSV or TGV
"Telecom"	telecommunications, the transmission of information over significant distances through electronic means, including voice, data, and video
"Thermo-Compression Bonding (TCB)"	A bonding technique that utilizes heat and pressure to promote metal-to-metal interconnection, commonly used for direct bonding between bumps and pads. It offers high reliability and enables high-density packaging, and is widely applied in advanced packaging.

"TGV"	through-glass via, a vertical interconnect formed through a glass substrate for high-density interposer or package integration
"Transmission efficiency"	the effectiveness with which electrical signals or power are transferred through a medium or circuit with minimal loss
"TSV"	through-silicon via, a vertical electrical connection that passes completely through a silicon wafer or die to enable 2.5D/3D chip stacking
"UBM"	under-bump metallization, a metal layer deposited between the chip pad and solder bump to improve adhesion and reliability
"μm"	micrometer, a unit of length equal to one-millionth of a meter, commonly used to measure feature sizes in semiconductor and PCB manufacturing
"Utilization rate"	utilization rate is calculated as dividing production volume by the production capacity for the same year/period
"V"	basic unit of voltage
"Via"	a micro conductive hole in semiconductor, substrate and PCB that connects different layers electrically
"Voltage range"	voltage range of a device or system refers to the span of voltages within which it can operate safely and effectively
"X-Cube"	an advanced 3D IC packaging technology

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements relating to our plans, objectives, beliefs, expectations, predictions and intentions, which are not historical facts and may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other 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, uncertainties and other factors facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies and plans to achieve these strategies;
- our ability to maintain relationship with, and the actions and developments affecting, our major customers and suppliers;
- our ability to attract customers and further enhance our brand recognition;
- our future debt levels and capital needs;
- changes to the political and regulatory environment in the industry and markets in which we operate;
- changes in competitive conditions and our ability to compete under these conditions;
- our ability to defend our intellectual rights and protect confidentiality;
- future developments, trends and conditions in the industry and markets in which we operate;
- effects of the global financial markets and economic crisis;
- our financial conditions and performance;
- our dividend policy, if any; and
- changes or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

FORWARD-LOOKING STATEMENTS

In some cases, we use the words "aim", "anticipate", "believe", "can", "continue", "could", "estimate", "expect", "going forward", "intend", "ought to", "may", "might", "plan", "potential", "predict", "project", "seek", "should", "will", "would" and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in the sections headed "Business" and "Financial Information" in this document in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

The forward-looking statements are based on our current plans and estimates and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the 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 statements in this document. All forward-looking statements contained in this document are qualified by reference to this cautionary statement.

An [**REDACTED**] *in our Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* [**REDACTED**] *in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the* [**REDACTED**] *of our Shares could decline, and you may lose all or part of your* [**REDACTED**]. *These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section titled "Forward-Looking Statements" of this document.*

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to our financial position; and (iii) risks relating to the [**REDACTED**]. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we fail to develop new products or services that address customer preferences and achieve market acceptance in a timely and cost-effective manner, our results of operations could be adversely affected.

We primarily provide plating chemicals and plating services during the Track Record Period. Our customers are constantly seeking new products and services with more features and functionality at lower cost, and our success relies heavily on our ability to continue to develop and provide our customers with new and innovative products and services and improvements of existing products and services. In order to gain market share and remain at the forefront of the industry, we must constantly introduce new and innovative products and services and respond to new and evolving customer demands.

The success of a new offering depends on a variety of specific implementation factors, including:

- timely development of new technologies and adaption to changes in existing technologies;
- timely and cost-effective processing and mass production to accommodate new product and services, while ensuring functionality, performance and reliability;
- effective marketing, sales and services to gain market share; and
- strong and sustainable market demand.

Product and service development, innovation and iteration is often a complex, time-consuming and costly process involving significant investment in R&D with no assurance of return on investment. However, there can be no assurance that we will be able to develop and introduce new and enhanced products and services in a timely or efficient manner or that we will continue to achieve technological breakthroughs and successfully commercialize such breakthroughs through our R&D activities. Failure to timely develop new technologies or to react quickly to changes in existing technologies could materially delay our development of new and enhanced products and services, which could result in product obsolescence, decreased revenue, and/or a loss of market share to competitors. Our investments in R&D activities may not generate sufficient revenue to offset liabilities assumed and expenses associated with these investments.

In addition, although we strive to respond to customer preferences and industry expectations in the development of our products and services, we may not be able to optimize our production procedures and the ability to mass produce in a cost-effective manner. We may also encounter lower manufacturing yields and longer delivery schedules in delivering new products and services that we introduce, which could increase our costs and disrupt our supply of such products and services. Further, if initial sales volumes for new or enhanced products and services do not reach anticipated levels within the time periods we expect, we may be required to engage in additional marketing efforts to promote such products and services and the costs of developing and commercializing such products and services may be higher than we predict. To the extent that we fail to timely develop new products and services or to quickly achieve market acceptance in a cost-effective manner, our results of operations could be materially and adversely affected.

We depend on growth in the end markets that adopt our products. Any slowdown in the growth of these end markets could adversely affect our business, financial condition and results of operations.

Our products and services are adopted in the product offerings of customers operating across various industries, including semiconductor and PCB industries. Demand for our products and services largely depends on growth within the markets for the end products, which is impacted by factors beyond our control. Factors affecting these markets include:

- the inability of customers to dedicate the resources necessary to promote and commercialize their products;

- the inability of our customers to adapt to changing technological demands resulting in their products becoming obsolete;

- the failure of our customers' products to meet evolving industry requirements;

- the failure of our customers' products to achieve market success and gain broad market acceptance;

- delays and project cancellations as a result of design flaws in the products developed by our customers;
- increased costs associated with potential disruptions to our customers' supply chain and other manufacturing and production operations;
- the deterioration of our customers' financial condition; and
- the effects of catastrophic and other disruptive events at our customers' offices or facilities including, but not limited to, natural disasters, telecommunications failures, cyber-attacks, terrorist attacks, pandemics, epidemics or other outbreaks of infectious disease, breaches of security or loss of critical data.

If the end product markets cannot maintain robust growth, our business and profitability may be adversely affected. We may incur significant design and development costs as well as production costs for customers' products that may not ultimately achieve market acceptance. As we offer more products and services to new and existing customers, potentially expand our supply relationships and enter new markets, we may encounter yield rate and reliability issues, and any such issues could lead to customer complaints, damage our reputation or adversely affect our financial results. No assurance can be given that future reliability issues will not have a material effect on financial results in any given period. If our customers discover flaws, defects or errors in their products, or if they experience changing market requirements, failed evaluations or field trials, or incompatible deliverables from other vendors, they may delay, change, or cancel a project, and we may have incurred significant additional costs and may not be able to recover our costs, which in turn would adversely affect our business, financial condition and results of operations.

Our business growth and prospects are affected by our ability to continuously innovate and upgrade our technologies and production procedures and to penetrate new markets.

Our future success depends on our ability to continue to innovate and upgrade our technologies and production procedures. Product and service development, innovation and upgrade is often a complex, time-consuming and costly process involving significant investment in R&D with no assurance of return on investment. The technological advancement in the downstream industries has been accelerating continuously, and the downstream market is constantly proposing higher requirements and demands for upgraded technologies and procedures. There can be no assurance that we will be able to develop and introduce new and upgraded products and services in a timely or efficient manner or that new and upgraded products and services, if developed, will achieve market acceptance and generate sufficient revenue to offset costs incurred for such development and further achieve profitability. Failure to timely innovate and upgrade our technologies and production procedures could materially delay our development of new and enhanced products and services, which could result in loss of competitiveness and market share.

Our growth is also dependent on our ability to identify and penetrate new markets where we have limited experience yet require significant investments, resources and technological advancements in order to compete effectively. Our success in these markets is subject to a number of factors such as marketing and selling efforts, competitiveness of our existing and new products and services, customer preference and acceptance of our products and end products in which our products are used, and competitive landscape. There can be no assurance that we will achieve success in these markets and that the markets we serve and/or target based on our business strategy will grow in the future.

The wet process plating chemicals market is highly competitive. If we are not able to compete successfully, our business, results of operations and future prospects will be harmed.

The wet process plating chemicals market is characterized by rapidly changing technologies as well as technological obsolescence. Significant technological advancements could render our existing or future products uncompetitive, obsolete or otherwise unmarketable, and may materially and adversely affect our business and prospects in ways we cannot currently anticipate.

In addition, the introduction of new products and technologies by our competitors, the market acceptance of new and enhanced products and services, or our failure to anticipate or timely develop new or enhanced products or technologies in response to changing market demand, whether due to technological shifts or otherwise, could result in loss of customers and reduced competitiveness. Moreover, some of our direct and indirect competitors may have greater resources and certain advantages, including but not limited to longer operating history, better financing capabilities, well developed technologies and intellectual properties, more efficient sales and marketing and stronger customer relations. If we are unable to stay competitive or compete successfully with our competitors, we may experience decreases in market share and sales volume, and may have to reduce our prices or make other concessions, thereby adversely affecting our profitability, business, financial condition and results of operations.

Our business depends substantially on the efforts of our management and highly skilled R&D personnel, and our operations may be disrupted if we lost their service.

Our future performance depends on the service and contribution of our management to oversee and execute our business plans and identify and pursue new opportunities and product innovations. Any loss of service of our management can delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results. From time to time, there may be changes in our management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them into our existing teams also require a significant amount of time, training and resources, and may impact our existing corporate culture.

Additionally, competition for highly skilled personnel is often intense, and we may incur significant costs to attract and retain highly skilled personnel in our R&D team. We may not be successful in attracting, integrating, or retaining qualified personnel to fulfill our current or future needs. We cannot guarantee you that we can be successful in hiring and retaining highly skilled employees with appropriate qualifications in competition with other companies, particularly in research and development. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the estimated value of our equity or equity awards declines, it may adversely affect our ability to retain highly skilled employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and prospects could be adversely affected.

Undetected defects, failures or reliability issues in our products or services could reduce the market adoption of our products, damage our reputation or expose us to product liability and other claims.

Our customers generally have stringent specifications for quality, performance and reliability that our products and services must meet. However, our products may contain undetected defects or failures when first introduced or after commencement of commercial shipments, which might require product replacement or recall. Further, changes of raw material used in the production procedures may cause our products to fail. If defects and failures occur in our products, we could experience lost revenue, increased costs, including warranty expenses and costs associated with after-sales services, cancellations or rescheduling of orders or shipments, and product returns or discounts, any of which would harm our operating results.

These problems may be difficult to detect at an early stage of the production process and often are time-consuming, expensive or impossible to correct. They may also result in claims against us by our customers or others, and subject us to liabilities and damages. Our reputation or brand may be damaged as a result of these problems and customers may be reluctant to buy our products, which could adversely affect our ability to retain existing customers and attract new customers and could adversely affect our business, financial condition and results of operations.

We may be subject to product liability or warranty claims that could result in direct or indirect costs, which could adversely affect our business and results of operations.

Product liability or warranty claims may arise if any of our products are deemed or proven to be unsafe, ineffective, defective. Although we are currently not aware of any existing or anticipated product liability claims with respect to our products, there can be no assurances that we will not become subject to product liabilities claims or that we will be able to successfully defend ourselves against any such claims.

If a product liability claim is brought against us, it may result in damage to our reputation, breach of contract with our customers, decreased demand for our products, costly litigation, product recalls, loss of revenue and the inability to commercialize our products. If we are unable to defend ourselves against such claims, among other things, we may be subject to civil liability and criminal liability.

Any product liability insurance may be prohibitively expensive, or may not fully cover our potential liabilities. Any business disruption, litigation or natural disaster might result in substantial costs and diversion of resources. Any product liability insurance, when obtained, may be prohibitively expensive, or may not fully cover our potential liabilities. The inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product liability claims could have a material and adverse effect on our business and results of operations.

Any disruption to the operation of our production sites could restrict our ordinary business operations and materially and adversely affect our financial condition and results of operations.

As of the Latest Practicable Date, we had three production sites. The operation of our production sites may be disrupted by physical damage from fires, floods, earthquakes, typhoons, power outages, mechanical breakdowns, telecommunications failures, loss of licenses, certifications and permits, changes in governmental planning for the underlying land, and the regulatory development, many of which are beyond our control.

As part of our production operations, we are engaged in certain inherently risky activities. While we believe we have adequate systems of safe production and related training, the risks relating to production can result in personal injuries, damage to or destruction of properties or production facilities, and pollution and other environmental damages. Any of these consequences, if significant, could disrupt the operation of our production sites and result in business interruption and legal liability, and materially and adversely affect our financial condition and results of operations.

Failure to successfully execute capacity expansion plans and our equipment maintenance and upgrades or to effectively utilize our production sites may have a material adverse effect on our growth prospects.

As of the Latest Practicable Date, we had three productions site. Our growth prospects and future profitability depend on, among other things our ability to upgrade the production capability and increase production capacity, either generally or with respect to demand from customers for particular products.

To successfully upgrade our production capability and expand production capacity, we need to make cost-effective and efficient upgrade and expansion plans, expand and construct new facilities, maintain and purchase production equipment, and hire and train professionals necessary to operate such facilities or equipment, all of which may be affected by several factors including, but not limited to, the following:

- availability of working capital for constructing facilities or purchasing equipment;
- delays in completion of construction and shortages or delays in the delivery of equipment;
- difficulties or delays which may arise in installing the equipment; and
- implementation of new production procedures.

We cannot guarantee that our upgrade or expansion plan, if implemented, will be operationally or financially successful and substantiated by sufficient market demand for or profit margin of our products. If we are unable to implement the upgrade or expansion plan cost-effectively and efficiently, our business and profitability may be adversely affected.

In addition, if we do not receive sufficient orders from our customers to effectively utilize our production sites, we may be subject to low utilization rates of production capacity or over-capacity for our production sites, which may hurt our profitability and results of operations. Furthermore, if market demand declines in the future, we may not be able to recoup the costs incurred for construction of any new production sites or expansion of any existing facilities and maintenance of expanded production capacity. Further, we have entered, and may in the future enter, into agreements for our expansion plans. Any delay or cancellation of our expansion plan or any failure to fulfill related commitments could also subject us to penalties or disputes with various counterparties. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

If we fail to maintain adequate inventory, or if we mismanage our inventory, we could lose sales or incur high inventory-related expenses, which could negatively affect our financial condition and results of operations.

Our inventories mainly include raw materials, finished goods, and dispatched goods and contract costs. As of December 31, 2022, 2023 and 2024, we had inventories of RMB99.8 million, RMB54.4 million and RMB90.3 million, respectively. Our business model requires us to manage our inventories efficiently.

We depend on our demand forecasts to make purchase decisions for raw materials and consumables and to pace our production progress to manage our inventories. Such demand, however, can change from time to time and we may not always be able to accurately make predictions. Demand may be affected by general market conditions, end market conditions, new product launches, pricing and discounts, and not all of them are within our control. In addition, as we develop and market a new product, we may not be successful in establishing stable and favorable supplier relationships or accurately forecasting demand. The acquisition of certain types of raw materials and consumables may require certain lead time and prepayment and they may not be returnable. Furthermore, as we plan to continue expanding our product offerings, we expect to include a wider variety of raw materials and consumables, which will make it more challenging for us to manage our inventory and logistics effectively.

We cannot guarantee that our inventory levels will be able to swiftly meet the demands of customers, which may adversely affect our revenue. We also cannot guarantee that all of our inventory can be sold as products within a reasonable period of time. If we fail to manage our inventory effectively, we may be subject to increased inventory storage costs, a heightened risk of inventory obsolescence, a decline in inventory value and inventory write-offs. Any of the above may materially and adversely affect our results of operations and financial condition. On the other hand, if we underestimate demand for our products, or if our suppliers fail to supply in a timely manner, we may experience inventory shortages, which might result in diminished customer base and lost of revenue, any of which could harm our business, financial condition and results of operations.

If we are unable to manufacture or deliver high quality products or services on schedule and on a large scale, our business may be materially and adversely affected.

Mass production and delivery of our plating chemicals and plating services is crucial to our future financial prospects. We control the entire production process to timely meet our customers' orders. Although we have been ramping up our production capacity, we may face difficulties managing our production facilities and meeting our delivery deadlines when there is a surge in customer demand. If any of our production facilities experiences interruptions, delays or disruptions in supplying products, our ability to deliver products to customers would be impeded. Failure to fulfill customers' requirements and quality control problems that occur in the manufacturing process could prevent us from meeting the stipulated delivery deadline. We may also experience delays in delivery caused by our third-party logistic service providers. These delays or product quality issues could have an immediate and material adverse effect on our ability to fulfill orders and damage our reputation and brand, affecting our business, results of operations and financial condition.

Further, if our production facilities or suppliers experience any difficulties or shortages of raw materials, or if our suppliers are otherwise unable or unwilling to continue to provide raw materials in required volumes or at all, our supply may be disrupted, and we may be required to seek alternate sources of supply. The process would be time-consuming and could be costly and impracticable. Interruptions to supply will have an adverse effect on our ability to meet scheduled product deliveries and subsequently lead to the loss of sales.

Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive advantage may be harmed.

We believe that maintaining and enhancing our well-recognized brand is crucial to the success of our business and sustaining our market position. We operate in a highly competitive market characterized by rapid technological evolution, swift changes in customer demands and preferences, frequent introduction of new products and services, and the constant emergence of new industry standards and practices.

In addition, the successful promotion of our brand will depend on the effectiveness of our marketing efforts and word-of-mouth referrals we receive from satisfied customers. We may incur extra expenses in promoting our brand. The results of such initiatives may not cover the costs of the increased investment. We cannot guarantee that our marketing efforts will be successful, or that they will yield significant benefits that justify the costs. Any such failure may result in our declining market recognition and position, and materially and adversely affect our business, financial condition and results of operations.

An increase in prices of raw materials or shortage in supply may disrupt our supply chain, increase our production costs and delay deliveries of our products to customers.

We depend on third-party suppliers to provide a variety of metals, such as gold, copper, or nickel for our plating products and services. Our production costs depend on our ability to source key raw materials at competitive prices. However, the raw materials we use are subject to price volatility caused by external factors, such as commodity price fluctuations, changes in supply and demand, logistics and processing costs, our bargaining power with suppliers, inflation and governmental regulations and policies. We typically negotiate prices with our suppliers on an annual basis or through a bidding process, and we set out the terms in framework agreements that generally span a period of either one or three years. We have set up price adjustment term in certain cases with our customers, which allows us to renegotiate our selling price when the fluctuation of raw material prices exceeds certain threshold. However, we may not be able to fully pass on the increase in the raw materials to our customers in a timely manner and may not be able to adjust our prices to fully offset the increased costs of raw materials, which will adversely affect our profit margins, result of operations and financial condition.

Any shortages or delay in the supply of our raw materials could result in occasional price adjustments or cause delays in our production and delivery to customers. We may in the future experience price fluctuations and supply shortages of certain raw materials, and the predictability of the availability and pricing of these materials may be limited. If we are unable to keep up with demand for our products because of failing to obtain the materials needed to successfully manufacture and deliver our products in a timely manner, our business could be materially impaired, and market acceptance for our products could be adversely affected.

Our business depends on our ability to protect our intellectual property rights, and we may be subject to intellectual property infringement and other claims by third parties in the PRC or other jurisdictions, which, if successful, could cause us to pay damages and incur other costs.

We rely primarily on a combination of our patents, trade secrets, trademarks, the confidentiality agreements signed by the employees, and confidentiality agreements signed with third parties to protect our intellectual property rights. There is no assurance that we are able to successfully apply and be granted new intellectual property rights in a timely and cost-effective manner in the future, as such applications may be expensive and time-consuming. See "Business — Intellectual Property." Despite our efforts to protect our proprietary rights, unauthorized parties may be able to obtain and use information that we regard as proprietary. Under such circumstances, to protect our intellectual property rights and maintain our competitive advantages, we may initiate legal proceedings against parties who we believe are infringing our intellectual property rights. Legal proceedings are often costly and may divert management attention and resources away from our business. In certain situations, we may have to initiate such legal proceedings in foreign jurisdictions, in which case we are subject to additional risks as to the result of the proceedings, the amount of damages that we can recover, and the enforcement process.

Our success is also subject to our ability to use, develop and protect our technology and trade secrets without infringing the intellectual property rights of third parties. Others may hold or obtain patents, copyrights, trademarks, or other proprietary rights used in our products and service. This might prevent, limit, or interfere with our production, use, development, sales, or marketing, and could therefore disturb our daily operations and distract our management. From time to time, we may receive communications from intellectual property rights holders regarding their proprietary rights. Companies holding patents or other intellectual property rights may, in the PRC or other jurisdictions, bring suits alleging infringement of such rights or otherwise assert their rights and urge us to obtain licenses. We may also be subject to liability due to the misconduct of our employees in relation to third party IP rights. Our use of intellectual property rights could be found to infringe upon existing intellectual property rights owned by others. In addition, if we are found to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following:

- cease to sell products that are involved in the challenged intellectual property rights owned by others;
- pay damages to the rights holders or the customers who purchased our products;
- redesign our products; or
- establish and maintain alternative branding for our products.

We may not be able to achieve the benefits we expect from future acquisitions, and future acquisitions may have an adverse effect on our ability to manage our business.

We may invest in or acquire assets, technologies and businesses that are complementary to our existing business. Our investments or acquisitions may not yield the results we expect. In addition, investments and acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, amortization expenses related to goodwill or intangible assets and exposure to potential unknown liabilities of the acquired business. Such investments and acquisitions may also require our management team to devote a significant amount of attention. Moreover, the cost of identifying and consummating investments and acquisitions, and integrating the acquired businesses into ours, may be significant, and the integration of acquired businesses may be disruptive to our existing business operations. We may also have to obtain approval from the relevant PRC governmental authorities for the investments and acquisitions and comply with any applicable PRC rules and regulations, which may be costly. In the event that our investments and acquisitions are not successful, our results of operations and financial condition may be materially and adversely affected.

Higher labor costs in the PRC may adversely influence our business, financial conditions and results of operations.

The cost of labor in the PRC has been steadily increasing over the past years as a result of economic development, government-mandated wage increases and other changes in PRC labor laws, as well as competition for talents and qualified employees among peer companies. Unless we are able to pass on these increased labor costs to our customers by increasing the prices of our products, our financial condition and results of operations may be adversely affected. Many aspects of our strategies and business growth may require us to have additional employees. We may also have additional employees as a result of organic growth of our business. If we implement such strategies but fail to realize the benefits and efficiencies we anticipate, we may be unable to offset the corresponding increases in our staff costs, which adversely affect our revenues and profitability.

We rely on third-party service providers and business partners to provide products and services to us and our customers.

We work with a broad range of third-party service providers and business partners, including logistic service providers and others. These third parties are also subject to their own risks relating to business interruption, systems and employee failures, and cybersecurity and data protection, and are also subject to their own legal, regulatory and market risks.

Our third-party service providers and business partners may not fulfill their respective commitments and responsibilities in a timely manner and in accordance with the terms agreed upon or applicable laws. In addition, while we have procedures in place for assessing risks along with selecting, managing and monitoring our relationships with third-party service providers, suppliers and business partners, we do not have control over their business operations or governance and compliance systems, practices and procedures, which may increase our financial, legal, operational and reputational risk. If we are unable to effectively manage our relationships with third-party service providers, suppliers and business partners, or for any reason our third-party service providers, suppliers or business partners fail to satisfactorily fulfill their commitments and responsibilities, our business, results of operations and financial condition could suffer. Upon expiry of existing contracts with third parties, we may not be able to renew such contracts at terms commercially favorable to us, if at all, or find an appropriate substitute in a timely manner, in which case our business may be adversely affected.

If our internal risk management and control system is not adequate or effective, and if it fails to detect potential risks in our business as intended, our business, financial condition and results of operations could be materially and adversely affected.

We have an internal control system in place to monitor and control potential risk areas relevant to our business operations. In connection with the [**REDACTED**], we have examined our internal control system and made certain enhancements where appropriate, in order to satisfy our internal control requirements after the completion of the [**REDACTED**]. However, due to the inherent limitations in the design and implementation of our internal control system, our internal control system may not be sufficiently effective in identifying, managing and preventing all risks if external circumstances change substantially or extraordinary events take place.

Further, integration of various business operations from potential future acquisitions may give rise to additional internal control risks that are currently unknown to us, despite our efforts to anticipate such issues. If our internal control system fails to detect potential risks in our business as intended, or is otherwise exposed to weaknesses and deficiencies, our business, financial condition and results of operations could be materially and adversely affected.

Our risk management and internal controls also depend on effective implementation by our employees. There can be no assurance that such implementation by our employees will always function as intended, or such implementation will not be subject to human errors, mistakes or intentional misconduct. If we fail to implement our policies and procedures in a timely manner, or fail to identify risks that affect our business with sufficient time to plan for contingencies for such events, our business, financial condition and results of operations could be materially and adversely affected, particularly with respect to the maintenance of our relevant approvals and licenses granted by the relevant authorities.

We have limited business insurance coverage, which could expose us to significant costs and business disruption.

Our insurance coverage may not be sufficient to cover all potential claims arising from product liability, damage to our assets, including our plants and equipment, or injuries sustained by our employees in the course of their work. While we maintain certain insurance policies to mitigate these risks, there can be no assurance that our coverage will be adequate to address all possible incidents. In the event that a liability claim, property damage, or employee injury exceeds the limits of our insurance policies or falls outside their scope, we may be required to bear significant financial costs. This could lead to an adverse impact on our financial condition and overall business operations. Furthermore, addressing such liabilities may divert critical resources, including management attention and company funds, which could otherwise be allocated to strategic initiatives, expansion efforts, or daily business operations.

Our business may be impacted by political events, war, terrorism, public health issues, natural disasters and other outbreaks of contagious diseases or business interruptions.

War, terrorism, geopolitical uncertainties, public health issues and other business interruptions could cause damage or disruption to international commerce and the global economy, and thus could have a material adverse effect on us, our suppliers, logistics service providers, and customers. Our business operations are subject to interruption by, among others, natural disasters, whether as a result of climate change or otherwise, fire, power shortages and other industrial accidents, terrorist attacks and other hostile acts, labor disputes, public health issues, demonstrations or strikes, and other events beyond our control. Such events could decrease demand for our products, making it difficult or impossible for us to make and deliver products to our customers, or to receive raw materials from our suppliers, and create delays and inefficiencies in our supply chain. While our suppliers are required to maintain safe working environments and operations, an industrial accident could occur and could result in disruption to our business and harm to our reputation. In the event of a natural disaster or major public health issue, we could incur losses, require substantial recovery time and experience significant expenditures in order to resume operations.

Any failure to fully comply with present or future environmental, safety and occupational health laws and regulations in the PRC may have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to certain PRC laws and regulations relating to environmental, safety and occupational health matters. Under these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. While we have conducted periodic inspections of our operating facilities and carry out equipment maintenance on a regular basis to ensure that our operations are in compliance with applicable laws and regulations, we cannot assure you that we will not experience any material accidents or worker injuries in the course of our production process in the future.

Our production process produces pollutants such as wastewater, solid and liquid waste. The discharge of wastewater and other pollutants from our manufacturing operations into the environment may give rise to liabilities that may require us to incur costs to remedy such discharge. We cannot assure you that all situations that will give rise to material environmental liabilities will be discovered or any environmental laws adopted in the future will not materially increase our operating costs and other expense. Should the PRC impose stricter environmental protection standards and regulations in the future, we cannot assure you that we will be able to comply with such new regulations at reasonable costs, or at all. Any increase in production costs resulting from the implementation of additional environmental protection measures and/or failure to comply with new environmental laws or regulations may have a material adverse effect on our business, financial condition or results of operations.

In addition, we are subject to various ESG rules and regulations by governing bodies, including the [**REDACTED**] and the SFC once we become a [**REDACTED**] company, as well as regulatory authorities in China. We must also adapt to new and evolving regulatory measures under applicable laws and changing social trends concerning ESG risks. Investors are increasingly focused on ESG issues and tend to incorporate ESG performance into their investment decisions, while customers are becoming more environmentally conscious, preferring products with green and environmentally friendly design and production. For details, see "Business — Environmental, Social and Governance." Our efforts to comply with new and changing laws, regulations and social trends may result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities, which may adversely affect our business, financial condition or results of operations.

Security breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer.

We collect and store business data and transaction data generated during or in connection with our business operations, including our business and transactions with our customers, suppliers and business partners. See "Business — Data Privacy and Information Security Risk Management." The secure maintenance of such data is critical. Despite our data security and protection measures, our information technology and infrastructure may be vulnerable to breaches by hackers, employee error, malfeasance or other disruptions such as natural disasters, power losses or telecommunication failures. Any such breach could compromise our networks and the information stored therein, possibly resulting in legal and regulatory actions, disruption of operations and customer services, and otherwise harming our business, reputation and future operations.

We are subject to risks relating to overseas sales.

We have sold our products and services to foreign customers and such overseas operations are subject to a number of risks, including but not limited to:

- foreign exchange control and exchange rate fluctuations;
- increased costs associated with maintaining the ability to understand the local markets and develop and maintain effective marketing and distributing presence in various countries;
- difficulties and costs related to providing after-sales services and customer support in these markets;
- difficulty with staffing and managing overseas operations;
- failure to develop and implement appropriate risk management and internal control structures tailored to overseas operations;
- difficulty and cost relating to compliance with different commercial and legal requirements, including but not limited to export laws, sanction laws and regulation, and tax laws of the overseas markets in which we offer or plan to offer our products;
- failure to obtain or maintain permits for our products or services in these markets;
- inability to obtain, maintain or enforce intellectual property rights;
- stringent consumer protection and product compliance regulations on our customers' products;
- unanticipated changes in prevailing economic conditions and regulatory requirements; and
- trade barriers such as export requirements, tariffs, taxes and other restrictions and expenses.

The occurrence of any of these risks could negatively impact our overseas sales and consequently our business, financial condition and results of operation.

If we fail to timely adjust our operations in response to changes in the social and economic policies, as well as the interpretation and enforcement of law, rules and regulations, our business, financial condition, results of operations and prospects may be affected.

Due to our extensive operations in the PRC, our business, financial condition, results of operations and prospects could be affected by economic, social, and legal developments in the PRC. The overall economic growth in China could be influenced by the governmental regulations and policies in relation to monetary policies, regulations of financial services and institutions, preferential treatment to particular industries or companies and others. Any of the foregoing would affect our business, financial condition, results of operations and prospects.

We shall comply with the applicable PRC laws, rules and regulations. With the social development, the relevant PRC laws, rules and regulations in force at present may evolve in the future, and their interpretation and implementation will be amended accordingly. Any non-compliance with any existing or new laws and regulations could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

If we fail to obtain and maintain the requisite licenses, permits and approvals applicable to our business, or fail to obtain additional licenses that become necessary as a result of new enactment or promulgation of laws and regulations or the expansion of our business, our business and results of operations may be materially and adversely affected.

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. See "Business — Certificates, Licenses and Permits." Complying with such laws and regulations may require expenses, while any noncompliance may expose us to liability. Therefore, with the refinement of interpretations and applications of existing ones, we cannot assure you that we will not be in full compliance with evolving laws, regulations and policies. If we fail to maintain compliance with law, or otherwise fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdiction where we operate our business, we may be subject to adverse consequences.

In addition, in the event that we are required to renew our existing licenses or permits or acquire new ones, whether as a result of the promulgation of new laws and regulations or otherwise, we cannot assure you that we will be able to meet the requisite conditions and requirements, or obtain all requisite approvals, licenses, permits and certifications in a timely manner. If we are unable to obtain, or experience material delays in obtaining, necessary government approvals, our operations may be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.

Any litigation, legal and contractual disputes, claims or administrative proceedings against us could be costly and time-consuming to defend or settle, and could result in negative publicity.

We may from time to time become a party to various litigation, legal disputes, claims, administrative proceedings or other administrative measures arising in the ordinary course of our business. Any litigation, legal disputes, claims, administrative proceedings or other administrative measures may divert our management's attention and consume their time and our other resources.

Negative publicity arising from litigation, legal disputes, claims, administrative proceedings or other administrative measures may damage our reputation and adversely affect the image of our brands and products. In addition, if any verdict or award is rendered against us or we are imposed any fines or penalties, we could be required to pay damages, assume other liabilities and even to suspend or terminate the related business ventures or projects. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

We may be subject to fines for failure to register some of our leases.

As of the Latest Practicable Date, we had not obtained proper lease registration for 30 leased properties, primarily due to the failure of our lessor's of registering the lease. As advised by our PRC Legal Adviser, the non-registration of the property lease will not affect the validity of the lease contract and relevant legal rights under the contract, but relevant local housing authorities may require us to complete the registration within the prescribed period and we may be subject to penalties of RMB1,000 to RMB10,000 as a result of the non-registration for each of the property if we fail to register our leases after receiving specific notices from relevant government authorities. For details, see "Business — Properties" in this document.

Our legal right to use certain leased properties could be challenged or restricted.

Lessors had not provided title certificates of 10 properties we leased as of the Latest Practicable Date. Despite the lack of certain title certificates of our leased properties, those leased properties are easily replaceable and do not serve as the primary production and operation sites for us. According to the relevant PRC laws and regulations and as advised by our PRC Legal Adviser, our rights as occupant of these properties may be adversely affected due to the absence of the relevant building ownership certificates. For details, see ''Business — Properties'' in this document. We cannot assure you that the landlord of these properties have the right to lease the relevant property to us. As advised by our PRC Legal Adviser, we may not be able to continue to use such property if the ownership of the property we have leased and/or the validity of such lease is challenged by third parties. In such a scenario we will have to relocate to other premises, which may result in additional costs. Should disputes arise due to title encumbrances to such properties or government action, we may encounter difficulties in continuing to lease such properties and may be required to relocate in the future.

Failure to make full contribution to social insurance and housing provident funds for our employees in accordance with relevant PRC laws and regulations may subject us to penalties.

We are required by PRC labor laws and regulations to pay various statutory employee benefits, including pensions insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing fund, to designated government agencies for the benefit of our employees. Companies registered and operating in China are required under the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), the Provisional Regulations for the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) and the Regulations on Management of Housing Fund (《住房公積金管理條例》) to apply for social insurance registration and housing fund deposit registration within 30 days of their establishment and to participate in various employee benefit plans, including pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund and contribute to the amounts equal to certain percentage of salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local government from time to time at locations where they are incorporated. The requirement of employee benefit plans has not been implemented consistently by the local governments in China given the different levels of economic development in different locations.

During the Track Record Period, we did not make full contributions to social insurance and housing provident funds for some of our employees with the relevant social insurance or housing provident funds authorities in the PRC. As advised by our PRC Legal Adviser, given that (i) we have obtained confirmations from the competent local authorities in charge of social insurance and housing provident funds for our employees, confirming that, during the Track Record Period, we have not received any penalty relating to compliance issues of social insurance and housing provident funds; (ii) as of the Latest Practicable Date, we had not received any notice from the relevant local authorities relating to our social insurance and housing provident fund contributions; and (iii) as of the Latest Practicable Date, we were not aware of any material labor disputes with respect to social insurance and housing provident fund contribution; the risk of us being required overall by relevant authorities to pay the shortfall for social insurance and housing provident fund contributions, or being subject to administrative penalties due to our failure to provide full social insurance and housing provident funds contributions for some of our employees is remote. However, we cannot assure you that any new laws and regulations or any changes in the implementation of the existing laws and regulations will not require us to pay any contribution shortfall or impose late payment penalties on us retroactively, thereby adversely affecting our financial condition and results of operations.

We are subject to the PRC laws and regulations in respect of currency conversion.

Currently, the conversion and remittance of foreign currencies from RMB are subject to PRC foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by the SAFE.

Under existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, the foreign exchange policies regarding payment of dividends in foreign currencies may change from time to time in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements. If we fail to obtain approval from the SAFE to convert Renminbi into any foreign exchange for any of the above purposes, our capital expenditure plans, and even our business, operating results and financial condition, may be materially and adversely affected.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management based on Hong Kong or other foreign laws.

We are incorporated under the laws of the PRC, and all of our assets are located in the PRC. In addition, a majority of our Directors and senior management personnel reside within the PRC, and substantially all their assets are located within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside the PRC upon us or our Directors and senior management personnel.

In 2006, the Supreme People's Court of the PRC and the government of Hong Kong Special Administrative Region 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 (《關於內地與香港特別行政區法院相互認可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 August 1, 2008. Pursuant to the Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. 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 court or a mainland court is expressly selected as the court having sole jurisdiction for the dispute.

In 2019, the Supreme People's Court and the Hong Kong SAR Government signed 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), or the New Arrangement, which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong SAR and the mainland China. The New Arrangement does not include the requirement for a choice of court agreement in writing by the parties. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court and the completion of the relevant legislative procedures in the Hong Kong SAR. The New Arrangement will, upon its effectiveness, supersedes the Arrangement. Therefore, before the New Arrangement becomes effective, it may be difficult to enforce a judgment rendered by a Hong Kong court in China if the parties in the dispute do not agree to enter into a choice of court agreement in writing.

RISKS RELATING TO OUR FINANCIAL POSITION

We may be exposed to credit risk arising from our trade and bills receivables. Failure to collect our trade and bills receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects.

The average turnover days of our trade and bills receivables for the years ended December 31, 2022, 2023 and 2024, were 175 days, 189 days and 178 days, respectively. As of December 31, 2022, 2023 and 2024, our trade and bills receivables less allowance for credit losses were RMB151.7 million, RMB172.0 million and RMB227.5 million, respectively. As a result, we may be exposed to credit risks. We cannot assure you that we can properly assess and respond in a timely manner to changes in their credit profile.

If our customers' cash flows, working capital, financial condition or results of operations deteriorate, they may be unable, or they may otherwise be unwilling, to pay trade receivables owed to us promptly or at all. Any substantial defaults or delays could materially and adversely affect our cash flows, and we could be required to terminate our relationships with our customers in a manner that may adversely and materially affect our cash flows and operations.

We may face exposure to fair value change for financial assets at FVPL and valuation uncertainty due to the use of unobservable inputs.

During the Track Record Period, we recorded financial assets at fair value through profit or loss ("FVPL") of RMB80.3 million, RMB71.4 million and RMB20.0 million as of December 31, 2022, 2023 and 2024, respectively. We managed and evaluated the performance of investments on a fair value basis in accordance with our business needs and investment strategy. Details of the fair value measurement of financial assets at FVPL, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, and the relationship of unobservable inputs to fair value are disclosed in Note 22 to the Accountants' Report in Appendix I to this document. The fair value of our financial assets measured at fair value through profit or loss is subject to potential fluctuations. The valuation of these assets involves the use of unobservable inputs, which can be inherently subjective and may not accurately reflect market conditions. Changes in assumptions or methodologies used in the valuation process could lead to substantial variations in the reported fair value of these financial assets. Consequently, any adverse changes in the fair value of these assets could materially and adversely affect our financial condition and results of operations.

We are uncertain about the recoverability of our deferred tax assets, which may affect our financial position in the future.

As of December 31, 2022, 2023 and 2024, our deferred tax assets amounted to RMB2.4 million, RMB4.8 million and RMB3.3 million, which primarily consist of losses available for offsetting against future taxable profits. For details of the movement of our deferred tax assets during the Track Record Period, please see Note 19 to the Accountants' Report in Appendix I to this document.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. As such, this requires significant judgment on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered. In this context, we cannot guarantee the recoverability or predict the movement of our deferred tax assets, and to what extent they may affect our financial position in the future.

The discontinuation of any of the government incentives or preferential tax treatment currently available to us could adversely affect our financial condition, results of operations and prospects.

We enjoy certain tax incentives and government subsidies pursuant to relevant law and regulations, including reduced enterprise income tax rates. For example, under the Enterprise Income Tax Law ("EIT Law") and its implementation rules, the statutory enterprise income tax rate is 25%. However, the income tax of an enterprise that has been determined to be a high and new technology enterprise can be reduced to a preferential rate of 15%. We and our subsidiary Jiangsu Xizhi Semiconductor Technology Co., Ltd., Zhuhai Chuangzhi Chenggong Technology Co., Ltd. were subject to a preferential income tax rate of 15%, as they were qualified as High-New Technology Enterprises (the "HNTE") during Track Record Period. In 2022, 2023 and 2024, we recognized government grants of RMB0.8 million, RMB0.3 million and RMB0.2 million, respectively, which were awarded by the local governments to support our operations. Any increase in the enterprise income tax rate applicable to us, or any discontinuation, retroactive or future reduction or refund of any of the preferential tax treatments and local government subsidies currently enjoyed by us, could adversely affect our business, financial condition and results of operations.

Further, in the ordinary course of our business, we are subject to complex income tax and other tax regulations, and judgement is required in the determination of a provision for income taxes. Although we believe our tax provisions are reasonable, if the PRC tax authorities successfully challenge our position and we are required to pay tax, interest and penalties in excess of our tax provisions, our financial condition and results of operations would be materially and adversely affected.

We may not be able to fulfil our obligations in respect of contract liabilities, which may have a material and adverse impact on our results of operations and financial condition.

We require advance payments from certain of our customers before delivery of goods or rendering of services. This will give rise to a contract liability at the beginning of a contract, until the revenue recognized on the relevant contract exceeds the amount received. Our contract liabilities amounted to RMB8.2 million, RMB2.8 million and RMB10.4 million as of December 31, 2022, 2023 and 2024, respectively. If we fail to fulfil our obligations or if our customers dispute the products or services we provided, we may not be able to reclassify the full amount of contract liabilities as revenue, and we will have to refund all or a portion of the payments made by our customers, which will adversely affect our results of operations, liquidity and financial position.

Our property valuation is based on certain assumptions which, by their nature, are subjective and uncertain and may materially differ from actual results.

Valuations of our selected property interest as of March 31, 2025 prepared by Cushman & Wakefield Limited, an independent property valuer, are set forth in the valuation report set out as Appendix III to this document. The valuations are made based on assumptions which, by their nature, are subjective and uncertain and may differ from actual results. In addition, unforeseeable changes in general and local economic conditions or other factors beyond our control may affect the value of our properties. As a result, the valuation of our properties may differ materially from the price we could receive in an actual sale of the properties in the market and should not be taken as their actual realizable value or an estimation of their realizable value.

We may need additional capital and may not be able to obtain it in a timely manner or on commercially acceptable terms, or at all.

In order to further expand our presence, develop new product candidates, construct and renovate production facilities and remain competitive, we may require additional capital. We expect to satisfy such capital commitments using part of the net [**REDACTED**] from the

[**REDACTED**], cash from operations and bank facilities available to us. Financing may be unavailable in amounts or on terms acceptable to us. Our ability to obtain additional capital is subject to a variety of uncertainties, including our future financial condition, results of operations and cash flows, general market conditions for capital-raising activities, and economic, political and other conditions in China and other jurisdictions where we operate. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants restricting our operations or our ability to make acquisitions or pay dividends. Any failure to raise sufficient additional capital to meet our capital requirements may materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE [REDACTED]

No [REDACTED] currently exists for our H Shares, and an active [REDACTED] for our H Shares may not develop or be sustained.

Prior to the [**REDACTED**], there was no [**REDACTED**] for our H Shares. We cannot assure you that a [**REDACTED**] for our H Shares with adequate liquidity will develop and be sustained following the completion of [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares may not be indicative of the [**REDACTED**] of our H Shares following the completion of the [**REDACTED**]. If an active [**REDACTED**] for our H Shares does not develop following the completion of the [**REDACTED**], the [**REDACTED**] and liquidity of our H Shares could be materially and adversely affected.

The [REDACTED] and [REDACTED] of our H Shares may be volatile, which could result in substantial losses to you.

The [**REDACTED**] and [**REDACTED**] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the [**REDACTED**] and [**REDACTED**] of our Shares. In addition to market and industry factors, the [**REDACTED**] and [**REDACTED**] of our Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Hong Kong Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in [**REDACTED**] not directly related to our performance.

You will incur immediate and significant dilution and may experience further dilution if we [REDACTED] additional Shares in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the [**REDACTED**], any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider [**REDACTED**] and [**REDACTED**] additional Shares in the future. [**REDACTED**] of the [**REDACTED**] may experience dilution in the net tangible asset value per Share of their Shares if we [**REDACTED**] additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time. In addition, [**REDACTED**] of our H Shares may experience further dilution of their interest if the [**REDACTED**] exercise the [**REDACTED**] or if we [**REDACTED**] additional shares in the future to raise additional capital.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any dividends in the future.

Our historical dividends may not be indicative of our future dividend policy. There can be no assurance that future dividends will be declared or paid. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors depending on, among other considerations, our business and financial performance, cash requirements and availability, capital and regulatory requirements and general business conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. See "Financial Information — Dividends."

Future [REDACTED] or perceived [REDACTED] of substantial amounts of our H Shares in the [REDACTED] could have a material adverse effect on the [REDACTED] of our H Shares and our ability to raise additional capital in the future.

The [**REDACTED**] of our H Shares could decline as a result of future [**REDACTED**] of a substantial number of our H Shares or other securities relating to our H Shares in the [**REDACTED**], or the [**REDACTED**] of new shares or other securities, or the perception that such [**REDACTED**] or [**REDACTED**] may occur. Future [**REDACTED**], or anticipated [**REDACTED**], of substantial amounts of our securities, including any future [**REDACTED**], could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we [**REDACTED**] more securities in the future. New shares or shares-linked securities [**REDACTED**] by us may also confer rights and privileges that take priority over those conferred by the H Shares.

Our Controlling Shareholders have significant influence over our Company and their interests may not be aligned with the interest of our other shareholders.

Our Controlling Shareholders have significant influence over our operations and business strategies, and may have the ability to require our Group to effect corporate actions according to their own desires by virtue of their shareholding in our Group. The interests of our Controlling Shareholders may not always coincide with the best interests of other Shareholders. If the interests of any of our Controlling Shareholders conflict with the interests of other Shareholders, or if any of our Controlling Shareholders chooses to cause our business to pursue strategic objectives that conflict with the interests of other Shareholders, our Group or those other Shareholders' interests may be adversely affected as a result.

In addition, there is no guarantee that the Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the [**REDACTED**]. We cannot predict the effect, if any, of any future sales of the Shares by any of its Controlling Shareholders, or that the availability of the Shares offered by any of the Controlling Shareholders for purchase may have on the [**REDACTED**] of the Shares. Sales of a substantial number of Shares by any of our Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing [**REDACTED**] of the Shares.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "anticipate," "believe," "could," "estimate," "expect," "may," "ought to," "should" or "will" or similar terms. Those statements include, among other things, the discussion of our Company's growth strategy and expectations concerning our future operations, liquidity and capital resources. [**REDACTED**] of the H Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our Company's control. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations by our Company that our plans or objectives will be achieved and [**REDACTED**] should not place undue reliance on such forward-looking statements. Our Company does not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. Please refer to the section headed "Forward-looking Statements" in this document for further details.

Certain facts, forecasts and statistics contained in this document are derived from various official or third-party sources and may not be accurate, reliable, complete or up to date.

We have derived certain information and statistics in this document, particularly the section headed "Industry Overview", the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications provided by the PRC government, industry associations, independent research institutes and other third-party sources. The information from official government sources has not been independently verified by us, the Joint Sponsors, or any other persons or parties involved in the [**REDACTED**], and, therefore, we cannot assure you as to the accuracy and reliability of such information and statistics, which may not be consistent with other information compiled inside or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable with statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such information or statistics.

We have significant discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the [**REDACTED**] from the [**REDACTED**] in ways you may not agree with or that do not yield a favorable return. For further details, see "Future Plans and Use of [**REDACTED**]." However, our management will have discretion as to the actual application of our [**REDACTED**]. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific use we will make of the [**REDACTED**] from this [**REDACTED**].

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our Shares, the [REDACTED] and [REDACTED] of our Shares may decline.

The [**REDACTED**] of our Shares may be influenced by research reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our Shares or publish negative opinions about us, the [**REDACTED**] of our Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the [**REDACTED**] or [**REDACTED**] of our Shares to decline.

You should read this document carefully and should not rely on any information contained in press articles or other media relating to us, our H Shares or the [REDACTED].

You should rely solely upon the information contained in this document, the [**REDACTED**] and any formal announcements made by us in Hong Kong in making your [**REDACTED**] decision regarding our Shares. We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [**REDACTED**]. Prior to the publication of this document, there has been 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, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or media regarding our Shares, the [**REDACTED**] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.

In preparation for the [**REDACTED**], our Company has sought and [has been granted] the following waiver from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Our headquarters and most of our business operations are based, managed and conducted in the PRC. As our executive Directors play very important roles in our business operation, it is in our best interest for them to be based in the places where our Group has significant operations. We consider it practicably difficult and commercially unreasonable for us to arrange for two executive Directors to ordinarily reside in Hong Kong, either by means of relocation of our executive Directors to Hong Kong or appointment of additional executive Directors. Therefore, we do not have, and in the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules, provided that our Company implements the following arrangements:

(a) we have appointed Dr. YAO Yu (姚玉) and Mr. POON Ping Yeung (潘秉揚) as our authorized representatives (the "**Authorized Representatives**") pursuant to Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our Company's principal channel of communication with the Stock Exchange. The Authorized Representatives will be readily contactable by phone, facsimile (if applicable) and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange;

(b) when the Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly as and when required, including means to communicate with our Directors when they are travelling. Our Company will also inform the Stock Exchange as soon as practicable in respect of any change in the Authorized Representatives in accordance with the Listing Rules. We have provided the contact details of each Director (such as mobile phone numbers, office phone numbers (if any), email addresses and fax numbers (if any)) to each of the Authorized Representatives and the Stock Exchange;

(c) we confirm and will ensure that all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon the request of the Stock Exchange;

(d) we have appointed Somerley Capital Limited as our compliance adviser upon [**REDACTED**] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [**REDACTED**] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**]. Our compliance adviser will serve as the additional channel of communication with the Stock Exchange when the Authorized Representatives are not available and will have access at all times to the Authorized Representatives, our Directors and our senior management as prescribed by Rule 3A.23 of the Listing Rules; and

(e) meetings between the Stock Exchange and our Directors can be arranged through the Authorized Representatives or our compliance adviser, or directly with our Directors within a reasonable time frame.

[REDACTED]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. YAO Cheng (姚成)	5-3-401, Pingsha 9th Plaza Pingsha Town, Jinwan District Zhuhai, Guangdong PRC	Chinese
Dr. YAO Yu (姚玉)	Room 802, Unit 1, Building 10 Galaxy Legend Garden No. 169 Xingwan Road Jinwan District Zhuhai, Guangdong PRC	Chinese
Mr. LIU Ke (劉可)	Room 803, Building 8 Haiyue Tianjing Garden No. 568 Linshan Road Pingsha Town, Jinwan District Zhuhai, Guangdong PRC	Chinese
Mr. CHEN Jianlong (陳建龍)	Room 1801, Building 3 Haiyue Tianjing Garden No. 568 Linshan Road Pingsha Town, Jinwan District Zhuhai, Guangdong PRC	Chinese
Independent non-executive Directors		
Ms. WANG Yu (王玉)	B1111, Building 12, Phase 2 (Area B) Taojinshan Lakeview Garden No. 268 Cuiyin Road, Luohu District Shenzhen, Guangdong PRC	Chinese
Mr. YANG Xiao (楊逍)	Unit A, 43/F, Building F Hongwan Garden, Futian District Shenzhen, Guangdong PRC	Chinese
Dr. LUO Ye (羅曄)	Flat 17D, Pine Court 1 No. 23 Sha Wan Drive Pok Fu Lam, Western District Hong Kong	Chinese (Hong Kong)

For details with respect to our Directors, see "Directors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**Haitong International Capital Limited** Suites 3001-3006 and 3015-3016 One International Finance Centre No.1 Harbour View Street Central, Hong Kong
	CCB International Capital Limited 12/F, CCB Tower 3 Connaught Road Central Central, Hong Kong
	China Merchants Securities (HK) Co., Limited 48/F, One Exchange Square 8 Connaught Place Central, Hong Kong

[REDACTED]

Legal Advisers to our Company	*As to Hong Kong laws:*
	O'Melveny & Myers 31/F, AIA Central 1 Connaught Road Central Hong Kong

As to PRC laws:

AllBright Law Offices (Shenzhen)
21-23/F, Tower 1
Excellence Century Center
FuHua 3 Road
Futian District
Shenzhen
PRC

Legal Advisers to the Joint Sponsors and [REDACTED]

As to Hong Kong laws:

Tian Yuan Law Firm LLP
Suites 3304-3309, 33/F, Jardine House
One Connaught Place
Central
Hong Kong

As to PRC laws:

Beijing Kangda Law Firm
8/F, Emperor Group Centre
No. 12D, Jianwai Avenue
Chaoyang District
Beijing 100022
PRC

Auditors and Reporting Accountants

Ernst & Young
Certified Public Accountants and
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

Industry Consultant

Frost & Sullivan (Beijing) Inc.,
Shanghai Branch Co.
2504-1505 Wheelock Square
1717 Nanjing West Road
Shanghai 200040
PRC

Independent Property Valuer	**Cushman & Wakefield Limited** 27/F, One Island East Taikoo Place 18 Westlands Road Quarry Bay Hong Kong
Compliance Adviser	**Somerley Capital Limited** 20th Floor, China Building 29 Queen's Road Central Hong Kong

[**REDACTED**]

CORPORATE INFORMATION

Registered Office, Headquarters and Principal Place of Business in the PRC	C2802, Block BC Union R&D Center Longteng Community, Xixiang Subdistrict, Bao'an District Shenzhen, Guangdong PRC
Principal Place of Business in Hong Kong	19/F, Golden Centre 188 Des Voeux Road Central Hong Kong
Company's Website	www.czsemi-link.com *(Information contained on this website does not form part of this document)*
Company Secretary	**Mr. POON Ping Yeung (潘秉揚)** 19/F, Golden Centre 188 Des Voeux Road Central Hong Kong
Authorized Representatives	**Dr. YAO Yu (姚玉)** Room 802, Unit 1, Building 10 Galaxy Legend Garden No. 169 Xingwan Road Jinwan District Zhuhai, Guangdong PRC **Mr. POON Ping Yeung (潘秉揚)** 19/F, Golden Centre 188 Des Voeux Road Central Hong Kong
Audit Committee	Ms. WANG Yu (王玉) *(Chairperson)* Mr. YANG Xiao (楊逍) Dr. LUO Ye (羅曄)
Remuneration Committee	Mr. YANG Xiao (楊逍) *(Chairperson)* Dr. LUO Ye (羅曄) Dr. YAO Yu (姚玉)
Nomination Committee	Mr. YAO Cheng (姚成) *(Chairperson)* Ms. WANG Yu (王玉) Dr. LUO Ye (羅曄)

[**REDACTED**]

Principal Bankers

China Construction Bank Corporation, Baocheng Sub-branch
China Construction Bank Building
No. 8 Pengcheng 1st Road, Futian District
Shenzhen, Guangdong
PRC

China Merchants Bank Co., Ltd., Chuangye Sub-branch
CMB Tower
7088 Shennan Boulevard
Shenzhen, Guangdong
PRC

Shanghai Pudong Development Bank Co., Ltd., Xiangzhou Sub-branch
1st to 4th Floor, Yongtaian Building
No. 2156 Jiuzhou Western Avenue
Xiangzhou District
Zhuhai, Guangdong
PRC

The information and statistics presented in this section and other sections of this document, unless otherwise indicated, were extracted from different official government publications and other publications, and from the industry report prepared by Frost & Sullivan, an independent market research and consulting company that was commissioned by us, in connection with this [**REDACTED**]. *The information from official government sources has not been independently verified by us, the Joint Sponsors,* [**REDACTED**], [**REDACTED**], [**REDACTED**], [**REDACTED**], [**REDACTED**], [**REDACTED**], [**REDACTED**], *any of their respective directors, supervisors and advisors, or any other persons or parties involved in the* [**REDACTED**], *and no representation is given as to its accuracy.*

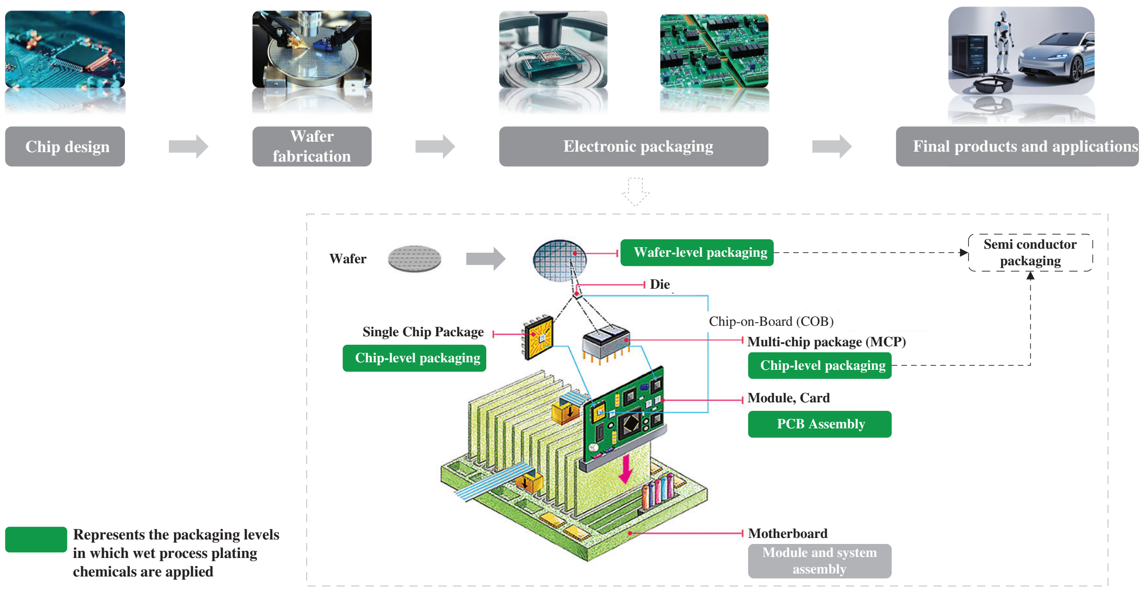
OVERVIEW OF ELECTRONIC PACKAGING MARKET IN CHINA

Introduction of Electronic Packaging

Electronic packaging is the technology of designing and manufacturing protective enclosures for electronic devices (ranging from single semiconductors to complex systems). It employs thin-film technology and micro-connection techniques to arrange, secure, and interconnect three foundational components — chips, substrates, and printed circuit boards (PCBs) — alongside other electronic elements on frames or substrates. As a critical step in electronics manufacturing, electronic packaging directly impacts device performance, reliability, size, and cost. Through diverse materials, structures, and processes, it mainly achieves electrical interconnections, physical protection, thermal management, mechanical support and fixation, and integration.

Electronic packaging is a vital segment of the value chain of the electronics industry, which typically encompasses chip design, wafer fabrication, packaging and testing, and final products and applications. The hierarchy of electronic packaging can be categorized into wafer-level packaging (WLP), chip-level packaging, PCB assembly, and module and system assembly. Among them, the wafer-level packaging and chip-level packaging are classified as semiconductor packaging. These levels are interconnected processes along the value chain of electronics manufacturing.

Value Chain of Electronics Industry and Levels of Electronic Packaging



Source: SK Hynix; Frost & Sullivan

Wafer-level packaging refers to an advanced semiconductor packaging technology characterized by implementing the packaging process at the wafer level. It involves several fabrication steps, many of which are similar to those used in semiconductor manufacturing. Two critical processes involved in WLP are photolithography and metallization. Photolithography is used to define patterns on the wafer surface for creating structures required for packaging, while metallization is used to create electrical interconnects such as Redistribution Layers (RDL), Under-Bump Metallization (UBM), and Bumping, which connect the chip to external circuits.

After wafer dicing, individual semiconductor dies need to be packaged. Chip-level packaging is the process of encapsulating and interconnecting a die to a substrate, which usually is a organic substrate, ceramic substrate, glass substrate, leadframe substrate, or silicon interposer. The core objective of chip-level packaging is to convert the die into independent, reliable, and easy-to-handle electronic devices, enabling safe electrical and mechanical connections with higher-level circuit systems.

Following chip-level packaging, PCB assembly involves assembling and interconnecting devices, along with other discrete electronic components, onto a PCB according to circuit design requirements. This forms electronic modules or circuit boards with specific functions or subsystems. Typical types of PCBs used at this stage include single-sided/double-sided PCBs, multiplayer PCBs, HDI, and flexible and rigid-flex PCBs. In PCB assembly, PCBs are separately produced based on several sequential processes to transform raw materials into functional electronic boards, including printing, etching, drilling, plating, solder mask application, and surface finish.

Module and system assembly is the stage where relevant components are assembled into a fully functional electronic device.

Introduction of Advanced Packaging

Advanced packaging represents an important direction in the evolution of semiconductor packaging technology and is a key driving force for continuously improving chip performance and system integration in the post-Moore's Law era. Advanced packaging is a collective term for advanced semiconductor packaging technologies that go beyond traditional wire bonding packaging techniques. It aims to break through the bottlenecks of traditional packaging to meet the growing demand for higher performance, smaller size, lower power consumption, and higher integration in electronic systems. Typical advanced packaging platforms include:

– **Flip Chip Packaging (FC):** Flip chip packaging technology connects the active side of the chip directly to the packaging substrate or circuit board, achieving electrical connections through solder balls. This packaging method can significantly improve signal transmission speed and reduce power consumption. In addition, flip chip packaging helps to increase packaging density, allowing more chips to be integrated within a limited space.

– **Wafer-Level Chip Scale Packaging (WLCSP):** WLCSP refers to the technology of packaging an integrated circuit at the wafer level, instead of the traditional process of assembling individual units in packages after dicing them from a wafer. This process is an extension of the wafer fab process, where the device interconnects and protection are accomplished using the wafer fab processes and tools. In the final form, the device is a die with an array pattern of bumps or solder balls attached at an I/O pitch that is compatible with subsequent PCB assembly processes.

– **2.5D and 3D Packaging:** 2.5D packaging uses a silicon interposer to connect different chips, enabling high-speed communication between chips. 3D packaging, on the other hand, vertically stacks chips inside the chip using Through-Silicon Via (TSV) technology, further reducing size and improving performance. Both technologies allow for stacking and interconnecting chips in three-dimensional space, but 3D packaging offers higher integration and more complex system design capabilities. Although 2.5D and 3D packaging technologies have higher costs and manufacturing complexities, they provide strong support for HPC, mobile devices, and memory applications.

To realize the aforementioned advanced packaging platforms, the following interconnect processes are required to establish internal and external connections between chips. The mainstream key interconnect technologies currently include Redistribution Layer (RDL), Through-Silicon Via (TSV), Through-Glass Via (TGV), Through-Ceramic Via (TCV), Bumping, and Under Bump Metallization (UBM). These process technologies form the cornerstone of modern high-density chip interconnects. By working synergistically, they drive advancements in chip packaging toward smaller dimensions, higher integration, and superior performance, providing critical support for advanced applications such as HPC, AI, and 5G communications.

Key Process Technologies in Advanced Packaging

Key process technology	Introduction	Applications
RDL	RDL refers to the technology of forming conductive metal layers on the wafer surface to create metal wiring, thereby enabling the redistribution of I/O electrodes for electrical connection between the chip and external components.	– Flip-chip, 2.5D/3D packaging, WLCSP
TSV/TGV/TCV	Based on different substrate materials, common through-hole technologies include TSV, TGV, and TCV. Among these technologies, TSV is recognized as one of the most critical technologies for achieving 2.5D/3D advanced packaging, as it effectively shortens the signal transmission distance between chips, enabling superior electrical performance, smaller physical size, and lighter weight.	– 2.5D/3D packaging
Bumping	Bumps are the primary interface in advanced packaging of integrated circuits, playing roles such as mechanical connection, electrical connection, and serving as a heat dissipation channel within the entire packaging structure. The process of creating bumps is referred to as bumping. Compared with wire bonding technology, bumping technology allows for the creation of bumps with smaller pitches, significantly increasing the I/O density of chip packaging, making it more suitable for high-speed signal transmission.	– Flip-chip, 2.5D packaging, WLCSP
UBM	UBM is an conductive interface that ensures a reliable connection between the micro-scale electrical pads on the chip and the much larger solder balls that will eventually connect the chip to a substrate or PCB.	– Flip-chip, WLCSP

Source: Public information; Frost & Sullivan

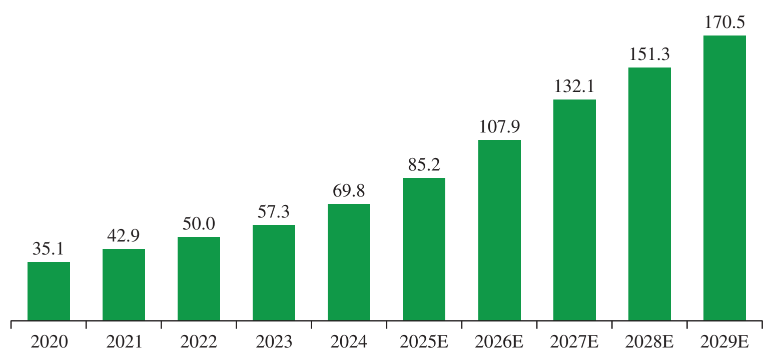
Market Size of Advanced Packaging in China

The market size of advanced packaging market in China increased from RMB35.1 billion in 2020 to RMB69.8 billion in 2024, representing a CAGR of 18.7% in the same period. This growth during this period is mainly driven by the demand for emerging technologies such as 5G, the Internet of Things, and AI, as well as the increasing demand for HPC and storage solutions. From 2024 to 2029, the market is expected to grow to RMB170.5 billion by 2029, with a CAGR of 19.6%. During this period, as electronic devices evolve towards higher performance, smaller size, and lower power consumption, it will further drive rapid market growth.

Market Size of Advanced Packaging Market in China

RMB Billion, 2020-2029E

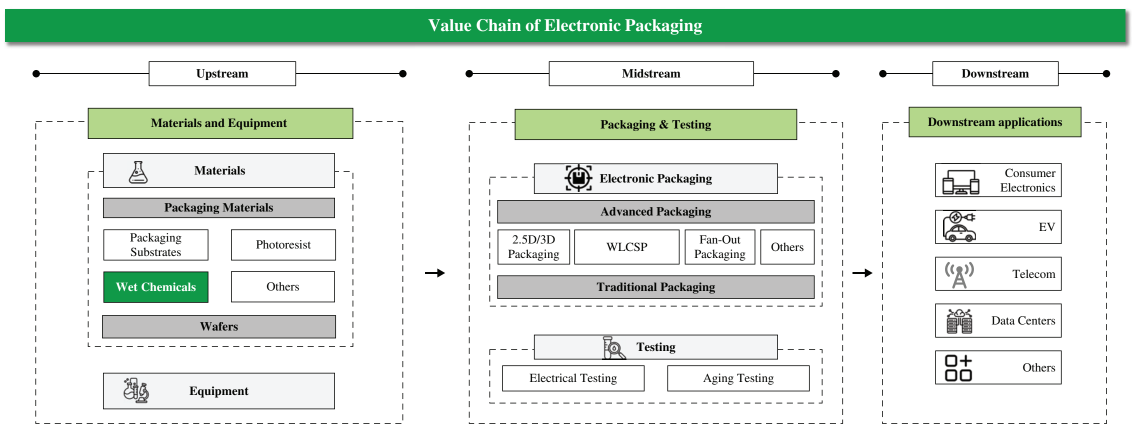
	2020-2024	2024-2029E
CAGR	18.7%	19.6%



Source: Yole; Frost & Sullivan

Value Chain of Electronic Packaging Market in China

The upstream of the value chain of electronic packaging industry in China mainly involves the provision of materials and equipment. The midstream focuses on packaging and testing, covering various platforms from traditional packaging to advanced packaging, such as 2.5D/3D packaging, wafer-level chip scale packaging, and fan-out packaging. The downstream encompasses applications for semiconductors and electronic products, including industries such as consumer electronics, EV, telecom, and data centers.



Source: Frost & Sullivan

OVERVIEW OF WET PROCESS PLATING CHEMICALS MARKET IN CHINA

Introduction of Wet Process Plating Chemicals

The wet process refers to a set of techniques that utilize liquid-phase chemicals for cleaning surface treatment or material deposition. Wet process plating chemicals, which are a typical type of wet chemicals, refer to the chemical substances used for depositing thin layers of metals or alloys onto a surface in wet processing of semiconductor and PCB manufacturing. As one of the critical materials for electrical signal transmission within semiconductors and between semiconductors, packaging substrates, and PCBs, wet process plating chemicals play vital roles in mechanical connection, electrical connection, and heat dissipation of electronic components, especially semiconductors. Such semiconductors include, among others, logic ICs (such as CPU/GPU/NPU), memory (such as high-bandwidth memory), discrete semiconductors (such as power devices), and sensors (such as CMOS image sensors), which are further used in applications such as AI data centers, electric vehicles, industrial, or humanoid robots.

Electroless plating and electroplating are two major process technologies for plating in wet process. Electroless plating is a chemical process that deposits a uniform metallic coating onto a surface without the use of an external electrical current. It uses a chemical reducing agent in the plating solution to convert metal ions into a metallic layer on the surface of the object. The advantages of electroless plating includes exceptional coating uniformity, high processing efficiency, and relatively low total costs. Electroless plating has high technological barriers as it requires precise control over the chemical reactions to ensure both uniform coating and excellent interfacial adhesion. Unlike electroplating where an external current provides a degree of control over deposition, electroless plating relies solely on the delicate balance of chemical reactions within a solution. The precise control over the chemical reactions is particularly challenging for applications on wafers and packaging substrates, which usually have more stringent requirements on performance of chemicals.

Electroplating is a process that utilizes an electric current to deposit a thin layer of metal onto the surface of a conductive object. The significant advantages of electroplating include, among others, high and controlled deposition rate and precise control over coating thickness, making it a unique and valuable process in creating highly precise and complex patterns, which is fundamental to the manufacturing of PCBs and semiconductor devices. In particular, electroplating dominates the fabrication of nanoscale copper interconnects in logic integrated circuits due to its efficiency in filling high aspect ratio nanoscale structures. Moreover, a wide range of metals can be electroplated, including copper, nickel, gold, silver, tin, and various alloys. When applying electroplating in electronic manufacturing, it is critically important to consider the adhesion and interaction between multiple plated layers, as well as their collective impact on the overall functionality of a product, including electrical performance, stress, and other relevant properties.

Both electroless plating and electroplating exhibit substantial growth potentials, and, in practice, are applied in a complementary manner. They deliver diversified solutions for plating in wet process of electronic packaging, to meet different plating requirements in specific processes. The tables set forth below illustrate the major specific plating processes and the introduction, typical applications, and technology barrier of such plating processes.

Introduction of Major Electroless Plating Processes

Specific plating process	Introduction of plating process	Typical applications	Technology barrier
Electroless Nickel Immersion Gold (ENIG)	– Dual-layer metal surface treatment – Creating a stable, bright, smooth, and highly solderable nickel-gold coating – Providing a surface ideal for soldering, and protecting the substrate from oxidation and corrosion – Used in metallization processes for power device and CIS packaging and WLP for mobile applications	Semiconductor: – Advanced packaging: UBM – Substrate surface finish PCB: – Surface finish	Semiconductor: ★★★★★ PCB: ★★★
Electroless Nickel/Electroless Palladium/Immersion Gold (ENEPIG)	– Three-layer structure with an additional palladium layer – Preventing "nickel corrosion," a phenomenon caused by the concentrated displacement reaction between gold and nickel – Suitable for products requiring multiple reflow soldering cycles	Semiconductor: – Advanced packaging: UBM PCB: – Surface finish	Semiconductor: ★★★★★ PCB: ★★★★
Electroless copper	– Creating the initial conductive layer on the walls of drilled holes of PCBs to allow subsequent plating process	PCB: – Hole metallization	PCB: ★★
Electroless Tin	– Providing a uniform, lead-free, and highly solderable tin layer – Protecting the copper traces and pads, ensuring excellent solderability during component mounting	PCB: – Surface finish	PCB: ★★★
Electroless silver	– Electroless silver: used in surface finish for solderability and corrosion protection	PCB: – Surface finish	PCB: ★★★

Note: the number of stars (★) denotes the degree of technology barrier.

Introduction of Major Electroplating Processes

Specific plating process	Introduction of plating process	Typical applications	Technology barrier
Copper electroplating	– High-precision and efficient process that forms the bulk of the conductive copper used in PCBs and advanced packaging – Serving as the most widely adopted metal interconnection technology, and enabling the complex circuitry and interconnects necessary for electronics	Semiconductor: – Advanced packaging: TSV, RDL, UBM, and bumping PCB: – Multi-layer PCB fabrication – Through-Hole Plating (PTH), via filling, and pattern plating	Semiconductor: ★★★★★ PCB: ★★★★
Nickel electroplating	– Electrolytic deposition of a nickel layer onto a conductive substrate – Serving as a robust barrier layer and underlayer for other metals, providing crucial properties like diffusion resistance, hardness, corrosion protection	Semiconductor: – Advanced packaging: UBM and bumping PCB: – Surface finish	Semiconductor: ★★★★★ PCB: ★★★
Gold electroplating	– Electrolytic deposition of a gold layer onto a conductive substrate – Unique combination of properties – excellent conductivity, corrosion resistance, and solderability.	Semiconductor: – Advanced packaging: RDLs, UBM, Via conformal plating, and bumping PCB: – Surface finish	Semiconductor: ★★★★★ PCB: ★★★
Tin/Silver electroplating	– Electrolytic deposition of an alloy composed primarily of tin and a small percentage of silver – Creating lead-free solder bumps and interconnects in advanced packaging	Semiconductor: – Advanced packaging: bumping	Semiconductor: ★★★★★

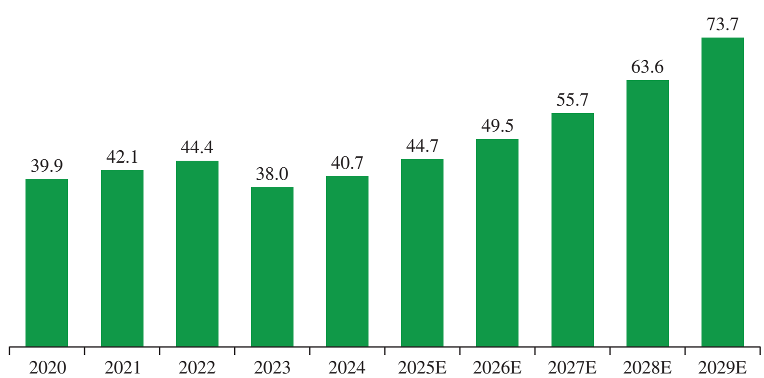
Market Size of Wet Process Plating Chemicals Globally

From 2020 to 2022, the market size of global wet process plating chemicals market grew from RMB39.9 billion to RMB44.4 billion. From 2022 to 2023, due to the short-term declining demand in the semiconductor and PCB industries, the total market size decreased to RMB38.0 billion in 2023. However, in 2024, driven by the rising demands of downstream industries, the global wet process plating chemicals market rebounded to RMB40.7 billion. Going forward, the global wet process plating chemicals market is expected to reach RMB73.7 billion in 2029, representing a CAGR of 12.6% from 2024 to 2029.

Market Size of Global Wet Process Plating Chemicals Market

RMB Billion, 2020-2029E

	2020-2024	2024-2029E
CAGR	0.5%	12.6%



Source: Public Information, Frost & Sullivan

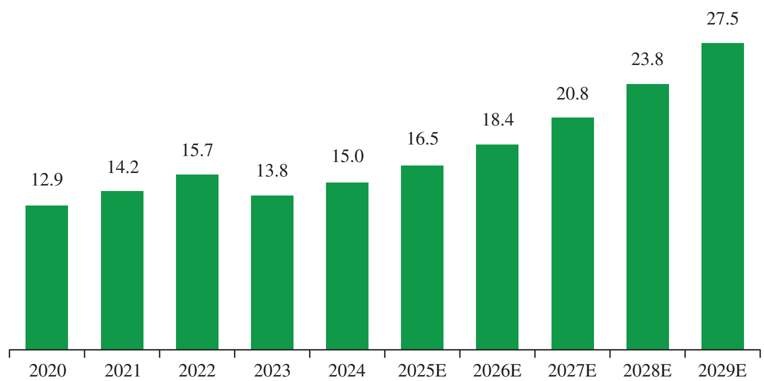
Market Size of Wet Process Plating Chemicals Market in China

As China has become a critical manufacturing hub of semiconductors and PCBs around the world, China is an important market for wet process plating chemicals, contributing a large portion of revenue of the global market. Same as the global market, the wet process plating chemicals market in China experienced a short-term decline in 2023 due to weakened demands of the consumer electronics market, which is a major end-use application and contributes a significant revenue of the semiconductor and PCB market in China and globally. However, fueled by the rapid growth of multiple end-use applications, such as AI, EV, data centers, which have increasing demands of semiconductors and PCBs, the market had rebounded in 2024 and the market size of wet process plating chemicals in China increased to RMB15.0 billion in the same year. The rapid development of emerging applications such as AI and EV is expected to further drive the growth of future demands for wet process plating chemicals in China. The market size of wet process plating chemicals in China is expected to grow to RMB27.5 billion in 2029, representing a CAGR of 12.9% from 2024 to 2029.

Market Size of Wet Process Plating Chemicals Market in China

RMB Billion, 2020-2029E

	2020-2024	2024-2029E
CAGR	3.7%	12.9%



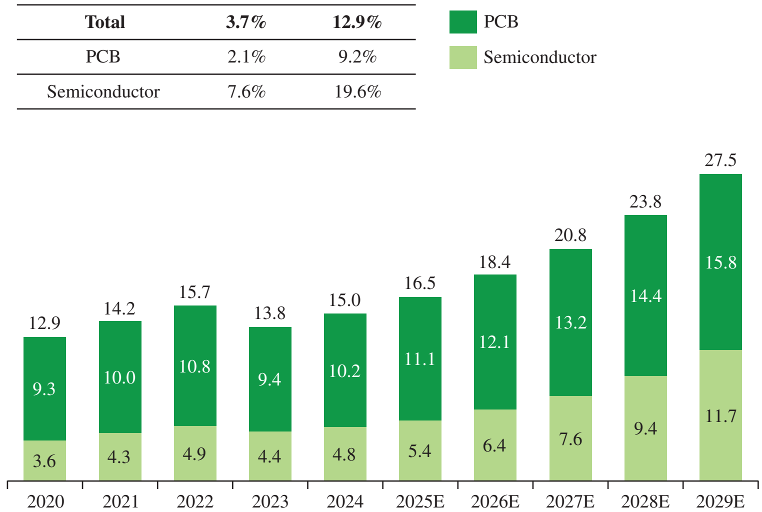
Source: PRISMARK, Public Information, Frost & Sullivan

Wet process plating chemicals are primarily applied in semiconductor and PCB industries. From 2020 to 2024, the market for wet process plating chemicals for PCBs grew from RMB9.3 billion to RMB10.2 billion, representing a CAGR of 2.1% in the same period, while the market of wet process plating chemicals for semiconductors increased from RMB3.6 billion to RMB4.8 billion, representing a faster CAGR of 7.6% in the same period. In the next five years, the semiconductor market will become the faster-growing segment, especially driven by the demands from advanced packaging and HPC. The semiconductor segment of wet process plating chemicals market in China is expected to grow to RMB11.7 billion in 2029, with a CAGR of 19.6% from 2024 to 2029. Additionally, the market size of wet process plating chemicals for PCBs is expected to grow to RMB15.8 billion in 2029, with a CAGR of 9.2% from 2024 to 2029.

Market Size of Wet Process Plating Chemicals Market in China, by Application

RMB Billion, 2020-2029E

CAGR	2020-2024	2024-2029E
Total	**3.7%**	**12.9%**
PCB	2.1%	9.2%
Semiconductor	7.6%	19.6%



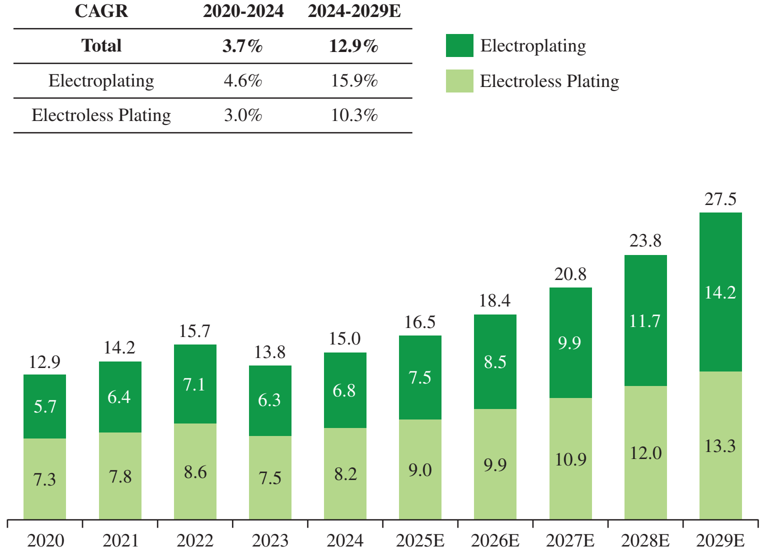
Source: PRISMARK, expert interviews, Frost & Sullivan

From 2020 to 2024, the electroless plating market grew from RMB7.3 billion to RMB8.2 billion, representing a CAGR of 3.0%, while the electroplating market increased from RMB5.7 billion to RMB6.8 billion, representing a CAGR of 4.6%. Going forward, the electroless plating and electroplating markets are expected to further increase to RMB13.3 billion and RMB14.2 billion, representing a CAGR of 10.3% and 15.9% from 2024 to 2029, respectively.

Market Size of Wet Process Plating Chemicals in China, by Process Technology

RMB Billion, 2020-2029E

CAGR	2020-2024	2024-2029E
Total	**3.7%**	**12.9%**
Electroplating	4.6%	15.9%
Electroless Plating	3.0%	10.3%



Source: Public Information; Frost & Sullivan

Market Size of Wet Process Plating Chemicals for Semiconductors in China

Electroplating technology has significant advantages in semiconductor plating, including precise control of plating thickness and uniformity, providing high conductivity and low resistivity metal layers, supporting diverse plating chemicals to meet different application needs, and efficient, high-quality production capabilities, making it an indispensable key process in semiconductor manufacturing. From 2020 to 2024, the electroplating market size grew from RMB2.8 billion to RMB3.8 billion, with a CAGR of 7.7%, while the electroless plating market size increased from RMB0.7 billion to RMB1.0 billion, with a CAGR of 7.5%. From 2024 to 2029, the market size of electroplating market is expected to grow significantly from RMB3.8 billion to RMB9.3 billion, with a CAGR of 19.8%, while the market size of electroless plating market is expected to grow from RMB1.0 billion to RMB2.4 billion, with a CAGR of 18.9%.

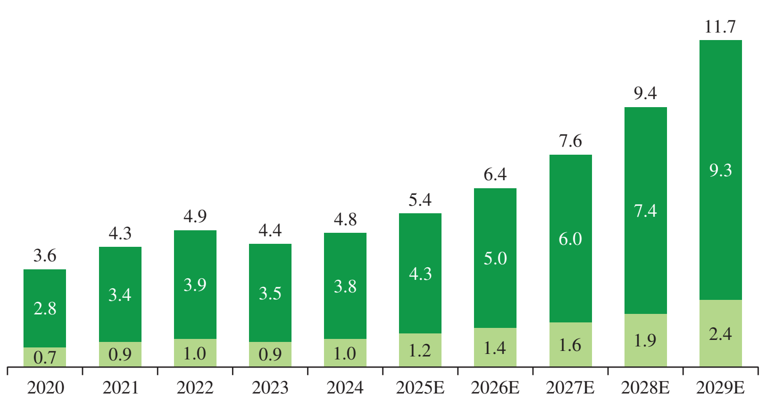
Market Size of Wet Process Plating Chemicals for Semiconductor Market in China, by Process Technology

RMB Billion, 2020-2029E

CAGR	2020-2024	2024-2029E
Total	**7.6%**	**19.6%**
Electroplating	7.7%	19.8%
Electroless Plating	7.5%	18.9%

Electroplating

Electroless Plating



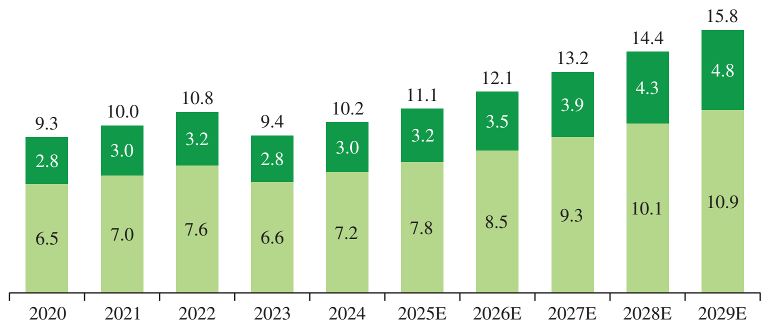
Source: PRISMARK; Public Information; Frost & Sullivan

Market Size of Wet Process Plating Chemicals for PCBs in China

Electroless plating represents a major process technology for PCB assembly. From 2020 to 2024, the market size of electroless plating chemicals for PCBs increased from RMB6.5 billion to RMB7.2 billion, and is expected to increase to RMB10.9 billion in 2029, representing a CAGR of 8.8% from 2024 to 2029. Electroplating is mainly used for PTH, via filling, and pattern plating in PCB fabrication. The market size of electroplating chemicals for PCBs increased from RMB2.8 billion to RMB3.0 billion, and is expected to increase to RMB4.8 billion in 2029, representing a CAGR of 10.0% from 2024 to 2029.

Market Size of Wet Process Plating Chemicals for PCB Market in China, by Process Technology
RMB Billion, 2020-2029E

CAGR	2020-2024	2024-2029E
Total	**2.1%**	**9.2%**
Electroplating	1.3%	10.0%
Electroless Plating	2.5%	8.8%



Source: Public Information; PRISMARK; Frost & Sullivan

Market Drivers of Wet Process Plating Chemicals Market in China

Sustained expansion of semiconductor and PCB industries. Fueled by a confluence of factors, including technology advancements, massive investments in new foundries, the increasing global demand for electronic applications, and favorable polices, the semiconductor and PCB manufacturing industries in China experienced expansion from 2020 to 2024. From 2020 to 2024, the market size of semiconductor manufacturing market in China grew from RMB256.0 billion to RMB443.7 billion, while the PCB manufacturing market in China increased from RMB275.0 billion to RMB352.4 billion during the same period. As China continues to solidify its position as a global manufacturing hub, the sheer volume of semiconductors and PCBs produced in China is steadily climbing, which in turn drives the increasing overall demands for wet process plating chemicals. On the demand side, the rapid development of emerging fields such as EVs and high-end consumer electronics continues to drive the growth of semiconductor and PCB industries in China. For example, the PCB usage for EVs is approximately 5-8 square meters per vehicle, which is 5-8 times that of ICE (internal combustion engine)-only vehicles. Meanwhile, the number of semiconductors required for ICE-only vehicles is approximately 600 to 700 per vehicle, while for electric vehicles, that number increases to 1,600 per vehicle, and for high-end intelligent vehicles, the number even reaches 3,000 per vehicle. The increasing sales volume of electric vehicles is expected to significantly drive the growth of demands for semiconductors and PCBs.

Strong demands from power semiconductors driven by fast-growing applications. The surge in applications like electric vehicles has increased the need for high-performance power semiconductor devices, such as Si-based IGBT and SiC MOSFET, boosting demand for wafer-level and ceramic substrate-level plating chemicals. Wide band gap power devices, particularly silicon carbide (SiC), are gaining prominence for their exceptional performance under extreme conditions, such as high temperatures and frequencies. These devices have spurred new requirements for plating chemicals, with electroless plating materials becoming essential due to their ability to improve packaging reliability. Consequently, these stricter standards for electrical conductivity, heat resistance, corrosion resistance, precise process control, and environmental adaptability drive the increasing demands for wet process plating chemicals.

Increase in high-performance logic ICs fueled by AI advancements. The rapid development and widespread application of AI technology have significantly increased the demand for high-performance logic ICs. The manufacturing and packaging of these high-performance logic ICs typically rely on multi-chip integration technologies, which heavily depend on advanced packaging techniques to ensure performance, reliability, and miniaturization of logic ICs. As AI applications continue to expand, the need for innovative and efficient logic IC solutions intensifies, further amplifying the reliance on cutting-edge plating chemicals to meet the stringent requirements of modern chip fabrication processes.

Expansion of wafer-level packaging. Moore's Law, predicting exponential transistor growth on integrated circuits, is encountering physical limits, challenging traditional performance scaling. Rising costs of advanced chip manufacturing further drive adoption of advanced packaging technologies, enabling chip and end-product manufacturers to optimize performance and cost-effectiveness. Advanced packaging technologies provide an alternative by enhancing performance, reducing power consumption, and minimizing size without relying on smaller transistors. This trend fuels demand for wet process plating chemicals in wafer-level packaging.

Favorable policies. Favorable policies are a crucial market driver for the wet process plating chemicals market in China, particularly due to their strategic emphasis on strengthening the domestic electronics and semiconductor industries. Certain national initiatives and subsequent national strategic plans and policies, such as "Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Vision 2035", "The 14th Five-Year Development Plan for Raw Material Industrials", and "Implementation Opinion on Improving the Reliability of Manufacturing Industry," prioritize the development of advanced manufacturing sectors, including electronics, EVs, and high-end equipment, and actively promote self-sufficiency and technological advancement in semiconductors, advanced packaging, and high-performance electronics. These jointly and directly fuels demand for wet process plating chemicals.

Development Trends of Wet Process Plating Chemicals Market in China

Increasing demands for high-performance plating chemicals to achieve high-density interconnection. China's booming semiconductor industry is driving demand for high-performance chips and multi-functional chip integration systems. These chips or systems require advanced packaging technologies to achieve compact designs, enhanced processing power, and lower energy use. Techniques such as 3D stacking, WLCSP, and fan-out packaging are critical to improving chip performance. Plating chemicals, essential to the packaging process, directly influence interconnection density, signal transmission speed, and reliability of devices. As packaging technologies advance, the performance demands on plating chemicals intensify, fueling industry trends toward high-density interconnections.

Rise of domestic manufacturers in China. With the continuous domestic investment in R&D and the acceleration of technology breakthroughs, more domestic manufacturers in China are able to provide high-performance, high-quality and reliable plating chemicals which were provided by international manufacturers. These technology advancements provide a solid foundation for domestic manufacturers to enhance their competitiveness and expand their market share. Additionally, the semiconductor and PCB manufacturers in China continue to introduce more domestic material suppliers to upgrade their manufacturing capabilities and secure their supply chain. For example, in the semiconductor sector, the proportion of raw materials supplied by domestic suppliers had increased from approximately 10% to more than 15% in 2024. As a result, it creates a robust and expanding market for Chinese manufacturers of fundamental materials, offering a significant opportunity for growth and innovation within the domestic industry.

Cost Analysis of Wet Process Plating Chemicals Market in China

The production of wet process plating chemicals involves a variety of raw materials, which depend on the specific process used in plating and electronic packaging. As the raw materials of wet process plating chemicals usually comprise of certain elementary substances such as nickel, palladium, phosphorus, gold, or copper, the prices of raw materials are generally highly related to the prices of relevant elementary substances used to produce such raw materials. The table set forth below demonstrate the major types of raw materials procured by the Group and the corresponding elementary substances and their average price ranges from 2022 to 2024.

Major types of raw materials procured by the Company and corresponding elementary substances and their average price ranges in China (2022-2024)

Types of raw materials	Corresponding elementary substances	Unit	Average price range of elementary substances		
			2022	2023	2024
Nickel(II) sulfate ($NiSO_4$)	Nickel	RMB/KG	166-235	135-217	126-143
Tetraamminepalladium(II) chloride monohydrate ($Cl_2H_{14}N_4OPd$)	Palladium	RMB/G	439-568	271-492	238-278
Palladium(II) sulfate ($PdSO_4$)					
Sodium hypophosphite (NaH_2PO_2)	Phosphorus	RMB/KG	28-41	21-31	22-25

COMPETITIVE LANDSCAPE OF WET PROCESS PLATING CHEMICALS MARKET IN CHINA

Overview of Competitive Landscape

Due to high technical barriers, the number of participants in China's wet process plating chemicals market is relatively limited, resulting in a relatively high concentration of overall market competition. Based on revenue in 2024, the top ten market participants accounted for 63.3% of the market share in China. Market participants in China can be divided into international manufacturers and domestic manufacturers. Thanks to the first-mover advantage in technology research and development and product layout, international manufacturers have historically dominated the China's wet process plating chemicals market. However, with the rapid technological advancements and continuous introduction of new products by domestic manufacturers, a few domestic companies have gradually gained more market share.

Ranking and Market Share

Based on revenue in 2024, our company ranks sixth among all participants in the China's wet process plating chemicals market, holding 2.7% market share. At the same time, based on revenue in 2024, our company is also the largest domestic manufacturer in the China's wet process plating chemicals market, and is the largest one-stop plating chemicals and services provider in China.

Ranking of Top Ten Players in Wet Process Plating Chemicals Market in China (2024)

Ranking	Players	Type of players	Revenue	Market Share
			(RMB million)	*(%)*
1	Company A	International	2,600	17.4%
2	Company B	International	2,200	14.7%
3	Company C	International	1,400	9.4%
4	Company D	International	1,100	7.4%
5	Company E	International	700	4.7%
6	The Group	Domestic	410	2.7%
7	Company F	Domestic	360	2.4%
8	Company G	Domestic	350	2.3%
9	Company H	Domestic	190	1.3%
10	Company I	Domestic	160	1.1%

Notes:

1. Company A is a subsidiary of a listed company founded in 1961 and headquartered in the United States. It develops process and manufacturing technologies for advanced surface modification, electroless plating and electroplating, and surface finishing.

2. Company B is a private company founded in 1885 and headquartered in Japan. It is specialized in developing and manufacturing precious metal components and materials for industrial use, assets and jewelry.

3. Company C is a listed company founded in 1802 and headquartered in the United States. It is a global leader dedicated to developing advanced materials and technology solutions.

4. Company D is a listed company founded in 1848 and headquartered in Japan. It mainly engages in the research, development, manufacture, and distribution of plating chemicals and surface finishing machineries.

5. Company E is a private company founded in 1922 and headquartered in the United States. It provides advanced surface finishing products and services, including coatings and plating solutions.

6. Company F is a listed company founded in 2010 and headquartered in China. It provides wet chemicals used in applications such as electronic circuits, semiconductor packaging, displays, and new energy.

7. Company G is a listed company founded in 1999 and headquartered in China. It dedicates to providing integrated solutions that combine key process materials for integrated circuits, supporting equipment, application processes, and services.

8. Company H is a listed company founded in 2010 and headquartered in China. It offers electroplating solutions, photoresists, and related chemicals used in integrated circuits, electronic components, and display panels.

9. Company I is a listed company founded in 1980 and headquartered in China. It focuses on businesses of electronic chemicals, chemical reagent, new energy materials, and recycling of retired power batteries.

Source: Public information; expert interviews; Frost & Sullivan

Entry Barriers of Wet Process Plating Chemicals Market in China

Technology barrier. The wet process plating chemicals market is a knowledge-intensive high-tech sector with comprehensive applications across multiple fields. Leading companies in the market have accumulated substantial technical and process know-how, creating significant technical challenges for new entrants. It would take years of efforts for newcomers to overcome these challenges. Existing leading players in the industry have significant technical advantages, forming a strong barrier to entry for new competitors.

Product quality and reliability barrier. Potential customers usually have high standards regarding the product quality and reliability of wet process plating chemicals. Leading companies need long-term accumulated know-how, advanced management abilities and manufacturing technology to build and maintain their product quality and reliability advantages. For new entrants, it would take a long time to raise their product quality and reliability to meet customer requirements. Consequently, the gap in product quality and reliability compared to leading companies presents a significant challenge for new entrants in their early stages.

Validation and qualification barrier. Wet process plating chemical providers must undergo long-term rigorous assessments before entering the supply chain and establishing cooperation relationships with downstream clients. In particular, in the semiconductor sector, which usually has higher requirements on the reliability of plating chemicals, it takes more costs and time for plating chemical providers to develop products and obtain validation and qualifications from semiconductor manufacturers or packaging service providers. Additionally, renowned downstream clients usually have low willingness to replace their existing suppliers due to the long assessment cycles and high switching costs involved.

Talent barrier. Talents with deep technology know-how and extensive practical experience forms a critical barrier in the wet process plating chemicals market. Developing these complex formulations demands cross-discipline talents specialized in chemistry, material science, mechanical engineering. Equally vital are technicians with hands-on experience to implement and optimize plating processes in manufacturing. This includes understanding intricate variables and ensuring quality. Attracting and retaining this specialized expertise is paramount, as it drives innovation and makes it difficult for new entrants to compete.

OVERVIEW OF THE LAWS AND REGULATIONS IN THE PRC

Regulations on company establishment and foreign investment

Company establishment

Pursuant to the PRC Company Law promulgated by the Standing Committee of the National People's Congress (the "SCNPC") on December 29, 1993, which was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018, and December 29, 2023 respectively and became effective on July 1, 2024, the Company Law shall apply to all companies established in the PRC. The Company Law, which regulates the establishment, corporate structure and management of companies, also applies to foreign-invested companies. Where laws on foreign investment provide otherwise, such provisions shall prevail.

Foreign investment

Pursuant to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) promulgated by the NPCSC on March 15, 2019 and effective on January 1, 2020, and the Regulations for the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on December 26, 2019 and effective January 1, 2020, China will further expand its opening to the outside world, actively promote foreign investment, protect the legitimate rights and interests of foreign investment and regulate the management of foreign investment. Foreign-invested enterprises shall equally apply the state policies on supporting the development of enterprises in accordance with the law. The capital contributions, profits, capital gains, proceeds from the disposal of assets, royalties from the licensing of intellectual property, compensation or indemnification obtained in accordance with the law, and proceeds from liquidation of a foreign investor within the territory of China may be freely remitted into and out of the territory of China in Chinese Yuan ("**CNY**") or foreign exchange in accordance with the law. The State adopts the management system of pre-establishment national treatment and Negative List for foreign investment. The State will give national treatment to foreign investments beyond the Negative List. No foreign investors shall be allowed to invest in the industries where foreign investment is prohibited by the Negative List; while for the industries restricted by the Negative List, restrictive access special management measures such as equity requirements and senior management requirements as stipulated in the Negative List shall be met before the foreign investment can be made. As for industries not included in the Negative List, the foreign and domestic investments shall be treated as the same in terms of administration.

According to the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) issued by the National Development and Reform Commission ("**NDRC**") and the Ministry of Commerce of the People's Republic of China ("**MOFCOM**") on September 6, 2024 and effective on November 1, 2024, our business does not fall under such categories where foreign investment is restricted or prohibited.

Pursuant to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which was jointly promulgated by the MOFCOM and the State Administration for Market Regulation on December 30, 2019 and came into effect on January 1, 2020, if a foreign investor directly or indirectly carries out investment activities in China, the foreign investor or foreign-invested enterprise shall report the investment information to the competent commerce authorities.

Laws and regulations on production safety, environmental protection, fire prevention and energy conservation review

Production safety

According to the Production Safety Law of the PRC (《中華人民共和國安全生產法》, the "Production Safety Law"), which was last amended by the SCNPC on June 10, 2021 and came into effect on September 1, 2021, entities engaged in production and business activities within the PRC shall comply with the Production Safety Law and other laws and regulations related to production safety, strengthen production safety management. Entities shall establish and improve a production safety responsibility system and production safety rules, improve production safety conditions, and strengthen the standardization of production safety, raise production safety levels, and ensure production safety. The production, business operation, transportation, storage, and use of any hazardous substances, or the disposal of or abandonment of hazardous substances, shall be subject to approval as well as supervision and administration by the relevant administrative departments in accordance with the relevant laws and regulations, national standards, or industrial standards. Violation of the Production Safety Law may result in imposition of fines and penalties, corrections within a specified time limit, suspension of operation, an order to cease operation, depending on the circumstances of the violation, and criminal liability will be pursued if the violation constitutes a crime.

In addition to the general requirements for production safety, for newly built, reconstructed or expanded construction projects, 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》, the "Construction Projects Safety Facilities Measures"), promulgated by the Former State Administration of Work Safety (the Former "SAWS") 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. For the construction projects, specially set forth in the Construction Projects Safety Facilities Measures, comprehensive research and pre-assessment on the safety conditions of the construction projects shall be conducted by qualified safety assessment body. 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.

According to the Regulations on the Safety Supervision of Special Equipment (《特種設備安全監察條例》, which was released on 11 March 2003 and revised on 24 January 2009 by the State Council, entities that use elevators and other special equipment must meet the statutory requirements in such aspects as personnel, management system, regular inspection and legal license. Entities using special equipment shall strictly implement the provisions of these laws, regulations and administrative regulations on safe production, and ensure safe use of such equipment.

Environmental protection

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》, "the Environmental Protection Law"), which was last amended by the SCNPC on April 24, 2014 and came into effect on January 1, 2015, any entity that discharges or will discharge pollutants in the course of operation or other activities must implement effective environmental protection measures to control and properly handle hazardous substances such as waste gas, waste water, waste residues, medical waste, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated in the course of such activities. The State implements a pollutant discharge permit management system in accordance with the law.

According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), which was promulgated by the SCNPC and came into effect on December 29, 2018, the Regulation on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was amended by the State Council on July 16, 2017 and came into effect on October 1, 2017, and the Interim Measures for Environmental Protection Acceptance Inspection Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), which was promulgated by the former Ministry of Environmental Protection and came into effect on November 20, 2017, the PRC implements a system to assess 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 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 inspection on the supporting environmental protection facilities and prepare an acceptance report. The construction projects can only be put into production or use after the completed supporting environmental protection facilities have passed the acceptance inspection.

According to the Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), which was last amended on April 29, 2020 by the SCNPC and came into effect on September 1, 2020, 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》), which was last amended on June 27, 2017 by the SCNPC and came into effect on January 1, 2018, and the Law of the PRC on the Prevention and Control of Atmospheric

Pollution (《中華人民共和國大氣污染防治法》), which was last amended by the SCNPC and took effect on October 26, 2018, any entity or individual that generates, collects, stores, transports, utilizes or disposes of solid waste shall take measures to prevent or reduce the pollution of solid waste to the environment, and shall, as required by the law, assume the liabilities for the environmental pollution that occurs. Where hazardous waste exists in solid waste, it shall be managed in accordance with the laws and regulations related to hazardous waste management. Enterprises, institutions and other production and operation units which directly or indirectly discharge industrial waste water and medical sewage to water bodies, and which are required to obtain pollutant discharging permit before discharging waste water and sewage, must obtain the pollutant discharging permit. Enterprises and institutions that emit industrial waste gas or toxic and hazardous air pollutants listed in the catalog published according to Article 78 of the Law of the PRC on the Prevention and Control of Atmospheric Pollution, as well as other units that are subject to pollution discharge license in accordance with the law, shall obtain a pollutant discharging permit.

Pursuant to the provisions of the Regulation on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》) promulgated on January 24 2021, and the Administrative Measures for Pollutant Discharge Licensing (《排污許可管理辦法》) promulgated on April 1 2024, the State implements the classified pollutant discharge permit management (i.e., key management and simplified management) on pollutant discharges of enterprises based on factors such as the volume of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment. Enterprises, institutions and other production and operation units that are included in the Classification Administration List of Pollutant Discharge Permits for Fixed Pollution Sources (《固定污染源排污許可分類管理名錄》) shall apply for and obtain a pollutant discharge permit within the prescribed time limit, and shall not discharge pollutants without a pollutant discharge permit.

Fire prevention

According to the Fire Prevention Law of the PRC (《中華人民共和國消防法》), which was last amended by the SCNPC and took effect on April 29, 2021, the emergency management department under the State Council and the emergency management departments under the local people's governments at or above the county level shall supervise and manage fire protection work. Fire prevention design and construction work must be conducted in compliance with national technical standards for fire protection in construction projects.

According to the Interim Provisions on the Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) which was last amended by the Ministry of Housing and Urban-Rural Development of PRC on August 21, 2023 and came into effect on October 30, 2023, fire prevention design and acceptance of special construction projects shall be subject to review and approval, respectively, by the competent authorities, while for other construction projects, the fire protection acceptance of construction projects shall be filed with the competent authorities.

Energy conservation review

According to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), which was last amended by the SCNPC and came into effect on October 26, 2018, the State shall implement an energy conservation assessment and audit system for fixed asset investment projects. For projects which do not meet the compulsory energy conservation standards, the developer shall not commence construction; where the construction of such projects is completed, the project shall not be put into production or use. Detailed measures shall be formulated by the department regulating energy conservation under the State Council, jointly with other relevant State Council departments.

Laws and regulations relating to hazardous chemicals and precursor chemicals

Storage

Pursuant to the provisions of the Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》) promulgated on January 26, 2002 and amended on March 2, 2011 and December 7, 2013, no entity or individual may engage in the production, storage, use, operation, transportation and other business activities of hazardous chemicals without approval. An enterprise that stores hazardous chemicals shall set up prominent signs on its hazardous chemical transportation pipeline, conduct regular inspections and tests on the pipeline, and set up prominent safety warning signs on its workplaces, safety facilities and equipment. In addition, the enterprise shall also establish and regularly repair and maintain its safety facilities and equipment based on the types and hazard characteristics of hazardous chemicals and in accordance with relevant national and industry standards. An entity that stores highly toxic chemicals or hazardous chemicals constituting a serious hazard source in quantity shall report the storage quantity, location and management personnel to the work safety supervision and administration department and the public security department of the county-level local people's government.

Pursuant to the Measures for the Administration of Registration of Hazardous Chemicals (《危險化學品登記管理辦法》) promulgated by the Former SAWS on July 1, 2012 and became effective on August 1, 2012, enterprises engaged in the production and import of any chemicals listed in the catalog of Hazardous Chemicals must register with the competent work safety supervision department prior to the inspection and acceptance of completed new production projects or to the first importation activity. The hazardous chemicals registration certificate shall be valid for three years and the enterprise may apply for renewal three months before the expiry of such registration certificate.

Operation

Pursuant to the Administrative Measures for the Licensing of Hazardous Chemicals Operations (《危險化學品經營許可證管理辦法》) issued on July 17, 2012 and last amended on May 27, 2015, the State has established a licensing system for the operation, including sale and storage, of hazardous chemicals listed in the catalog of Hazardous Chemicals within the territory of the PRC. Enterprises engaged in the operation of these hazardous chemicals are required to obtain a hazardous chemical operation license in accordance with the Measures. The operation of hazardous chemicals without the required operation license shall be subject to punishments under the relevant provisions of the Work Safety Law of the PRC with regard to the unlicensed production, operation and storage of hazardous substances. If such actions constitute a criminal offense, legal proceedings will be initiated to hold the responsible parties accountable.

Pursuant to the Regulation on the Administration of Precursor Chemicals (《易製毒化學品管理條例》) promulgated by the State Council on August 26, 2005, amended and became effective on July 29, 2014, February 6, 2016 and September 18, 2018, the Measures for the Licensing for Production and Operation of Non-pharmaceutical Precursor Chemicals (《非藥品類易製毒化學品生產、經營許可辦法》) promulgated by the Former SAWS on April 5, 2006 and became effective on April 15, 2006, the precursor chemicals are classified into three categories. Category I refers to the major materials that may be used to produce drugs. Categories II and III refer to the chemical auxiliary substances that may be used to produce drugs. The State applies a licensing system to the production and operation of non-pharmaceutical precursor chemicals. The production and operation of non-pharmaceutical precursor chemicals of Category I shall be subject to license-based administration, while the production and operation of precursor chemicals of Category II and Category III shall be subject to record certificate-based administration.

Pursuant to the Measures for the Administration of Permit for Operation of Hazardous Wastes (《危險廢物經營許可證管理辦法》) issued by the State Council on May 30, 2004 and taking effect on July 1, 2004, and lastly amended and taking effect on February 6, 2016, any entity undertaking the business activities that produce hazardous wastes within the territory of the PRC shall not have such wastes collected, transported or disposed of by any entity without a license to do so.

Laws and regulations on product quality

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was last amended by the SCNPC and came into effect on December 29, 2018, the market supervision and administration department under the State Council is in charge of the national supervision of product quality, a manufacturer is prohibited from producing or selling products that do not meet applicable standards and requirements for safeguarding human health and ensuring human and property safety. Products must be free from unreasonable dangers threatening human and property safety. Where a defective product causes physical injury to a person or property damage, the aggrieved party may claim damages against the manufacturer producer or the seller of the product. Manufacturers and sellers of non-conforming products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and/or fines; earnings from sales in contravention of such standards or requirements, if any, may also be confiscated, and in severe cases, an offender's business license may be revoked.

Laws and regulations on import and export of goods

According to the Customs Law of the PRC (《中華人民共和國海關法》) last amended by the SCNPC and came into effect on April 29, 2021, the Customs is a governmental organization responsible for supervision and control over all arrivals in and departures from the Customs territory, who is authorized to supervise the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collects customs duties and other taxes and fees, prevents and combats smuggling, compiles customs statistics and handles other customs operations. Customs declaration entities refer to the consignees and consignors of imported or exported goods and customs declaration enterprises recorded with the Customs. The consignee or the consignor of imported or exported goods may complete the declaration formalities either by themselves or engaging an agent.

According to the Law of the PRC on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法》) last amended by the SCNPC came into effect on April 29, 2021, and the Regulations for the Implementation of the Law of the PRC on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法實施條例》) last amended by the State Council on March 29, 2022 and came into effect on May 1, 2022, the General Administration of Customs of PRC ("the General Administration of Customs") is responsible for inspection of imported and exported commodities nationwide, and its subordinate entry-exit inspection and quarantine authorities shall conduct inspection on the imported and exported commodities listed in the catalog and other imported and exported commodities that shall be subject to the inspection by the entry-exit inspection and quarantine authorities as prescribed by laws and administrative regulations. For the imported and exported commodities other than those that are subject to inspection as mentioned above, the entry-exit inspection and quarantine authorities may conduct random inspection in accordance with state regulations. No import commodity subject to statutory inspection that has not been inspected could be sold or used. No export commodity subject to statutory inspection that has not been inspected or fails to pass the inspection could be exported. Consignees or consignors of the import and export commodities may complete the inspection procedures themselves, or engage an agent to do this.

According to the Provisions on the Administration of 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 came into effect on January 1, 2022, customs declaration entities refer to consignees or consignors of imports and exports and customs declaration enterprises which have filed record with the Customs pursuant to these Provisions. Consignees or consignors of imports and exports and customs declaration enterprises applying for filing shall obtain market entity qualification and in the case of consignees or consignors of imports and exports applying for filing, they shall also complete filing formalities for foreign trade business operators.

According to the Notice on Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (《關於進出口貨物收發貨人備案有關事宜的通知》) issued by the Department of Enterprise Management and Audit-Based Control of the General Administration of Customs and came into effect 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 Duties Law of the PRC (《中人民共和國關税法》), issued by SCNPC on April 26, 2024 and effective as of December 1, 2024, goods permitted to be imported or exported and articles entering the territory of the PRC shall be subject to customs duties levied by the Customs authorities in accordance with applicable laws and regulations. The consignees of imported goods, the consignors of exported goods and carriers or recipients of inbound articles shall be the duty payer. The tariff classification, applicable tariff rates and rules governing the application thereof, among others, shall be implemented in accordance with the Customs Import and Export Tariffs of the PRC.

Laws and regulations relating to outbound investment by domestic enterprises

Regulations of the development and reform commission on outbound investment by domestic enterprises

According to the Measures for the Administration of Outbound Investment of Enterprises (《企業境外投資管理辦法》) promulgated on December 26, 2017, the State adopts approval process or registration process in terms of the management of outbound investment projects (including those in the Hong Kong Special Administrative Region, the Macao Special Administrative Region, and the Taiwan region) by a domestic enterprise ("Investment Entity"), directly or through its controlled overseas enterprises, by way of obtaining overseas ownership, control, operation and management rights, and other related rights and interests by means of investing in assets, interests or providing financing or guarantees. The aforementioned approval procedure shall apply to any sensitive projects carried out by Investment Entity directly or through its controlled overseas enterprises, and the approval authority is the NDRC. The scope of filing registration management is non-sensitive projects directly carried out by Investment Entity which involve Investment Entity directly investing in assets, interests or providing financing and guarantees. Among them, if the Investment Entity is a centrally managed enterprise (including centrally managed financial enterprise, the State Council and enterprise directly managed by institutions in the State Council) or the Investment Entity is a local enterprise but the investment amount out of the PRC reaches US$300 million or more, the filing authority will be the NDRC, and if the investor is a local enterprise and the investment amount out of the PRC is below US$300 million, the filing authority will be the development and reform department of the provincial government governing the locality where the Investment Entity is registered.

In case an investment entity violates the Measures for the Administration of Outbound investment of Enterprises, the approving and filing authorities shall have the right to adopt measures such as refusing approval or filing the project, revoking the approval document or notification of filing, ordering the investment entity to suspend or stop the implementation of the project, adopting remedial measures, making corrections within a time limit, and giving warnings to the investment entity and the principal person in charge of the project, etc. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

Regulations of the commerce department on outbound investment by domestic enterprises

Pursuant to the provisions of the Measures for the Administration of Outbound Investment (《境外投資管理辦法》) promulgated on September 6, 2014, if an enterprise legally established within the territory of the PRC owns a non-financial enterprise abroad or obtains the ownership, control, operation and management rights and other rights and interests of an existing non-financial enterprise through new establishment, M&A or other means, the MOFCOM and the provincial competent departments of commerce shall be responsible for the approval and filing registration, depending on different circumstances of outbound investment by the enterprise. In particular, if an outbound investment involves countries that have not established diplomatic relations with the PRC, countries subject to United Nations sanctions, industries involving the export of products and technologies restricted by the PRC, or industries that may affect the interests of more than one country (region), the outbound investment shall be subject to administration by approval. Outbound investment by the enterprise that falls under any other circumstances shall be subject to administration by filing registration.

For any violation of the Measures for the Administration of Outbound Investment, the competent commerce authority has the right to revoke the outbound investment registration of the enterprise, give a warning, and issue a penalty decision in accordance with the law, and the enterprise shall not apply for the approval again within one or three years and is not applicable to the incentives or supporting measures under relevant national policies within three years. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

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 came into effect since April 1, 1996, the Foreign Exchange Administration Regulations classify all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administration agencies, while capital items are subject to such approval. The Foreign Exchange Administration Regulations were subsequently amended on January 14, 1997 and August 1, 2008, and came into effect on August 5, 2008. The latest amendment to the Foreign Exchange Administration Regulations clearly states that the PRC will not impose any restriction on international current payments and transfers.

On December 26, 2014, the SAFE issued the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), pursuant to which a domestic company shall, within 15 business days from the closing date of its overseas issuance and listing, register the overseas listing with the SAFE's local branch at the place of its incorporation; and the proceeds from an overseas listing of a domestic company may be remitted to a designated domestic account or deposited in a designated overseas account, but the use of the proceeds shall be consistent with the content of the document and other public disclosure documents.

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.

Laws and regulations relating to intellectual property rights

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) last amended by the SCNPC on October 17, 2020 and came into effect on June 1, 2021, and the Implementation Regulations for the Patent Law of the PRC (《中華人民共和國專利法實施細則》) last amended by the State Council on December 11, 2023 and came into effect on January 20, 2024, patents are divided into 3 categories, i.e. invention patents, utility model patents and design patents. The validity period of patents for inventions is 20 years, while the validity period of patents for utility models is 10 years, and the validity period of patents for designs is 15 years, 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》) last amended by the SCNPC on November 11, 2020 and came into effect on June 1, 2021, works of Chinese citizens, legal persons or unincorporated organizations, i.e. intellectual achievements in the field of literature, art and science that are original and can be expressed in a certain form, whether published or not, are entitled to copyright in accordance with the law. Copyright includes a series of personal and property rights such as the right of publication, the right of authorship, the right of modification, the right to protect the integrity of the work and the right of reproduction.

According to the Measures for the Computer Software Copyright Registration (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002, and the Regulations on the Computer Software Protection (《計算機軟件保護條例》) amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, the National Copyright Administration shall be the competent governmental authority for the nationwide administration of software copyright registration and the China Copyright Protection Center is designated as the software registration authority which shall grant registration certificates to the computer software copyrights applicants according to the Measures for the Computer Software Copyright Registration and the Regulations on the Computer Software Protection.

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) last amended by the SCNPC on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Rules of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) last amended by the State Council on April 29, 2014 and came into effect on May 1, 2014, the trademarks registered with the Trademark Office of China National Intellectual Property Administration are registered trademarks, including commodity trademarks, service trademarks, collective marks and certificate marks. 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 the trademark, a renewal shall be made in accordance with requirements within 12 months before the expiry of the trademark registration. Each renewal of registration of a trademark shall be valid for ten years from the date after the expiry of the previous trademark registration.

Domain names

According to the Administrative Measures on the Internet Domain Names (《互聯網域名稱管理辦法》) issued by the MIIT on August 24, 2017 and came into effect on November 1, 2017, domain names registrations are handled through domain name service agencies established according to the relevant regulations, and the applicants become domain name holders upon successful registration.

Regulations on taxation

Enterprise income tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was promulgated by the SCNPC and was latest amended on December 29, 2018, and the Regulations on the Implementation 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》), which was promulgated by the State Council and was latest amended in December 6, 2024 (collectively referred to as the "EIT Law"), a uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualified small low-profit enterprises. The high-tech enterprises in certain industries that meet the criteria promulgated by the relevant state authorities enjoy a reduced tax rate of 15% for enterprise income tax.

Value-added tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council and was latest amended on November 19, 2017, and the Implementation Rules for the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the Ministry of Finance and was latest amended on October 28, 2011 and effective from November 1, 2011, entities and individuals engaging in selling goods, providing processing, repairing or replacement services or importing goods within the territory of the PRC are taxpayers of the value-added tax.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Adjusting Value-added Tax Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》) effective in May 1, 2018, the value-added tax rates of 17% and 11% on sales and imported goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019 and effective from April 1, 2019, the value-added tax rates of 16% and 10% on sales and imported goods shall be adjusted to 13% and 9%, respectively.

According to the Announcement on the Weighted Value-added Tax Deduction Policy for Advanced Manufacturing Enterprises (Announcement [2023] No. 43 of the Ministry of Finance and the State Taxation Administration) (《關於先進製造業企業增值稅加計抵減政策的公告》) promulgated on September 3, 2023 and effective from January 1, 2023, with effect from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed to deduct weighted 5% of the current deductible input tax amount from the Value-added Tax payable.

Laws and regulations on employment and social welfare

Employment

The Labor Law of the People's Republic of China (中華人民共和國勞動法) was promulgated by the SCNPC on July 5, 1994 and was latest revised on December 29, 2018. An employer shall establish a sound system of employment rules so as to ensure that its workers enjoy the labor rights and perform the employment obligations. Employers must establish comprehensive labor safety and health policies. They must strictly implement national labor safety and health regulations and standards, provide labor safety and health education to workers, prevent accidents at work, and reduce occupational hazards.

The Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法) (promulgated by the SCNPC on June 29, 2007 and latest revised on July 1, 2013) and the Regulations on the Implementation of the Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法實施條例) (promulgated by the State Council and came into effect on September 18, 2008) stipulate the rights and obligations of the parties to the labor contract, including the conclusion, performance, modification, rescission and termination of the labor contract, etc. Employers must enter into written labor contracts with workers and pay labor remuneration to workers timely and in full amount in accordance with the provisions of the labor contract and national regulations. Employers may terminate labor contracts with workers under certain circumstances and shall, where applicable, pay economic compensation to workers according to law.

Social insurance

The PRC Social Insurance Law (《中華人民共和國社會保險法》), or the Social Insurance Law, issued by the SCNPC in 2010 and latest amended on December 29, 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and most recently amended on March 24, 2019 and effective from the same date, enterprises shall register social insurance account with local social insurance authorities and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

Housing provident

In accordance with the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, and amended on March 24, 2002, and March 24, 2019, enterprises must register at the designated administrative centers and open bank accounts for depositing employees' housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management center. Where employers fail to make payment within such period, the housing fund management center may apply for enforcement by the people's court of such overdue payment.

In case of failure to register and open accounts for depositing employees' housing provident funds, the housing fund management center shall order employers to complete the registration and opening formalities within a specified period, where employers fail to do such formalities within the prescribed time, a fine ranging from RMB10,000 to RMB50,000 shall be imposed.

Prevention and control of occupational diseases

Pursuant to the provisions of the Law of the PRC on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) promulgated on 27 October 2001 and amended on December 31, 2011, July 2, 2016, November 4, 2017 and December 29, 2018 respectively, the employer shall provide environments and conditions that meet the occupational health standards and health requirements of the State, take measures to ensure occupational health protection for the workers, establish and improve the responsibility system for the prevention and control of occupational diseases, reinforce the management of occupational disease prevention and control, enhance the level of occupational disease prevention and control, and assume responsibility for harms caused by occupational diseases. Besides, where there are occupational disease hazard factors listed in the catalog of occupational diseases in the work site, production entities shall truthfully declare the hazardous project to the local health administrative department in a timely manner and be subject to their supervision.

OVERVIEW

We are a leading solution provider for metallization and interconnection plating chemicals and critical process technology in China, driving supply chain development in China for wafer-level and chip-level packaging, as well as PCB assembly.

Our Company was established in the PRC on November 10, 2006. Mr. Yao, our executive Director and chairperson of our Board, has led the overall operations and management of our Group since he joined our Group in September 2009. For more details of the experience and qualifications of Mr. Yao, see "Directors and Senior Management" in this document.

BUSINESS DEVELOPMENT MILESTONES

The following table summarizes the key milestones in our business development:

Year	Milestone
2006	We were established as a limited liability company in the PRC
2014	We expanded into the field of plating chemicals for advanced packaging for chips
2015	Our ENEPIG products were sold to world-renowned PCB companies, representing a national technological breakthrough in the field of ENEPIG
2019	Our Company was designated by the Department of Science and Technology of Guangdong Province (廣東省科學技術廳) as the engineering technology center of 3D advanced packaging for chips in Guangdong Province
2023	We sold our various core products, including ENIG, ENEPIG, TSV copper electroplating, cyanide-free gold electroplating chemicals and cyanide-free electroplating gold, to well-known semiconductor companies in the PRC, achieving a comprehensive layout in the field of semiconductors
	Three industrial parks in Zhuhai and Nantong were established and commenced their manufacturing activities
	We received Shenzhen Science and Technology Progress Award – Second Prize (深圳市科學技術進步獎二等獎)
2024	We were accredited as the National-Level Specialized and Innovative Key "Little Giant" Enterprise (國家級專精特新重點小巨人企業)
2025	We were listed as "Single Champion Enterprise of Shenzhen Municipality" (深圳市製造業單項冠軍企業)

OUR PRINCIPAL SUBSIDIARIES

As of the Latest Practicable Date, we had the following three subsidiaries which made a material contribution to our results of operation during the Track Record Period or are regarded of strategic importance to us:

Subsidiaries	Date and place of incorporation	Registered capital	Principal business activities
Zhuhai Chuangzhi Chenggong Technology Co., Ltd. (珠海市創智成功科技有限公司)	January 3, 2020; PRC	RMB10,000,000	R&D and manufacturing of wet process plating chemicals
Zhuhai Chuangzhixin Technology Co., Ltd. (珠海市創智芯科技有限公司).	April 15, 2020; PRC	RMB50,000,000	R&D, testing and application of plating chemicals for semiconductor wafer-level packaging and PCB assembly
Jiangsu Xizhi Semiconductor Technology Co., Ltd. (江蘇矽智半導體科技有限公司) (formerly known as Jiangsu Xizhi Semiconductor Materials Technology Co., Ltd. (江蘇矽智半導體材料科技有限公司))	September 4, 2019; PRC	RMB50,000,000	Sales of wet process plating chemicals and provision of plating services for semiconductor wafer-level packaging and PCB assembly

ESTABLISHMENT AND DEVELOPMENT OF OUR COMPANY

(1) Establishment of Our Company

On November 10, 2006, our Company was established as a limited liability company under the laws of the PRC, with an initial registered capital of RMB2,000,000. At the time of establishment, our Company was held as to 90% by YAO Lei (姚雷) and 10% by LI Jun (李軍). YAO Lei is the brother of Mr. Yao. LI Jun is an Independent Third Party and ceased to be a Shareholder in September 2009. For further details, see "— (2) Major Shareholding Changes of Our Company Before Conversion into Joint Stock Limited Company — (a) Early Shareholding Changes from March 2009 to August 2020" in this section.

(2) Major Shareholding Changes of Our Company Before Conversion into Joint Stock Limited Company

(a) Early Shareholding Changes from March 2009 to August 2020

In March 2009, the registered capital of our Company decreased from RMB2,000,000 to RMB1,000,000, upon completion of which our Company was held as to 90% by YAO Lei and 10% by LI Jun.

Further, upon discussions between Mr. Yao, YAO Lei and LI Jun, (i) YAO Lei and LI Jun agreed not to continue their management of our Company, taking into account, among others, the then net operating loss of our Company, and (ii) Mr. Yao, possessing the education background in physics and prior work experience, agreed to take over our Company, after taking into account, among others, his views on the development of the electronics industry. As a result, in September 2009, (i) YAO Lei entered into a nominee shareholding arrangement with Mr. Yao, pursuant to which YAO Lei would hold all his equity interests in our Company as a nominee shareholder for Mr. Yao and, (ii) LI Jun transferred his entire equity interests in our Company to a nominee shareholder for Mr. Yao. Upon completion of the equity transfer and the entering into of the nominee shareholding arrangements, LI Jun ceased to be a Shareholder, and our Company was beneficially wholly owned by Mr. Yao.

From October 2011 to April 2020, a series of capital increases and equity transfers were conducted, upon completion of which, the registered capital of our Company amounted to RMB5,000,000, and remained beneficially wholly owned by Mr. Yao through his beneficial interests and interests held by his nominees.

Pursuant to the shareholders' resolutions dated July 31, 2020, the registered capital of our Company increased from RMB5,000,000 to RMB5,700,000, and Zhiyuanxin agreed to subscribe for the increased registered capital of our Company of RMB700,000 at a consideration of RMB700,000. The capital increase was completed on July 31, 2020. Upon completion of the capital increase, our Company was held as to approximately 87.72% by Mr. Yao and his nominees and approximately 12.28% by Zhiyuanxin. Zhiyuanxin is a limited partnership established under the laws of the PRC and one of our ESOP Platforms, and is controlled by Mr. Yao. See "— Employee Incentive Platforms" and "— Concert Party Arrangements" in this section.

In August 2020, at the instruction of Mr. Yao, nominees of Mr. Yao transferred their respective entire equity interests in our Company to Mr. Yao, thereby terminating all nominee shareholding arrangements in respect of Mr. Yao's equity interests in our Company. Upon completion of the equity transfers, our Company was held as to approximately 87.72% by Mr. Yao and approximately 12.28% by Zhiyuanxin.

(b) Capital Increase in September 2020

Pursuant to the shareholders' resolutions dated September 22, 2020, the registered capital of our Company increased from RMB5,700,000 to RMB6,248,340, and Zhiyuan Xinchuang and Zhiyuan Xinke agreed to subscribe for the increased registered capital of our Company of RMB312,740 (representing approximately 5.01% equity interests in our Company upon completion of the capital increase) and RMB235,600 (representing approximately 3.77% equity interests in our Company upon completion of the capital increase), respectively, at considerations of RMB32,920,000 and RMB24,800,000, respectively. The capital increase was completed on September 25, 2020.

Each of Zhiyuan Xinchuang and Zhiyuan Xinke is a limited partnership established under the laws of the PRC and one of our ESOP Platforms, and is controlled by Mr. Yao. See "— Employee Incentive Platforms" and "— Concert Party Arrangements" in this section.

(c) Series A Financing in November 2020

Pursuant to the shareholders' resolutions dated November 23, 2020, the registered capital of our Company increased from RMB6,248,340 to RMB6,690,410.06, and Shenzhen Zhiyuan Xincai Investment Consulting Partnership (Limited Partnership) (深圳市智源芯材投資諮詢合夥企業(有限合夥)) ("**Zhiyuan Xincai**") agreed to subscribe for the increased registered capital of RMB442,070.06 of our Company (representing approximately 6.61% equity interest in our Company upon completion of the capital increase) at a consideration of RMB56,600,000 ("**Series A Financing**"). The capital increase was completed on November 26, 2020.

(d) Series B Financing in June 2021

Pursuant to the shareholders' resolutions dated June 21, 2021, the registered capital of our Company increased from RMB6,690,410.06 to RMB7,317,636, and the relevant subscribers agreed to subscribe for the increased registered capital of RMB627,225.94 of our Company (representing approximately 8.57% equity interest in our Company upon completion of the capital increase) at a total consideration of RMB90,000,000 ("**Series B Financing**"). The respective subscription amounts and consideration paid by the relevant subscribers were as follows:

Dates of agreements	Subscribers	Registered capital subscribed for	Consideration	Approximate corresponding equity interests in our Company (upon completion of the capital increase)
		(RMB)	*(RMB)*	*(%)*
March 22, 2021 . .	CCB Investment Funds Management Co., Ltd. (建信(北京)投資基金管理有限責任公司) ("**CCB Investment**")(1)	209,075.31	30,000,000	2.86
April 8, 2021	Shenzhen High-tech Investment Start-up Investment Co., Ltd. (深圳市高新投創業投資有限公司) ("**Shenzhen HTI**")(2)	104,537.66	15,000,000	1.43
April 9, 2021	Shenzhen Jiafa No. 1 Venture Capital Partnership (Limited Partnership) (深圳市加法壹號創業投資合夥企業(有限合夥)) ("**Jiafa No. 1**")	34,845.89	5,000,000	0.48

Dates of agreements	Subscribers	Registered capital subscribed for	Consideration	Approximate corresponding equity interests in our Company (upon completion of the capital increase)
		(RMB)	*(RMB)*	*(%)*
April 26, 2021 . . .	Zhuhai Huajin Lingyue Intelligent Manufacturing Industry Investment Fund (Limited Partnership) (珠海華金領越智能製造產業投資基金(有限合夥)) ("**Huajin Lingyue**")	125,445.19	18,000,000	1.71
April 26, 2021 . . .	Zhuhai Huajin Fengying No. 8 Equity Investment Fund Partnership (Limited Partnership) (珠海華金豐盈八號股權投資基金合夥企業(有限合夥)) ("**Fengying No. 8**")	13,938.35	2,000,000	0.19
April 29, 2021 . . .	Xiamen Dingfeng Qirong Venture Capital Partnership (Limited Partnership) (廈門鼎峰啟融創業投資合夥企業(有限合夥)) ("**Dingfeng Qirong**")	139,383.54	20,000,000	1.90

Notes:

(1) CCB Investment is an Independent Third Party and ceased to be a Shareholder in April 2025. For further details, see "— (3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion — (e) Equity Transfers and Series E-3 Financing from December 2024 to March 2025" and "— (3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion — (f) Equity Transfers from April 2025 to May 2025" in this section.

(2) Shenzhen HTI is an Independent Third Party and ceased to be a Shareholder in February 2025. For further details, see "— (3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion — (e) Equity Transfers and Series E-3 Financing from December 2024 to March 2025" in this section.

The aforementioned capital increase was completed on June 21, 2021.

(e) Series C Financing in December 2021

Pursuant to the shareholders' resolutions dated December 10, 2021, the registered capital of our Company increased from RMB7,317,636 to RMB7,807,088.28, and the relevant subscribers agreed to subscribe for the increased registered capital of RMB489,452.28 of our Company (representing approximately 6.27% equity interest in our Company upon completion of the capital increase) at a total consideration of RMB100,330,000 (other than the subscription by Qianhai Lvzhiyuan, the subscriptions are collectively referred to as "**Series C Financing**"). The respective subscription amounts and consideration paid by the relevant subscribers were as follows:

Date of agreements	Subscribers	Registered capital subscribed for	Consideration	Approximate corresponding equity interests in our Company (upon completion of the capital increase)
		(RMB)	*(RMB)*	*(%)*
December 10, 2021	Guangdong Semiconductor and Integrated Circuit Industry Investment Fund Partnership (Limited Partnership) (廣東省半導體及集成電路產業投資基金合夥企業(有限合夥)) ("**Guangdong Semiconductor Fund**")	243,921.20	50,000,000	3.12
	Shanghai Chaoyue Moer Equity Investment Fund Partnership (Limited Partnership) (上海超越摩爾股權投資基金合夥企業(有限合夥)) ("**Chaoyue Moer**")	146,352.72	30,000,000	1.87
	Qianhai Lvzhiyuan*(note)*	87,811.63	18,000,000	1.12
	Shenzhen HTI	9,756.85	2,000,000	0.12

Date of agreements	Subscribers	Registered capital subscribed for	Consideration	Approximate corresponding equity interests in our Company (upon completion of the capital increase)
		(RMB)	*(RMB)*	*(%)*
	Guangzhou Chuangying Jianke Investment Partnership (Limited Partnership) (廣州創盈健科投資合夥企業(有限合夥)) ("**Chuangying Jianke**")	1,609.88	330,000	0.02

Note: Qianhai Lvzhiyuan is one of our Controlling Shareholders and controlled by Mr. Yao. For further details, see "Relationship with Our Controlling Shareholders" in this document.

The aforementioned capital increase was completed on December 17, 2021.

(f) Equity Transfer in September 2022

On August 5, 2022, Mr. Yao entered into an equity transfer agreement with Haining Junma New Materials Industry Investment Partnership (Limited Partnership) (海寧君馬新材料產業投資合夥企業(有限合夥)) ("**Haining Junma**"), pursuant to which Mr. Yao agreed to transfer registered capital of our Company of RMB123,269.81 (representing approximately 1.58% equity interest in our Company) to Haining Junma at a consideration of RMB30,000,000. The equity transfer was completed on September 2, 2022.

(3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion

(a) Conversion into Joint Stock Limited Company

Pursuant to the promoters' agreement dated September 19, 2022 entered into by all the then Shareholders and the shareholders' resolutions dated September 3, 2022, all promoters (being all the then Shareholders) agreed to convert our Company from a limited liability company into a joint stock limited company. Upon completion of the conversion, the share capital of our Company was RMB7,807,088.28 divided into 7,807,088.28 Shares with a nominal value of RMB1.00 each, which were subscribed by all the then Shareholders in proportion to their respective equity interests in our Company before the conversion. The conversion was completed on September 20, 2022 when our Company obtained a new business license and was renamed as Shenzhen Chuangzhi Semi-link Technology Co., Ltd. (深圳創智芯聯科技股份有限公司).

(b) Series D Financing in November 2022

Pursuant to the shareholders' resolutions dated November 4, 2022, the registered capital of our Company increased from RMB7,807,088.28 to RMB8,911,120.97, and the relevant subscribers agreed to subscribe for 1,104,032.69 Shares (representing approximately 12.39% equity interest in our Company upon completion of the capital increase) at a total consideration of RMB280,000,000 ("**Series D Financing**"). The respective subscription amounts and consideration paid by the relevant subscribers were as follows:

Date of agreements	Subscribers	Number of Shares subscribed for	Consideration	Approximate corresponding equity interests in our Company (upon completion of the capital increase)
		(RMB)	*(RMB)*	*(%)*
September 30, 2022	Jiaxing Chenyue Equity Investment Partnership Enterprise (Limited Partnership) (嘉興宸玥股權投資合夥企業(有限合夥)) ("**Jiaxing Chenyue**")	276,008.17	70,000,000	3.10
	Hangtian Jingkai Venture Capital (Weifang) Partnership (Limited Partnership) (航天京開創業投資(濰坊)合夥企業(有限合夥)) ("**Hangtian Jingkai**")	197,148.69	50,000,000	2.21
	Suzhou Guixing Venture Capital Partnership (Limited Partnership) (蘇州硅星創業投資合夥企業(有限合夥)) ("**Guixing VC**")	157,718.95	40,000,000	1.77
	CICC Ruiying (Xiamen) Equity Investment Fund Partnership (Limited Partnership) (中金瑞盈(廈門)股權投資基金合夥企業(有限合夥)) ("**CICC Ruiying**")*(note)*	118,289.22	30,000,000	1.33

Date of agreements	Subscribers	Number of Shares subscribed for	Consideration	Approximate corresponding equity interests in our Company (upon completion of the capital increase)
		(RMB)	*(RMB)*	*(%)*
	Zhongshan Chenyue Equity Investment Partnership Enterprise (Limited Partnership) (中山宸玥股權投資合夥企業(有限合夥)) (formerly known as Zhongshan Jianxin Chenyue Equity Investment Partnership Enterprise (Limited Partnership) (中山建信宸玥股權投資合夥企業(有限合夥))) ("**Zhongshan Chenyue**")	118,289.22	30,000,000	1.33
	Chaoyue Moer	78,859.48	20,000,000	0.88
	Haining Junma	78,859.48	20,000,000	0.88
	Weifang Yuanxing Venture Capital Partnership (Limited Partnership) (濰坊鳶興創業投資合夥企業(有限合夥)) ("**Weifang Yuanxing**")	78,859.48	20,000,000	0.88

Note: CICC Ruiying is an Independent Third Party and ceased to be a Shareholder in May 2025. For further details, see "— (3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion — (f) Equity Transfers from April 2025 to May 2025" in this section.

The aforementioned capital increase was completed on November 7, 2022.

(c) Series E-1 Financing in August 2023

Pursuant to the shareholders' resolutions dated June 29, 2023, the registered capital of our Company increased from RMB8,911,120.97 to RMB9,019,353.21, and (i) Shenzhen Talent Innovation and Enterprise No. 1 Equity Investment Fund (Limited Partnership) (深圳市人才創新創業一號股權投資基金(有限合夥)) ("**Talent No. 1**") agreed to subscribe for 86,585.79 Shares (representing approximately 0.96% equity interest in our Company upon completion of the capital increase) at a consideration of RMB24,000,000, and (ii) Shenzhen Innovation Capital Co., Ltd. (深圳市創新資本投資有限公司) ("**Shenzhen Innovation Capital**") agreed to subscribe for 21,646.45 Shares (representing approximately 0.24% equity interest in our Company upon completion of the capital increase) at a consideration of RMB6,000,000 ("**Series E-1 Financing**"). The aforementioned capital increase was completed on August 21, 2023.

(d) Series E-2 Financing and Capitalization of Capital Reserve in December 2023

Pursuant to the shareholders' resolutions dated December 8, 2023, the registered capital of our Company increased from RMB9,019,353.21 to RMB9,127,585.45, and Shenzhen Yilian Science and Technology Innovation Investment Partnership (Limited Partnership) (深圳市溢聯科創投資合夥企業(有限合夥)) ("**Yilian S&TI**") agreed to subscribe for 108,232.24 Shares (representing approximately 1.19% equity interest in our Company upon completion of the capital increase) at a consideration of RMB30,000,000, which was settled by Yilian S&TI with 10% equity interest in Shenzhen Yicheng Electronic Technology Co., Ltd. (深圳市溢誠電子科技有限公司) ("**Series E-2 Financing**"). The aforementioned capital increase was completed on December 21, 2023.

Further, pursuant to the shareholders' resolutions dated December 8, 2023, the registered capital of our Company increased from RMB9,127,585.45 to RMB112,500,000 by way of capitalization of the capital reserve of our Company of RMB103,372,414.55. The capitalization of the capital reserve was completed on December 21, 2023.

(e) Equity Transfers and Series E-3 Financing from December 2024 to March 2025

Pursuant to the shareholders' resolutions dated December 7, 2024, the registered capital of our Company increased from RMB112,500,000 to RMB113,389,328, and Shenzhen Gaotou Yida Venture Capital Partnership (Limited Partnership) (深圳高投毅達創業投資合夥企業(有限合夥)) ("**Gaotou Yida**") agreed to subscribe for 889,328 Shares (representing approximately 0.78% equity interest in our Company upon completion of Series E-3 Financing (as defined below)) at a consideration of RMB20,000,000.

Besides, in December 2024, the following parties entered into equity transfer agreements, respectively, pursuant to which the following transfers of equity interests in our Company were agreed:

Dates of agreements	Transferor	Transferees	Number of Shares transferred	Consideration	Approximate corresponding equity interests in our Company
				(RMB)	*(%)*
December 20, 2024	CCB Investment	Anhui Guokong Shiyue Emerging Industry Equity Investment Partnership (Limited Partnership) (安徽國控十月新興產業股權投資合夥企業(有限合夥)) ("**Guokong Shiyue**")	988,142	20,000,000	0.87
December 20, 2024		Ningbo Shiyue Shiting Entrepreneurship Investment Partnership (Limited Partnership) (寧波十月拾庭創業投資合夥企業(有限合夥)) ("**Shiyue Shiting**")	494,071	10,000,000	0.44
December 23, 2024	Shenzhen HTI	Fuhai Select No. 2 Venture Capital (Hangzhou) Partnership (Limited Partnership) (富海精選二號創業投資(杭州)合夥企業(有限合夥)) ("**Fuhai Select**")	1,408,711	28,512,300	1.25

The equity transfers from CCB Investment to Guokong Shiyue and Shiyue Shiting were completed on December 31, 2024, and the equity transfer from Shenzhen HTI to Fuhai Select was completed on February 20, 2025.

Further, pursuant to the shareholders' resolutions dated January 26, 2025, the registered capital of our Company increased from RMB113,389,328 to RMB114,723,320, and Hefei Jianhui Zhanxin Equity Investment Fund Partnership (Limited Partnership) (合肥建匯戰新股權投資基金合夥企業(有限合夥)) ("**Hefei Jianhui**") agreed to subscribe for 1,333,992 Shares (representing approximately 1.16% equity interest in our Company upon completion of Series E-3 Financing (as defined below)) at a consideration of RMB30,000,000 (together with the aforementioned subscription by Gaotou Yida, "**Series E-3 Financing**").

The aforementioned capital increases were completed on March 7, 2025.

(f) Equity Transfers from April 2025 to May 2025

On April 11, 2025, CCB Investment entered into an equity transfer agreement with XIANG Guanglong (項光隆), pursuant to which CCB Investment agreed to transfer 1,094,697 Shares (representing approximately 0.95% equity interest in our Company) to XIANG Guanglong at a consideration of RMB22,156,672.14. The equity transfer was completed on April 28, 2025.

Further, on April 16, 2025, CICC Ruiying entered into an equity transfer agreement with XIANG Daquan (項大全), pursuant to which CICC Ruiying agreed to transfer 1,457,947 Shares (representing approximately 1.27% equity interest in our Company) to XIANG Daquan at a consideration of RMB34,570,000. The equity transfer was completed on May 12, 2025.

EMPLOYEE INCENTIVE PLATFORMS

In recognition of the contributions of our employees to our Group's development, Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke were established as our employee incentive platforms.

(1) Zhiyuanxin

Zhiyuanxin was established as a limited partnership under the laws of the PRC on March 25, 2020. Mr. Yao is the general partner and executive partner of Zhiyuanxin and is responsible for the management of Zhiyuanxin. As of the Latest Practicable Date, Zhiyuanxin had 29 limited partners, including Mr. LIU Ke (劉可) (our executive Director), Mr. CHEN Jianlong (陳建龍) (our executive Director), Ms. WANG Wenzhen (汪文珍) (our senior management), Mr. WANG Hui (王輝) (our senior management) and 25 existing employees of our Group, and directly held approximately 7.52% equity interest in our Company.

(2) Zhiyuan Xinchuang

Zhiyuan Xinchuang was established as a limited partnership under the laws of the PRC on April 10, 2020. Mr. HUANG Lei (黃雷), an employee of our Group, is the general partner and executive partner of Zhiyuan Xinchuang and is responsible for the management of Zhiyuan Xinchuang. As of the Latest Practicable Date, Zhiyuan Xinchuang had 29 limited partners, including Mr. Yao (our executive Director), Mr. CHEN Jianlong (陳建龍) (our executive Director), 24 existing employees of our Group and three Independent Third Parties who acquired the partnership interests through transfers from the then employees of our Group in accordance with the exit terms under the relevant Employee Incentive Scheme, and directly held approximately 3.36% equity interest in our Company.

(3) Zhiyuan Xinke

Zhiyuan Xinke was established as a limited partnership under the laws of the PRC on April 1, 2020. Mr. LIU Ke (劉可), an executive Director, is the general partner and executive partner of Zhiyuan Xinke and is responsible for the management of Zhiyuan Xinke. As of the Latest Practicable Date, Zhiyuan Xinke had 42 limited partners, including Mr. WANG Hui (王輝) (our senior management), Ms. WANG Wenzhen (汪文珍) (our senior management) and 40 existing employees of our Group, and directly held approximately 2.53% equity interest in our Company.

For further details of our ESOP Platforms, see also "— Further Information about our Directors and Substantial Shareholders — 5. Employee Incentive Schemes" in Appendix VII to this document.

EMPLOYEE INCENTIVE SCHEMES

We have adopted the Employee Incentive Schemes, the purpose of which is to incentivize our employees who have made contribution to our Group's development.

For details of the Employee Incentive Schemes, see "— Further Information about our Directors and Substantial Shareholders — 5. Employee Incentive Schemes" in Appendix VII to this document.

CONCERT PARTY ARRANGEMENTS

Pursuant to the respective concert party agreements dated August 5, 2020, November 3, 2020 and November 3, 2020 entered into by, among others, (i) Mr. Yao and (ii) each of Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke, each of Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke has agreed to act in concert with Mr. Yao and reach consensus when exercising Shareholders' rights, including but not limited to the right to vote at general meetings of our Company. For further details relating to Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke, see "— Employee Incentive Platforms" in this section.

THE PRE-[REDACTED] INVESTMENTS

(1) Principal terms of the Pre-[REDACTED] Investments

The following table[(1)] summarizes the key terms of the Pre-[**REDACTED**] Investments:

	Series A Financing	Series B Financing	Series C Financing	Series D Financing	Series E-1 Financing, Series E-2 Financing and Series E-3 Financing
Date(s) of agreement(s)	November 23, 2020[(5)]	March 22, 2021; April 8, 2021; April 9, 2021; April 26, 2021; April 29, 2021	December 10, 2021	September 30, 2022	June 29, 2023; December 15, 2023; December 20, 2024; February 7, 2025
Amount of registered capital/number of Shares subscribed for[(2)]	RMB442,070.06	RMB627,225.94	RMB401,640.65	1,104,032.69 Shares	2,439,784.48 Shares
Amount of registered capital/number of Shares after each round of the Pre-[REDACTED] Investments	RMB6,690,410.06	RMB7,317,636	RMB7,807,088.28	RMB8,911,120.97	RMB114,723,320
Amount of consideration paid[(2)]	RMB56,600,000	RMB90,000,000	RMB82,330,000	RMB280,000,000	RMB110,000,000
Date of payment of full consideration	December 31, 2020	May 14, 2021	December 22, 2021	October 18, 2022	February 27, 2025
Cost per Share paid[(3)] ***(approximation)***	RMB10.39	RMB11.64	RMB16.63	RMB20.58	RMB22.49
Discount to the [REDACTED][(4)] ***(approximation)***	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%

Basis of determination of the consideration — The considerations for each round of Pre-[**REDACTED**] Investments were determined based on arm's length negotiation between the relevant parties, after taking into consideration the timing of the investments and the then status of our business operations and product development advancement.

Lock-up period — All existing Shareholders (including the Pre-[**REDACTED**] Investors) shall not dispose of any of the Shares held by them within the 12 months following the [**REDACTED**] as required under the applicable PRC laws.

Use of proceeds from the Pre-[REDACTED] Investments — Proceeds from the Pre-[**REDACTED**] Investments received by our Company have been utilized for principal business of our Group, including but not limited to establishment of our industrial parks in Zhuhai and Nantong, R&D activities, market expansion activities, expansion of our production lines, recruitment of additional employees and general working capital purposes. As of the Latest Practicable Date, all of the net proceeds from the Pre-[**REDACTED**] Investments had been utilized.

	Series A Financing	Series B Financing	Series C Financing	Series D Financing	Series E-1 Financing, Series E-2 Financing and Series E-3 Financing
Strategic benefits to our Company brought by the Pre-[REDACTED] Investors	At the time of the Pre-[**REDACTED**] Investments, our Directors were of the view that our Group could benefit from the additional funds provided by the Pre-[**REDACTED**] Investors' investments in our Group and the knowledge and experience of the Pre-[**REDACTED**] Investors.				

Notes:

(1) The equity transfer in September 2022 is not included in the above table as the consideration of the transfer in the amount of RMB30,000,000 was paid to Mr. Yao (instead of our Company) by the relevant Pre-[**REDACTED**] Investor, with the date on which full consideration was paid being August 25, 2022. The cost per Share of such equity transfer was RMB19.75. Based on the currency translation of HK$1 to RMB0.9164 and on the [**REDACTED**] of HK$[**REDACTED**] (being the mid-point of the indicative [**REDACTED**]), the discount to the [**REDACTED**] of such equity transfer is approximately [**REDACTED**]%. For details of the equity transfer in September 2022, see "— Establishment and Development of Our Company — (2) Major Shareholding Changes of Our Company Before Conversion into Joint Stock Limited Company — (f) Equity Transfer in September 2022" in this section.

The equity transfers from December 2024 to February 2025 are not included in the above table as the consideration of the respective transfers in the aggregate amount of RMB58,512,300 were paid to CCB Investment and Shenzhen HTI (instead of our Company) by the relevant Pre-[**REDACTED**] Investors, with the date on which full consideration was paid being February 26, 2025. The cost per Share of such equity transfers was RMB20.24. Based on the currency translation of HK$1 to RMB0.9164 and on the [**REDACTED**] of HK$[**REDACTED**] (being the mid-point of the indicative [**REDACTED**]), the discount to the [**REDACTED**] of such equity transfers is approximately [**REDACTED**]%. For details of the equity transfers in March 2025, see "— Establishment and Development of Our Company — (3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion — (e) Equity Transfers and Series E-3 Financing from December 2024 to March 2025" in this section.

The equity transfer in April 2025 is not included in the above table as the consideration of the transfer in the amount of RMB22,156,672.14 was paid to CCB Investment (instead of our Company) by the relevant Pre-[**REDACTED**] Investor, with the date on which full consideration was paid being April 25, 2025. The cost per Share of such equity transfer was RMB20.24. Based on the currency translation of HK$1 to RMB0.9164 and on the [**REDACTED**] of HK$[**REDACTED**] (being the mid-point of the indicative [**REDACTED**]), the discount to the [**REDACTED**] of such equity transfer is approximately [**REDACTED**]%. For details of the equity transfer in September 2022, see "— Establishment and Development of Our Company — (3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion — (f) Equity Transfers from April 2025 to May 2025" in this section.

The equity transfer in May 2025 is not included in the above table as the consideration of the transfer in the amount of RMB34,570,000 was paid to CICC Ruiying (instead of our Company) by the relevant Pre-[**REDACTED**] Investor, with the date on which full consideration was paid being May 12, 2025. The cost per Share of such equity transfer was RMB23.71. Based on the currency translation of HK$1 to RMB0.9164 and on the [**REDACTED**] of HK$[**REDACTED**] (being the mid-point of the indicative [**REDACTED**]), the discount to the [**REDACTED**] of such equity transfer is approximately [**REDACTED**]%. For details of the equity transfer in September 2022, see "— Establishment and Development of Our Company — (3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion — (f) Equity Transfers from April 2025 to May 2025" in this section.

(2) For details relating to the registered capital of our Company subscribed for by or transferred to each Pre-[**REDACTED**] Investor and the corresponding consideration paid by each Pre-[**REDACTED**] Investor for each round of the Pre-[**REDACTED**] Investments, see "— Establishment and Development of Our Company" in this section.

(3) Calculated based on the amount of consideration paid divided by the number of Shares as adjusted after joint stock reform in September 2022 and capitalization of capital reserve in in December 2023.

(4) Calculated based on the currency translation of HK$1 to RMB0.9164 and on the [**REDACTED**] of HK$[**REDACTED**], being the mid-point of the indicative [**REDACTED**].

(5) No capital increase agreement was signed in respect of Series A Financing, and Series A Financing was conducted pursuant to the relevant shareholders' resolutions dated November 23, 2020.

(2) Rights of the Pre-[REDACTED] Investors

The Pre-[**REDACTED**] Investors were granted customary special rights, including but not limited to the tag-along right, pre-emptive right, anti-dilution right, information right and redemption right. As of the date immediately preceding the first filing of the [**REDACTED**] to the [**REDACTED**], all special rights were terminated. All such special rights, other than the redemption right, shall be automatically restored if, among others, our Company withdraws the [**REDACTED**].

(3) Joint Sponsors' Confirmation

On the basis that (i) the considerations for the Pre-[**REDACTED**] Investments were settled no less than 120 clear days before the [**REDACTED**] and (ii) all special rights granted to the Pre-[**REDACTED**] Investors were terminated immediately prior to the filing of the [**REDACTED**] for the [**REDACTED**], the Joint Sponsors confirm that the Pre-[**REDACTED**] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

(4) Information about Our Principal Pre-[REDACTED] Investors

Below sets out information of our principal Pre-[**REDACTED**] Investors, which individually or collectively hold more than 1.00% of our total issued Shares immediately prior to the [**REDACTED**]. To the best knowledge of our Directors, save as disclosed below, each of our Pre-[**REDACTED**] Investors and where applicable, their respective general partner(s), limited partner(s) and ultimate beneficial owner(s) is an Independent Third Party.

1. Zhiyuan Xincai .... Zhiyuan Xincai is a limited partnership established under the laws of the PRC and is managed by its general partner, WANG Jiandong (王健東) (an employee of our Group). As of the Latest Practicable Date, Zhiyuan Xincai had 15 limited partners, and was held as to approximately 37.16% by YAO Lei (姚雷) (an employee of our Group and the brother of Mr. Yao) as the largest limited partner. The remaining 14 limited partners of Zhiyuan Xincai comprise WANG Hui (王輝) (our senior management), WANG Wenzhen (汪文珍) (our senior management), two other existing employees of our Group and ten individual investors (all of whom are Independent Third Parties).

Zhiyuan Xincai is an investment holding platform established by its partners solely to hold equity interests in our Company.

2. Jiaxing Chenyue and Zhongshan Chenyue .... Each of Jiaxing Chenyue and Zhongshan Chenyue is a limited partnership established under the laws of the PRC and a private equity fund. Each of them is managed by its general partner, CCB Investment, which is a non-wholly owned subsidiary of China Construction Bank Corporation (中國建設銀行股份有限公司) (a company listed on the Stock Exchange (stock code: 939) and the Shanghai Stock Exchange (stock code: 601939)).

As of the Latest Practicable Date, Jiaxing Chenyue was held as to 99.8% by Beijing Juxinde Investment Management Center (Limited Partnership) (北京聚信德投資管理中心(有限合夥)) as the sole limited partner.

As of the Latest Practicable Date, Zhongshan Chenyue was held as to 74% by Beijing Juxinde Investment Management Center (Limited Partnership) as the largest limited partner.

3. Guangdong Semiconductor Fund and Chuangying Jianke .	Guangdong Semiconductor Fund is a limited partnership established under the laws of the PRC and a private equity fund. It is managed by its general partner, Guangdong Finance Fund Management Co., Ltd. (廣東粵財基金管理有限公司), which is wholly owned by Guangdong Yuecai Investment Holdings Co., Ltd. (廣東粵財投資控股有限公司) ("**Yuecai Investment**"), which is in turn controlled by the People's Government of Guangdong Province (廣東省人民政府). As of the Latest Practicable Date, Guangdong Semiconductor Fund was held as to approximately 99.99% by Yuecai Investment as the sole limited partner. Chuangying Jianke is a limited partnership established under the laws of the PRC and a private equity fund. It is managed by its general partner, Guangdong Yuecai Venture Capital Co., Ltd. (廣東粵財創業投資有限公司), which is wholly owned by Yuecai Investment. As of the Latest Practicable Date, Chuangying Jianke had 49 limited partners, each holding less than 10% partnership interests.
4. Chaoyue Moer	Chaoyue Moer is a limited partnership established under the laws of the PRC and a private equity fund. It is managed by its general partner, Shanghai More Than Moore Private Equity Fund Management Co., Ltd (上海超越摩爾私募基金管理有限公司), which is in turn held by National Integrated Circuit Industry Investment Fund Co., Ltd. (國家集成電路產業投資基金股份有限公司) ("**ICF**") as to 35% and four other shareholders each holding less than 30% equity interests. As of the Latest Practicable Date, ICF was held by the MOF as to approximately 36.47% and 15 other shareholders each holding less than 30% equity interests. As of the Latest Practicable Date, Chaoyue Moer had nine limited partners, and was held as to approximately 39.16% by ICF as the largest limited partner.

5. Haining Junma . . . . Haining Junma is a limited partnership established under the laws of the PRC and a private equity fund. It is managed by its general partner, Hangzhou Hongda Junhe Asset Management Co., Ltd. (杭州宏達君合資產管理有限公司), which is controlled by SHEN Guofu (沈國甫). As of the Latest Practicable Date, Haining Junma had nine limited partners, and was held as to 50% by Ningbo Hongjun Enterprise Management Partnership (Limited Partnership) (寧波宏鋆企業管理合夥企業(有限合夥)) as the largest limited partner.

6. Hangtian Jingkai . . . . Hangtian Jingkai is a limited partnership established under the laws of the PRC and a private equity fund. It is managed by its general partner, Shenzhen Yiyuan Hangtian Private Equity Fund Management Co., Ltd. (深圳一元航天私募股權基金管理有限公司), which is ultimately controlled by FANG Liang (房亮). As of the Latest Practicable Date, Hangtian Jingkai had seven limited partners, was held as to 30% by Beijing Yizhuang Investment Co., Ltd. (北京亦莊投資有限公司) as the largest limited partner.

7. Guixing VC . . . . Guixing VC is a limited partnership established under the laws of the PRC and a venture capital fund. The general partner and executive partner of Guixing VC is Shanghai Miyao Enterprise Management Center (Limited Partnership) (上海密鑰企業管理中心(有限合夥)), whose general partner is Zhenzhi Venture Capital (Suzhou) Co., Ltd. (真值創業投資(蘇州)有限公司), which is in turn controlled by SHI Lei (石磊). As of the Latest Practicable Date, Guixing VC had 19 limited partners, and was held as to approximately 23.34% by Zhejiang Jinchang Qiya Holdings Co., Ltd. (浙江金昌啟亞控股有限公司) as the largest limited partner.

8. Dingfeng Qirong . . . . Dingfeng Qirong is a limited partnership established under the laws of the PRC and a private equity fund. It is managed by its general partner, Jiaxing Dingfeng Hezhi Investment Partnership (Limited Partnership) (嘉興鼎峰合志投資合夥企業(有限合夥)), whose general partner is Jiaxing Wuyuefeng Investment Management Co., Ltd. (嘉興武岳峰投資管理有限公司), which is in turn controlled by LI Feng (李峰). As of the Latest Practicable Date, Dingfeng Qirong had two limited partners, and was held as to approximately 87.48% by CICC Qirong (Xiamen) Equity Investment Fund Partnership (Limited Partnership) (中金啟融(廈門)股權投資基金合夥企業(有限合夥)) as the largest limited partner.

9. Huajin Lingyue and Fengying No. 8 . . . . Each of Huajin Lingyue and Fengying No. 8 is a limited partnership established under the laws of the PRC and a private equity fund. Each of them is managed by its general partner, Zhuhai Huajin Lingchuang Fund Management Co., Ltd. (珠海華金領創基金管理有限公司), which is an indirect wholly-owned subsidiary of Zhuhai Huajin Capital Co., Ltd. (珠海華金資本股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 000532)). As of the Latest Practicable Date, Huajin Lingyue had six limited partners, and was held as to approximately 26.04% by each of Military-Civilian Integration Development Industry Investment Fund (Limited Partnership) (軍民融合發展產業投資基金(有限合夥)) and Zhuhai Development Investment Fund (Limited Partnership) (珠海發展投資基金(有限合夥)) as the largest limited partners.

As of the Latest Practicable Date, Fengying No. 8 had 36 limited partners, and was held as to approximately 18.62% by each of WANG Aizhi (王愛志) and WAN Jie (萬杰) as the largest limited partners.

10. Fuhai Select .... Fuhai Select is a limited partnership established under the laws of the PRC and a private equity fund. It is managed by its general partner, Shenzhen Dongfang Fuhai Entrepreneurship Investment Management Co., Ltd. (深圳市東方富海創業投資管理有限公司), which is ultimately controlled by CHEN Wei (陳瑋). As of the Latest Practicable Date, Fuhai Select had 20 limited partners, and was held as to 19% by Rugao Zhonggao Fuhai Venture Capital Partnership (Limited Partnership) (如皋市中皋富海創業投資合夥企業(有限合夥)) as the largest limited partner.

11. Yilian S&TI .... Yilian S&TI is a limited partnership established under the laws of the PRC and is managed by its general partner, XU Xianglin (許香林). As of the Latest Practicable Date, Yilian S&TI had nine limited partners, and was held as to 56% by XU Guojun (許國軍) as the largest limited partner.

Yilian S&TI is an investment holding platform established by certain shareholders and employees of Shenzhen Yicheng Electronic Technology Co., Ltd. solely to hold equity interests in our Company.

12. Hefei Jianhui .... Hefei Jianhui is a limited partnership established under the laws of the PRC and a private equity fund. It is managed by its general partner, Hefei Jiantou Capital Management Co., Ltd. (合肥建投資本管理有限公司), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Hefei (合肥市人民政府國有資產監督管理委員會). As of the Latest Practicable Date, Hefei Jianhui had 16 limited partners, and was held as to approximately 18.18% by Hefei Jianxin Investment Co., Ltd. (合肥建新投資有限公司) as the largest limited partner.

13. Talent No. 1 and Shenzhen Innovation Capital . . . .

Talent No. 1 is a limited partnership established under the laws of the PRC and a private equity fund. It is managed by its general partner, Shenzhen Hongtu Talent Investment Fund Management Co., Ltd. (深圳市紅土人才投資基金管理有限公司) which is an indirect wholly-owned subsidiary of Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司) ("**SCGC**"), which is in turn held by the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen (深圳市人民政府國有資產監督管理委員會) as to approximately 28.20%, Shenzhen Capital Operation Group Co., Ltd. (深圳市資本運營集團有限公司) (which is wholly owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen) as to approximately 12.79% and 11 other shareholders each holding less than 30% equity interests. As of the Latest Practicable Date, Talent No. 1 has 12 limited partners, and was held as to 28.5% by Shenzhen Guidance Fund Investment Co., Ltd. (深圳市引導基金投資有限公司) as the largest limited partner.

Shenzhen Innovation Capital is a wholly-owned subsidiary of SCGC, and is principally engaged in equity investments.

14. Guokong Shiyue and Shiyue Shiting . . . .

Guokong Shiyue is a limited partnership established under the laws of the PRC and a private equity fund. It is managed by its general partner, Shanghai Shiyue Asset Management Co., Ltd. (上海十月資產管理有限公司) ("**Shiyue Asset**"), which is held as to 35%, 33%, 29% and 3% by GONG Hanting (龔寒汀), ZENG Niansheng (曾年生), CUI Ling (崔嶺) and GAO Minlan (高敏嵐), respectively. As of the Latest Practicable Date, Guokong Shiyue had nine limited partners, and was held as to 30% by Anhui Mixed Ownership Reform Fund Co., Ltd. (安徽省混合所有制改革基金有限公司) as the largest limited partner.

	Shiyue Shiting is a limited partnership established under the laws of the PRC and a private equity fund. It is managed by its general partner, Ningbo Shiyue Tongsheng Private Equity Fund Management Partnership (Limited Partnership) (寧波十月桐生私募基金管理合夥企業(有限合夥)), whose general partner is Shiyue Asset. As of the Latest Practicable Date, Shiyue Shiting had 13 limited partners, and was held as to approximately 33.33% by Hainan Huafang Venture Capital Co., Ltd. (海南華芳創業投資有限公司) as the largest limited partner.
15. XIANG Daquan	XIANG Daquan is an individual investor and the son of XIANG Guanglong (our Shareholder).

PREVIOUS PROPOSED A-SHARE LISTING PLAN

In order to tap into a stock market in the PRC, our Company initiated a tutoring filing (輔導備案) (the "**Tutoring Filing**") with the Shenzhen Regulatory Bureau of the CSRC (中國證券監督管理委員會深圳監管局) in December 2023 for a potential application for listing (the "**Previous Listing Plan**"). In May 2025, our Company voluntarily withdrew the Tutoring Filing after considering, among other things, future business strategic positioning and capital planning. As of the Latest Practicable Date, there had been no comment or enquiry from the Shenzhen Regulatory Bureau of the CSRC (中國證券監督管理委員會深圳監管局) in connection with the Tutoring Filing, nor material disagreement between our Company and any professional parties engaged for the Tutoring Filing.

On the other hand, our Directors consider that the [**REDACTED**], as an internationally recognized and reputable stock exchange, can provide us with a good platform to access the international capital markets and expand our global business, the [**REDACTED**] will provide us with the necessary funding to increase our competitiveness by assisting us to expand our operations and strengthen our business prospects, and the [**REDACTED**] on the [**REDACTED**] will raise our profile and market awareness of our brand name and present us with an opportunity to further expand our [**REDACTED**] base. Taking into account, among others, the aforementioned factors and the long-term business development strategies of our Group, our Directors consider the [**REDACTED**] to be a more suitable venue to access international equity markets, and the [**REDACTED**] will be in the best interests of our Company and our Shareholders as a whole.

Our Directors are not aware of any matters or findings from the Previous Listing Plan or the Tutoring Filing which have been brought to their attention and would have a material adverse implication on the [**REDACTED**], or any matters that might materially and adversely affect our Company's suitability for the [**REDACTED**]. Our Directors further confirm that there is no other matter in relation to the Previous Listing Plan or the Tutoring Filing that needs to be brought to the attention of the [**REDACTED**] or potential [**REDACTED**].

Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with our Directors' confirmation with regard to the Previous Listing Plan or the Tutoring Filing.

[**REDACTED**]

The [**REDACTED**] Shares held by our Shareholders as of the Latest Practicable Date, representing approximately [**REDACTED**]% of our total issued share capital as of the Latest Practicable Date, or approximately [**REDACTED**]% of our total issued share capital upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised), or approximately [**REDACTED**]% of our total issued share capital upon exercise of the [**REDACTED**] in full, will not be counted towards [**REDACTED**] for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**] as these Shares are Domestic Shares which will not be converted into H Shares and [**REDACTED**] following the completion of the [**REDACTED**].

The [**REDACTED**] Shares held by our Controlling Shareholders, representing approximately [**REDACTED**]% of our total issued share capital as of the Latest Practicable Date, or approximately [**REDACTED**]% of our total issued share capital upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised), or approximately [**REDACTED**]% of our total issued share capital upon exercise of the [**REDACTED**] in full, are Domestic Shares which will be converted into H Shares and [**REDACTED**] upon completion of the [**REDACTED**]. As our Controlling Shareholders are core connected persons of our Company, the H Shares held by them will not be counted towards the [**REDACTED**] for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**].

The [**REDACTED**] Shares held by Zhiyuan Xincai, Jiaxing Chenyue, Guangdong Semiconductor Fund, Chaoyue Moer, Haining Junma, Hangtian Jingkai, Guixing VC, Dingfeng Qirong, Huajin Lingyue, Zhongshan Chenyue, XIANG Daquan, Fuhai Select, Yilian S&TI, Hefei Jianhui, XIANG Guanglong, Talent No. 1, Guokong Shiyue, Weifang Yuanxing, Gaotou Yida, Shiyue Shiting, Jiafa No. 1, Shenzhen Innovation Capital, Fengying No. 8 and Chuangying Jianke, representing approximately [**REDACTED**]% of our total issued share capital as of the Latest Practicable Date, or approximately [**REDACTED**]% of our total issued share capital upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised), or approximately [**REDACTED**]% of our total issued share capital upon exercise of the [**REDACTED**] in full, are Domestic Shares which will be converted into H Shares and [**REDACTED**] following the completion of the [**REDACTED**]. As these entities/individuals will not be core connected persons of our Company upon [**REDACTED**], are not accustomed to take instructions from core connected persons of our Company in relation to the acquisition, disposal, voting or other disposition of their Shares, and their acquisition of Shares were not financed directly or indirectly by core connected persons of our Company, the H Shares held by them will be counted towards the [**REDACTED**] for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**].

Immediately upon the completion of the [**REDACTED**], assuming that (i) [**REDACTED**] H Shares are [**REDACTED**] and [**REDACTED**] in the [**REDACTED**]; (ii) the [**REDACTED**] is not exercised; (iii) [**REDACTED**] Domestic Shares are converted into H Shares; and (iv) [**REDACTED**] Shares are issued and outstanding in the share capital of our Company upon completion of the [**REDACTED**], [**REDACTED**] Shares, representing approximately [**REDACTED**]% of our total issued share capital, will be counted towards the [**REDACTED**] for the purpose of Rule 8.08 of the Listing Rules.

CAPITALIZATION OF OUR COMPANY

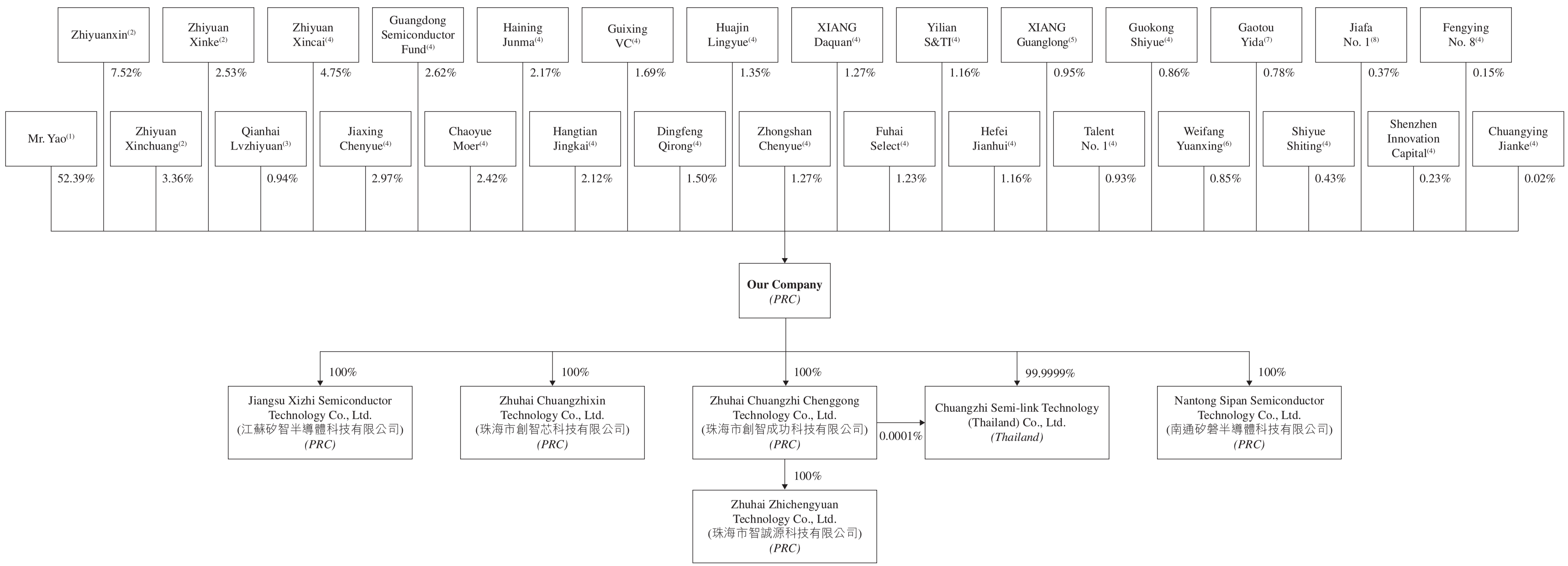
The table below is a summary of the capitalization of our Company as of the date of this document and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):

	As of the date of this document		As of the [REDACTED] (assuming the [REDACTED] is not exercised)					
Shareholder	Number of Domestic Shares	Approximate ownership percentage in total issued share capital	Number of H Shares	Approximate ownership percentage in H Shares	Number of Domestic Shares	Approximate ownership percentage in Domestic Shares	Total number of Shares	Approximate ownership percentage in total issued share capital
Mr. Yao	60,107,040	52.39%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhiyuanxin	8,627,693	7.52%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhiyuan Xincai	5,448,635	4.75%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhiyuan Xinchuang	3,854,607	3.36%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Chenyue	3,401,877	2.97%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guangdong Semiconductor Fund	3,006,396	2.62%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhiyuan Xinke	2,903,835	2.53%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Chaoyue Moer	2,775,802	2.42%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Haining Junma	2,491,299	2.17%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hangtian Jingkai	2,429,912	2.12%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guixing VC	1,943,930	1.69%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dingfeng Qirong	1,717,940	1.50%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Huajin Lingyue	1,546,146	1.35%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhongshan Chenyue	1,457,947	1.27%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
XIANG Daquan	1,457,947	1.27%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Fuhai Select	1,408,711	1.23%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yilian S&TI	1,333,992	1.16%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hefei Jianhui	1,333,992	1.16%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
XIANG Guanglong	1,094,697	0.95%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Qianhai Lvzhiyuan	1,082,303	0.94%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Talent No. 1	1,067,194	0.93%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guokong Shiyue	988,142	0.86%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Weifang Yuanxing	971,965	0.85%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

	As of the date of this document		As of the [REDACTED] (assuming the [REDACTED] is not exercised)					
Shareholder	Number of Domestic Shares	Approximate ownership percentage in total issued share capital	Number of H Shares	Approximate ownership percentage in H Shares	Number of Domestic Shares	Approximate ownership percentage in Domestic Shares	Total number of Shares	Approximate ownership percentage in total issued share capital
Gaotou Yida	889,328	0.78%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shiyue Shiting	494,071	0.43%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiafa No. 1	429,485	0.37%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Innovation Capital	266,798	0.23%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Fengying No. 8	171,794	0.15%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Chuangying Jianke	19,842	0.02%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other [REDACTED] taking part in the [REDACTED]	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	**114,723,320**	**100%**	[REDACTED]	**100%**	[REDACTED]	**100%**	[REDACTED]	**100%**

CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE [REDACTED]

The chart below sets out the shareholding structure of our Company immediately before completion of the [**REDACTED**]:



Notes:

(1) Mr. Yao is our executive Director and the chairperson of our Board.

(2) Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke are our ESOP Platforms, details of which are set out in the paragraph headed "— Employee Incentive Platforms" in this section. Pursuant to the respective concert party agreements dated August 5, 2020, November 3, 2020 and November 3, 2020 entered into by, among others, (i) Mr. Yao and (ii) each of Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke, each of Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke has agreed to act in concert with Mr. Yao and reach consensus when exercising Shareholders' rights, including but not limited to the right to vote at general meetings of our Company. For further details, see "— Concert Party Arrangements" in this section.

(3) Qianhai Lvzhiyuan is a limited liability company established under the laws of the PRC and is held as to 75%, 20% and 5% by Mr. Yao, Dr. Yao (our executive Director, general manager and R&D director) and Mr. YAO Jihao (姚吉豪) (a relative of both Mr. Yao and Dr. Yao and a director, supervisor and general manager of certain of our subsidiaries), respectively.

(4) For details relating to these Shareholders, see "— The Pre-[**REDACTED**] Investments — (4) Information about Our Principal Pre-[**REDACTED**] Investors" in this section.

(5) XIANG Guanglong is the father of Xiang Daquan (a Shareholder) and an Independent Third Party.

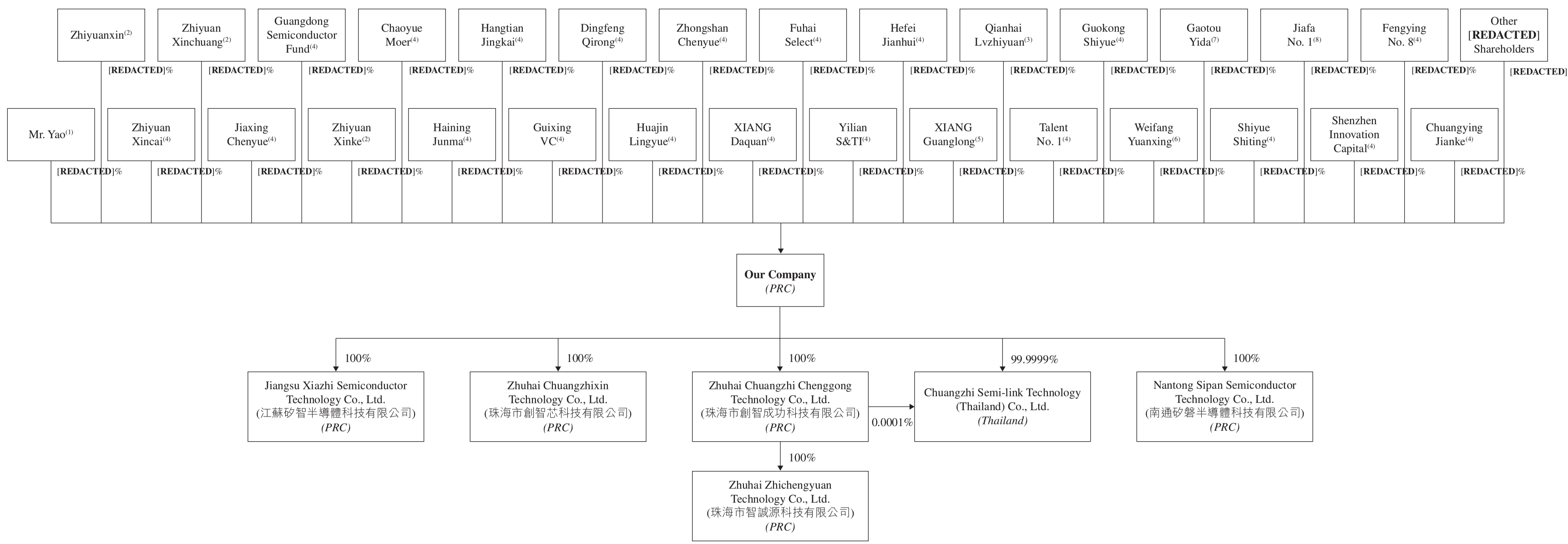
(6) Weifang Yuanxing is a limited partnership established under the laws of the PRC and is managed by its general partner, Xingzheng Innovation Capital Management Co., Ltd. (興證創新資本管理有限公司), which is a wholly-owned subsidiary of Industrial Securities Co., Ltd. (興業證券股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 601377)). Each of Weifang Yuanxing, Xingzheng Innovation Capital Management Co., Ltd. and China Industrial Securities Co., Ltd. is an Independent Third Party.

(7) Gaotou Yida is a limited partnership established under the laws of the PRC, whose general partner is Shenzhen Yida Huishun Investment Partnership (Limited Partnership) (深圳毅達匯順投資合夥企業(有限合夥)), which is indirectly controlled by Jiangsu Yida Equity Investment Fund Management Co., Ltd. (江蘇毅達股權投資基金管理有限公司), which is in turn held as to 40% by Nanjing Yida Capital Management Enterprise (Limited Partnership) (南京毅達資本管理企業(有限合夥)), 35% by Jiangsu High-tech Investment Group Co., Ltd. (江蘇高科技投資集團有限公司), with the remaining equity interests held by five other minority shareholders each holding less than 10% equity interests. The general partner of Nanjing Yida Capital Management Enterprise (Limited Partnership) is Nanjing Yida Investment Management Co., Ltd. (南京毅達投資管理有限公司), which was in turn held by six individual shareholders each holding less than 25% equity interests as of the Latest Practicable Date. Further, Jiangsu High-tech Investment Group Co., Ltd. is controlled by the People's Government of Jiangsu Province (江蘇省人民政府). Each of Gaotou Yida, the aforementioned individuals and entities is an Independent Third Party.

(8) Jiafa No. 1 is a limited partnership established under the laws of the PRC and is managed by its general partner, Shenzhen Jiafa Venture Capital Co., Ltd. (深圳市加法創業投資有限公司), which is a wholly-owned subsidiary of Shenzhen Jiafa Holdings Group Co., Ltd. (深圳市加法控股集團有限公司). As of the Latest Practicable Date, Shenzhen Jiafa Holdings Group Co., Ltd. was held as to approximately 33.33% by Shenzhen Qingchun Nianhua Entrepreneurship Investment Partnership (Limited Partnership) (深圳市青春年華創業投資合夥企業(有限合夥)) and as to less than 6% by each of the 22 other minority shareholders. Shenzhen Qingchun Nianhua Entrepreneurship Investment Partnership (Limited Partnership) is managed by its general partner, Shenzhen Qingchun Suiyue Venture Capital Co., Ltd. (深圳市青春歲月創業投資有限公司), which was in turn wholly owned by TAO Jun (陶軍) as of the Latest Practicable Date. Each of Jiafa No. 1, the aforementioned individuals and entities is an Independent Third Party.

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING COMPLETION OF THE [REDACTED]

The chart below sets out the shareholding structure of our Company immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised:



Note: See the notes to "— Corporate Structure Immediately Before Completion of the [**REDACTED**] in this section.

OUR MISSION

Committed to critical upstream sectors of electronic packaging industry as our enduring mission, we have long been devoted to developing electronic and IT industry in China and worldwide, accelerating the arrival of an intelligent world, where all things are connected, by facilitating "semi-link (芯聯)" innovations.

OUR VISION

To attain the position of global leadership in wet process plating chemicals industry, while establishing ourselves as a leading Chinese enterprise in the metallization and interconnection domain of electronic packaging industry with strong technical credibility and ecological integration competence.

OVERVIEW

Who We Are

We are a leading solution provider for metallization and interconnection plating chemicals and critical process technology in China, driving supply chain development in China for wafer-level and chip-level packaging, as well as PCB assembly. According to Frost & Sullivan, we are the largest domestic provider of wet process plating chemicals in China, and the largest one-stop plating solution provider in the Chinese market, in terms of revenue in 2024. For over a decade, we have successfully navigated multiple industry cycles and technological transformation in electronic packaging, demonstrating enduring adaptability while growing along with our industry.

The chart below sets out highlights of our achievements during the Track Record Period and as of December 31, 2024.

First to Achieve Large-scale supply of ENIG/ENEPIG, copper electroplating for TSV, and cyanide-free gold electroplating chemicals for wafer-level packaging among Chinese providers[1]	**Technological Leadership** Widely used in EV, AI , data centers, high-end consumer electronics, telecom and other rapidly-growing sectors	**Broadest Coverage** In terms of types of plating chemicals provided by Chinese providers[1]
80% Coverage of top-five power device manufacturers in China[3]	**No. 1** Among Chinese wet process plating chemicals providers and one-stop plating solution providers[2]	**53.8%** CAGR of revenue from semiconductor business segment for FY2022-FY2024
90% Coverage of top-ten PCB manufacturers in China[3]	**RMB 85+ million** R&D expenditures for FY2022-FY2024	**130+** Customers from semiconductor industry

Notes:

(1) Based on the Frost & Sullivan Report.

(2) Based on the Frost & Sullivan Report, in terms of revenue in 2024

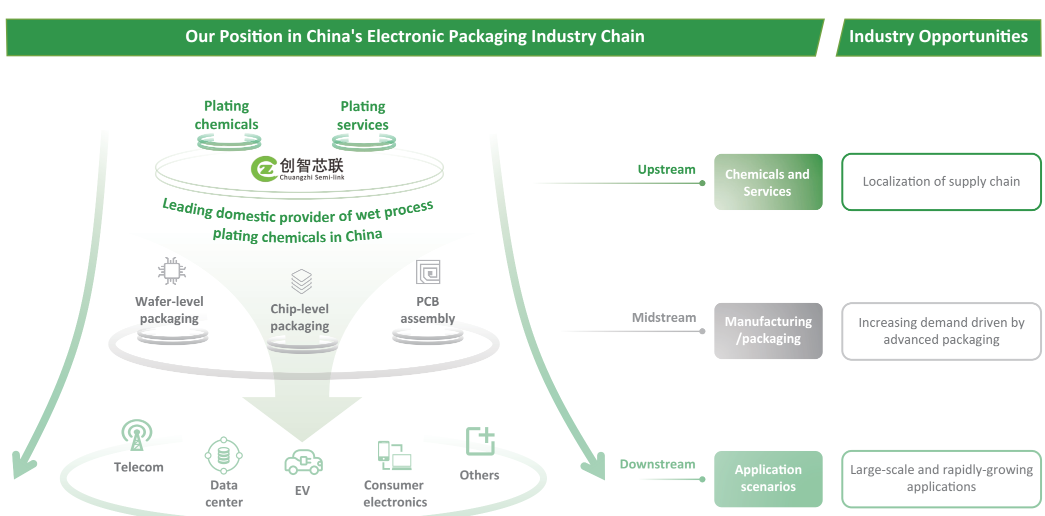
(3) Based on the Frost & Sullivan Report, as of December 31, 2024

Our plating chemicals and services are utilized in the metallization and interconnection process, which are critical steps for electronic packaging, effectively promoting vigorous development of key downstream sectors with rapid growth and strong potential, such as chip manufacturing, AI, big data, and EV. Plating chemicals serve critical functions to facilitate electrical signal connections within chips, between chips and packaging substrates and PCBs, thus playing a vital role in ensuring the computing performance, mechanical properties, heat dissipation, and reliability of chips and devices.

The quality of plating chemicals and paired process determine whether the two core specifications in any advanced packaging process, I/O density and transmission efficiency, could be realized. They provide fundamental assurance that rapidly evolving advanced packaging structures such as CoWoS, Foveros, and X-Cube, can be deployed to their full potential, effectively sustaining and driving the rapid iteration and advancement of chip designs and electronic components.

We derived revenue primarily from manufacturing and sales of plating chemicals used in electroless plating and electroplating process for semiconductor and PCB industry, including ENIG/ENEPIG, copper electroplating and gold electroplating chemicals. We proudly possess distinguished market position by focusing on offering premium-end plating chemicals and paired process for semiconductor and PCB customers with stringent and sophisticated demands. According to Frost & Sullivan, we ranked the first among Chinese manufacturers in all three markets in China, namely, ENIG/ENEPIG (covering wafer-level and chip level packaging to PCB assembly) chemicals, wafer-level copper electroplating chemicals used for TSV, and wafer-level cyanide-free gold electroplating chemicals, in terms of revenue in 2024. As of December 31, 2024, among Chinese manufacturers, we have the broadest coverage of the types of plating chemicals across electroplating and electroless plating with various metals, including Ni, Au, Pd, Cu, Sn and SnAg, which is comparable to that of global leading market players.

The chart below illustrates our position in China's electronic packaging industry chain and industry opportunities.



We have established well-trusted and long-term cooperation with many globally-renowned semiconductor and PCB enterprises. With the large-scale adoption of our products and paired process, we have effectively facilitated the optimization and localization of our customers' supply chain. In particular, to effectively address customer's demands in relation to different products, and at different development stages, we have developed one-stop plating chemicals and service capabilities, offering customers turnkey solutions for metallization and interconnection. As of December 31, 2024, our ENIG/ENEPIG chemicals have been adopted by nine of the top ten PCB manufacturers in terms of revenue in 2024 in China. Our ENIG/ENEPIG have been adopted by four of top five power device manufacturers in terms of revenue in 2024 in China. In addition, our plating chemicals, including copper electroplating chemicals and cyanide-free gold electroplating chemicals have been adopted by many well-known semiconductor enterprises in China. Through continuous fulfillment of our customers' premium technical standards and maintaining punctual and high quality product delivery, we effectively entered into supply chain systems of, and achieved mass production for, many global leading enterprises in different industry sectors, such as high-end consumer electronics and EV, reinforcing our market positions in a highly sustainable way.

Building upon sustained R&D investment and deep industry expertise, we have established a comprehensive portfolio of core technologies for semiconductor and high-performance PCB applications, achieving benchmark performance metrics across many key parameters. According to Frost & Sullivan, we are the first Chinese manufacturer to achieve large-scale supply of ENIG/ENEPIG chemicals, copper electroplating chemicals for TSV, cyanide-free gold electroplating chemicals for wafer-level packaging, and cyanide-free gold electroless plating chemicals for glass substrates, and we are the largest Chinese manufacturer in terms of revenue of 2024 in these product markets. Leveraging our rich industry experience and strategic positioning in R&D on cutting-edge technology, we actively participate in, and promote, industry cooperation and industry standard-setting, and have jointly formulated eight national industry standards in China. In 2024, we were recognized as a national-level key "Little Giant (小巨人)" enterprise specializing in precision, uniqueness, and innovation by the Ministry of Industry and Information Technology.

Our Products

We develop, manufacture and sell a comprehensive product matrix of electroless plating and electroplating chemicals, achieving full application coverage from wafer-level and chip-level packaging to PCB assembly in the semiconductor and PCB field. Our plating chemicals, working with paired plating process, can create the critical conductive paths and functional conductive structures at atomic-level within different electronic devices, thereby facilitating electrical signal connections and enabling electronic products to achieve their functions.

Our plating chemicals and services cover both electroless plating and electroplating, the two major plating process in the electronic packaging. Specifically, our major products include ENIG/ENEPIG, copper electroplating and cyanide-free gold electroplating chemicals. The overall performance of our core plating chemicals has also reached international advanced level, with several key performance metrics surpassing global industry benchmarks. According to Frost & Sullivan, as of the Latest Practicable Date, we were one of a few Chinese enterprises that have achieved full coverage of applications across wafer-level and chip-level packaging as well as PCB assembly.

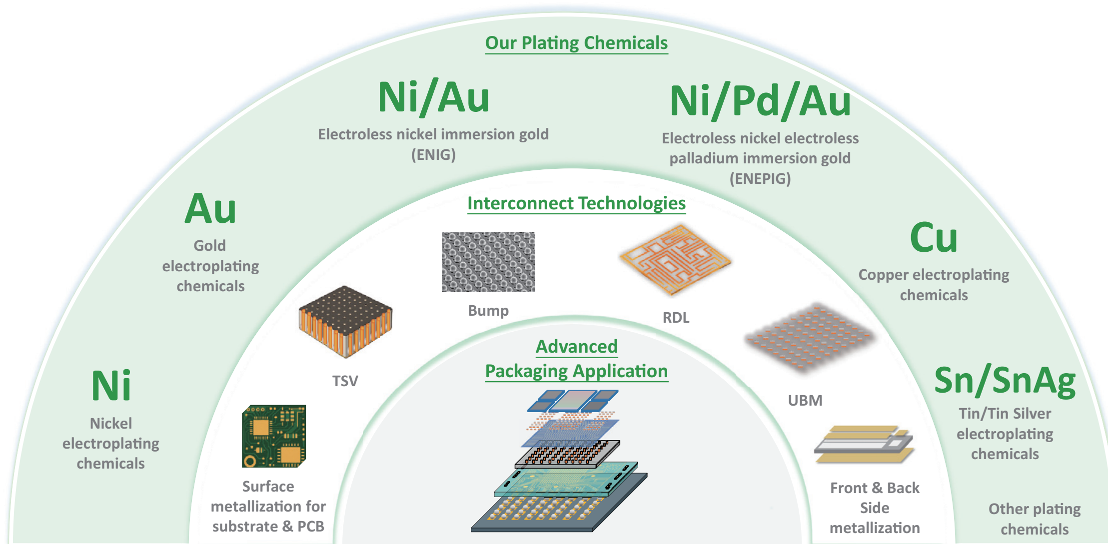
Electroless plating Chemicals

Our electroless plating chemicals, including ENIG/ENEPIG chemicals, are applied in the semiconductor and PCB sectors. In the semiconductor industry, our plating chemicals and paired process are principally utilized for wafer-level packaging of power chips such as IGBT and MOSFET, sensor chips such as CIS, as well as chip-level packaging of packaging substrates including IC substrates, glass substrates, and ceramic substrates. In the PCB industry, our plating chemicals and paired process are primarily employed in the surface metallization of high performance PCBs, such as HDI, high-frequency and high-speed boards, FPC and RFPC.

Electroplating Chemicals

Mainly focusing on applications in semiconductor industry, our electroplating products comprise copper, gold, nickel, tin, and tin-silver electroplating chemicals. These products and paired process are primarily utilized for Si wafer and SiC wafer in wafer-level packaging, as well as glass substrates and ceramic substrates in chip-level packaging. They are capable of meeting the metal deposition requirements for surfaces or via of different base materials with various micro-scale structures in semiconductor manufacturing, covering metallization and interconnection process such as Bumping, RDL, TSV, and TGV.

The chart below illustrates our product matrix and their applications.

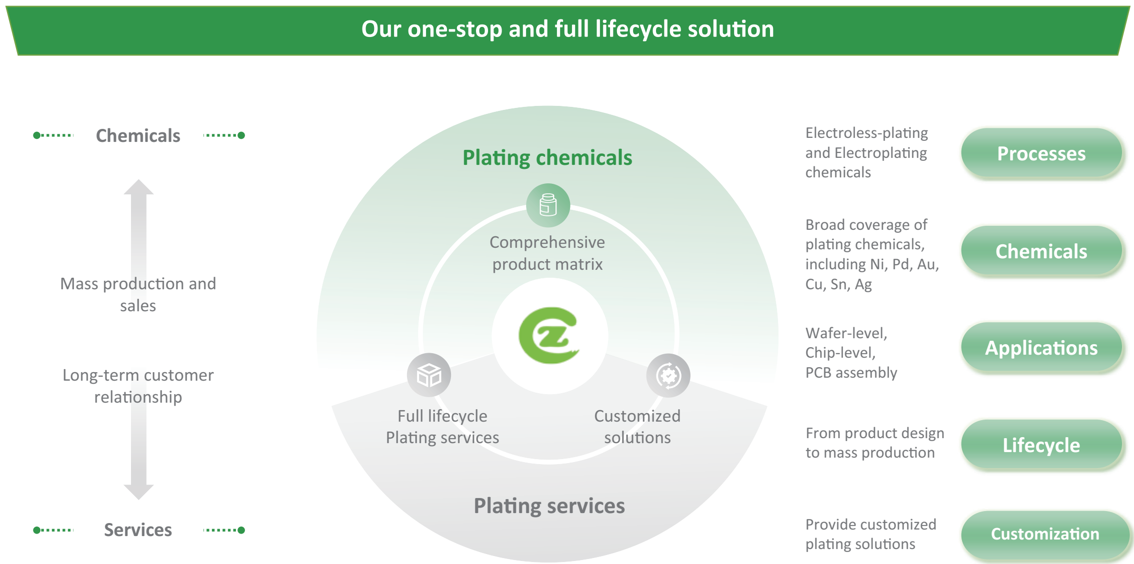


Our One-stop Solution

To address growing market demands from a broad range of customers at various product development stages, we endeavor to offer comprehensive solutions encompassing the full lifecycle from product design, testing and validation, engineering runs to mass production. We benefit from this business strategy from establishing collaborative relationships with downstream customers, gaining insights into customers' needs at an early stage, resulting in early-mover advantages in terms of technological upgrades and process optimization efforts. This allows us to pinpoint the specific needs of relevant customers, and continuously reinforce our strategic position within customers' supply chain. According to Frost & Sullivan, this business model is widely adopted by top global plating chemical providers.

Furthermore, leveraging our long-term successful track record in this respect, we enjoyed significant advantages in terms of customers base expansion. As of December 31, 2024, we had established business relationships with 70 enterprises in the PCB industry and 132 enterprises in the semiconductor industry.

The chart below illustrates details our one-stop service capabilities focusing on plating chemicals with comprehensive plating solution capability, offering turnkey solutions for surface metallization and interconnection.



During the Track Record Period, we derived revenue mainly from following two business segments that comprise our one-stop solution:

- **Plating Chemicals Business Segment**. This is our primary business, where we generate revenue from manufacturing and sales of plating chemicals used in electroless plating and electroplating process for semiconductor and PCB industry.

- **Plating Services Business Segment**. In managing this business segment, we charge our customers services fees for the provision of electroless plating and electroplating services on Si wafers and SiC wafers, as well as packaging substrate and PCB.

We benefit from this business combination, which allows us to strengthen our influence in industry ecosystem. In particular, we are able to either supplement our customers' manufacturing capacity through handling production batches that have stringent standards, or effectively complement their R&D by undertaking critical tasks including establishment and validation of innovative process, and engineering runs. Therefore, we allow our customers to concentrate on their core business, while integrating us into their supply chain system, achieving sustainable development.

Benefiting from the high flexibility and rapid responsiveness of our plating solutions, we maintain stable and close cooperative relationships with a wide range of customers.

- **Semiconductor industry.** We commenced mass production for wafer-level ENIG and TSV chemicals used for CIS packaging since 2014, and TSV chemicals for 2.5D/3D packaging since 2018. In addition, in 2022, we commenced mass production of ENIG/ENEPIG for power IC, ceramic substrates and package. In 2024, our nickel electroplating and cyanide-free gold electroplating chemicals were qualified to serve advanced packaging for HPC. These accomplishments demonstrate our core technological competencies and the industry-leading performance of our product portfolio.

- **PCB industry**. As of December 31, 2024, our ENIG/ENEPIG chemicals have been successfully introduced into mass production across over 120 production lines in the PCB industry, ranking first among domestic manufacturers in terms of production line adoption according to Frost & Sullivan. Additionally, we maintain strong, long-term partnerships with our customers, with an average collaboration period around 10 years among the TOP 10 PCB manufacturers in China.

Continuously Growing Industries That We Are Involved In

Being the critical part of electronic packaging, plating chemicals and paired process technologies effectively empower the iteration and developments of rapidly growing downstream application area, including chip manufacturing, AI, big data, automotive electronics, new energy, rail transit, high-performance consumer electronics, industrial control electronics, and telecom electronics. Leveraging our leading technology capacity and successful track record of long-term business relationship with large number of premium enterprises in relevant industries, we enjoyed, and are well positioned to continue benefiting from, growth trend therein, as well as localization of the supply chain for semiconductor and PCB industries in China. According to Frost & Sullivan, the market size of China's wet process plating plating chemicals increased from RMB12.9 billion in 2020 to RMB15.0 billion in 2024, and is expected to reach RMB27.5 billion in 2029, representing an expected CAGR of 12.9% from 2024 to 2029.

Vigorous development of downstream industries bring broad applications to our products.

- *Wafer-level applications*

Advanced packaging has redefined semiconductor evolution to push the boundaries of semiconductor performance. Emerging industries represented by AI, big data, and EV have put forward higher comprehensive requirements for chip performance, such as computing power, storage capacity, power conversion and control capabilities.

Moore's Law, the long-standing observation that transistor counts double every two years while costs halve, is facing fundamental physical constraints. Instead of solely relying on further shrinking transistors to improve chip performance, advanced packaging redefines performance enhancement route by innovative structural integration, transformative material science and system-level optimization to transcend traditional scaling constraints.

According to Frost & Sullivan, the market size of advanced packaging in China grew from RMB35.1 billion in 2020 to RMB69.8 billion in 2024, representing a CAGR of 18.7%, and is expected to reach RMB170.5 billion by 2029, representing an expected CAGR of 19.6%.

Wafer-level advanced packaging processes such as RDL, TSV, Bumping, and UBM have become key technologies for comprehensively enhancing chip performance in the "post-Moore era". In terms of density, precision, performance and scale of chips such as CPU, GPU, DRAM and 3D-NAND used in emerging industries such as AI, big data and EV, have strong demands for application of wafer-level packaging technologies like RDL, TSV, and Bumping. This is crucial to ensure relevant chips to meet the stringent performance requirement in terms of density, precision, performance and scale. Power devices used in EV and ultra-high-voltage power grids, such as IGBT, MOSFET and FRD, are facing evolving performance requirements with higher power conversion efficiency, high-voltage operation conditions and thermal stability needs. To meet these requirements, wafer-level packaging with ENIG/ENEPIG for UBM has become an essential process. We have achieved broad coverage on different advanced packaging technologies through offering comprehensive portfolio of plating chemicals and paired processes.

- *Chip-level applications*

In addition to wafer-level packaging technologies, chip-level packaging applied on substrates serve as a critical enabler for chip performance enhancement. As critical carriers for chip packaging, substrates provide structural support, thermal dissipation, and physical protection while facilitating electrical signal transmission between the chip and external circuits, playing a bridging role. Driven by breakthroughs in material innovation and process upgrades, packaging substrates include IC Substrate, ceramic substrates, and glass substrates.

- IC Substrates are widely used in fields such as HPC, smartphones and wearable devices, telecom base stations, and automotive electronics.

- Ceramic substrates, with their excellent thermal conductivity, high-temperature resistance, insulation properties, and high-voltage breakdown resistance, are widely used in fields such as 5G/6G communications, EV, lasers, and smart terminals.

- Glass substrates offer significant advantages in dielectric properties, thermal stability, flatness, and long-term reliability, and can also achieve larger packaging sizes. They are recognized as key supporting materials for Chiplet packaging technology and are widely acknowledged as ideal advanced packaging materials for high-performance chips used in HPC and AI industries.

According to Frost & Sullivan, market size of plating chemicals used for semiconductor industry grew from RMB 3.6 billion in 2020 to RMB 4.8 billion in 2024, a CAGR of 7.6%. From 2024 to 2029, the market size is expected to grow to RMB 11.7 billion, representing 19.6% CAGR.

Our plating chemicals and process technology are used for surface metallization and interconnection of packaging substrates. By depositing metal layers by ENIG/ENEPIG process on the substrate surface, we can meet technical requirements for micro-level line width/space, while achieving superior solderability for robust interconnections, reliable bonding performance, enhanced oxidation resistance and long-term product reliability.

- *PCB application*

Driven by downstream industry demands, the market for high performance PCBs keeps expanding. With the rapid development of downstream industries such as data centers, higher requirements have been placed on PCBs in terms of signal transmission frequency and speed, data capacity, reliability, and durability. In response to this trend, high-performance PCBs such as HDI, high-frequency and high-speed boards and FPC and RFPC have seen strong demand. According to Frost & Sullivan, the market size of high-performance PCBs in China grew from RMB244.7 billion in 2020 to RMB312.9 billion in 2024, representing a CAGR of 6.3%, and is expected to reach RMB469.4 billion in 2029 representing an expected CAGR of 8.4%.

Our expertise in the surface metallization of high-performance PCBs.

Our key plating chemicals and process are primarily used in high-performance PCB such as HDI, which feature high integration density and complex multi-layer structures. By fabricating ENIG/ENEPIG metal layers on the substrate surface, our customers' products can achieve the objectives of surface circuit protection and improved soldering reliability, ensuring the performance reliability, high heat resistance, and stability of end products. The market size of plating chemicals used for PCB industry grew from RMB9.3 billion in 2020 to RMB10.2 billion in 2024, representing a CAGR of 2.1%. It is expected to further grow to RMB15.8 billion by 2029, representing a CAGR of 9.2%.

Supply chain localization represents a profound strategic opportunity for semiconductor and high-performance PCB industries in China

In recent years, it has been gradually recognized by many semiconductor and PCB manufacturers that, leading Chinese suppliers can deliver industry-leading technical standards while offering superior customization capabilities and more responsive customer support, thereby enhancing downstream companies' overall operational efficiency.

We enjoy a pre-emptive strategic advantage in this trend of supply chain localization. As a Chinese company pioneered in offering plating chemicals with paired plating services, we have successively integrated into the supply chain of leading PCB enterprises in China for more than 15 years and rapidly enhanced our leading position in this particular market sector. Leveraging rich accumulation of practical experience in relation to plating process and strong technical reserves thanks to our visionary R&D strategy, we have successfully entered the more technologically demanding fields of wafer-level and chip-level packaging, gradually securing positions in the supply chains of many leading semiconductor companies in China. As of the Latest Practicable Date, we enjoy leading industry position in China in terms of product performance and process technological standards, which reached internationally advanced levels, capable of meeting customers' high-performance wafer-level packaging requirements such as high-precision circuitries, high-density interconnection, and high aspect ratio via-filling.

We benefit from strong customer loyalty and collaborative relationship with a large number of industry leaders. As the foundational support for electrical connections, plating chemicals are retained in the final devices, requiring their performance and stability to undergo multiple rounds of certification. The validation process is generally characterized by complex procedures, lengthy validation cycles, and stringent requirements on performance and stability. In particular, in industries like high-end consumer electronics and EV, suppliers may be required to obtain dual certification from both the direct downstream customers and the manufacturers of the end products. Any replacement or addition of approved suppliers may incur significant time and material costs, as well as opportunity costs arising from production line occupation due to testing processes. As a result, downstream customers are generally very cautious in replacement of material suppliers, unless there are substantial benefits. This industry norm effectively brings us solid competitive barriers within the supply chain we have entered, while allowing us enjoy a favorable position to penetrate the supply chains of a broader range of downstream application enterprises through accumulating valuable technology capabilities and market reputation, forming a virtuous cycle.

During the Track Record Period, our total revenue amounted to RMB319.6 million, RMB311.7 million and RMB409.9 million in 2022, 2023 and 2024, respectively. Our net profit amounted to RMB27.3 million, RMB19.4 million and RMB52.7 million in 2022, 2023 and 2024, respectively. Our revenue generated from plating chemicals used in semiconductor industry increased from RMB31.7 million in 2022 to RMB48.6 million in 2023, further increased to RMB75.0 million in 2024, representing a CAGR of 53.8% from 2022 to 2024.

COMPETITIVE STRENGTHS

Leading market position in wet process plating chemicals market in China

We are a leading provider of wet process plating chemicals and technologies, specializing in providing electroless plating and electroplating solutions in China. Leveraging our extensive R&D and industrialization expertise in high-performance PCB manufacturing, including lean production, material stability control, and multi-process compatibility across diverse applications, we have rapidly expanded our product portfolio into the semiconductor sector.

According to Frost & Sullivan, we are the largest domestic supplier of wet process plating chemicals and the largest one-stop plating solutions provider in China, in terms of our revenue in 2024. We possess the broadest product portfolio in terms of types of plating chemicals among domestic providers, comparable to leading global players.

Our key achievements include:

- We are the first domestic company to achieve large-scale sales of electroless plating chemicals for wafer-level packaging, electroplating chemicals used for TSV and cyanide-free gold plating, as well as the first to achieve large-scale sales of cyanide-free gold electroless plating chemicals in the field of glass substrates, according to Frost & Sullivan.

- In terms of revenue in 2024:

  - we rank the first as domestic supplier in the ENIG/ENEPIG chemicals market in China;

  - we rank the first among domestic suppliers of electroless plating chemicals in the power semiconductor wafer-level packaging market in China;

  - we rank the first among domestic suppliers in the copper electroplating chemicals for TSV chemicals market in China; and

  - we rank the first among domestic suppliers in the cyanide-free gold electroplating chemical market in China.

Unrivaled Technological Advantages Supported by Distinguished Industry Expertise and R&D capabilities

Since our inception, we have developed an insightful and visionary understanding of industry trends, enabling us to maintain a leading-edge technological advantage through continuous R&D investment. We have been dedicated to the independent development of plating chemicals, achieving significant breakthroughs in the PCB sector. Building on our expertise and insights from the PCB industry, we strategically expanded into the high-growth semiconductor sector in 2014. Through close collaboration with several renowned customers in the semiconductor industry, we successfully launched a comprehensive portfolio of plating chemical products that meet the requirements of advanced packaging process. Our products have achieved international advanced level, which is widely used by renowned industry leaders. These products deliver unique value in practical industrial applications and have achieved several benchmark industrialization records.

- In the PCB sector, our ENIG/ENEPIG chemical and paired process significantly enhances plating reliability through excellent plating uniformity and corrosion resistance, while also enabling customers to reduce gold usage, thus achieving cost reduction and efficiency improvement. Our products cover high-end applications such as HDI, FPC, RFPC and High-layer count boards, which are widely used in high-end consumer electronics, HPC, EV, telecom, mini-LEDs, industrial control and medical fields.

- In the field of power IC, our electroless plating chemicals enhance temperature tolerance and high-voltage resistance of relevant devices, meeting the stringent requirements of preventing cracks in the plating under harsh operating conditions and ensure reliability under high-temperature soldering. Power IC manufactured using our product portfolio and processes now cover a range from 40V to 6,500V application, catering to diverse and dynamic demands.

We offer a comprehensive range of chemicals that cover most plating requirements for advanced packaging. This diverse and comprehensive matrix of plating chemicals enhances customer retention and allows us to provide one-stop services.

These technological breakthroughs are the result of our strategic R&D planning and consistent investment in innovation. Over the years, we have established world-class R&D capabilities and developed a deep understanding of the plating chemical industry. With extensive experience in meeting customer needs, we have gained profound insights into the technical challenges associated with plating chemicals and process for electronic packaging, enabling us to direct our R&D resources towards addressing critical industry-wide technological hurdles.

Our achievements are supported by the strength of our R&D team, which, as of December 31, 2024, consisted of 69 professionals, all with professional academic backgrounds and extensive industry experience. Among them, 11 members have over ten years of deep expertise in the industry. We have invested in bridging the gap between laboratory research and industrialization, accelerating the application of locally developed materials in the chip sector. As of the Latest Practicable Date, we have obtained 71 invention patents and 61 utility model patents in China, underscoring our focus on proprietary core technologies and innovative products.

Comprehensive One-Stop Service Capability

We have established a comprehensive one-stop service model that integrates plating chemicals with plating services to provide downstream customers with turnkey solutions for metallization and interconnection needs in electronic packaging. Downstream and end customers impose stringent reliability requirements plating chemicals, necessitating extensive process compatibility, product reliability, and overall performance validation, making the mass production and adoption of these materials highly challenging.

Through our plating services, we are able to either supplement our customers' manufacturing capacity through handling production batches that have stringent standards, or effectively complement their R&D by undertaking critical tasks including establishment and validation of innovative process, and engineering runs. Therefore, we allow relevant customers to concentrate on their key attributes, while integrating us into their supply chain system, achieving sustainable development.

We deliver full-cycle services to customers through the following key strategies:

- **Product Design:** Thoroughly understanding customers' customized requirements for performance, process, and stability, we conduct material and process technology R&D and adjustments. This process enables us to continuously accumulate advanced production techniques and patented technologies.

- **Testing and Validation:** We conduct performance validation of products, assist in small-batch production and validate the performance of the chemicals products and paired processes. This ensures continuous iteration of our products and upgrades for our process technologies.

- **Engineering runs:** We meet the flexible supply chain requirements of downstream customers by offering electroless plating and electroplating service with high adaptability, helping our customers reduce their need for significant capacity investments.

- **Mass Production:** The full-cycle service approach enables us to realize large-scale integration of our plating chemicals into customers' supply chains.

Through our one-stop service model, we are capable of accurately grasping industry trends and pain points, identify common technological directions, and provide targeted, effective solutions. Additionally, with our efficient R&D effort and the delivery of high-quality results, we have earned the trust of our customers and established long-term, stable partnerships with them.

Extensive and High-Quality Customer Base

We have established a vast and prestigious customer base comprising leading companies from the semiconductor and PCB industries. These customers represent key players and core suppliers in their respective fields, setting the industry's high standards for product quality and technological innovation. Leading companies in downstream applications tend to prioritize sourcing from top-tier suppliers, and our long-term collaboration with these companies position us at the forefront of industry development. We accumulated and solidified our competitive advantages through extensive collaboration with our customers and innovative technological development.

With our technological strength, process expertise, responsiveness, and customization capabilities, we have built a broad and highly loyal customer base in both semiconductor and PCB industries:

- Semiconductor Industry

  - Wafer-Level Packaging: We have entered the supply chains of multiple leading semiconductor companies. Our products are applied in automotive-grade power chips, CIS chips, RF chips, power management chips, and MEMS, serving end applications in HPC, EV, rail transportation, AI, telecom devices, and high-end consumer electronics.

  - Chip-Level Packaging: We have entered the supply chains of various well-known packaging substrate companies. Our products are used in IC substrates, ceramic substrates, and glass substrates, covering end applications in EV, AI, telecom devices, and high-end consumer electronics.

- PCB Industry: Our products have successfully entered the supply chains of numerous leading PCB companies, ultimately serving global leaders in consumer electronics, EV, and telecom industries.

As of December 31, 2024, our ENIG/ENEPIG chemicals have been adopted in over 120 PCB production lines. Among the top ten PCB manufacturers in terms of revenue of 2024 in China, our ENIG/ENEPIG chemicals and ENIG/ENEPIG plating services have covered nine, reaching a coverage rate of 90%.

As of December 31, 2024, in the power device sector, our ENIG/ENEPIG chemicals and ENIG/ENEPIG plating services have been adopted by four of the top five power device manufacturers in China, with a coverage rate of 80%. Our copper electroplating chemicals for TSV has been adopted by over 15 semiconductor companies and is being used at scale by multiple manufacturers in China for RF chips, CIS, and memory chip production. Our cyanide-free gold electroplating chemicals have been successfully adopted by more than 20 semiconductor customers. These achievements reflect our ability to serve a diverse range of reputable customers across industries with high growth potentials, further reinforcing our leadership position in the semiconductor and PCB sectors.

Growing Opportunities in the Trend of Supply Chain Localization as a Qualified Local Supplier

Through continuous independent R&D and accumulated industrialization experience, we have become one of the few domestic companies capable of providing full coverage of plating chemicals across the spectrum from wafer-level and chip-level packaging to PCB assembly. Our chemicals products and plating services have been widely used by renowned industry leaders in semiconductor and PCB industries.

Specifically, our proprietary wafer-level ENIG/ENEPIG chemicals, copper electroplating chemicals for TSV, and cyanide-free gold electroplating chemicals have successfully pass validation phase and achieved mass production and sales at leading semiconductor customers from fields such as power chips, MEMS, CIS chips and RF chips. These products have not only helped our customers localize their supply chains but have also provided reliable and stable material support for numerous domestic industries.

- We have received the following accolades in semiconductor industry in China:
  - Annual Collaboration and Innovation Award from a leading one-stop chip system foundry enterprise in the power semiconductor and MEMS fields.
  - 2024 Delivery Excellence Award from a top IDM enterprise in the power semiconductor sector.
  - Annual Best Quality Award from a leading enterprise in ceramic packing substrates R&D and manufacturing field.
  - Best Quality Performance Award for ENEPIG Ceramic Packaging Substrate from a leading ceramic packaging substrate R&D and manufacturing enterprise.
- We have received the following recognitions in PCB industry:
  - Best Contribution Award for Outstanding Supplier from a high performance PCB design and manufacturing enterprise with an industry-leading position.

- ◦ Outstanding Supplier Award from a renowned PCB enterprise specializing in the R&D and manufacturing of high-precision, high-density, and high-performance PCB.

- ◦ Special Contribution Award for ENIG/ENEPIG from an advanced electronic circuit solutions digital manufacturing provider.

- ◦ Best Technology Award from a well-known high performance PCB design and manufacturing enterprise.

At the same time, the technical level of our products has been recognized by the China Electronics Materials Industry Association as achieving international advanced standards. Key achievements and comments on our products include:

- ENEPIG Chemicals and Paired Process: "This product and paired process effectively improves the high-temperature reflow solderability and corrosion resistance of nickel layers, addressing critical issues of traditional ENIG process, such as metal diffusion, black pad formation, low bonding strength, and as well as the difficulty of increasing thickness in metal layers, achieving technological self-sufficiency and independent control in plating chemicals and technology".

- The Copper Electroplating Chemicals for TSV and paired process for Wafer-Level 3D Packaging: "This product and paired process enhance the core competitiveness of the domestic wafer-level 3D advanced packaging industry, achieving technological self-sufficiency and independency in key plating technologies".

- Cyanide-Free Gold Electroplating Chemicals and Paired Process: "This product and paired process overcomes technical challenges related to plating adhesion, conformal coating, deep-hole coverage, bath stability, and plating hardness. It achieves excellent conformal thick gold plating rates and enables technological self-sufficiency and independency in key materials and technologies".

- In 2019, we were recognized by the Guangdong Provincial Department of Science and Technology as the hosting institution of the Engineering Technology Research Center for 3D Advanced Packaging Materials.

- In 2022, we undertook Shenzhen's key R&D project, "TSV Copper Interconnect Key Technology Development for Chip-level Packaging" (Project Code: 2022N098), under "Unveiling and Commanding" initiative for major technological breakthroughs.

- In 2023, our "Key Technology Development and Localization of High-Performance Metallization and Interconnection Plating Chemicals" project, led by our R&D team in collaboration with Shenzhen University, won the Second Prize in the 2023 Shenzhen Science and Technology Progress Awards.

Visionary Management Team with Profound Industry Insight

Our management team, with extensive industry experience and insight into the technological trend, works in close collaboration to drive our Company's strategic vision. Mr. Yao, our executive Director and the chairperson of the Board, is not only responsible for the overall management, business strategy, and corporate governance of the group but also demonstrates exceptional capabilities in formulating our R&D strategies. Leveraging his precise foresight and profound insight in technological trends of electronic packaging industry, he has consistently led the planning and direction of our R&D endeavors, guiding our Company to overcome numerous technical challenges.

Dr. Yao, our executive Director, is primarily responsible for overseeing daily operations and management and R&D activities of our Group. She has extensive experience in the field of materials research for more than 15 years. With long-term successful track record in tackling complex and long-term R&D project, she has led R&D team in transitioning and upgrading from the PCB industry to semiconductor industry. Under her leadership, our R&D team has achieved multiple technical breakthroughs in core materials for advanced packaging in the semiconductor field.

With extensive industry experience, solid professional backgrounds and decade-long experience in corporate management, our highly stable management team brings profound insights into industry trends, technological development direction and customer needs. Rooted in tradition yet driven by innovation, we have consistently upheld a craftsman's pursuit of technical perfection. Our commitment to diverse talent development and intrinsic motivation sustains our team's vitality.

We have established a systematic talent cultivation framework based on deep understanding of industry dynamics. Our diverse and seasoned team plays a crucial role in maintaining our position at the forefront of innovation and adeptly navigating the technological landscape and industry circle. We prioritize talent development by establishing comprehensive cultivation, incentive and promotion mechanisms, fostering an innovative team with relevant technology expertise. Our R&D team, which plays a pivotal role in supporting technological innovation and iteration, consists of experts from multiple disciplines, such as material science, chemistry and mechanical engineering. As of December 31, 2024, we had 69 experienced R&D personnel. Among them, 11 members of our R&D team have over ten years' experience in electronic packaging industry. Based on the effort of our R&D team, we have obtained 71 invention patents and 61 utility model patents in China, as well as six overseas invention patents as of the Latest Practicable Date.

Under our visionary management team, we maintain strategic agility in R&D investment by combining market foresight with technological acuity. By proactively identifying emerging inflection points and deploying resources in advance, we continuously transform cutting-edge innovations into market-leading solutions, solidifying our first-mover advantage in electronic packaging industry.

STRATEGY

Improving Our Plating Chemicals and Plating Services Capacity

We are strategically expanding our production capacity to meet the increased demand for advanced packaging of chips, substrates and high-performance PCBs, which was driven by the rapid growth of downstream industries. In addition, the global increase in wafer production capacity, most notably China's market, is expected to significantly boost demand for wet process plating chemicals. We plan to expand our existing electroless plating and electroplating production lines to accommodate the growing market demand for plating chemicals at a larger scale, and at the same time, we will enhance the production capacity of our plating services to meet a broader range of customer needs, including testing and validation, engineering runs and mass production.

By upgrading our production facilities and expanding our production capabilities, we will respond promptly to the evolving requirements of downstream customers, enabling us to fully seize the opportunities presented by the robust development of downstream markets and consolidate our continued leadership in the industry.

Enhancing Our R&D Capabilities to Optimize Our Plating Process Technologies and Enrich Our Product Portfolio

We will continue to invest in exploring new cutting-edge plating technologies to maintain our competitive advantage and expand into broader market segments of wet process plating chemical industry. Our R&D focuses on developing new plating chemical products and paired advanced packaging process, enabling us to penetrate into more valuable market of wet process plating chemical industry.

For existing types of plating chemicals, we will continue investing in the exploration of plating chemicals and paired process for such as 28-130nm damascene copper electroplating chemicals wafer-level packaging, including additives technology and others. In addition, we will focus on developing TGV/TCV plating chemicals and paired process that can be applied to a broader range of packaging substrates, further strengthening our first-mover advantage in chip-level packaging of substrates, such as glass, ceramics substrates and electronic ceramic package.

To achieve these goals, we will significantly increase our R&D investment. This includes expanding our R&D team by continuously recruiting top-tier talent and providing sufficient resources to support their work. We will optimize our R&D incentive policies and management mechanisms to better inspire innovation and creativity among our researchers. At the same time, we will maintain substantial investment in R&D testing to ensure and improve the stability and performance of our products. Additionally, we will continue to strengthen our collaboration with leading research institutions and universities, undertaking relevant R&D projects to drive technological advancements.

Expanding Globally to Build an International Customer Ecosystem

Leveraging our first-mover advantage and extensive industry expertise accumulated in China's semiconductor and high-performance PCB industries, combined with our extensive experience serving leading enterprises, we plan to expand our products and services to a broader global customer base, establishing a comprehensive international business presence.

Specifically, for our existing customers, we will expand our global supply and service network by establishing necessary production and supporting facilities to serve the globalization needs of our customers, ensuring high-quality product delivery and responsive service in overseas markets. As part of our global expansion strategy, we plan to build an international and marketing team and establish overseas R&D centers to promote oversea sales and obtain international standard certification.

As a leading solution provider for metalization and interconnection plating chemicals and process technology in China, we are committed to strengthen our global reach, establish a robust international customer ecosystem, and further enhance our competitive positioning in the global market.

Broadening Our Customer Reach and Fostering Deeper Relationships by Strengthening our Sales Team

We are committed to expanding the sales network for our plating chemicals and plating services. By increasing the geographic coverage of our sales team and network, we strive to penetrate into the supply chains of a broader range of semiconductor and high-performance PCB companies, further growing our high-quality customers base. Aligned with our market development strategy, we will leverage our one-stop service model to attract and establish deeper connections with downstream enterprises.

Creating Stronger Industry Synergies By Seeking Strategic Investments and Acquisitions

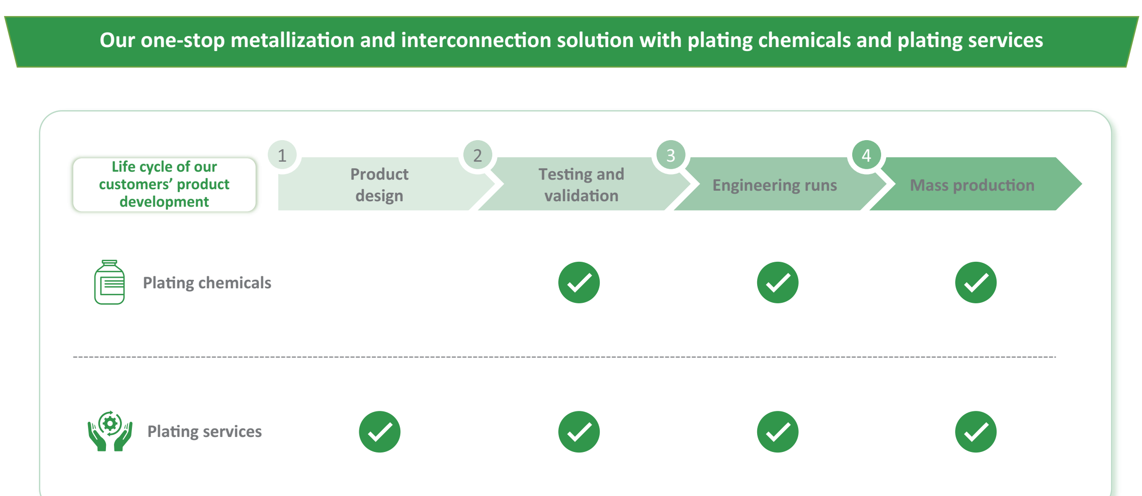
To strengthen our technological leadership, expand our business landscape, and enhance our competitive advantage, we plan to engage in strategic investments and acquisitions with companies or teams that can create synergistic effects with our current business scope, product portfolio, and technological capabilities. These initiatives will help optimize our product offerings and quality, improve production and process standards, and enable us to expand our customer base, driving long-term growth.

As of the Latest Practicable Date, we have not identified any specific targets for strategic investment or acquisition.

OUR PRODUCT AND SERVICE OFFERINGS

We have long been dedicated to pioneering research in wet process plating chemicals and paired process for semiconductor and PCB industries. In the field of electronic packaging, after more than a decade of product formulation, and engineering experience accumulation, we have established ourselves as a leading plating solution provider for metallization and interconnection chemicals and critical process technology in China. We have developed a comprehensive product matrix of electroless plating and electroplating chemicals, providing full application coverage for wafer-level and chip-level packaging, as well as PCB assembly. The overall performance of our major plating chemicals has reached the international advanced level, with several key performance metrics surpassing global industry benchmarks.

Through the integration of plating and materials process engineering, we deliver a diversified portfolio of advanced plating chemicals, meticulously designed process solutions and customized plating services to empower downstream customers. Our extensive product coverage in plating chemicals, combined with our ability to provide flexible and customized plating services, creates a synergistic effect that enhances our influence within the industry ecosystem. We achieve this by complementing their R&D requirements by undertaking critical tasks including establishment and validation of innovative process, and engineering runs. Additionally, we provide on-demand manufacturing capacity for tailored, flexible production to meet non-standard demands and serving as a production buffer in cases of production overflow. This collaborative approach allows our customers to focus on their core competencies, while we integrate into their supply chain systems. As a result, we promote sustainable development with our customers by driving mutual success and fostering long-term growth within the industry ecosystem. The following picture illustrates our one-stop solution that cover our customers' need for both plating chemicals and plating services in full life cycle.



During the Track Record Period, we derived revenues mainly from following two arms that comprise our one-stop plating solution:

- **Plating Chemicals Business Segment.** This is our primary business, where we generate revenue from manufacturing and sales of plating chemicals used in electroless plating and electroplating process for semiconductor and PCB industry.

- **Plating Services Business Segment.** In managing this business segment, we charge our customers services fees for the provision of electroless plating and electroplating services on Si wafers and SiC wafers, as well as packaging substrate and PCB.

The table below sets forth the revenue breakdown by product/service type for the years indicated:

The following table sets forth a breakdown of our revenue by business line, in absolute amount and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2022		**2023**		**2024**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Plating chemicals						
Plating chemicals for PCB industry						
– *Electroless plating chemicals*	279,750	87.5	226,357	72.6	253,805	61.9
Plating chemicals for semiconductor industry						
– *Electroless plating chemicals*	15,757	5.0	29,113	9.4	45,905	11.2
– *Electroplating chemicals*	15,965	5.0	19,455	6.2	29,129	7.1
Subtotal	31,722	10.0	48,568	15.6	75,034	18.3
Subtotal	**311,472**	**97.5**	**274,925**	**88.2**	**328,839**	**80.2**
Plating Services						
Electroless-plating and electroplating services	6,369	2.0	23,540	7.6	78,909	19.3
Others*	1,766	0.5	13,186	4.2	2,176	0.5
Subtotal	**8,135**	**2.5**	**36,726**	**11.8**	**81,085**	**19.8**
Total	**319,607**	**100.0**	**311,651**	**100.0**	**409,924**	**100.0**

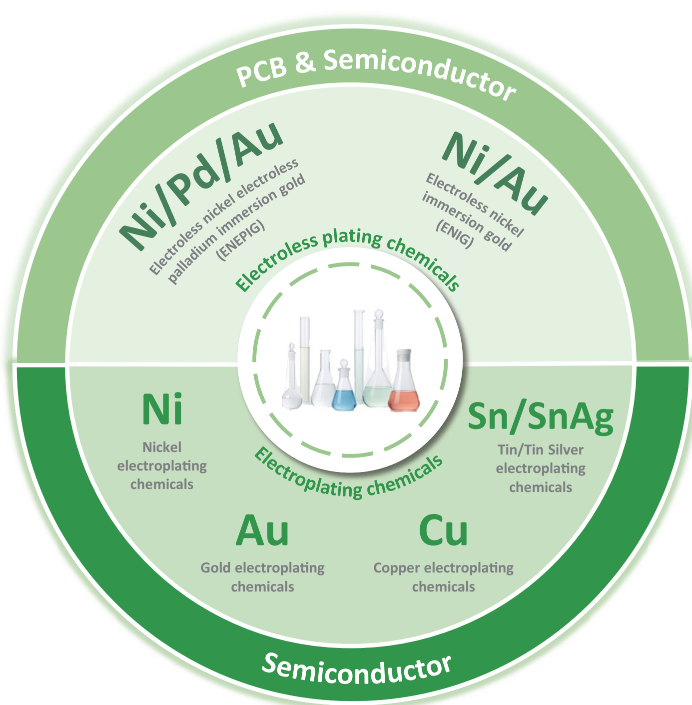
Note: In the process of offering plating services, we may, from time to time and requests from relevant customers, provide equipment to them assisting quick deployment of needed mass production capacity with expected quality.

Plating Chemicals Business Segment

We are a domestic leader in the production of plating chemicals used in the metallization and interconnection process of electronic packaging. Our plating chemicals can be categorized based on the plating process into two main types: electroless plating (primarily Ni, Pd and Au) and electroplating (primarily Cu, Ni, Au, Sn and SnAg). These chemicals play a vital role in forming critical conductive paths and functional conductive structures in electronic packaging for semiconductor and PCB industries.

- Semiconductor industry:
  - Intra-chip interconnects: Deposited as microscopic metallic traces to enable on-chip electrical signal transmission between transistors and components.
  - Chip-to-Substrate Connections: Bumping, UBM or TSV interconnections to electrically and mechanically bond IC dies to packaging substrates.
- PCB industry:
  - Substrate-to-PCB Interconnections: Creating pads/pins for reliable second-level packaging attachment to printed circuit boards.

The picture below illustrates our major products in plating chemicals business segment.



In this business segment, we derived revenue primarily from manufacturing and sales of chemicals used in electroless plating and electroplating process for semiconductor and PCB industry. The table below sets out details of our sales volume and average selling price of our plating chemicals by application field for the years indicated.

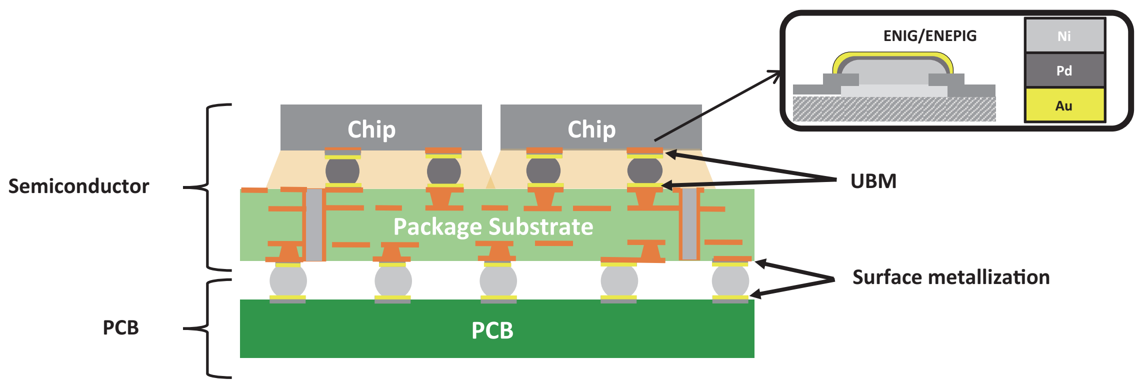
	Year Ended December 31,					
	2022		2023		2024	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	ton	*RMB'000/ton*	*ton*	*RMB'000/ton*	*ton*	*RMB'000/ton*
Plating chemicals for PCB industry						
– Electroless plating chemicals	10,343	27.1	8,254	27.4	9,320	27.2
Plating chemicals for semiconductor industry						
– Electroless plating chemicals	156	101.2	293	99.5	407	112.8
– Electroplating chemicals	64	249.6	70	277.5	100	291.5

Electroless plating Chemicals

Electroless plating is autocatalytic deposition technology that create uniform metal layers on substrates through purely chemical reactions, without requiring electrical current. Electroless plating of Ni, Pd, and Au layers relies on redox reactions in controlled baths, where reducing agents (e.g., sodium hypophosphite) trigger metal ion reduction onto catalytically activated surfaces. This enables conformal plating regardless of substrate geometry, critical for wafer-level, chip-level and PCB surface metallization. Because electroless plating does not require electrical current, it is ideal for industrialization as it can work in batches and results in metal deposition with high uniformity.

The picture below illustrates the application of electroless plating in the semiconductor and PCB industry.

Electroless Plating Application



Electroless plating Chemicals used for PCB industry

Our electroless plating chemicals used for PCB industries primarily included relevant chemicals used in ENIG/ENEPIG process, which deliver superior corrosion resistance and excellent solderability with fine-pitch circuit capability for end devices. In particular, our products offer excellent uniformity in gold deposition, reducing gold usage by approximately 5%-10% compared to conventional technologies, significantly cutting costs for our customers. Our electroless plating chemicals shows broad compatibility, compatible with various types of PCB, FPC and RFPC, such as high-speed and high-frequency board, multilayer PCB, and HDI PCB.

As of December 31, 2024, our ENIG/ENEPIG chemicals have been adopted in over 120 PCB production lines, covering downstream application in EV, AI, and high-end consumer electronics. In terms of customer numbers, our ENIG/ENEPIG chemicals have been adopted by nine of the top ten PCB manufacturers in terms of revenue in 2024 in China, with a coverage rate of 90%.

During the Track Record Period, our electroless plating chemicals applied in PCB field generated revenue of RMB279.8 million, RMB226.4 million, and RMB253.8 million in 2022, 2023 and 2024, respectively.

Electroless plating Chemicals used for Semiconductor industry

Our electroless plating chemicals used for semiconductor industry deliver critical solutions across various application scenarios and ensure seamless compatibility across wafer-level and chip-level packaging, meeting the diverse needs of our customers with precision and reliability.

Wafer-level Packaging

- Power Device. Our ENIG/ENEPIG plating chemicals are widely used in metallization processes for power devices, including automotive-grade chips such as SiC MOSFET, FRD, and IGBT. Our products enhance power chips' performance with superior high-voltage resistance, high-temperature endurance, and oxidation resistance, significantly improving the devices' electrical reliability and environmental adaptability. In particular, our plating chemicals are able to deliver uniform plating and exceptional reliability across a wide range of applications, from low-voltage (40V) to ultra-high-voltage (6,500V) devices, covering a broad spectrum of power application.

  As the industry transitions from planar to advanced trench-structured SiC power devices with increasingly complex structure integration, the complexity of metallization processes grows significantly. Our electroless plating chemicals and paired process meet this challenge by effectively overcoming the issue of non-uniform deposition caused by potential gradients within intricate 3D structures, ensuring both reliable performance and scalable processes.

- CIS Packaging. Our products are also engineered to address the escalating demands of CIS packaging used in facial recognition chips and fingerprint recognition chips, where increasing I/O density and micron-scale circuit precision are critical to enabling superior imaging performance. Our plating chemicals offer excellent solderability and metal adhesion, meeting the stringent standards of high-density integration, high performance consistency, and exceptional operating stability of end electronic devices.

Chip-level Packaging

Our ENIG/ENEPIG chemicals are also applied in ceramic, glass and IC substrates, providing outstanding adhesion, conductivity, oxidation resistance, and dielectric compatibility, ensuring the long-term stable operation of critical modules under challenging conditions such as high temperatures, intense vibrations, and high-frequency interference.

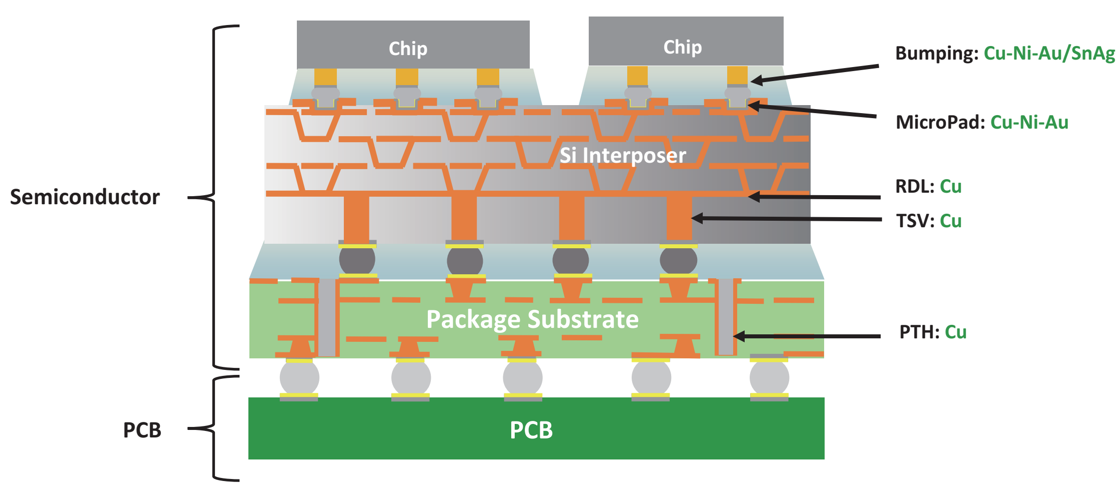
In the power device sector, our ENIG/ENEPIG chemicals ENIG/ENEPIG plating services have been adopted by four of the top five power device manufacturers in China as of December 31, 2024, with a coverage rate of 80%. During the Track Record Period, our electroless plating chemicals applied in semiconductor field generated revenue of RMB15.8 million, RMB29.1 million, and RMB45.9 million in 2022, 2023 and 2024, respectively.

Electroplating Chemicals

Electroplating technology is a cornerstone in advanced semiconductor manufacturing, uniquely engineered to deliver both nanoscale precision and high-speed deposition capabilities under controlled current conditions. This dual proficiency enables its critical adoption across cutting-edge semiconductor fabrication processes. In electronic packaging, electroplating processes commonly utilize Cu, Ni, Au, Sn and SnAg as primary deposition materials, each tailored to specific functional requirements across key interconnect technologies such as TSV, bumping, and RDL, serving as critical building blocks for advanced packaging technologies, including flip-chip packaging (FC), Chiplet and 2.5D/3D packaging.

The picture below illustrates the application of electroplating in the semiconductor industry.

Electroplating Process Application (CoWoS)



Our major electroplating chemicals include copper electroplating chemicals for TSV, Cu-pillar/RDL/UBM, and cyanide-free gold electroplating chemicals.

- **Copper Electroplating Chemicals used for TSV.** Attributable to excellent performance in via depths coverage, our products address demands from consumer-grade, industrial-grade, and automotive-grade applications. Moreover, we uniquely fulfill ultra-deep via filling requirements for high-power scenarios, establishing ourselves as the sole domestic supplier capable of stable mass production for TSV copper plating with via depths exceeding 400μm or aspect ratios surpassing 15:1, outperforming conventional 10:1 industry thresholds in CoWoS packaging.

- **Copper Electroplating Chemicals used for Cu-Pillar/RDL.** Our copper electroplating chemicals utilize proprietary additives to reduce residual stress in plated Cu-pillar, ensuring precise control over wafer warpage during copper deposition. Combined with our advance process technologies that deliver exceptional high-current stability, our plating chemicals enables defect-free rapid Cu deposition in micro-via and ultra-fine RDLs for advanced 2.5D/3D packaging and MEMS device applications. The deposited copper layer exhibit ultra-low organic residue, preserving superior electrical conductivity and minimizing electromigration in high frequency applications. Our chemicals and technologies redefine precision and productivity in semiconductor metallization, and the unique combination of micro-via compatibility and high purity deposition making it as the go-to solution for heterogeneous integration.

- **Cyanide-free Gold Electroplating Chemicals.** As the first domestic manufacturer to achieve scaled production of cyanide-free gold electroplating chemicals for wafer-level and chip-level packaging, we pioneered the replacement of highly toxic cyanide-based technologies with eco-friendly sulfite-based alternatives, driving industry-wide sustainability upgrades. Our chemicals comprehensively address diverse application demands, including:

  - o Gold bumping: for display driver ICs, achieving <0.3μm thickness variation in 10μm bumps across 300mm wafers.

  - o Conformal via plating: for laser diode chips, enabling uniform metal deposition in 5:1 aspect ratio vias.

  - o RDL: for HPC and RF chips, delivering precise circuit patterning with <5μm/5μm line/space resolution, validated for advanced nodes including 2.5D interposers and Thermo-Compression Bonding.

  Our cyanide-free gold electroplating chemicals demonstrate that performance and sustainability can coexist in cutting-edge semiconductor processes and establishing a new industry standard for green semiconductor manufacturing.

Plating Services Business Segment

In order to efficiently and effectively address the evolving demands of our downstream customers, leveraging our leading capabilities on R&D and technological innovations in electronic packaging, we expand our business segment to offer plating services. In particular, we perform metal deposition service on wafers and substrates that had yet undergone plating process, and return the finished products to our customers.

By offering plating services to our customers, we are able to either supplement their manufacturing capacity through handling production batches that have stringent standards, or effectively complement their R&D by undertaking critical tasks including establishment and validation of innovative process, and engineering runs. Therefore, we allow relevant customers to concentrate on their key attributes, while integrating us into their supply chain system, achieving sustainable development.

Through provision of plating services, we also demonstrated the extensive compatibility, reliability, and high performance of our plating chemicals and process technology, creating cross-selling opportunities, where customers of our plating service segment become purchasers of our plating chemicals. This approach has not only strengthen our collaborative relations with existing customers, but also achieve an expanding customer group that allows us to tap into emerging application fields, such as AI and humanoid robots.

APPLICATION OF OUR PRODUCTS AND SERVICES

Our plating chemicals and paired process have extensive applications across a wide range of levels in the electronic packing in the semiconductors and PCBs field. From wafer-level and chip-level packaging, to PCB assembly, our plating chemicals enhance electrical conductivity, thermal stability, corrosion resistance, and environmental compatibility of the plating process and electronic packaging process.

Application in Semiconductor and PCB Industry

In response to the rapid development of the PCB industry, we are equipped to address the multi-dimensional functional requirements of the evolving industries. Through our one-stop solution capacities, we keep pace with the latest technological advancements, ensuring superior adaptability to evolving market needs while maintaining rigorous quality standards.

Compared to PCB industry, the semiconductor industry imposes significantly higher reliability requirements for plating chemicals, demands unparalleled precision in circuit fabrication, and faces greater challenges in manufacturing intricate and complex structures. These advancements elevate technical barriers for plating chemicals and process, and necessitate stricter control over chemicals and process consistency. In this context, stringent quality management systems and advanced process optimization capabilities become critical to ensuring defect-free performance in nanoscale architectures, thermal stability under extreme conditions, and long-term durability.

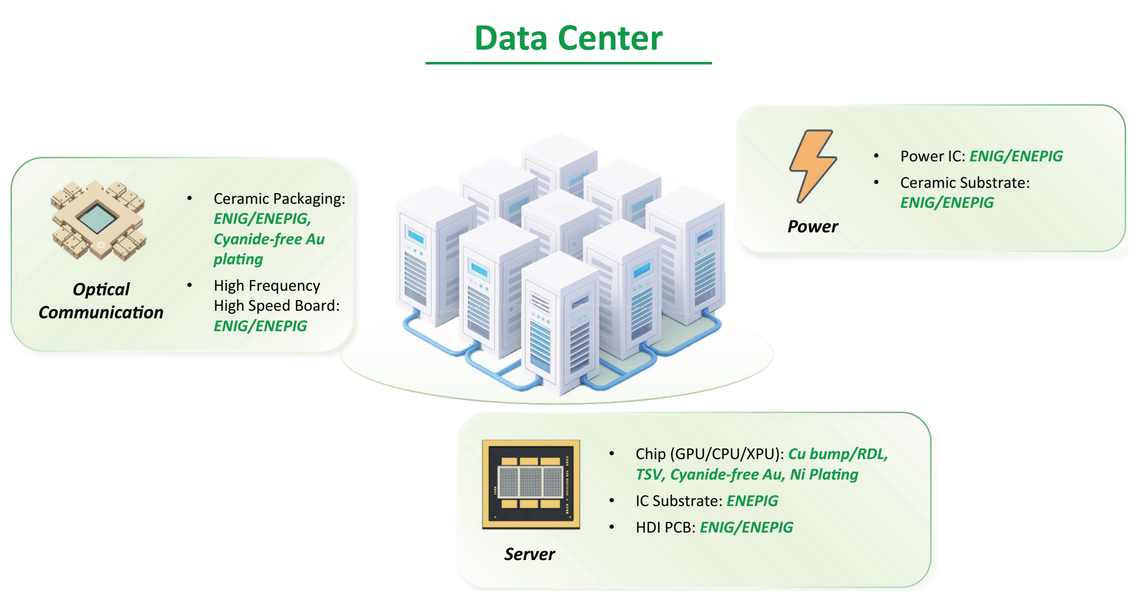
In addition, the coexistence of multiple plating technologies, such as electroplating for TSV, RDL, and Cu-Pillar, introduces critical challenges in achieving compatibility across micro-scale package integration. Our strength lies in a comprehensive, market-proven product portfolio that spans plating chemicals, coupled with adaptive process integration capabilities. By mastering synergistic material interactions, such as ensuring strong adhesion and stress management in the plating processes, we enable seamless multi-technology integration. Such technological breadth, validated in 2.5D/3D packaging, FOWLP applications, allows rapid customization for diverse market needs.

Building upon these industry-specific challenges, we ensure exceptional product consistency and continuous technological advancement through rigorous formulation control and quality management systems. Our vertically integrated R&D capabilities enable real-time performance optimization for emerging requirements, while continuous process monitoring guarantees batch-to-batch stability across thermal, electrical, and mechanical performances. This systematic approach allows us to exceed evolving requirements for continuous industrial challenges, thereby delivering high performance plating solutions that align with cutting-edge semiconductor manufacturing roadmaps.

Case Study

Scenario One: Data Center

Accelerated by demands from cloud computing and generative AI, data centers have undergone exponential growth and technological iteration in recent years, driving the relentless innovation in optical communication, power semiconductors and server-grade processors. This places extremely high demands on advanced packaging. Our electroplating and electroless plating chemicals are widely used in the manufacturing of key components such as AI chip packaging, optical communication modules, and power management modules, providing strong support for data centers.



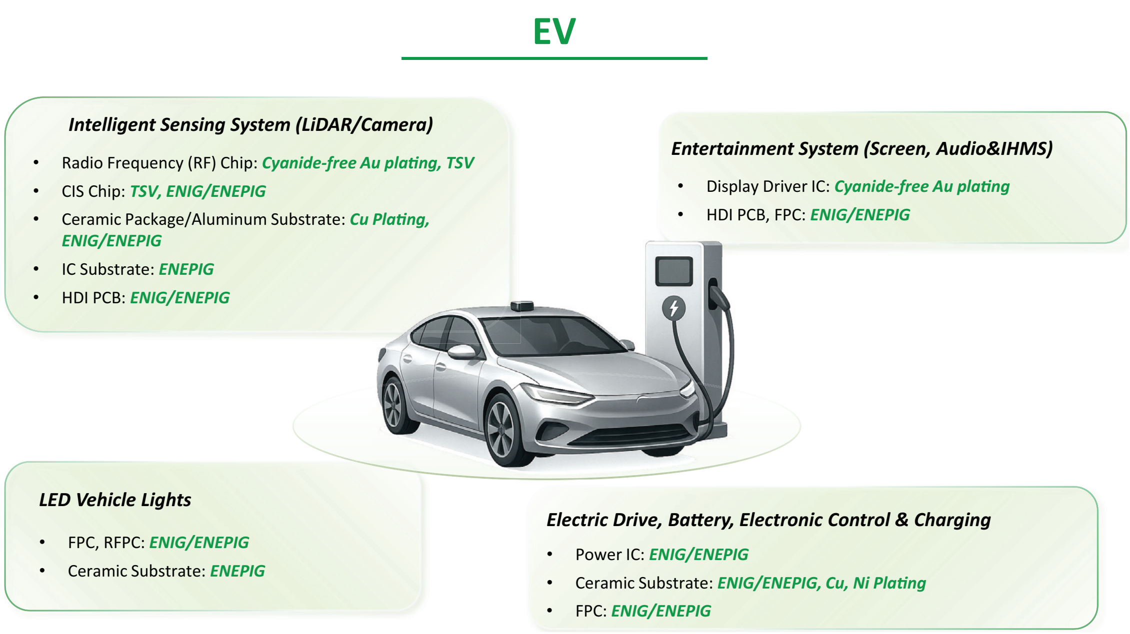
- **Data Center Server:** To meet performance demands, the processors used in AI servers mainly adopt advanced packaging technologies such as 2.5D/3D integration and chiplet architectures. Our electroplating chemicals, such as copper electroplating chemicals used for TSV are widely utilized in the 2.5D/3D packaging processes for chip integration. Our nickle and gold electroplating chemicals are applied during the micro-bump process after TSV fabrication, a core interconnection process in advanced packaging, ensuring high-density integration and superior electrical performance of AI chips. Our electroless plating chemicals are also used in the manufacturing of AI computing boards, accelerator cards, switch cards, and detachable boards, meeting the stringent reliability requirements for high power output in these critical AI applications.

- **Optical Communication Modules in Data Center:** Optical communication modules are critical components in modern high-speed data networks, serving as the interface between electrical and optical signals. It can be packaged using advanced interconnect technology, enabling the direct integration of optical engines with switch or processor dies. Our ENEPIG chemicals are extensively used in the ceramic package of optical modules and the PCB substrates that support high-speed signal transduction. Our ENIG/ENEPIG chemicals serve as essential process materials in the manufacturing of optical modules, providing exceptional corrosion resistance, solderability, significantly improving the reliability, transmission and hermeticity performance of optical communication devices.

- **Data Center Power Management Systems:** AI data centers demand ultra-high power density delivery, requiring robust and continuous power input and more reliable power management system. Power semiconductors, as the core components for efficient energy conversion, play a critical role to ensure the stable operation across the entire power supply chain, from power generation, grid transmission, power distribution and power management system in data centers. Our ENIG/ENEPIG chemicals are extensively applied to the front and back side of wafer metallization processes of power chips, offering excellent metal adhesion, conductivity, and corrosion resistance. Our electroless plating chemicals are also used in the surface metallization of ceramic substrates, demonstrating outstanding performance in improving soldering reliability and resistance to thermal shocks. Our products and technologies significantly enhance the electronic and thermal conductivity, heat dissipation capabilities and operational stability of power chips and modules, providing long-lasting and stable power support for data centers.

Scenario Two: Electronic Vehicle (EV)

The rapid evolution of EV is driving comprehensive upgrades for various electric devices such as high-performance power IC, MEMS and automotive-grade PCBs. Operating in the demanding environment of EV, which is characterized by high temperatures, voltage, vibration and humidity, electronic devices must exhibit superior stability, reliability, and environmental adaptability. Our electroless plating and electroplating chemicals are extensively used in the electronic packaging of multiple critical EV systems, providing strong support to ensure the safe, efficient, and intelligent operation of the entire vehicle.



- **Electric Drive and Power System.** Power IC are critical enablers in modern EV drivetrains and energy conversion systems, particularly with high-voltage DC fast charging. Our ENIG/ENEPIG chemicals, extensively used in metallization of power IC, ceramic substrate and FPC, enhance thermal conductivity and operational reliability of power system. In key components like BMS controllers and high-voltage monitoring units, our chemicals and paired process deliver superior electrical performance and soldering reliability, ensuring stable operation under stringent automotive standards while meeting our customers' safety and reliability requirements.

- **Perception System in ADAS**. Intelligent perception systems and devices are essential for achieving L2+ and higher levels of ADAS, which require high integration, advanced computing capabilities, and high-speed data transmission. Our copper electroplating chemicals for TSV and paired process are widely applied in electronic packaging of CIS chip and RF chips of millimeter-wave radar, cameras, and LiDAR, enabling low-loss transmission of high-frequency signals. Additionally, our ENIG/ENEPIG chemicals are utilized in the metallization of IC substrate, ceramic package, FPC, and HDI, providing excellent high-frequency signal integrity, soldering reliability, and corrosion resistance.

- **In-Vehicle Infotainment (IVI) System.** IVI system has redefined the driving experience of EV. Hardware such as display driver IC and high-frequency PCBs require high signal integrity and fast transmission speeds, imposing strict demands on the low-resistance characteristics of metallized interconnection interfaces. Our cyanide-free gold electroplating chemicals are applied in the bumping of display driver ICs, significantly improving the electrical connection reliability of display modules and supporting the transmission of high-resolution and high-refresh-rate images. Our ENIG/ENEPIG chemicals are extensively used in the metallization of related PCBs, providing robust support for the seamless operation of display control, audio-video playback, and intelligent voice recognition functions in the IVI system.

- **Automotive Lighting System.** FPC and RFPC in automotive lighting system require exceptional durability and thermal management. Our ENIG/ENEPIG chemicals are extensively applied in the metallization of FPC, RFPC and ceramic substrate in automotive lighting systems, effectively enhancing thermal conductivity and soldering reliability, while preserving the flexibility and withstands dynamic bending of FPC and ensuring the stable operation of LED modules.

RESEARCH AND DEVELOPMENT

Positioning ourselves as a technology-driven company in the wet processing plating chemical industry, we relentlessly focus on technological innovation and commercialization. Over the years, we have strategically advanced our R&D efforts, continuously exploring and refining ways to translate our cutting-edge process technology into marketable products.

We remain steadfastly focused on core technologies in the field of plating chemicals and process, specializing in various metallization and interconnection technologies at the solid and liquid interface.

Through years of R&D practice and deep collaboration with our customers, our technological capabilities have advanced from PCB assembly to wafer-level and chip-level packaging. We have progressed from developing standalone electroless plating technologies to mastering both electroless plating and electroplating process technologies, covering a wide range of applications across both semiconductor and PCB industries.

According to Frost & Sullivan, we are the domestic manufacturer with the most extensive coverage in terms of plating chemical type coverage.

Our R&D

The electronic packaging industry is characterized by rapid technological advances, stringent industry standards, constant innovation and evolving customer demands. Our competitiveness therefore significantly depends on our ability to develop innovative, advanced technologies that meet evolving customer's demands and preferences. As a Chinese leading wet process plating chemicals supplier, we rely on our in-house R&D to establish and strengthen our market position, and achieve continuous growth. As of the Latest Practicable Date, we have obtained 71 invention patents, 61 utility model patents, and six overseas invention patents, and have developed multiple core technologies and established a comprehensive technology research and development system.

We place a high emphasis on R&D investment and the reserve of R&D talent. During the Track Record Period, our cumulative R&D expenditure reached RMB85.2 million. As of December 31, 2024, we had 69 employees involved in R&D functions, which accounted for 16.6% of our total employees. Among our R&D personnel, approximately 6% of them hold a master's degree or above. The core members of our R&D team have over ten years of experience on average in electronic packaging industry. During the Track Record Period, we have achieved continuous break-through in relation to R&D and manufacturing electroless plating and electroplating chemicals, successfully enhancing the stability and reliability of our products.

In addition to our inventions and patents, we have also built extensive expertise and accumulated rich know-how in serving various and specific demands from downstream customers holding leading industry positions in their respective sector. Leveraging our deep industry knowledge and insights, we continuously adapt and refine our R&D focus to address customer demands and resolve critical pain points within the industry.

Our technical team has actively participated in the formulation of national and industry-related standards on multiple occasions, demonstrating our strong technological credibility and influence in the industry. As of December 31, 2024, we have participated in the formulation of eight national standards issued by the Ministry of Industry and Information Technology of the People's Republic of China and the Standardization Administration of China.

Our Key Technology

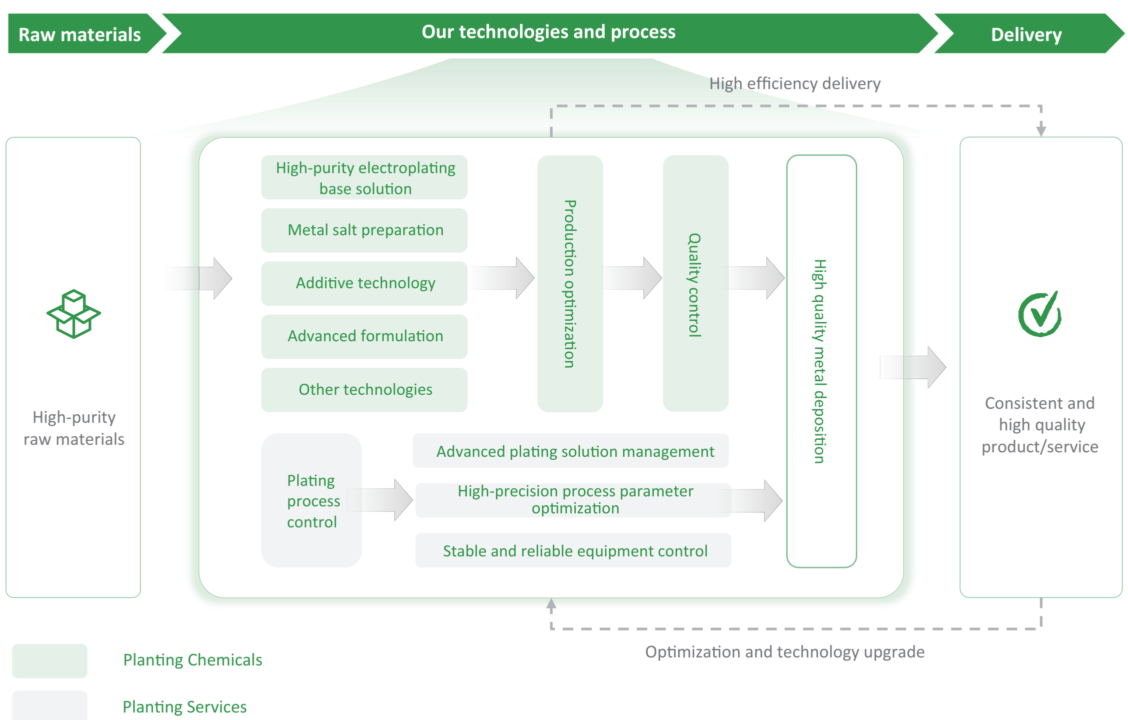
Plating chemicals play a defining role in constructing micro-scale circuits in the electronics packaging process. Historically, innovations and breakthroughs in plating chemicals and technology play a fundamental role in supporting greater device performance and miniaturization in advanced packaging applications. In particular, by facilitating advanced processes like TSV, RDL and Bumping, premium plating chemicals and paired process offer critically essential structure to provide better conductivity, finer line space, faster heat dissipation, and compatible to more complex micro-structures with higher density connection, which further drive performance leaps in consumer electronics, automotive electronics, data center and industrial applications around the world in the past decade.

Going forward, as Moore's Law approaches its limits, advanced packaging technologies such as Chiplet packaging and 2.5D/3D integration are rapidly emerging, placing higher demands on electroplating chemicals. We have strategically focused on developing electroplating chemicals and processes for ultra-high aspect ratio TSV, submicron TSV, and micro-bumps. These chemicals and processes continuously enhance copper filling capabilities, stress control, and interface reliability to meet the urgent demand for high-density and high-reliability interconnect materials in fields such as HPC, AI servers, and data centers, helping customers address the packaging challenges of the "post-Moore's era."

Since our inception, we have been committed to pioneering high-performance chemical formulations and process that may well serve, and even drive, the evolution of advance packaging. In particular, we are devoted to cutting-edge research and innovation of the latest advanced electronics plating technologies used in metallization and interconnection, and have developed a broad portfolio of key plating chemicals and technologies that covers the application from wafer-level and chip-level packaging and PCB assembly.

In particular, our ability to provide a vast array of various core plating chemicals is built upon a deep understanding of chemistry and materials science and years of application know-how, which enables us to overcome the complex application challenges by precisely controlling the rate and direction of metal deposition process at the water-solid interphase at the atomic level.

The chart below sets out details on implementation of our technologies during our business operations.



This strategic positioning and our successful track record of continuous technological breakthroughs have laid a solid foundation for our past growth. Looking ahead, we are well-positioned to capture the future opportunities in the electronic packaging industry driven by growth in consumer electronics, automotive electronics, data centers, and industrial applications around the world and in China.

Advanced Solution Formulation and Additive Technology

We believe that materials are the most critical link in transforming "science" into "technology" and fully recognize the importance of material science in driving the continuous advancement of cutting-edge technologies. Plating chemicals, as an important development direction for the semiconductor and PCB industries, involve interdisciplinary scientific research and studies on various industrial applications.

The key to wet electronic plating materials lies in the formulation, which must be customized and developed according to the needs of different customers and process. These formulations are characterized by a wide variety of products, complex components, and a broad span of technical expertise.

Such formulation solutions primarily consist of metal ions and various additives, enabling the deposition of metals onto different structures through chemical or electrochemical reactions. Each formulation requires screening raw materials from a vast pool of chemical materials to create a blend, determining the appropriate proportions of components and additives, and carefully considering functionality, stability, and process compatibility to meet customer mass production requirements. Due to the complex technical requirements, customers typically conduct long-term and rigorous certification of new formulation products. As a result, it generally takes 2 to 5 years for a new product to progress from research and development to mass production.

We have consistently emphasized formulation development and adaptability, launching tailored formulation systems for different application fields. To date, we have introduced over a dozen plating types, and hundreds of formulation solutions to cater to varying industry needs.

Process Control Technology for Metal Deposition

In addition to advanced chemical bath formulations, we continue to optimize process parameters based on customer's requirement, such as temperature, pH, ion concentration, flow field and electric field distribution. These adjustments allow for precise control of film thickness, alloy composition and deposition rate, enabling us to meet diverse customer requirements for electrical, thermal, mechanical, and corrosion-resistant properties.

Production Purification and Quality Control Capabilities

The production process is primarily divided into blending and product purification. To continuously improve production informatization and automation, we have established advanced automated production equipment, software control systems, and comprehensive management mechanisms to ensure precise material dosing during blending.

After blending, various purification process technologies, such as fine filtration and selective adsorption are employed to ensure the purification of electronic chemicals.

The reliability of electronic products largely depends on the quality of electronic chemicals. The Company has established a comprehensive management mechanism for finished product inspection, supported by a full range of quality testing equipment.

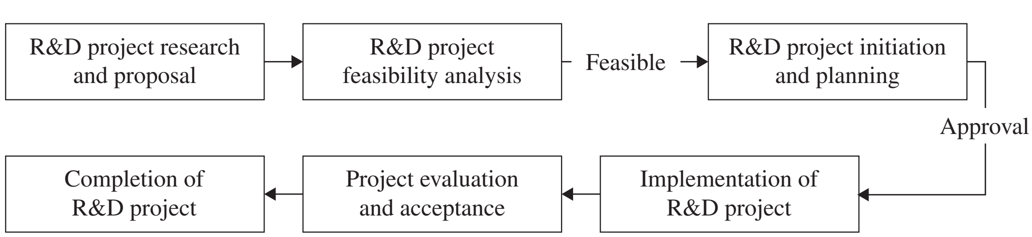
Our Key R&D Projects

Plating technological advancements drive the evolution of advance packaging, serving as the core foundation for performance leaps in AI computing, autonomous driving, humanoid robots, high performance computing, etc., while redefining the boundaries of electronic system integration. Plating chemicals play a defining role in constructing micro-scale circuits in the electronics packaging process. Innovations and breakthroughs in plating chemicals in process like TSV, RDL and Bumping, are essential to provide better conductivity, finer line space, faster heat dissipation, and compatible to more complex micro-structures with higher density connection. Therefore, the technological advance and breakthroughs in plating materials and technology play a fundamental role in supporting greater device performance and miniaturization in advanced packaging applications.

Devoting ourselves to the continuous cutting-edge research and innovation of the latest advanced electronics plating technologies used in metallization and interconnection, we have developed a broad portfolio of key plating chemicals and technologies that covers the application from wafer-level and chip-level packaging and PCB assembly. Through years of extensive plating chemicals research and application expertise, we have established the capabilities of providing one-stop plating solutions by offering plating chemicals, plating service that provide the full-coverage to our customers' needs from the R&D phase to mass production. This comprehensive one-stop plating solution approach synergies materials innovation and research advancement driven by rapid change in packaging technology.

We set our R&D strategic position to focus on (i) development of advanced material and process technology that serve as fundamental stepstone for our competitive edge, (ii) technological solutions that tailored to address industry and customers' specific challenges or demands, and (iii) continuous product optimization and iteration that are critical for us to achieve sustainable leadership.

The chart below illustrates our R&D process.



No.	Product/Technology	Key Features	Key Applications
1 . .	Damascene Copper Electroplating Chemicals and Process	This R&D project provides a complete solution of high-purity copper sulfate and additives, suitable for 28-55nm Damascene copper interconnect process. We aim to develop advanced additive system and meet specific requirements of nanoscale bottom-up capabilities, allowing void-free trench-filling effect, while ensuring precise uniformity and thickness control, and high purity film depositions with low stress.	Wafer manufacturing, training, computing, and storage CPUs and GPUs
2 . .	Technology for direct electroless copper plating and electroplating on glass substrate	This innovative approach maximizes the advantages of electroless copper plating technology, demonstrating extensive applicability across multiple industries. We aim to develop a novel activation and pretreatment chemicals for glass substrates, delivering superior copper-glass adhesion strength while ensuring exceptional deposition uniformity.	training and computing GPUs, 6G communication radio frequency system

MANUFACTURING AND PRODUCTION

Production Sites

Capitalizing on our rich industry experience and advanced production techniques, we have established plating chemicals production line featuring highly automated procedure, stringent quality control and ESG compliance standards.

During the Track Record Period, we had two production sites for our plating chemicals, namely, Chuangzhi Plant and Zhiyuan Plant, and two production sites used for providing our plating service, namely, Xizhi Plant and Chuangzhixin Plant. The table below sets forth details of our production bases as of December 31, 2024.

Production Sites	Location	Gross Floor Area	Function
		(sq.m.)	
Chuangzhi Plant	Zhuhai, Guangdong	35,957	Plating chemicals
Zhiyuan Plant	Dongguan, Guangdong	5,668	Plating chemicals
Xizhi Plant	Nantong, Jiangsu	14,257	Plating service
Chuangzhixin Plant . . .	Zhuhai, Guangdong	19,932	Plating service

The table below sets out production volume, production capacity and utilization rate of our production sites of plating chemicals for the years indicated:

	For Years Ended December 31,								
	2022			2023			2024		
	Production Volume	Production Capacity(1)	Utilization Rate(2)	Production Volume	Production Capacity(1)	Utilization Rate(2)	Production Volume	Production Capacity(1)	Utilization Rate(2)
	Ton	*Ton*	*%*	*Ton*	*Ton*	*%*	*Ton*	*Ton*	*%*
Zhiyuan Plant	10,448	10,478	99.5	1,893	2,625(3)	72.1	n/a	n/a	n/a
Chuangzhi Plant	n/a	n/a	n/a	6,856	8,888(4)	77.1	10,278	11,850	86.7
Total	10,448	10,478	99.5	8,749	11,513	76.0	10,278	11,850	86.7

(1) The production capacity for each period is calculated based on number of machines available for production, designed capacity per each machine and designed yearly production time.

(2) The utilization rate during the year is calculated by dividing production volume by the production capacity for the same period.

(3) Our Zhiyuan Plant operated for three months until March 31, 2023.

(4) Our Chuangzhi Plant operated for nine months from March 31 to December 31, 2023.

Chuangzhi Plant

Our Chuangzhi Plant in Zhuhai started commercial production in 2023. The plant is primarily focused on manufacturing plating chemicals, operating over 30 PCB plating material production lines and over 50 semiconductor material production lines. Equipped with advanced automated equipment and facilities, the Plant utilizes a cutting-edge Manufacturing Execution System (MES) to achieve precise digital control over the entire production process. With advanced process technology and high production efficiency, our Zhuhai Chuangzhi Plant stands at the forefront of the industry.

Zhiyuan Plant

Our Zhiyuan Plant started commercial production in October 2013, and serve as our production facility for plating chemicals. In 2023, we suspended its production and shifted our production facility of plating chemicals to Chuangzhi Plant.

Xizhi Plant

Located at Nantong, Jiangsu, our Xizhi Plant functions as our primary plant for providing plating services. It started providing plating services in 2023. Our Xizhi Plant is capable of providing electroless plating service and electroplating service covering plating service for customers in both semiconductor and PCB industries.

Chuangzhixin Plant

Our Chuangzhixin Plant, located in Zhuhai, Guangdong, serves as our dedicated facility for plating services. It commenced operations to provide plating services in 2023 and is capable of providing both electroless plating and electroplating services to customers across the semiconductor and PCB industries, ensuring comprehensive plating solutions to meet diverse industry needs.

Production Equipment

During the Track Record Period, we sourced production equipment from reputable suppliers from China. Our major production equipment includes mixing tank, filter machine, filling machine, palletizer, labeling machine, coding machine, barrel washing machine, electroless plating equipment and electroplating equipment.

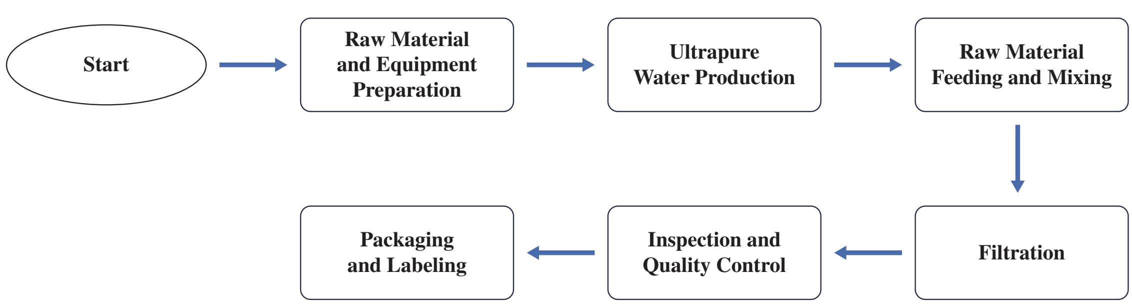
We rely on our in-house technicians to conduct regular maintenance work to ensure safe and proper operations our equipment and production line. During the Track Record Period, we have not encountered any delay in equipment delivery, suspension or malfunction of our equipment, that caused material and adverse impact to our business operations.

Manufacturing Procedures

Plating Chemical Manufacturing Procedures

We adopt a comprehensive control process to ensure that plating chemicals manufactured meet the highest standards of purity and quality, catering to the demanding needs of the semiconductor and PCB packaging market.

The table below lays out the manufacturing of our plating chemicals.



No.	Process Name	Process Description
1 . .	Raw Material and equipment Preparation	The raw and auxiliary materials required for producing chemicals are weighed according to the specified ratios and set aside.
2 . .	Ultrapure Water Production	Ultrapure water was generated via reverse osmosis followed by cation/anion exchange. Once qualified, ultrapure water was distributed via sanitary tubing to the mixing tanks.
3 . .	Raw Material Feeding and Mixing	The prepared raw materials are transported to the inlet of the mixing tank and added into the tank sequentially. The mixture is then stirred and mixed thoroughly until all solids are fully dissolved. Ultrapure water is then added to reach the desired volume, followed by additional mixing until all solvents are uniformly distributed.
4 . .	Filtration	To prevent impurities caused by raw material, the mixed product is filtered through a filtration machine before being filled.
5 . .	Inspection and Quality Control	Conduct final inspections on finished products according to customer-approved standards, ensuring they meet the relevant specifications.
6 . .	Packaging and Labeling	The qualified products are packaged with complete labeling and proper sealing.

SALES, MARKETING AND DISTRIBUTION

Our Marketing and Service Network

During the Track Record Period, we have established an experienced and professional sales and technical service team, comprising 90 personnel as of December 31, 2024. Strategically positioned across our two regional headquarters in Eastern and Southern China near the locations of our major customers, we are able to provide timely, efficient and comprehensive support to the majority of our customers, with an average response time of 24 hours.

We have developed a customer-centric strategy that encompasses the entire sales and marketing lifecycle from customer acquisition to service after product and services delivery. A key strength of our customer-centric approach is our ability to provide timely and efficient on-site technical assistance. Our dedicated technical service team can be deployed directly to our customers' production lines to provide hands-on support to help our customer resolve technical issues or meet their customized needs after the delivery of our plating chemicals.

Together with our plating chemicals, upon the request of our customers, we offer comprehensive guidance and tailored instructions to our customers, including on-site support at our customers' semiconductor and PCB production facilities, ensuring they can fully leverage our advanced techniques to optimize the performance of our plating chemicals. By maintaining continuous communication with our customers, we actively gather feedback from customers, building up our insights of the market trends and customer needs to continuously refine our plating chemicals and services.

Sales and Distribution

During the Track Record Period, we primarily sold directly to end customers in China. To expand the geographic coverage and consumer reach of our products, we complement our direct sales with distribution network. As of December 31, 2022, 2023, and 2024, we had 5, 6 and 5 distributors, respectively, which contributed to 3.3%, 3.4%, and 1.4% of our total revenues in 2022, 2023, 2024, respectively. The revenues from the sales of plating chemicals, including distributors and direct sales, is recognized when control of the goods is transferred at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods.

The table below sets forth our revenues by sales channel for the years indicated.

	Year Ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Direct Sales	309,120	96.7	301,202	96.6	404,053	98.6
Distributor	10,487	3.3	10,449	3.4	5,871	1.4
Total	**319,607**	**100.0**	**311,651**	**100.0**	**409,924**	**100.0**

The table below sets out the total number of distributors and their movements for the year indicated:

	Year Ended December 31,		
	2022	2023	2024
Number of distributors at the beginning of the period	4	5	6
Net increase/(decrease) in number of distributors for the period	1	1	(1)
Number of distributors at the end of the period	5	6	5

We maintain a buyer-seller relationship with our distributors. During the Track Record Period, we mainly engaged distributors to support our business expansion, as we strived to enlarge our sales network coverage to provide our plating chemicals to more consumers. According to Frost & Sullivan, our use of distributors is in line with the industry norm. We value the management of our distributors, and maintain a good cooperative relationship with them. We set up policy on management of distributors, according to which, we select our distributors based on a number of factors, including their track record, sales experience, and reputation, among others. We also regularly evaluate our distributors on the basis of their sales performance and channel development ability.

We believe the risk of channel stuffing is remote in our distribution network. The distributors purchase plating chemicals and equipment from us and maintain their own inventories. We do not impose minimum purchase requirement on distributors and we generally do not allow returns of products sold to distributors, except for defective products. According to Frost & Sullivan, our good return policy with distributors is in line with the industry practice.

During the Track Record Period, to the best of our Directors' knowledge, all of our distributors were Independent Third Parties, and none were controlled by our current or former employees.

Our distribution agreement typically includes the following terms:

Major terms	Content
Duration	The duration of the distribution agreements ranges from one to three years.
Payment and credit terms	We generally require full payment from distributors within three months of the delivery of our products.
Pricing	We specify the price of each type of products provided to customers in each purchase orders under the distribution agreement, including unit price and total price. We did not set minimum guidance prices for our distributors.
Appointment of sub-distributors	We generally do not allow our distributors to engage any sub-distributor without our consent.

Major terms	Content
Delivery term	Generally we bear the costs and risks associated with bringing the goods to the named place of destination. This includes transport, insurance, and any other costs up to the point of delivery at the specified place.
Termination	Each party has the right to terminate the agreement if the other party breaches the distribution agreement.
Return policy	Unless there are quality issues and prior approval from us, we do not generally permit return from distributors.

Pricing

Our ability to properly price our products is important to our results of operations. We have an effective pricing strategy. In determining the price of our plating chemicals, we take into account a broad range of factors, including the costs of raw materials, market competition, relationship with customers and our marketing strategies. As fluctuations in the prices of raw materials may result in fluctuations in the prices of our products, we generally enter into sales agreements with our customers or accept customer purchase orders. For example, when the cost of our products increases or decreases beyond certain limits, the price will be adjusted based on further negotiation between the parties. The pricing of our products will be reviewed regularly by the relevant departments, and will be adjusted in a timely manner. For risk related to the increased costs of raw materials, see "Risk Factors — Risks Relating to Our Business and Industry — An increase in prices of raw materials or shortage in supply may disrupt our supply chain, increase our production costs and delay deliveries of our products to customers."

In determining the price of our plating services, besides factors such as costs of raw materials, market competition, relationship with customers and our marketing strategies, we also consider the difficulty of technical verification and formulation, the cost of labor, and the schedule of producing of plating services.

CUSTOMERS

Leveraging our broad product portfolio featuring specifications designed to serve stringent operating scenario and customers' demands, as well as our rich industry experience and technology capability to capture and solve evolving practical challenges that our customers may encounter, we have established and retained long-term relationship with leading enterprise in semiconductor and PCB industry in China.

The customers of our plating materials primarily consist of leading Chinese wafer manufacturing, semiconductor packaging and testing, electronic ceramic components and PCB manufacturing companies. The products of our customers are widely applied in the fields of telecom, renewable energy, EV, and consumer electronics industries. The customers for our plating services primarily consists of wafer manufacturing, semiconductor components manufacturing, rail transit equipment manufacturing and EV companies in China.

In 2022, 2023 and 2024, our five largest customers in each period during the Track Record Period contributed 34.4%, 28.1% and 25.6%, respectively, to our total revenue in the same year. In addition, our single largest customer in each year during the Track Record Period contributed 10.6%, 8.0% and 7.4%, respectively, to our total revenue in the same year.

The following tables set forth the details of our five largest customers during the Track Record Period.

For the Year ended December 31, 2022

Customers	Sales Amount	Percentage of total Sales	Company background	Commencement of Business Relationship	Credit Term	Payment Method	Types of products/ services sold by our Group	Registered capital/Issued share capital	Registered place
	RMB'000	*%*							
Customer A . . .	33,954	10.6	Leading PCB manufacturing company in China. Listed in Shenzhen Stock Exchange since 2010.	2010	120 days	Bank acceptance bill	Plating chemicals for PCB industry	RMB1,706 million	Suzhou, Jiangsu
Customer B . . .	25,401	7.9	Leading PCB manufacturing company in China. Listed in Shenzhen Stock Exchange since 2018.	2016	90 days	Wire transfer	Plating chemicals for PCB industry	RMB2,319 million	Shenzhen, Guangdong
Customer C . . .	18,967	5.9	Leading PCB manufacturing company in China. Listed in Shenzhen Stock Exchange since 2017.	2009	90 days	Wire transfer	Plating chemicals for PCB industry	RMB513 million	Shenzhen, Guangdong

Customers	Sales Amount	Percentage of total Sales	Company background	Commencement of Business Relationship	Credit Term	Payment Method	Types of products/ services sold by our Group	Registered capital/Issued share capital	Registered place
	RMB'000	*%*							
Customer D . . .	17,525	5.5	Leading PCB manufacturing company.	2016	90 days	Wire transfer, bank acceptance bill	Plating chemicals for PCB industry	RMB1,088 million	Wuxi, Jiangsu
Customer E . . .	14,157	4.4	Leading Chip and semiconductor manufacturing company. Listed in Shenzhen Stock Exchange since 2007.	2014	90 days	Wire transfer, bank acceptance bill	Plating chemicals for semiconductor industry	RMB3,204 million	Tianshui, Gansu

For the Year ended December 31, 2023

Customers	Sales Amount	Percentage of total Sales	Company background	Commencement of Business Relationship	Credit Term	Payment Method	Types of products/ services sold by our Group	Registered capital/Issued share capital	Registered place
	RMB'000	*%*							
Customer A . . .	24,937	8.0	Leading PCB manufacturing company in China. Listed in Shenzhen Stock Exchange since 2010.	2010	120 days	Bank acceptance bill	Plating chemicals for PCB industry	RMB1,706 million	Suzhou, Jiangsu
Customer B . . .	18,807	6.0	Leading PCB manufacturing company in China. Listed in Shenzhen Stock Exchange since 2018.	2016	90 days	Wire transfer	Plating chemicals for PCB industry	RMB2,319 million	Shenzhen, Guangdong
Customer C . . .	16,782	5.4	Leading PCB manufacturing company in China. Listed in Shenzhen Stock Exchange since 2017.	2009	90 days	Wire transfer	Plating chemicals for PCB industry	RMB513 million	Shenzhen, Guangdong

Customers	Sales Amount	Percentage of total Sales	Company background	Commencement of Business Relationship	Credit Term	Payment Method	Types of products/ services sold by our Group	Registered capital/Issued share capital	Registered place
	RMB'000	*%*							
Customer D . . .	13,806	4.4	Leading PCB manufacturing company.	2016	90 days	Wire transfer, bank acceptance bill	Plating chemicals for PCB industry	RMB1,088 million	Wuxi, Jiangsu
Customer F . . .	13,273	4.3	Leading PCB and electronic material manufacturing company. Listed in Shanghai Stock Exchange since 2017.	2012	120 days	Bank acceptance bill	Plating chemicals for PCB industry	RMB842 million	Shenzhen, Guangdong

For the Year ended December 31, 2024

Customers	Sales Amount	Percentage of total Sales	Company background	Commencement of Business Relationship	Credit Term	Payment Method	Types of products/ services sold by our Group	Registered capital/Issued share capital	Registered place
	RMB'000	*%*							
Customer A . . .	30,228	7.4	Leading PCB manufacturing company in China. Listed in Shenzhen Stock Exchange since 2010.	2010	120 days	Bank acceptance bill	Plating chemicals for PCB industry, plating services	RMB1,706 million	Suzhou, Jiangsu
Customer B . . .	20,955	5.1	Leading PCB manufacturing company in China. Listed in Shenzhen Stock Exchange since 2018.	2016	90 days	Wire transfer	Plating chemicals for PCB industry	RMB2,319 million	Shenzhen, Guangdong
Customer G . . .	20,560	5.0	Leading IT system, software, electronic hardware and equipment manufacturing Company.	2019	30 days	Wire transfer, bank acceptance bill	Plating chemicals for semiconductor industry, plating services	RMB2,000 million	Beijing

Customers	Sales Amount	Percentage of total Sales	Company background	Commencement of Business Relationship	Credit Term	Payment Method	Types of products/ services sold by our Group	Registered capital/Issued share capital	Registered place
	RMB'000	%							
Customer C . . .	19,157	4.7	Leading PCB manufacturing company in China. Listed in Shenzhen Stock Exchange since 2017.	2009	90 days	Wire transfer	Plating chemicals for PCB industry	RMB513 million	Shenzhen, Guangdong
Customer H . . .	14,152	3.5	Leading PCB manufacturing company in China. Listed in Shanghai Stock Exchange since 2021.	2014	90 days	Wire transfer	Plating chemicals for PCB industry, plating services	RMB832 million	Dongguan, Guangdong

As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholder which to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company, had any interest in our five largest customers in each year during the Track Record Period. To the best knowledge of our Directors, each of our five largest customers in each year during the Track Record Period was an Independent Third Party.

Qualification Process of Our Customers

As leading enterprises in their industries, our major customers have comprehensive, stringent and relative high requirements for selecting their suppliers. Their supplier qualification and management systems usually include multiple stages of validation, such as product testing, functionality and reliability verification, and batch expansion testing.

Once our chemical products passed the tests and meet our customers' technical requirements, some of our major customers conduct a rigorous on-site factory inspection and evaluate our production facilities, equipment and quality control system, making sure our production capacity, quality management, and environmental controls comply with our customers' standards. If any non-conformities are identified by customers, corrective actions are mandated, and follow-up audits are conducted to ensure issues are resolved satisfactorily. Our major customers typically perform an annual inspection of our production facilities to continuously verify our quality control capabilities.

In addition to the evaluation from our direct customers, certain downstream customers of our major customers may also conduct joint on-site inspection with our customers. Once we passes these inspections and are evaluated to meet various requirements, we are included in the customer's approved supply chain list, becoming a designated supplier.

With our strong technological capacity, advanced manufacturing equipment and process, premium product quality, comprehensive and efficient customer service, during the Track Record Period, we have successfully reached these requirements on suppliers and maintained relationship with our major customers. The average collaboration period with nine companies among top ten PCB manufacturers in terms of revenue in 2024 in China, is approximately ten years. During the Track Record Period, we have received several awards from our customers in recognition of our premium products and service.

We generally enter into framework sales agreements with our major customers, under which our customers will enter into individual purchase orders with us.

Sales Agreements

We typically enter into legally binding framework sales agreements with our major customers, under which our customers will enter into individual purchase orders with us, where they will set price, delivery term in each purchase orders.

Our framework sales agreements typically contain the following terms:

Price	Typically in each purchase order, we specify the price for each type of our plating chemicals, including the unit price, sales volume (typically measured in kg) and total price. For our plating chemicals for PCB industry, we also offer our customers an alternative pricing option where price calculated based on the plating areas that have been completed by our customers after using our plating chemicals, rather than a preset sales volume, provided that the actual production area consumed exceeds a certain agreed-upon threshold. When this pricing option is applied, we bill relevant customers regularly at the end of a specified period (typically one month), with billing calculated based on our customers' output from production lines using our plating chemicals. We consider this pricing option favorable to customers as it allows them greater flexibility in arranging production schedules on specified production lines, while enabling us to achieve enhanced customer loyalty. For details, see "Financial Information — Material Accounting Policies, Estimates and Judgments — Revenue recognition" in this document.
Payment term	We grant credit period to our customers according to their credit profile, historical performance and procurement amount. We typically grant credit terms of one to four months to eligible customers.
Delivery term	Generally we bear the costs and risks associated with bringing the goods to the named place of destination. This includes transport, insurance, and any other costs up to the point of delivery at the specified place.
Inspection	Product inspection may take place within a specified period after delivery to customer. Our customers may require us to replace the defective products.
Duration, termination and renewal	Generally one to two years.

We have not been subject to material breaches during the Track Record Period and up to the Latest Practicable Date.

SUPPLIERS

We purchase raw materials and key components from third-party suppliers, including Palladium Sulfate, Nickel Sulfate, Dichlorotetraammine Palladium (二氯四氨鈀) and Sodium Hypophosphite (次磷酸鈉). We have established stable relationships with our suppliers, enabling us to secure a consistent supply of raw materials at competitive prices. This helps ensure our ability to produce and deliver high-quality products on time, meeting the needs of our customers.

During the Track Record Period, there have been no significant fluctuations in the prices of major raw materials purchased from suppliers for production, and we have not encountered any shortages of raw materials that led to production disruptions. For the price fluctuation of raw material during the Track Record Period, see "Industry Overview — Overview of Wet Process Plating Chemicals Market in China — Cost Analysis of Wet Process Plating Chemicals Market in China" in this document. We believe that our stable relationships with suppliers will continue to ensure an adequate and steady supply of raw materials and help control future price fluctuations. During the Track Record Period, there have been no quality issues with our raw materials that significantly impacted our operations.

The following tables set forth the details of our five largest suppliers during the Track Record Period.

For the year ended December 31, 2022

Suppliers	Purchase Amount	Percentage of total purchase amount	Company background	Commencement of Business Relationship	Credit Term	Payment Method	Types of products/ services purchased by our Group	Registered capital/Issued share capital	Registered place
	(RMB'000)	*%*							
Supplier A	88,688	37.9	Leading non-ferrous metals and electroplating chemical raw materials provider in China	2006	30 days	Bank acceptance bill	Raw materials	RMB80 million	Foshan, Guangdong
Supplier B	46,881	20.1	A metal materials, chemicals products and electroplating chemical raw materials provider in China	2013	N/A	Wire transfer	Raw materials	RMB2 million	Shanghai
Supplier C	34,773	14.9	A electronic material manufacturing and trading company in China	2018	N/A	Wire transfer	Raw materials	RMB3.2 million	Xi'an, Shaanxi
Supplier D	12,198	5.2	A company engaged in the sales of metal and chemical materials	2021	30 days	Wire transfer	Raw materials	RMB1 million	Foshan, Guangdong
Supplier E	7,246	3.1	A company engaged in the wholesale of chemical products and mineral products	2006	90 days	Wire transfer	Raw materials	RMB0.5 million	Guangzhou, Guangdong

For the Year ended December 31, 2023

Suppliers	Purchase Amount	Percentage of total purchase amount	Company background	Commencement of Business Relationship	Credit Term	Payment Method	Types of products/ services purchased by our Group	Registered capital/Issued share capital	Registered place
	(RMB'000)	*%*							
Supplier A	32,491	24.6	Leading non-ferrous metals and electroplating chemical raw materials provider in China	2006	30 days	Bank acceptance bills	Raw materials	RMB80 million	Foshan, Guangdong
Supplier B	20,813	15.7	A metal materials, chemicals products and electroplating chemical raw materials provider in China	2013	N/A	Wire transfer	Raw materials	RMB2 million	Shanghai
Supplier F* . . .	14,475	10.9	A company engaged in R&D and sale of non-ferrous metal and chemical materials	2018	N/A	Wire transfer	Raw materials	RMB138 million	Yantai, Shandong
Supplier D . . .	10,064	7.6	A company engaged in the sales of metal and chemical materials	2021	30 days	Wire transfer	Raw materials	RMB1 million	Foshan, Guangdong
Supplier G . . .	5,862	4.4	A company engaged in the sales of chemical products and raw materials	2022	N/A	Wire transfer	Raw materials	RMB20 million	Shanghai

Note:

* During the Track Record Period, we also sold waste materials to a company that is under common control of the same ultimate shareholder of Supplier F. The sale amount was RMB0.1 million, RMB1.4 million and RMB1.3 million in 2022, 2023 and 2024, respectively.

For the Year ended December 31, 2024

Suppliers	Purchase Amount	Percentage of total purchase amount	Company background	Commencement of Business Relationship	Credit Term	Payment Method	Types of products/ services purchased by our Group	Registered capital/Issued share capital	Registered place
	(RMB'000)	*%*							
Supplier A	54,101	23.4	Leading non-ferrous metals and electroplating chemical raw materials provider in China	2006	30 days	Bank acceptance bill	Raw materials	RMB80 million	Foshan, Guangdong
Supplier F*.	37,044	16.0	A company engaged in R&D and sale of non-ferrous metal and chemical materials.	2018	N/A	Wire transfer	Raw materials	RMB138 million	Yantai, Shandong
Supplier H	33,919	14.7	A company engaged in R&D and sale of chemical materials.	2023	N/A	Wire transfer, bank acceptance bill	Raw materials	RMB600 million	Kunming, Yunnan
Supplier B	17,134	7.4	A metal materials, chemicals products and electroplating chemical raw materials provider in China	2013	N/A	Wire transfer	Raw materials	RMB2 million	Shanghai
Supplier I.	13,267	5.7	A company engaged in the manufacture and sales of semiconductor	2023	According to milestones	Wire transfer	Equipments	RMB365 million	Wuxi, Jiangsu

As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholder which to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company, had any interest in our five largest suppliers in each year during the Track Record Period. To the best knowledge of our Directors, each of our five largest suppliers in each year during the Track Record Period was an Independent Third Party.

Procurement Arrangement

During the Track Record Period, we carefully selected external suppliers and required them to meet certain evaluation and assessment standards. In the process of choosing suppliers, we consider various factors including price, quality, production capacity, payment terms, and timeliness of delivery. We typically formulate our raw material procurement plans based on production schedules, anticipated sales targets, and market conditions.

For raw materials, we generally do not enter into long-term purchasing agreements with suppliers and place orders as needed. Purchase orders detail the specifications and quality standards of the raw materials, quantities, payment obligations, delivery methods, and termination clauses.

Additionally, during the track record period, we did not enter into any exclusive supply agreements with our suppliers.

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

Warehousing and Logistics

Finished products are packed and stored in our warehouses before being shipped and delivered to our customers. We have established a standard set of warehousing and transportation processes that enable us to provide products that meet our customers' packaging requirements within the time required. We conduct regular inventory checks on our warehousing status in accordance with internal guidelines.

We engage qualified third-party logistics service providers for the delivery of all finished goods from our manufacturing facilities to locations specified by our customers. We set strict standards for the transportation of our products that these third-party logistics service providers are required to follow and we evaluate the third-party logistics service providers periodically on their compliance and performance to ensure smooth delivery of products to customers. To the best of our knowledge, all of these logistics service providers are Independent Third Parties.

Inventory Management

We attach great importance to our inventory health, assigning dedicated staff to provide management with regular reports on the status of inventory. We take inventory level into consideration when formulating procurement plans.

Our inventories mainly include raw materials, finished goods and goods in transit. We have various policies in place to ensure effective inventory management, such as adopting the first-in, first-out method, maintaining a safety stock to compensate for any unexpected increase in demand or delay in supply and tracking and monitoring the flow of goods and inventory levels through our warehouse management system. For the years ended December 31, 2022, 2023 and 2024, our inventory turnover days were 139, 140 and 113 days, respectively. For details, see "Financial Information — Discussion of Selected Items from Consolidated Statements of Financial Position — Assets — Inventories."

INFORMATION TECHNOLOGY

IT is fundamental to our competitive edge and operational efficiency. We utilize and maintain IT systems that evolve in tandem with our business growth, ensuring they meet our varied operational demands. These systems underpin key areas such as sales, R&D, supply chain management, production and after-sales services. Our main information technology systems include the following:

- ***ERP system.*** We utilize the enterprise resource planning (ERP) system to effectively facilitate and manage, among others, our operation targets, supply chain, financial management, presales, sales and distribution, procurement, quality control, export management, product structure management, work order management and equipment management. For example, our ERP system enables us to monitor the status of purchase orders from our customers, from acceptance of the orders to completion of their delivery.

- ***MES system.*** Our production process is supported by the manufacturing execution system (MES), which facilitates real-time tracking of the progress of the whole process from raw material and consumable warehousing, production line to finished product shipment. The system enhances production efficiency across our manufacturing facilities, provides reliable process control and strengthens quality traceability.

QUALITY CONTROL

We have comprehensive policies and detailed procedures in place to ensure product quality. We established a quality management system. To ensure the sustained efficacy of our quality management practices and maintain a leading position among quality management systems in the industry, we regularly undergo external oversight and reviews. The effectiveness and adequacy of our quality management system are rigorously evaluated through annual internal audits.

Our quality control measures cover a whole spectrum of activities, including (i) R&D projects, (ii) management of raw materials, (iii) production process, (iv) management of packaging, testing and assembly service providers, (v) reliability management, and (vi) customer services and technical support.

Our quality control measures encompass a wide range of activities, covering R&D projects management, supplier quality management, production processes, outbound inspection and customer services:

- **R&D Project Management.** We have implemented a robust R&D management framework encompassing project research, meticulous project tracking, phased development oversight, validation and testing, and stringent quality control measures at the completion of R&D project. This approach ensures that our R&D initiatives and plans are strategically aligned with our long-term objectives while delivering exceptional quality to meet and exceed customer expectations.

- **Raw Material Quality Management.** We have established a comprehensive supplier onboarding management system with clearly defined qualification principles. Precise material standards are set for all raw materials we procure, and we strictly enforce incoming material inspection and quality control protocols. Guided by our supplier evaluation methodology, we regularly assess supplier performance, fostering continuous improvement throughout our supply chain.

- **Production Process Management.** We have implemented comprehensive control plans for every stage of production to ensure rigorous manufacturing and product quality oversight. For product quality non-conformances, we initiate our non-conforming product control procedure, which includes a thorough review, cause analysis, and the implementation of corrective, preventive actions and evaluation. These production management measures are designed to prevent the release of non-conforming products and to mitigate the recurrence of quality issues.

- **Customer Service and Technical Support Quality Management.** We have instituted a standardized process for resolving customer complaints efficiently. By employing a tiered approach based on the severity of each issue, we maintain the high standards of product and service quality that our customers rely upon.

Through these integrated quality management strategies, we are dedicated to ensuring the excellence and reliability of our plating chemicals and services.

AWARDS AND RECOGNITION

The following table sets out a summary of the major awards and recognition we have received.

No.	Year	Award or Recognition	Issuing Authority
1 . .	2024	Best Brand Award for Semiconductor Packaging Materials at the China International Semiconductor Packaging and Testing Conference	Shenzhen Semiconductor Industry Association
2 . .	2024	National-Level Specialized and Innovative Key "Little Giant" Enterprise	Ministry of Industry and Information Technology of China
3 . .	2024	Certificate of Scientific and Technological Achievements Registration	National Industrial Information Security Development Research Center
4 . .	2024	National High-Tech Enterprise	Ministry of Industry and Information Technology of China
5 . .	2023	Shenzhen Science and Technology Progress Award — Second Prize	Science, Technology and Innovation Bureau of Shenzhen Municipality
6 . .	2022	National-Level Specialized and Innovative "Little Giant" Enterprise	Ministry of Industry and Information Technology of China

COMPETITION

Due to high technical barriers, the number of participants in China's wet process plating chemicals market is relatively limited, resulting in a relatively high concentration of overall market competition. Based on revenue in 2024, the top ten market participants accounted for 63.3% of the market share in China. Market participants in China can be divided into international manufacturers and domestic manufacturers. Thanks to the first-mover advantage in technology research and development and product layout, international manufacturers have historically dominated the China's wet process plating chemicals market. However, with the rapid technological advancements and continuous introduction of new products by domestic manufacturers, a few domestic companies have gradually gained more market share.

According to Frost & Sullivan, Based on revenue in 2024, we ranked sixth among all participants in the China's wet process plating chemicals market, holding 2.7% market share. At the same time, based on revenue in 2024, we are also the largest domestic manufacturer in the China's wet process plating chemicals market, and is the largest one-stop plating chemicals and services provider in China.

SEASONALITY

We were not subject to material seasonality during the Track Record Period. For price changes relating to our raw materials, please see "Industry Overview — Overview of Wet Process Plating Chemicals Market in China — Cost Analysis of Wet Process Plating Chemicals Market in China" in this document.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are committed to making a sustainable and positive impact on ESG through our engagement with customers, suppliers, and local communities. Our management prioritizes ESG matters, actively develops and enhances our operating procedures, and is focused on continual improvements in this area. We recognize the importance of robust ESG policies and practices in fulfilling our corporate mission and goals, which in turn drives enduring value for our stakeholders.

We place significant emphasis on creating a safe working environment for all employees by enhancing the management of environmental and occupational health and safety measures. Our management systems were all certified in accordance with the standards required under the ISO9001 quality management system, the ISO 14001 environmental management system, and the 45001 occupational health and safety management system.

Governance

We acknowledge our responsibility on environmental protection and social responsibilities and are committed to comply with the ESG reporting requirements upon [**REDACTED**]. We believe that it requires the collective effort from our Board to evaluate and manage material ESG issues. Therefore, our Board of Directors Office actively takes up the responsibility of monitoring and managing material ESG issues, with the assistance from the functional departments. Our Board of Directors Office is principally responsible for (i) setting up and developing the Group's overall ESG policies, strategies, principles and visions, (ii) monitoring and reviewing our ESG performances and fulfillment of the Board of Directors' ESG objectives, (iii) keeping abreast of the latest ESG-related laws and regulations, including the applicable sections of the Listing Rules, keeping the Board informed of any changes in such laws and regulations and updating our ESG policies in accordance with the latest regulatory updates; (iv) identifying ESG risks and opportunities related to our Group, assessing the impact arising from such risks or opportunities on our Group; and (v) overseeing the coordination of different departments to ensure that our operations and practices are in line with related ESG strategies.

At present, based on relevant national laws and regulations, in compliance with the ESG requirements of the Stock Exchange, the Board will supervise the preparation of our ESG reports and conduct a through review of these reports. We have also been prioritizing ESG topics including environment management capability, energy efficiency, GHG emission control, and product carbon footprint. We expect to update the mechanism and establish an

ESG policy ("**ESG Policy**") in accordance with the standards of Appendix C2 to the Listing Rules to cover, among others, (i) the appropriate risk governance on ESG matters, (ii) ESG governance structure and ESG strategy formation procedures, (iii) ESG risk management and monitoring, and (iv) the identification of key performance indicators ("**KPIs**"), the relevant metrics and mitigating measures upon [**REDACTED**].

ESG Risk Identification and Management

The effective identification and mitigation of ESG-related risks constitute a foundational element of our sustainable development strategy. To align our operational practices with long-term value creation and strategic goals, we have implemented a systematic approach to risk management integration within our business development processes.

Through the harmonization of internal controls, regulatory compliance, and risk mitigation protocols, we have achieved measurable improvements in organizational efficiency while maintaining strict adherence to applicable legal and regulatory requirements. Our risk management system now incorporates: Comprehensive risk identification protocols, rigorous assessment methodologies, proactive response planning, continuous monitoring and evaluation processes.

This integrated framework has significantly enhanced our organizational resilience and risk responsiveness. Furthermore, through detailed analysis of operational impacts, we have identified material, environmental, climate-related, and social factors presenting both risks and strategic opportunities.

Climate-related Risk

Our operations face material risks from intensifying climate variability, including increased frequency of extreme weather events that may disrupt supply chains, damage physical assets, and elevate operational costs.

Transition Risk

Concurrently, evolving ESG regulatory frameworks across jurisdictions present transitional challenges, requiring strategic adaptation to new disclosure mandates, carbon pricing mechanisms, and sustainability compliance standards.

Potential Opportunities

The adoption of cyanide-free gold electroplating significantly reduces critical ESG risks compared to conventional processes by eliminating acute toxicity hazards and significantly lowering remediation costs through simplified effluent treatment. Our cyanide-free gold electroplating technology provides semiconductor manufacturers with an ESG-optimized solution that directly addresses critical environmental challenges during advanced packaging production. Our cyanide-free gold electroplating chemicals and paired process delivers measurable ESG benefits across three key dimensions:

1. Environmental Compliance & Circularity

2. Operational Safety & Social Responsibility

3. Supply Chain Sustainability

Measures and Potential Opportunities

To mitigate the identified risks, we have taken proactive measures to reduce ESG-related risks and support our sustainability strategy through clear management targets, internal controls, and resource efficiency improvements. Moving forward, we will consistently reduce electricity consumption, water usage, and waste emissions per unit of revenue across both existing and expanded production operations.

Environment Protection

We strictly adhere to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), Law of the PRC on 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》), Law of the PRC on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) and Law of the PRC on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》).

As advised by our PRC Legal Adviser, we had obtained all relevant pollutant discharged permits during the Track Record Period and up to the Latest Practicable Date and we were in compliance in all material respects with the relevant PRC environmental laws or regulations during the Track Record Period and up to the Latest Practicable Date. We maintain strategic investments in energy efficiency, environmental protection, and workplace safety. These initiatives strengthen our comprehensive waste management systems --including while optimizing energy efficient operations.

Our management focuses on ensuring that our production emissions, treatment of waste water, waste gas and solid waste are in strict compliance with the relevant regulations and policies of national and local governments. We have established a comprehensive risk control protocol in managing our waste water, waste gas and solid waste, and perform regular maintenance on our production facilities to ensure the equipment and systems are in good working condition. Further, we have developed a manual of safety code which specified operational procedures during production. As to our future environmental protection plan, we will continue to adopt advanced technology to upgrade our environmental protection standard.

During the Track Record Period, there were no violations of environmental protection laws or regulations, and we have not received any penalties related to environmental protection.

Social Matters

As one of the important tenets of our business, we aspire to be a socially responsible company that gives back and brings benefit to the community and society.

ESG Risks Identification, Assessment and Management Process. The ESG working group will meet no less than annually to identify, evaluate and manage progress of annual key objectives agreed by our Board. The ESG working group adopts a control and risk self-assessment methodology and continuously assesses and manages its ESG and climate-related risk profile. ESG and climate-related risks that are relevant to our business are identified, assessed and ranked according to their likelihood, financial consequence and reputation impact on us. Where the ESG working group considers it necessary, it may engage a third-party consultant to support us in fulfilling our ESG objectives. We will incorporate ESG-related matters into various training programs for our employees. The ESG working group will also have primary responsibility for preparing our ESG report and devising mitigation and management measures to alleviate ESG risk and impact. The ESG working group will report to our Board on an annual basis. Our Board will review the ESG policy, goals and targets annually and be responsible for approving the publication of our ESG report. The Board will also review the ESG policy to ensure its effectiveness and discuss and approve any revision that may be required from time to time.

Anti-corruption and Anti-bribery

We strictly abide by the laws and regulations related to anti-corruption, including but not limited to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) and the Criminal Law of the PRC (《中華人民共和國刑法》). We uphold a high standard of integrity and have zero tolerance for corruption or bribery. We promote clear work ethics to employees, and strictly prohibit bribery, extortion, fraud, money laundering and other unethical behaviors, such as gambling, misappropriation of our Group's assets, provision or acceptance of gifts or other improper benefits. We distribute our code of conduct, which includes anti-corruption and anti-bribery provisions, to all employees on the initial orientation and require them to comply with our code of conduct. We have established various working committees with members from different departments responsible for receiving reports and complaints on unethical work behaviors and to prepare written records accordingly to report to the management or the Board in a timely manner. We make our internal reporting channel open and available for our staff to report any suspected bribery and corruption conduct. Further, we developed a whistle-blower program on a group level to ensure that such prohibited conduct would be reported without fear of retaliation, investigated by an independent third party, and that the identity of the whistleblower along with other sensitive information will be kept confidential. We also provide regular anti-corruption and anti-bribery compliance trainings for employees so as to cultivate a good compliance culture.

Employment

Our Group has established rules and procedures of, among others, recruitment, job promotion, compensation, benefits, rest periods, and dismissal, etc., to protect our employees' rights. During recruitment and job promotion, our Group follows the principle of "selection on merit", taking into account the performance, work experience and capability of the applicant or employee. Our Group advocates a diverse and equal workforce culture by ensuring that applicants and employees are not discriminated against on the basis of gender, age, race, family status or physical disability. Our Group determines employees' compensation packages on the basis of work performance and the market standard of remuneration. All of these measures aim to provide our employees with a fair work environment.

Our Directors confirm that our Group does not employ children and prohibits any form of forced labor within our operations. Our Directors confirm that our Group has complied in all material aspects with the laws and regulations relating to child and forced labor. As an additional measure to avoid violating labor laws and regulations, our Group inspects all applicants' identity documents during the recruitment process. Our Directors confirm that if any child labor or forced labor business is discovered, our Group will seek legal advice and take corrective measures immediately.

Safety Production

Safety production management is an essential part of enterprise operations, and the level of safety management directly impacts our overall safety performance. We are committed to building a comprehensive occupational safety management system, improving relevant regulations and procedures, promoting the implementation of safety laws and policies throughout the production process, raising safety awareness among all employees, and ultimately achieving effective safety management, accident prevention, and the reduction of occupational diseases and related losses.

At each of our production and operation sites, we have dedicated safety management personnel who are responsible for regularly assessing potential risks in production processes and reporting these risks. They also monitor project progress and provide recommendations for improving safety practices.

All personnel working at our production facilities are required to undergo specific safety training and hold relevant certifications before commencing work. New employees must complete a three-tier safety education program at the plant, workshop, and team levels, and pass an assessment before starting their roles. Managers and operators responsible for equipment must be proficient in equipment operation, start-up, shutdown, and emergency handling. Senior managers and safety officers are required to attend training sessions held by external accredited institutions and obtain certifications before assuming their duties. We also provide production staff with specialized protective equipment, such as gloves and safety goggles, to ensure a safe working environment.

DATA PRIVACY AND INFORMATION SECURITY RISK MANAGEMENT

Data privacy and information security is one of our top priorities. In the course of conducting our business, the privacy data we collect mainly pertains to the collection of employee information, customer and supplier contact information, and other data necessary for operation and management. We do not engage in collecting private information through public channels such as operational websites, apps, or mini-programs on internet platforms.

We have implemented robust protective measures for the privacy data we collect. These measures include (i) establishing internal control systems such as "Data Security Management System" and "System & Application Security Management System". These systems clearly stipulate our management of data confidentiality, data approval authority, data usage rights, data classification and grading, data security responsibilities, and encryption strategy change management, and we have effectively implemented and executed these systems; (ii) we have strictly minimized the access and circulation rights of private information; (iii) we have adopted technical measures such as encryption and anti-leakage to protect information; and (iv) we have established an information isolation system to ensure information security. We develop our information security management systems in compliance with the requirements of ISO/IEC 27001 standard for information security management systems, so as to achieve our commitment to maintaining the integrity, availability and confidentiality of data.

We believe data security requires the combined capabilities of both top-notch systems and vigilant users of such systems. Therefore, we provide data privacy trainings to employees on a periodic basis to increase their compliance awareness. In addition, employees are required to sign a confidentiality agreement with us, which prohibits them from disclosing any confidential information relating to their work without our consent. We also organize annual comprehensive risk assessment of information assets, and adjust strategies for information risk control and security management. We have an emergency response mechanism for information security and we carry out emergency drills on a regular basis and improve our information management system accordingly.

INTELLECTUAL PROPERTY

Owing to the efforts of our R&D team, we have been able to develop and own a series of important intellectual properties and several key technologies. See "— Research and Development — Our Key Technology".

As of the Latest Practicable Date, we possessed 132 patents (71 of which are inventions), 2 domain names, 21 trademarks and 4 computer software copyrights in China, and we are in the process of applying for 8 additional patents as of the same date.

We recognize the utmost importance of intellectual property rights for our success. Therefore, we rely primarily on a combination of trade secrets, patents, trademarks, unfair competition laws and contractual rights, such as confidentiality agreement, to protect our intellectual property rights. Each of our employees is required to sign an integrity and intellectual property agreement when they join us, and our key management personnel and certain employees holding key positions are also required to enter into a non-compete and non-solicitation agreement with us. We also strictly control access to our facilities via a secure entry system, and we adopt comprehensive policies to prevent unauthorized communication of sensitive information to external parties. In employees' integrity and intellectual property agreements and some commercial agreements we enter into, we generally state all rights and obligations regarding the ownership and protection of intellectual properties. In addition, we have taken the following key measures to protect our intellectual property rights: (i) implementing a set of comprehensive internal policies to establish robust management over our intellectual property rights, (ii) deploying a special team to guide, manage, supervise and monitor our daily work regarding intellectual properties, (iii) timely registration, filing and application for ownership of our intellectual properties, (iv) actively tracking the registration and authorization status of intellectual properties and take action in a timely manner if any potential conflicts with our intellectual properties are identified, and (v) engaging professional intellectual property service providers.

As of the Latest Practicable Date, we had not been subject to any material disputes or claims for infringement upon third parties' intellectual property rights in the PRC.

EMPLOYEES

As of December 31, 2024, we had 415 full-time employees, all of whom are based in China. The following table sets forth the numbers of our employees categorized by function as of the date indicated:

	As of December 31, 2024
Employees Categorized by Function	
R&D	69
Administrative	33
Management	13
Financial	22
Sales & Marketing	90
Manufacturing	188
Total	415

To streamline human resource management, we established a comprehensive set of internal management measures, outlining the procedures and criteria for recruitment, training, internal referrals, among others.

We use various recruitment methods, including campus recruitment, online recruitment, other external recruitment channels as well as internal referrals and transfers. In addition to salaries and benefits, we generally provide performance-based bonuses for our full-time employees. We have established a comprehensive system for employee training and development, including general trainings covering corporate culture, employee rights and responsibilities, workplace safety, data security and other logistics aspects, as well as specific trainings that improve employee knowledge and expertise in certain important areas related to our business. We are committed to making continual efforts to provide an engaging working environment for our employees.

We enter into standard labor contracts and confidentiality agreements with our full-time employees, and we enter into non-competition agreements with our key management and professionals.

As required under PRC laws and regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity and unemployment benefit plans, under which we did not make full contributions. As advised by our PRC Legal Adviser, the risk of us being required by relevant authorities to pay the shortfall for social insurance and housing provident fund contributions, or being subject to administrative penalties due to our failure to provide full social insurance and housing provident funds contributions for some of our employees is remote.

We believe we maintain a good working relationship with our employees, and we have not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

During the Track Record Period, we maintained equipment property insurance, comprehensive property insurance for houses, and employee accidental injury insurance. As of the Latest Practicable Date, we believe that our insurance coverage is in line with the industry practice and adequate to cover our key assets, facilities and liabilities, including but not limited to property all risks insurance, employer liability insurance, etc. Our Directors consider our insurance policy as a whole to be in line with the general market practice and that it complies with the relevant rules and regulations in China. See "Risk Factors — Risks Relating to Our Business and Industry — We have limited business insurance coverage, which could expose us to significant costs and business disruption."

During the Track Record Period and up to the Latest Practicable Date, we did not submit any material insurance claims.

PROPERTIES

Owned Properties

Land and Buildings

We own and occupy certain land parcels and buildings in the PRC for our business operations. These owned properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. As of the Latest Practicable Date, we owned land use rights of 4 parcels of land in Guangdong Province and Jiangsu Province, with a total site area of approximately 90,858 sq.m., which were primarily used for industrial purposes.

As of the Latest Practicable Date, we had 32 buildings and flats with an aggregated GFA of approximately 72,628 sq.m., which were primarily used for industrial and general operation purposes and employees dormitories. All the above mentioned buildings are located in Guangdong and Jiangsu Province.

Except for the property interests described in the valuation report prepared by Cushman & Wakefield Limited, our Group has no other owned single property interest that forms part of our non-property activities that has a carrying amount of 15% or more of total assets pursuant to Rule 5.01B(2)(b) of the Listing Rules. For details, please refer to the valuation report in Appendix III to this document. See "Risk Factors — Risks Relating to Our Business and Industry — Our property valuation is based on certain assumptions which, by their nature, are subjective and uncertain and may materially differ from actual results."

Properties Under Construction

As of December 31, 2024, we had project under construction in Guangdong province, with an aggregated GFA of approximately 24,525 sq.m.. This project includes construction of factories, office buildings and dormitories. The properties are expected to be used primarily as production and R&D facilities and office premises.

Leased Properties

Pursuant to the applicable PRC laws and regulations, property lease contracts must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, we leased 31 properties in various locations, used as office and employee housing.

Pursuant to the applicable PRC laws and regulations, property lease contracts must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date we had not obtained proper lease registration for 30 leased properties. As advised by our PRC Legal Adviser, the non-registration of the property lease will not affect the validity of the lease contract and the legal use of the leased property, but relevant local housing authorities may require us to complete the registration within the prescribed period and we may be subject to penalties of RMB1,000 to RMB10,000 as a result of the non-registration for each of the property. The maximum penalty we may receive due to such non-compliance is RMB300,000 and as advised by our PRC Legal Adviser, the likelihood that we will receive such penalty is remote. Considering the above and based on our PRC Legal Adviser's opinion, our Directors are of the view that the failure to register the lease contract does not have a material adverse impact on our business and operation results.

We have not received title certificates of 10 properties we leased as of the Latest Practicable Date. Despite the lack of certain title certificates of our leased properties, those leased properties are easily replaceable and do not serve as the primary production and operation sites for us. Therefore, as confirmed by our Directors and advised by our PRC Legal Adviser, this will not have a material adverse impact on our production and business operations. As the lessee, we face the risk of being unable to continue using the relevant leased properties, but there is no risk of being penalized, as advised by our PRC Legal Adviser.

CERTIFICATES, LICENSES AND PERMITS

As advised by our PRC Legal Adviser, our Directors confirm that, during the Track Record Period and as of the Latest Practicable Date, we had obtained all material certificates, licenses, approvals and permits from relevant authorities for our operations in material respects. We renew all such material permits and licenses from time to time to comply in all material aspects with the relevant laws and regulations and we do not expect any material difficulties in such renewals so long as we comply with the applicable requirements and conditions set by the relevant laws and regulations.

The following table sets forth a list of our material certificates, licenses, and permits:

Holder	License/Permit/Approval	Issuing Authority	Expiration Date
珠海創智	Pollutant Emission Permit (排污許可證)	Zhuhai Municipal Ecological Environment Bureau (珠海市生態環境局)	March 27, 2029
珠海創智	Safety Production License (安全生產許可證)	Zhuhai Emergency Management Bureau (珠海市應急管理局)	August 14, 2025

Holder	License/Permit/Approval	Issuing Authority	Expiration Date
珠海創智	License for the Operation of Hazardous Chemicals (危險化學品經營許可證)	Zhuhai Emergency Management Bureau (珠海市應急管理局)	August 14, 2025
珠海創智	Registration Certificate for Hazardous Chemicals (危險化學品登記證)	Chemical Registration Center of the Ministry of Emergency Management, Guangdong Provincial Office for the Registration and Administration of Hazardous Chemicals (應急管理部化學品登記中心、廣東省危險化學品登記註冊辦公室)	May 7, 2028
珠海創智芯 . .	Pollutant Emission Permit (排污許可證)	Zhuhai Ecological Environment Bureau (珠海生態環境局)	February 12, 2028
珠海創智芯 . .	Permit for Discharging Urban Sewage into Drainage Networks (城鎮污水排入排水管網許可證)	Agriculture, Rural Affairs and Water Conservancy Bureau of Jinwan District, Zhuhai City (珠海市金灣區農業農村和水利局)	October 25, 2027
珠海創智芯 . .	Notice of Safety Filing for the Storage of Hazardous Chemicals (危險化學品存儲安全備案告知書)	Emergency Management Bureau of Jinwan District, Zhuhai City (珠海市金灣區應急管理局)	February 16, 2026
江蘇矽智	Road Transport Business License (道路運輸經營許可證)	Transportation Bureau of Tongzhou District, Nantong City (南通市通州區交通運輸局)	January 6, 2026
江蘇矽智	Fixed Pollution Source Discharge Registration Receipt (固定污染源排污登記回執)	/	March 22, 2028
江蘇矽智	Radiation Safety License (輻射安全許可證)	Nantong Municipal Ecological Environment Bureau (南通市生態環境局)	September 6, 2027

Holder	License/Permit/Approval	Issuing Authority	Expiration Date
南通矽磐	License for the Operation of Hazardous Chemicals (危險化學品經營許可證)	Administrative Approval Bureau of Nantong High-tech Industrial Development Zone (南通高新技術產業開發區行政審批局)	June 16, 2027

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, financial condition, results of operations, reputation or compliance. During the same period, we were not involved in any non-compliance incidents which would, individually or in aggregate, have a material adverse effect on our business as a whole. As confirmed by our PRC Legal Adviser, our business operations had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

From time to time, we may be involved in legal proceedings, investigations, administrative penalties or other claims or disputes arising in the ordinary course of our business. For risks and uncertainties relating thereto, see "Risk Factors — Risks Relating to our Business and Industry — Any litigation, legal and contractual disputes, claims or administrative proceedings against us could be costly and time-consuming to defend or settle, and could result in negative publicity." in this document.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established a comprehensive risk management and internal control process through which we address risks associated with every aspect of our manufacturing process. We have put in place a set of operational risk analysis and response measures so as to achieve risk aversion, risk reduction and risk response by properly identifying, categorizing and analyzing various risks.

Each department of our Company is responsible for compiling their own risk reports based on their specific considerations on various factors such as legal compliance, culture, technology, competition, and market and economic condition. We will periodically review the risks reports submitted by various departments, follow up on the implementation and evaluate the effectiveness of the responses taken to address those risks. In particular, we have adopted the following measures to mitigate the risks on bribery and corruption:

- a policy relating to anti-bribery and anti-corruption was issued by us in April 2025. Our administrative department is responsible for monitoring, accepting escalation, processing investigation and reporting of incompliance behavior including bribery and corruption;

- a whistle-blower mechanism was set up by us, including report channels (hotline and mailbox), investigation procedures and responding to detected problems; and

- compliance training is provided to all employees including new employees.

We have adopted, or expected to adopt, a series of changes in our internal control policies, programs and procedures to strengthen our risk management and internal control capability and prevent non-compliance event from happening. These measures include:

- the engagement of an independent internal control consultant who performed a review on our internal controls over financial reporting in April 2025 and provided recommendation accordingly. We have adopted the corresponding remediation actions to improve our internal control system. The Internal Control Consultant performed a follow-up review with regard to those actions taken by us, and there was no further material finding identified in the design of internal control process of the follow up review;

- the engagement of external legal advisor to facilitate compliance with the relevant requirements under the Listing Rules after [**REDACTED**];

- the regular training provided by external legal advisor to our Directors and senior management after [**REDACTED**] on the subject of compliance of relevant Listing Rules requirements and applicable PRC laws and regulations; and

- the establishment of our Audit Committee which comprises of three independent non-executive Directors to oversee our risk management and internal control systems, and review the financial statements of our Company from the perspective of compliance with applicable rules and regulations.

BOARD OF DIRECTORS

Our Board currently consists of seven Directors, comprising four executive Directors and three independent non-executive Directors. Our Board serves a term of three years, which is renewable upon re-election and re-appointment subject to applicable laws and regulations and is responsible for, and has general powers for, the management and conduct of our business.

The following table sets forth general information regarding our Directors:

Name	Age	Position(s)	Date of appointment as Director	Date of joining our Group	Role and responsibilities	Relationship with other Directors and senior management
Mr. YAO Cheng (姚成)	63	Chairperson of our Board and executive Director	September 19, 2022	September 29, 2009	Primarily responsible for overseeing overall management, business strategies and R&D strategies of our Group	Father of Dr. YAO Yu (姚玉)
Dr. YAO Yu (姚玉)	39	Executive Director, general manager and R&D director	September 19, 2022	July 1, 2016	Primarily responsible for overseeing daily operations and management, and R&D activities of our Group	Daughter of Mr. YAO Cheng (姚成)
Mr. LIU Ke (劉可)	40	Executive Director, deputy general manager and general manager of our Southern China PCB division	September 19, 2022	September 3, 2008	Primarily responsible for overseeing our PCB division	None

Name	Age	Position(s)	Date of appointment as Director	Date of joining our Group	Role and responsibilities	Relationship with other Directors and senior management
Mr. CHEN Jianlong (陳建龍)	54	Executive Director	September 19, 2022	February 2, 2017	Primarily responsible for overseeing procurement of raw materials for manufacturing activities of our Group	None
Ms. WANG Yu (王玉)	41	Independent non-executive Director	May 9, 2024	May 9, 2024	Primarily responsible for providing independent advice and judgment to our Board	None
Mr. YANG Xiao (楊逍)	46	Independent non-executive Director	December 8, 2023	December 8, 2023	Primarily responsible for providing independent advice and judgment to our Board	None
Dr. LUO Ye (羅曄)	37	Independent non-executive Director	May 27, 2025	May 27, 2025	Primarily responsible for providing independent advice and judgment to our Board	None

The following sets forth the biographies of our Directors:

Executive Directors

Mr. YAO Cheng (姚成), aged 63, joined our Group in September 2009 as our deputy general manager. He was appointed as a Director and the chairperson of our Board on September 19, 2022. Mr. Yao was re-designated as an executive Director on May 27, 2025. Further, he is currently a core management peronnel of our subsidiaries, including Zhuhai Chuangzhi Chenggong Technology Co., Ltd. (珠海市創智成功科技有限公司), Jiangsu Xizhi Semiconductor Technology Co., Ltd. (江蘇矽智半導體科技有限公司) and Zhuhai Chuangzhixin Technology Co., Ltd. (珠海市創智芯科技有限公司). He is primarily responsible for overall management, business strategies and R&D strategies of our Group.

Mr. Yao is a visionary entrepreneur. Prior to joining our Group, he had been engaged in the education industry, and operation and management of companies in the electronic information industry for years.

Mr. Yao obtained his bachelor's degree in physics from Jiangxi University of Education (江西教育學院) (currently known as Nanchang Normal University (南昌師範學院)) in Jiangxi through correspondence education in July 1990.

Dr. YAO Yu (姚玉), aged 39, joined our Group in July 2016 as our R&D manager, where she was mainly responsible for the R&D of core projects of plating chemicals. Since February 2019, Dr. Yao has been our R&D director, where she has been primarily responsible for devising strategic R&D goals, project research and the management of our R&D division. She was appointed as a Director on September 19, 2022 and has also served as our general manager since May 2023. Dr. Yao was re-designated as an executive Director on May 27, 2025. She is primarily responsible for overseeing daily operations and management, and R&D activities of our Group.

Dr. Yao has extensive experience in the field of R&D for more than 15 years. Dr. Yao obtained her bachelor's degree in biochemistry from McGill University in Canada in June 2009. She further obtained her PhD from the University of British Columbia in Canada in August 2015. Dr. Yao has been certified as a senior engineer by the Human Resources and Social Security Bureau of Shenzhen Municipality (深圳市人力資源和社會保障局) since July 2022. Besides, she has been an off-campus instructor for students pursuing master's degree in engineering at the College of Materials Science and Engineering of Shenzhen University (深圳大學材料學院) since May 2023, and an off-campus part-time instructor for students pursuing master's degree in materials and chemical engineering at Central South University (中南大學) since April 2025.

Mr. LIU Ke (劉可), aged 40, joined our Group in September 2008 as a customer services engineer. Between August 2014 to May 2023, he successively served as a manager of our customer services division, the general manager of our Southern China region and the general manager of our Company. He was appointed as a Director on September 19, 2022, and has served as the deputy general manager of our Company and the general manager of our Southern China PCB division since May 2023 and February 2025, respectively. Mr. Liu was re-designated as an executive Director on May 27, 2025. Further, he is currently the general manager of our subsidiary, Zhuhai Chuangzhixin Technology Co., Ltd. He is primarily responsible for overseeing our PCB division.

Prior to joining our Group he was previously a engineer at Fengyi Trading (Shenzhen) Co., Ltd. (豐鎰貿易(深圳)有限公司), a company principally engaged in trading of electronic chemicals, where he was primarily responsible for providing technology services relating to materials for electronic chemicals. Since December 2023, Mr. Liu has been a director of Shenzhen Yicheng Electronic Technology Co., Ltd. (深圳市溢誠電子科技有限公司), a company in which our Company has a minority equity stake and which is principally engaged in trading of electronic circuit boards, raw and auxiliary materials and chemical products.

Mr. Liu obtained his bachelor's degree in chemistry from Hunan Normal University (湖南師範大學) in Hunan through online courses in June 2023.

Mr. CHEN Jianlong (陳建龍), aged 54, joined our Group in February 2017 as a manager at our procurement division. He was appointed as a Director on September 19, 2022. Mr. Chen was re-designated as an executive Director on May 27, 2025. Further, he is currently a director of our subsidiary, Zhuhai Chuangzhi Chenggong Technology Co., Ltd. He is primarily responsible for overseeing procurement of raw materials for manufacturing activities of our Group.

Prior to joining our Group, from July 2000 to January 2017, he worked as a senior pharmaceutical production operator at Jiangxi Pharmaceutical Co., Ltd. (江西製藥責任有限公司), a pharmaceutical company, where he was primarily involved in manufacturing activities.

Mr. Chen obtained his bachelor's degree in oil-gas storage and transportation engineering from China University of Petroleum (中國石油大學(北京)) in Beijing through online courses in July 2024. He has been certified as a technician for pharmaceutical preparation by the Department of Labor and Social Security of Jiangxi Province (江西省勞動與社會保障廳) since December 2006.

Independent Non-executive Directors

Ms. WANG Yu (王玉), aged 41, joined our Group in May 2024, and has served as our independent non-executive Director since then. She is primarily responsible for providing independent advice and judgment to our Board.

From July 2007 to November 2018, Ms. Wang was a senior manager at Ernst & Young Certified Public Accountants (Special General Partnership) (安永華明會計師事務所(特殊普通合夥)), an accounting firm, where she was primarily responsible for audits. Since November 2018, she has been as an executive director at the risk management department of Qianhai Ark Asset Management Co., Ltd. (前海方舟資產管理有限公司), a company principally engaged in equity investments, where she has been primarily responsible for risk management, compliance and strategic planning of the company. Since October 2022, Ms. Wang has served as an independent director of Shenzhen Sunmoon Microelectronics Co., Ltd. (深圳市明微電子股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688699) and principally engaged in R&D, design and sales of integrated circuits, where she has been primarily responsible for providing independent advice to the board of directors of the company.

Ms. Wang obtained her bachelor's degree in management from Dalian Maritime University (大連海事大學) in Liaoning in July 2004. She further obtained her master's degree in accounting from Shanghai University of Finance and Economics (上海財經大學) in Shanghai in July 2007. Besides, Ms. Wang has been certified as a certified public accountant by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since December 2009.

Mr. YANG Xiao (楊逍), aged 46, joined our Group in December 2023 and has served as our independent non-executive Director since then. He is primarily responsible for providing independent advice and judgment to our Board.

From September 2006 to February 2025, Mr. Yang was a lawyer at Promise-U Law Firm (普羅米修律師事務所), a law firm, where he was involved in various practice areas, including investments, financing, mergers, acquisitions, compliance and disputes resolution. Since April 2025, he has been a lawyer at SGLA (Shenzhen) Law Firm (上海中聯(深圳)律師事務所), a law firm, where he has been involved in various practice areas, including investments, financing, mergers, acquisitions, compliance and disputes resolution.

Mr. Yang obtained his bachelor's degree in laws and his master's degree in environment and natural resources protection law, both from Chongqing University (重慶大學) in Chongqing, in July 2003 and July 2006, respectively. He obtained his qualification of legal profession from the Department of Justice, Guangdong (廣東省司法廳) in March 2008. Besides, Mr. Yang is currently a vice chairman of Shenzhen Lawyers Association (深圳市律師協會).

Dr. LUO Ye (羅曄), aged 37, joined our Group in May 2025 and has served as our independent non-executive Director since then. He is primarily responsible for providing independent advice and judgment to our Board.

Since September 2021, he has been an associate professor on tenure terms at The University of Hong Kong, where he has been primarily responsible for teaching and scientific research. Prior to that, Dr. Luo worked at the University of Florida, where he was primarily responsible for scientific research.

Dr. Luo obtained his bachelor's degree in mathematics and his bachelor's degree in economics, both from the Massachusetts Institute of Technology in the United States, in June 2010 and June 2010, respectively. He further obtained his doctor's degree in economics from the Massachusetts Institute of Technology in the United States in June 2015.

General

Save as disclosed in this section, the section headed "History, Development and Corporate Structure" and the paragraph headed "Further Information about Our Directors and Substantial Shareholders" in Appendix VII to this document, each of our Directors has confirmed that:

(1) he/she obtained the legal advice referred to under Rule 3.09D of the Listing Rules on May 23, 2025, and understood his/her obligations as a director of [**REDACTED**];

(2) he/she does not have any existing or proposed service contract with our Group other than contracts expiring or determinable by the relevant member of our Group within one year without payment of compensation (other than statutory compensation);

(3) he/she has no interest in the Shares within the meaning of Part XV of the SFO;

(4) he/she has not been a director of any other publicly listed company during the three years prior to the Latest Practicable Date and as of the Latest Practicable Date;

(5) other than being a Director and/or member of our Company's senior management, he/she does not have any relationship with any other Directors, senior management or substantial shareholders of our Company; and

(6) he/she has not completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

Each of our independent non-executive Directors has confirmed:

(1) his/her independence after taking into consideration each of the factors referred to under Rules 3.13(1) to 3.13(8) of the Listing Rules;

(2) that he/she does not have any 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; and

(3) that there are no other factors which may affect his/her independence at the time of his/her appointment as our independent non-executive Director.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business. The table below sets forth certain information in respect of the senior management of our Company:

Name	Age	Position(s)	Date of appointment as senior management	Date of joining our Group	Role and responsibilities	Relationship with Directors and other senior management
Dr. YAO Yu (姚玉)	39	Executive Director, general manager and R&D director	September 19, 2022	July 1, 2016	Primarily responsible for overseeing daily operations and management, and R&D activities of our Group	Daughter of Mr. YAO Cheng (姚成)
Mr. LIU Ke (劉可)	40	Executive Director, deputy general manager and general manager of our Southern China PCB division	September 19, 2022	September 3, 2008	Primarily responsible for overseeing our PCB division	None
Mr. WANG Hui (王輝)	42	Chief financial officer	September 19, 2022	December 13, 2012	Primarily responsible for overseeing strategic financial planning, financial management and risk management of our Group	None
Ms. WANG Wenzhen (汪文珍).	43	Board secretary	September 19, 2022	March 3, 2009	Primarily responsible for handling matters relating to investor relations, disclosure of information, corporate governance, compliance and regulatory affairs of our Group	None

The following sets forth the biographies of our senior management:

Dr. YAO Yu (姚玉) is our executive Director, general manager and R&D director. For further details, see "— Board of Directors — Executive Directors" in this section.

Mr. LIU Ke (劉可) is our executive Director, the deputy general manager of our Company and the general manager of our Southern China PCB division. For further details, see "— Board of Directors — Executive Directors" in this section.

Mr. WANG Hui (王輝), aged 42, joined our Group in December 2012 as a finance manager, and has been our chief financial officer since September 2022. He is primarily responsible for overseeing strategic financial planning, financial management and risk management of our Group.

Prior to joining our Group, from September 2005 to October 2012, Mr. Wang worked and last served as an assistant to the director of the financial audit department (middle management cadre) at No. 5719 Factory of the People's Liberation Army (中國人民解放軍第5719工廠), a military aircraft engine repair factory, where he was primarily responsible for assisting the senior management of the company in financial management and matters relating to internal audits.

Mr. Wang obtained his bachelor's degree in accounting from Jiangsu Ocean University (江蘇海洋大學) in Jiangsu in July 2005. He further obtained his master's degree in accounting from Southwestern University of Finance and Economics (西南財經大學) in Sichuan in March 2011.

Ms. WANG Wenzhen (汪文珍), aged 43, joined our Group in March 2009 as an office manager, and has been our Board Secretary since September 2022. She is primarily responsible for handling matters relating to investor relations, disclosure of information, corporate governance, compliance and regulatory affairs of our Group.

Since July 2013, Ms. Wang has been a supervisor of Shenzhen Jiuhe Weiye Technology Co., Ltd. (深圳九合偉業科技有限公司), a consumer electronics company, where she has been primarily responsible for supervising the board of directors of the company.

Ms. Wang obtained her bachelor's degree in administration from University of Electronic Science and Technology of China (電子科技大學) in Sichuan through online courses in July 2024.

General

Save as disclosed in this section, the section headed "History, Development and Corporate Structure" and the paragraph headed "Further Information about Our Directors and Substantial Shareholders" in Appendix VII to this document, each of our senior management members has confirmed that:

(1) he/she does not hold and has not held any other positions in our Group and any other members of our Group as of the Latest Practicable Date;

(2) other than being a Director and/or member of our Company's senior management, he/she does not have any relationship with any Directors, other members of senior management or substantial shareholders of our Company as of the Latest Practicable Date;

(3) he/she does not hold and has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date and as of the Latest Practicable Date; and

(4) he/she has not completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

COMPANY SECRETARY

Mr. POON Ping Yeung (潘秉揚) was appointed as our company secretary on May 16, 2025. Mr. Poon is the senior manager of the listed & fiduciary corporate services of Trident Corporate Services (Asia) Limited, a global professional services firm. He has over 10 years of professional experience in company secretarial field. He is currently a joint company secretary of each of Boyaa Interactive International Limited (a company listed on the Stock Exchange (stock code: 434)), Shanghai REFIRE Group Limited (a company listed on the Stock Exchange (stock code: 2570)) and Zhejiang Taimei Medical Technology Co., Ltd. (a company listed on the Stock Exchange (stock code: 2576)).

Mr. Poon obtained his bachelor's degree in arts (major in social policy and administration) from The Hong Kong Polytechnic University in Hong Kong in October 2012. He further obtained his master's degree in corporate governance from Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong) in Hong Kong in October 2019.

Mr. Poon is an associate member (a holder of practitioner's endorsement) of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any announcements, circulars or financial reports;
- where a transaction, which might be a notifiable or connected transaction under Chapters 14 and 14A of the Listing Rules is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;
- 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 or other information in this document; and
- where the [**REDACTED**] makes an inquiry of us regarding unusual [**REDACTED**] and [**REDACTED**] or other issues under Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, Somerley Capital Limited will, in a timely manner, inform us of any amendment or supplement to the Listing Rules and new or amended laws and regulations in Hong Kong applicable to us.

The terms 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**].

BOARD COMMITTEES

We have established the following committees on our Board: an audit committee, a remuneration committee and a nomination committee. The committees operate in accordance with the terms of reference established by our Board.

Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"). The Audit Committee consists of Ms. WANG Yu, Mr. YANG Xiao and Dr. LUO Ye, with Ms. WANG Yu being the chairperson of the committee. Ms. WANG Yu holds the appropriate accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit Committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management systems, overseeing the audit process, and performing other duties and responsibilities as assigned by our Board, which include amongst other things:

- proposing to our Board the appointment and replacement of external audit firms;
- supervising the implementation of our internal audit system;
- liaising between our internal audit department and external auditors;
- reviewing our financial information and related disclosures; and
- other duties conferred by our Board.

Remuneration Committee

We have established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of part 2 of the Corporate Governance Code. The Remuneration Committee consists of Mr. YANG Xiao, Dr. LUO Ye and Dr. YAO Yu, with Mr. YANG Xiao being the chairperson of the committee.

The primary duties of the Remuneration Committee are to develop remuneration and appraisal policies of our Directors, evaluate the performance, make recommendations on the remuneration packages of our Directors and senior management and evaluate and make recommendations on employee benefits, which include, amongst other things:

- establishing, reviewing and making recommendations to our Board on our policy and structure concerning remuneration and appraisal of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and appraisal;
- determining the terms of the specific remuneration package of each Director and members of senior management;
- reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time;
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and
- other duties conferred by our Board.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with paragraph B.3 of part 2 of the Corporate Governance Code. The Nomination Committee consists of Mr. YAO Cheng, Ms. WANG Yu and Dr. LUO Ye, with Mr. YAO Cheng being the chairperson of the committee.

The primary duties of the Nomination Committee are to make recommendations to our Board in relation to the appointment and removal of our Directors which include, amongst other things:

- reviewing the structure, size and composition of our Board on a regular basis, assisting our Board in maintaining a board skills matrix, and making recommendations to our Board regarding any proposed changes;
- identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorships;
- assessing the independence of independent non-executive Directors;
- making recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors;
- supporting our Company's regular evaluation of our Board's performance; and
- other duties conferred by our Board.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders.

Corporate Governance Code

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

We have adopted the code provisions stated in the Corporate Governance Code and intend to comply with all applicable code provisions under the Corporate Governance Code after the [**REDACTED**]. Our Company is committed to the view that our Board should include a balanced composition of executive directors and independent non-executive directors so that there is a strong independent element on our Board, which can effectively exercise independent judgment.

Board Diversity

We seek to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. We [have adopted] a board diversity policy (the "**Board Diversity Policy**") to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a range of diversity perspectives with reference to our Company's business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry, regional experience and length of service. Furthermore, the Nomination Committee is responsible for reviewing the diversity of our Board, reviewing the Board Diversity Policy from time to time, developing and reviewing measurable objectives for implementing the Board Diversity Policy, and monitoring the progress on achieving these measurable objectives in order to ensure that the Board Diversity Policy remains effective.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to overall management, strategic development, R&D and corporate governance. They obtained degrees in various majors including physics, biochemistry, oil-gas storage and transportation engineering, management, laws and economics. Furthermore, our Board has a relatively wide range of ages, ranging from 37 years old to 63 years old, and consists of five male members and two female members. Our Company has reviewed the membership, structure and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operation.

Our Company will, among others, (i) disclose the biographical details of each Director and (ii) report on the implementation of the Board Diversity Policy (including whether we have achieved board diversity) in its annual corporate governance report. In particular, our Company will take opportunities to increase the proportion of female members of our Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices. Our Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that our Company will have a pipeline of female senior management and potential successors to our Board. We believe that such merit-based selection process with reference to our Board Diversity Policy and the nature of our business will be in the best interests of our Group and our Shareholders as a whole.

COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, he/she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

We offer our executive Director and senior management members, who are also employees of our Group, emolument in the form of fees, salaries, bonuses, allowances, benefits in kind and pension scheme contributions. Our Directors' remuneration is determined with reference to the relevant Director's experience and qualifications, level of responsibility, performance and the time devoted to our business, and the prevailing market conditions. Our independent non-executive Directors receive emolument based on their responsibilities (including being members or the chairperson of Board committees).

The aggregate amounts of remuneration (including fees, salaries, bonuses, allowances, benefits in kind and pension scheme contributions) which were paid or payable to our Directors for the three financial years ended December 31, 2022, 2023 and 2024 were RMB3.0 million, RMB2.6 million and RMB2.5 million, respectively.

It is estimated that the aggregate amount of remuneration (including fees, salaries, bonuses, allowances, benefits in kind and pension scheme contributions) payable to our Directors for the financial year ending December 31, 2025 would be approximately RMB2.7 million under arrangements in force as of the date of this document.

For the three financial years ended December 31, 2022, 2023 and 2024, there were two, three and three Directors among the five highest paid individuals, respectively. The aggregate amounts of remuneration (including fees, salaries, bonuses, allowances, benefits in kind and pension scheme contributions) which were paid or payable by our Group to our five highest paid individuals (excluding Directors) for the three financial years ended December 31, 2022, 2023 and 2024 were RMB1.1 million, RMB0.9 million and RMB1.0 million, respectively.

During the Track Record Period, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors, past Directors or the five highest paid individuals for the loss of office as a director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group, and (iii) none of our Directors waived or agreed to waive any emoluments.

Except as disclosed above, no other payment has been paid, or is payable, by our Group to our Directors or the five highest paid individuals of our Group during the Track Record Period.

For additional information on remuneration of Directors during the Track Record Period as well as information on the five highest paid individuals, see notes 8 and 9 to the Accountants' Report.

OUR CONTROLLING SHAREHOLDERS

Pursuant to the respective concert party agreements dated August 5, 2020, November 3, 2020 and November 3, 2020 entered into by, among others, (i) Mr. Yao and (ii) each of Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke, each of Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke has agreed to act in concert with Mr. Yao and reach consensus when exercising Shareholders' rights, including but not limited to the right to vote at general meetings of our Company. For further details, see "History, Development and Corporate Structure — Concert Party Arrangements" in this document.

As of the Latest Practicable Date, Mr. Yao, an executive Director and the chairperson of our Board, was able to exercise approximately 66.75% voting rights in our Company, through (i) 60,107,040 Shares held by himself, (ii) 1,082,303 Shares held by Qianhai Lvzhiyuan, which is a limited liability company established under the laws of the PRC and is held as to 75% and 20% by Mr. Yao and Dr. Yao, respectively, (iii) 8,627,693 Shares held by Zhiyuanxin, which is a limited partnership established under the laws of the PRC and is managed by Mr. Yao as its executive partner, (iv) 3,854,607 Shares held by Zhiyuan Xinchuang, which is a limited partnership established under the laws of the PRC, and (v) 2,903,835 Shares held by Zhiyuan Xinke, which is a limited partnership established under the laws of the PRC.

Immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Mr. Yao will be entitled to exercise approximately [**REDACTED**]% voting rights in our Company. Therefore, Mr. Yao, Dr. Yao, Qianhai Lvzhiyuan, Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke will constitute a group of Controlling Shareholders of our Company under the Listing Rules.

For background and biographical details of Mr. Yao and Dr. Yao, see "Directors and Senior Management" in this document. Qianhai Lvzhiyuan is an investment holding company with no substantive business activities. Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke are our ESOP Platforms, details of which are set out in the paragraph headed "History, Development and Corporate Structure — Employee Incentive Platforms" in this document.

As of the Latest Practicable Date, save for the interest in our Group, our Controlling Shareholders did not have any interest in a business which competes or is likely to compete, directly or indirectly, with the business of our Group, and which requires disclosures under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after the [**REDACTED**], taking into consideration the factors below.

Management Independence

Our Board comprises seven Directors, including four executive Directors and three independent non-executive Directors. We believe that our Board as a whole, together with our senior management, is able to perform the managerial role in our Group independently from our Controlling Shareholders for the following considerations:

(a) each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she acts for the benefit of and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) our daily management and operation decisions are made by all our executive Directors and senior management, most of whom have substantial experience in the industry in which we are engaged and will be able to make business decisions that are in the best interest of our Group. For details of the industry experience of our senior management, see "Directors and Senior Management" in this document;

(c) we have appointed three independent non-executive Directors with a view to bringing independent judgment to the decision-making process of our Board;

(d) in the event that there is a potential conflict of interests arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and

(e) 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. For further details, see "— Corporate Governance Measures" in this section.

Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operations independently. We have our own departments specializing in the respective areas which have been in operation and are expected to continue to operate independently from our Controlling Shareholders and their close associates. We hold the licenses, intellectual property rights and qualifications necessary to carry on our principal business. We also have independent access to suppliers and customers, and have sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and their close associates.

Based on the above, our Directors believe that we will be able to operate independently from our Controlling Shareholders and their close associates.

Financial Independence

We have an independent financial system. We make financial decisions according to our own business needs, and neither our Controlling Shareholders nor their close associates intervene with our use of funds. We have established an independent finance department with a team of finance staff and an independent audit, accounting and financial management system.

In addition, we have been and are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders or their close associates. As of the Latest Practicable Date, there was no loan, advance or guarantee provided by our Controlling Shareholders or their close associates.

Based on the above, our Directors believe that we are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders and their close associates after the [**REDACTED**].

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflicts of interests between our Group and our Controlling Shareholders:

(a) under the Articles of Association, where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their respective associates has a material interest, our Controlling Shareholders and their associates will not vote on the relevant resolutions and shall not be counted in the quorum for the voting;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon [**REDACTED**], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;

(c) our Board consists of a balanced composition of executive Directors and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will monitor whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

(e) we have appointed Somerley Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws in Hong Kong and the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interests that may arise between our Group and our Controlling Shareholders and to protect our Shareholders' interests as a whole after the [**REDACTED**].

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] and without taking into account any H Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**], the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the [**REDACTED**] under the provisions of [**REDACTED**] of the SFO or, 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 Shareholder	Capacity/nature of interest	Number of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares[1]	Approximate percentage of shareholding in the total issued share capital of our Company[1]
			(%)	*(%)*
Mr. Yao[2]	Beneficial owner; Interest in controlled corporations; Interest held jointly with another person	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Zhiyuanxin[2]	Beneficial owner	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Fuhai Select No. 2 Venture Capital (Hangzhou) Partnership (Limited Partnership) (富海精選二號創業投資(杭州)合夥企業(有限合夥)) ("**Fuhai Select**")[3].	Beneficial owner	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Name of Shareholder	Capacity/nature of interest	Number of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares[(1)]	Approximate percentage of shareholding in the total issued share capital of our Company[(1)]
			(%)	(%)
Shenzhen Dongfang Fuhai Entrepreneurship Investment Management Co., Ltd. (深圳市東方富海創業投資管理有限公司)[(3)] . . .	Interest in controlled corporations	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Shenzhen Oriental Fortune Capital Co., Ltd. (深圳市東方富海投資管理股份有限公司)[(3)] . . .	Interest in controlled corporations	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
CHEN Wei (陳瑋)[(3)]	Interest in controlled corporations	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Hefei Jianhui Zhanxin Equity Investment Fund Partnership (Limited Partnership) (合肥建匯戰新股權投資基金合夥企業(有限合夥)) ("**Hefei Jianhui**")[(4)] . . .	Beneficial owner	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Hefei Jiantou Capital Management Co., Ltd. (合肥建投資本管理有限公司)[(4)].	Interest in controlled corporations	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]

Name of Shareholder	Capacity/nature of interest	Number of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares[1]	Approximate percentage of shareholding in the total issued share capital of our Company[1]
			(%)	*(%)*
Hefei City Construction Investment Holding (Group) Co., Ltd. (合肥市建設投資控股(集團)有限公司)[4] . . .	Interest in controlled corporations	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
		[REDACTED]	**[REDACTED]**	**[REDACTED]**
Anhui Guokong Shiyue Emerging Industry Equity Investment Partnership (Limited Partnership) (安徽國控十月新興產業股權投資 合夥企業(有限合夥)) ("**Guokong Shiyue**")[5]	Beneficial owner	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
		[REDACTED]	**[REDACTED]**	**[REDACTED]**
Ningbo Shiyue Shiting Entrepreneurship Investment Partnership (Limited Partnership) (寧波十月拾庭創業投資合夥企業(有限合夥)) ("**Shiyue Shiting**")[6]. . . .	Beneficial owner	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
		[REDACTED]	**[REDACTED]**	**[REDACTED]**

Name of Shareholder	Capacity/nature of interest	Number of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares[(1)]	Approximate percentage of shareholding in the total issued share capital of our Company[(1)]
			(%)	(%)
Shanghai Shiyue Asset Management Co., Ltd. (上海十月資產管理有限公司) ("**Shiyue Asset**")[(5)(6)]	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
GONG Hanting (龔寒汀)[(5)(6)] . .	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Ningbo Shiyue Tongsheng Private Equity Fund Management Partnership (Limited Partnership) (寧波十月桐生私募基金管理合夥企業(有限合夥))[(6)]	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Hainan Huafang Venture Capital Co., Ltd. (海南華芳創業投資有限公司)[(6)].	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Notes:

(1) The calculation is based on the total number of [**REDACTED**] Domestic Shares in issue and [**REDACTED**] H Shares in issue (assuming the [**REDACTED**] is not exercised) upon [**REDACTED**].

(2) Mr. Yao beneficially holds [**REDACTED**] H Shares. Zhiyuanxin, which is a limited partnership established under the laws of the PRC, is managed by Mr. Yao as its executive partner. Further, pursuant to the respective concert party agreements dated August 5, 2020, November 3, 2020 and November 3, 2020 entered into by, among others, (i) Mr. Yao and (ii) each of Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke, each of Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke has agreed to act in concert with Mr. Yao and reach

consensus when exercising Shareholders' rights, including but not limited to the right to vote at general meetings of our Company. For further details, see "History, Development and Corporate Structure — Concert Party Arrangements" in this document. Besides, as of the Latest Practicable Date, Qianhai Lvzhiyuan, which is a limited liability company established under the laws of the PRC, was held as to 75% by Mr. Yao. As such, under the SFO, Mr. Yao is deemed to be interested in the Shares held by Zhiyuanxin, Zhiyuan Xinchuang, Zhiyuan Xinke and Qianhai Lvzhiyuan.

(3) Fuhai Select is managed by its general partner, Shenzhen Dongfang Fuhai Entrepreneurship Investment Management Co., Ltd. (深圳市東方富海創業投資管理有限公司), which was wholly owned by Shenzhen Oriental Fortune Capital Co., Ltd. (深圳市東方富海投資管理股份有限公司) as of the Latest Practicable Date, which is ultimately controlled by CHEN Wei (陳瑋). As such, under the SFO, each of Shenzhen Dongfang Fuhai Entrepreneurship Investment Management Co., Ltd., Shenzhen Oriental Fortune Capital Co., Ltd. and CHEN Wei is deemed to be interested in the Shares held by Fuhai Select.

(4) Hefei Jianhui is managed by its general partner, Hefei Jiantou Capital Management Co., Ltd. (合肥建投資本管理有限公司), which was held as to 70.83% by Hefei City Construction Investment Holding (Group) Co., Ltd. (合肥市建設投資控股(集團)有限公司) as of the Latest Practicable Date. As such, under the SFO, each of Hefei Jiantou Capital Management Co., Ltd. and Hefei City Construction Investment Holding (Group) Co., Ltd. is deemed to be interested in the Shares held by Hefei Jianhui.

(5) Guokong Shiyue is managed by its general partner, Shiyue Asset, which was held as to 35% by GONG Hanting (龔寒汀) as of the Latest Practicable Date. As such, each of Shiyue Asset and GONG Hanting is deemed to be interested in the Shares held by Guokong Shiyue.

(6) Shiyue Shiting is managed by its general partner, Ningbo Shiyue Tongsheng Private Equity Fund Management Partnership (Limited Partnership) (寧波十月桐生私募基金管理合夥企業(有限合夥)), whose general partner is Shiyue Asset, which was in turn held as to 35% by GONG Hanting (龔寒汀) as of the Latest Practicable Date.

Further, Shiyue Shiting was held as to approximately 33.33% by Hainan Huafang Venture Capital Co., Ltd. (海南華芳創業投資有限公司) as of the Latest Practicable Date.

As such, each of Ningbo Shiyue Tongsheng Private Equity Fund Management Partnership (Limited Partnership) (寧波十月桐生私募基金管理合夥企業(有限合夥)), Shiyue Asset, GONG Hanting and Hainan Huafang Venture Capital Co., Ltd. is deemed to be interested in the Shares held by Shiyue Shiting.

For details of the substantial shareholders 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 any member of our Group other than our Company, see "Further Information about Our Directors and Substantial Shareholders — 1. Disclosure of Interests" in Appendix VII to this document.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), without taking into account the [**REDACTED**] that may be taken up under the [**REDACTED**], have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of [**REDACTED**] of the SFO or, 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

This section presents certain information regarding our share capital prior to and upon the completion of the [**REDACTED**].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB114,723,320 comprising 114,723,320 Domestic Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
		(%)
Domestic Shares in issue*(note)*	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from Domestic Shares*(note)*	[**REDACTED**]	[**REDACTED**]
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

Immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
		(%)
Domestic Shares in issue*(note)*	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from Domestic Shares*(note)*	[**REDACTED**]	[**REDACTED**]
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

Note: For details of the identities of the Shareholders whose Domestic Shares will be converted into H Shares upon [**REDACTED**], see "History, Development and Corporate Structure — Capitalization of Our Company" in this document.

SHARE CLASSES

Upon completion of the [**REDACTED**] and conversion of [**REDACTED**] Domestic Shares into H Shares, our Shares will consist of Domestic Shares and H Shares. Both Domestic Shares and H Shares are ordinary shares in the share capital of our Company. Apart from certain qualified domestic institutional investors in the PRC, certain qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be [**REDACTED**] by or [**REDACTED**] among legal and natural persons of the PRC.

Domestic Shares and H Shares are regarded as one class of shares under our Articles of Association, and Domestic Shares and H Shares will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. Other than cash, dividends could also be paid in the form of shares or a combination of cash and shares.

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

All our Domestic Shares are not listed or traded on any stock exchange. The holders of our Domestic Shares may, at their own option, authorize us to apply to the CSRC for conversion of their respective Domestic Shares to H Shares. After the conversion of Domestic Shares, such converted Shares may be listed or traded on an overseas stock exchange, provided that such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and the filing procedure with the CSRC shall have been completed. The [**REDACTED**] of such converted Shares on the [**REDACTED**] will also require the approval of the [**REDACTED**].

Based on the procedures for the conversion of our Domestic Shares into H Shares as disclosed in this section, we can apply for the [**REDACTED**] of all or any portion of our Domestic Shares on the [**REDACTED**] as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the [**REDACTED**] and delivery of Shares for entry on the H Share register. As any [**REDACTED**] of additional Shares after our initial [**REDACTED**] on the [**REDACTED**] is ordinarily considered by the [**REDACTED**] to be a purely administrative matter, it will not require such prior [**REDACTED**] for [**REDACTED**] at the time of our initial [**REDACTED**] in Hong Kong.

Any [**REDACTED**] for [**REDACTED**] of the converted Shares on the [**REDACTED**] after our initial [**REDACTED**] is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant Domestic Shares will be withdrawn from the Domestic Share register, and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the [**REDACTED**] to issue H Share certificates. Registration on our H Share register will be conditional on (a) our [**REDACTED**] lodging with the [**REDACTED**] a letter confirming the proper entry of the relevant H Shares on the H Share register of members and the due dispatch of H Share certificates; and (b) the [**REDACTED**] of the H Shares to [**REDACTED**] on the [**REDACTED**] in compliance with the Listing Rules, [**REDACTED**] and [**REDACTED**] in force from time to time. Until the converted shares are re-registered on our H Share register, such Shares would not be [**REDACTED**] as H Shares.

TRANSFER OF SHARES ISSUED PRIOR TO [REDACTED]

Pursuant to the PRC Company Law, our Shares issued prior to the [**REDACTED**] shall not be transferred within one year from the [**REDACTED**].

REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-Share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC, the holders of Domestic Shares shall handle share transfer registration business in accordance with the relevant business rules of the China Securities Depository and Clearing Corporation Limited. Further, H-share companies should submit the relevant status reports to the CSRC within 15 days after the transfer registration with the China Securities Depository and Clearing Corporation Limited of the Domestic Shares involved in the application is completed.

CIRCUMSTANCES UNDER WHICH A GENERAL MEETING IS REQUIRED

For details of circumstances under which a general meeting of our Company is required, see "General Meetings" in Appendix VI to this document.

You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountants' Report in Appendix I to this document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with HKFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis 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. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed "Risk Factors" and "Business" in this document.

For the purpose of this section, unless the context otherwise requires, references to 2022, 2023 and 2024 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a leading solution provider for metallization and interconnection plating chemicals and critical process technology in China, driving supply chain development in China for wafer-level and chip-level packaging, as well as PCB assembly. According to Frost & Sullivan, we are the largest domestic provider of wet process plating chemicals in China, and the largest one-stop plating chemicals and services in the Chinese market, in terms of the revenue in 2024. For over a decade, we have successfully navigated multiple industry cycles and technological transformation in electronic packaging, demonstrating enduring adaptability while growing along with our industry.

Our total revenue remained stable at RMB319.6 million in 2022 and RMB311.7 million in 2023, and increased to RMB409.9 million in 2024. Our gross profit recorded a steady increase from RMB103.3 million in 2022 to RMB110.0 million in 2023, and further rose to RMB175.3 million in 2024. Our overall gross profit margin also improved steadily from 32.3% in 2022 to 35.3% in 2023, and further to 42.8% in 2024.

BASIS OF PRESENTATION

The historical financial information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. All HKFRSs effective for the accounting period commencing from January 1, 2024, together with the relevant transitional provisions, have been adopted by our Group in the preparation of the historical financial information throughout the Track Record Periods.

The historical financial information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each of the Track Record Periods.

We have not applied certain new and revised HKFRSs, which have been issued but are not yet effective, in the consolidated financial statements of our Group. See Note 2.2 to the Accountants' Report in Appendix I to this document. We are in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. Currently, we consider that these new and revised HKFRSs are unlikely to have a significant impact on our Group's financial performance and financial position.

FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our business, results of operations and financial condition are affected by a number of general factors influencing the chemical materials and metal industries. These factors include macro-economic trends, industry development and competitive landscape in the market. Any adverse development can have a negative impact on our results of operations.

In addition to these general factors, our results of operations are affected by the following specific factors:

Industry Development and Regulatory Landscape

We compete in the wet process plating chemicals industry in China. Our results of operations and financial conditions are affected by the factors driving the development of the industry, including the expansion of semiconductor and PCB industries, the demands from power semiconductors driven by fast-growing applications, the development in high-performance logic ICs fuelled by AI advancements, and the expansion of wafer-level packaging, as well as favorable policies. For details, see "Industry Overview — Overview of Wet Process Plating Chemicals Market in China — Market Drivers of Wet Process Plating Chemicals Market in China" in this document. As the largest domestic provider of wet process plating chemicals in China, as well as the largest one-stop provider of plating chemicals and plating services in the Chinese market, in terms of the revenue in 2024, we solidify our competitive edge by effectively capturing evolving customer demand and proactively enhancing our technological capabilities, product matrix, and service offerings. This approach has enabled us to expand our customer base, deepen existing customer relationships, and strengthen our overall market position within an increasingly competitive industry landscape.

In the meantime, our operations and financial conditions are also influenced by the fluctuation of the downstream demand during the Track Record Period. According to Frost & Sullivan, the wet process plating chemicals market in China experienced a short-term decline in 2023 due to weakened demands of the consumer electronics market, which is a major end-use application and contributes a significant revenue of the semiconductor and PCB market in China. However, fueled by the rapid growth of multiple end-use applications, such as AI, electrical vehicles, data centers, which have increasing demands of semiconductors and PCBs, the market had rebounded in 2024 and the market size of wet process plating chemicals in China increased in 2024. These industry trends directly impacted our business performance, particularly reflected in the revenue derived from our plating chemicals for the PCB industry, where we saw a recovery in demand and order volumes in 2024 following a temporary decline in 2023 driven by the short-term decline of the downstream demand.

According to Frost & Sullivan, the market size of wet process plating chemicals in China is expected to grow with a CAGR of 12.9% from 2024 to 2029. Going forward, we will seize the opportunities presented by the growing wet process plating chemicals market in China. By leveraging our strong market position, continuous R&D investment, and ability to deliver high quality product and services, we will further develop our product matrix, expand into high-growth application areas, and strengthen our customer base to support sustainable business growth.

Our results of operations and financial condition are also affected by laws and regulations, governmental policies and initiatives applicable to our operations. see "Regulatory Overview" in this document. In particular, during our production, waste water, waste gas and solid waste are regularly discharged. Our operations are therefore subject to numerous national and provincial environmental laws and regulations governing the discharge of waste water, gas emission, hazardous chemicals and waste management. In particular, when expanding our production bases, we must take into account relevant compliance requirements, which are reflected in the costs and expenditures incurred in relation to the production bases.

In addition, while certain government policies provide support to our industry, related grants and incentives are generally non-recurring in nature. These incomes were recognized as our other income and gains during the Track Record Period. Going forward, we will continue to track relevant policy developments and actively apply for available government grants and incentives, which will serve as a supplementary source of income to support our ongoing operations and business expansion.

Our Ability to Enhance Technology and Offer Competitive Products and Services

The growth of our revenue depends on our ability to enhance technology and offer competitive products and services to our customers. According to Frost & Sullivan, the wet process plating chemicals industry in China, in which we participated, is a knowledge-intensive high-tech industry with comprehensive applications across multiple fields. As an active participant in this industry, we are required to maintain consistent investment in R&D to accumulate and advance our technical expertise. Continuous R&D efforts are critical to accumulating proprietary know-how, enabling us to respond effectively to evolving customer needs, keep pace with technological advancements, and strengthen our ability to deliver high quality products and services, which in turn, supports our long-term growth and competitiveness in the industry.

Driven by our continued investment in R&D capabilities, our R&D expenses increased steadily during the Track Record Period, amounted to RMB16.3 million, RMB30.1 million, and RMB38.8 million, in 2022, 2023 and 2024, respectively. We consistently expanded the scale and scope of our R&D projects to meet the evolving and increasingly sophisticated needs of our customers. These efforts not only supported the development and optimization of our product and service offerings, but also contributed to the enhancement of customer satisfaction and loyalty, ultimately driving our overall revenue growth.

In addition, according to Frost & Sullivan, suppliers of wet process plating chemicals are typically required to undergo extensive and rigorous assessments over an extended period before being admitted into the supply chains of downstream customers and establishing cooperative relationships. Our R&D efforts embedded throughout the entire process of our plating chemicals and plating services business operations, from initial laboratory trials and technical verification by customers to ultimately securing large-scale commercial orders. This integrated R&D approach enabled us to meet stringent customer requirements, enhanced the reliability and performance of our products and services, and build long-term, trust-based relationships with our customers.

Our future success also relies on our ability to maintain continuous advancements in technological capabilities and respond to downstream customers' growing demand for new technologies, optimized production processes, and advanced materials. According to Frost & Sullivan, the wet process plating chemicals industry is characterized by rapid technological upgrades, with developments in plating processes and high-performance materials having the potential to intensify the competitive landscape. By keeping pace with these trends, we aim to meet the increasing performance requirements of downstream industries, attract more customers, and capture additional market opportunities with high-value orders, thereby enhancing our overall operating performance. Going forward, we plan to further improve our product matrix and advance our technology and service capabilities to cater to customers' evolving demands, as well as seize market opportunities in a broad range of application scenarios.

Our Ability to Control Costs and Improve Operational Efficiency

Our ability to control cost of sales directly affect our overall profitability. Our cost of sales primarily comprised raw material, direct manufacturing costs, direct labor costs and transportation costs, amounted to RMB216.3 million, RMB201.7 million and RMB234.7 million in 2022, 2023 and 2024, respectively. Cost of raw materials represented the largest component of our cost of sales, while its proportion decreased over the Track Record Period due to the increase in the proportion of direct manufacturing and direct labor costs in 2023 and 2024. The absolute amount and proportion of manufacturing costs and direct labor costs increased during the Track Record Period, primarily due to the gradual commencement of production at our Zhuhai and Nantong production bases in 2023 and the full-year production in 2024, designed for our plating service. We expect that the upfront investments in our production bases will support the realization of economies of scale over time. As our new production lines reach full operation, the introduction of advanced production processes, combined with increasing customer order volumes, is expected to significantly improve production efficiency and cost-effectiveness. While these initial inputs contributed to a higher proportion of manufacturing and direct labor costs during the Track Record Period, they are expected to enhance our long-term cost structure and drive sustained improvements in overall profitability.

In addition, our operating efficiency is affected by our ability to control operating expenses, which consisted of R&D expenses, selling and distribution expenses, and administrative expenses. R&D expenses were a critical component of our operating expenses during the Track Record Period. Notably, our continued and effective investment in research and development during the Track Record Period enabled us to advance our production processes and products matrix, enhancing our overall operational capabilities. These efforts contributed to our continued success in technical verification and achieving product qualifications with customers and their supply chains during the Track Record Period, enhanced customer satisfaction, facilitated our expansion into new application areas, and further strengthened our competitiveness in the market. Our ability to ensure research and development efficiency and maintain research and development expenses at a reasonable level comparable to our revenue scale is critical to our results of operations and financial condition. In addition, controlling administrative expenses and selling and marketing expenses is also important to our success. Going forward, we expect to benefit from economies of scale and further improve our operational efficiency.

Production Capacity and Processes

The ability to improve our production capacity and to advance our production processes is critical to our success and overall financial performance. During the Track Record Period, the construction and commencement of production in our new production bases in Zhuhai and Nantong significantly improved our production capacity, especially for our plating services business line, enabling us to undertake a greater volume of plating service business. This contributed to the increase in our overall revenue and gross profit in 2024.

During the Track Record Period, improvements in our production capacity had a direct impact on our cost of sales, particularly manufacturing costs and direct labor costs. Manufacturing costs primarily comprised depreciation of our production plants and equipment, maintenance expenses, while direct labor costs included salaries, bonuses, and employee benefits for our manufacturing personnel. The construction and subsequent commencement of our new production bases led to higher manufacturing and direct labor costs in 2023 and 2024, reflecting the significant upfront investments associated with production capacity expansion. As a result, the gross profit and gross profit margin of our plating services were relatively low in 2023, as our Zhuhai and Nantong plating service bases were still under construction or in the trial production phase, incurring substantial initial costs.

The commencement of operations at our new production bases was accompanied by the implementation of advanced automation technologies and digital management systems. These upgrades enhanced both managerial oversight and production efficiency by streamlining workflows, improving resource allocation, and reducing manual intervention. As a result, we were better positioned to fulfil a larger volume of high-value orders with greater precision, consistency, and speed, supporting our broader goals of capacity expansion and operational excellence.

In addition, our continued efforts to enhance and refine our production processes have played an important role in improving our operational performance. In 2024, our increase in revenue from plating chemicals and plating services was also driven by steady progress in technical verification and the successful attainment of product and service qualifications from customers and their supply chains. These developments have improved our readiness for larger-scale production and created potential for gross margin improvement through the implementation of new processes.

Our Ability to Enhance Customer Relationship

Our ability to strengthen customer relationships, particularly through successful technical verification processes with customers and their supply chains, maintaining existing relationships, increasing customer retention, and expanding our customer base, is essential to our operations. During the Track Record Period, we continuously reinforced customer engagement through sustained R&D efforts and by consistently delivering high-quality products and services. These efforts increased customer retention and larger-scale procurement from our customers. Our achievements in technical verification and product qualification, alongside proactive customer relationship management, have further positioned us for subsequent large-scale production opportunities. These accomplishments reflect our commitment to both technological excellence and customer satisfaction.

In addition, our plating services have served as a key entry point for engaging new customers and encouraging existing customers to broaden their procurement scope. Many customers initially adopted our plating services and, after recognizing our product quality and technical capabilities, expanded their purchases to include our plating chemicals. This strategy has been effective in strengthening customer relationship and deepening overall customer engagement. During the Track Record Period, a number of our existing customers gradually increased their procurement levels, while we also established relationships with new customers, contributing to the overall growth of our revenue.

MATERIAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

Our Group has identified certain accounting policies that are significant to the preparation of our consolidated financial statements in accordance with HKFRSs. Our Group has also made certain accounting judgments and assumptions in the process of applying our accounting policies. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management judgements based on information and financial data that may change in future periods. When reviewing our financial information, you should consider: (i) our selection of accounting policies; and (ii) the results to changes in conditions and assumptions. We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgements used in the preparation of our Group's financial information. Our significant accounting policies, estimates and judgements, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Notes 2.3 and 3 to the Accountants' Report in Appendix I to this document.

We believe the following accounting policies, estimates and judgments are most critical to the preparation of the financial information:

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which our Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which our Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customers, generally when the products are accepted by the end customers and the contract amount is determinable.

A significant portion of the sales of specialized wet process plating chemicals is on Vendor Managed Inventory ("VMI") arrangements where the products are delivered to the customers' locations for their use. The control of the products is transferred when the products are used by the customers.

Under the VMI arrangements, the consideration is usually calculated based on the actual plating areas that have been completed by the customers after using the chemicals. As the plating areas are highly susceptible to factors outside our Group's influence, such as products type of the customers, the actions or experiences of customers' staff performing the plating, etc., and there is a broad range of possible plating areas that can be completed by different customers in the past, our Group determines that the consideration under this calculation basis is fully constrained until our Group receives the monthly statement from the customers, that is when the uncertainty related to the variable consideration is resolved and the contract amount is determinable.

(b) Provision of services

Our Group provides process solutions (including providing tailored ancillary equipment and related design, testing and validation services), as well as plating services to customers. Revenue is recognised at a point in time when the service is completed and accepted by the customer.

Impairment of financial assets

Our Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that our Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, our Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, our Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

Our Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, our Group may also consider a financial asset to be in default when internal or external information indicates that our Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by our Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and bills receivables and contract assets which apply the simplified approach as detailed below.

Stage 1	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12- month ECLs
Stage 2	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables and contract assets that do not contain a significant financing component or when our Group applies the practical expedient of not adjusting the effect of a significant financing component, our Group applies the simplified approach in calculating ECLs. Under the simplified approach, our Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Our Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, our Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements . . .	Shorter of remaining lease terms and estimated useful lives
Buildings	3.17%
Machinery	9.5%
Motor vehicles	19%
Furniture and fixture	19%-31.67%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each of the Track Record Periods.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as deduction to the expense item a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to cost of the asset and is depreciated over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Share-based payments

Our Group operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our Group's operations. Employees (including directors) of our Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**Equity-settled Transactions**").

The cost of Equity-settled Transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is computed based on their most recent post-money valuations. Further details are included in Note 31 to the Accountants' Report in Appendix I to this document.

The cost of Equity-settled Transactions is recognised in employee benefit expense, together with a corresponding increase in equity.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

RESULTS OF OPERATIONS

The following table sets forth selected consolidated statement of profit or loss and other comprehensive income for the years indicated:

	Year Ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	319,607	311,651	409,924
Cost of sales	(216,325)	(201,677)	(234,669)
Gross Profit	**103,282**	**109,974**	**175,255**
Other income and gains	2,924	4,288	3,513
Selling and distribution expenses	(30,058)	(28,735)	(34,800)
Administrative expenses	(30,394)	(33,292)	(41,521)
Research and development expenses	(16,301)	(30,053)	(38,823)
Impairment losses on financial and contract assets, net	936	(903)	(3,116)
Other expenses	(612)	(515)	(1,228)
Finance costs	(1,668)	(1,490)	(2,065)
Share of profits of an associate	–	–	2,957
Profit before Tax	**28,109**	**19,274**	**60,172**
Income tax credit/(expense)	(781)	147	(7,466)
Profit and total comprehensive income for the Year	**27,328**	**19,421**	**52,706**
Attributable to:			
Owners of our Company	27,328	19,421	54,448
Non-controlling interests	–	–	(1,742)
	27,328	19,421	52,706

DESCRIPTION OF KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, our revenue was primarily generated from (i) the sales of plating chemicals used in electroless plating and electroplating process for semiconductor and PCB industry; and (ii) services fees charged for providing electroless plating and electroplating services. Our total revenue amounted to RMB319.6 million, RMB311.7 million and RMB409.9 million in 2022, 2023 and 2024, respectively.

Revenue Breakdown by Business Line

The following table sets forth a breakdown of our revenue by business line, in absolute amount and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Plating chemicals						
Plating chemicals for PCB industry						
– *Electroless plating chemicals*	279,750	87.5	226,357	72.6	253,805	61.9
Plating chemicals for semiconductor industry						
– *Electroless plating chemicals*	15,757	5.0	29,113	9.4	45,905	11.2
– *Electroplating chemicals*	15,965	5.0	19,455	6.2	29,129	7.1
Subtotal	31,722	10.0	48,568	15.6	75,034	18.3
Subtotal	**311,472**	**97.5**	**274,925**	**88.2**	**328,839**	**80.2**
Plating Services						
Electroless-plating and electroplating services	6,369	2.0	23,540	7.6	78,909	19.3
Others*	1,766	0.5	13,186	4.2	2,176	0.5
Subtotal	**8,135**	**2.5**	**36,726**	**11.8**	**81,085**	**19.8**
Total	**319,607**	**100.0**	**311,651**	**100.0**	**409,924**	**100.0**

Note: In the process of offering plating services, we may, from time to time and requests from relevant customers, provide equipment to them assisting quick deployment of needed mass production capacity with expected quality.

Sales of plating chemicals

Sales of plating chemicals for PCB industry

During the Track Record Period, revenue from our plating chemicals for the PCB industry was primarily generated from the sales of electroless plating chemicals. For details, see "Business — Sales, Marketing and Distribution — Sales and Distribution" of this document.

In 2022, 2023 and 2024, revenue from sales of plating chemicals for PCB industry amounted to RMB279.8 million, RMB226.4 million, and RMB253.8 million, accounting for 87.5%, 72.6% and 61.9% of our total revenue.

The fluctuations in revenue from this business line were primarily influenced by cyclical trends in the PCB supply chain. According to Frost & Sullivan, the wet process plating chemicals market in China experienced a short-term decline in 2023 due to weakened demands of the consumer electronics market, which is a major end-use application and contributes a significant revenue of the PCB market in China. The decline in demand from this market in 2023 directly led to a decrease in downstream demand in our plating chemicals for PCB industry.

According to Frost & Sullivan, the PCB supply chain rebounded in 2024, driven by strong growth across multiple end-use applications such as AI, EV, and data centers, all of which have shown increasing demand for PCBs. This market recovery has contributed to increased demand for our plating chemicals for PCB industry.

Meanwhile, we actively expanded our customer base and our production lines in both 2023 and 2024. Such efforts contributed to the revenue growth of this business line in 2024. In addition, our continued investments in our plating services business line, where customers validated the quality of our products and services, helped drive increased order volumes and scale in our sales of plating chemicals for the PCB industry.

Sales of Plating chemicals for semiconductor industry

During the Track Record Period, revenue generated under our plating chemicals for semiconductor industry was primarily derived from the sales of electroless plating chemicals and electroplating chemicals for semiconductor industry. For details, see "Business — Sales, Marketing and Distribution" of this document.

In 2022, 2023 and 2024, revenue from sales of plating chemicals for semiconductor industry amounted to RMB31.7 million, RMB48.6 million, and RMB75.0 million, accounting for 10.0%, 15.6% and 18.3% of our total revenue. Within this business line, the revenue generated from both electroless plating and electroplating chemicals increased steadily.

The increase in revenue from sales of plating chemicals to the semiconductor industry was primarily attributable to our continued success in technical verification and achieving product qualifications with customers and their supply chain system, complemented by our overall proactive efforts to strengthen our relationships with customers in the semiconductor industry. Achieving these technical verification significantly enhances our position for subsequent large-scale production opportunities. During the Track Record Period, our existing customers gradually increased their procurement volumes, while a number of new customers also commenced cooperation with us, contributing to the overall growth of this business line.

Plating services

During the Track Record Period, revenue generated from our plating services was primarily derived from electroless plating and electroplating services, and sales of ancillary electroplating equipment. For details, see "Business — Sales, Marketing and Distribution" of this document.

In 2022, 2023 and 2024, revenue from plating services amounted to RMB8.1 million, RMB36.7 million, and RMB81.1 million, accounting for 2.5%, 11.8% and 19.8% of our total revenue.

The growth in both the absolute amount and proportion of revenue from plating services from 2022 to 2023, and further into 2024, was primarily attributable to: (i) our continued provision of high-quality plating services, which has fostered strong customer relationships and higher customer retention. As a result, existing customers expanded the scale of their engagement with us, and we also attracted new customers during the Track Record Period; and (ii) the gradual commencement of production at our Zhuhai and Nantong production bases in 2023 designed for our plating service, which significantly increased our overall production capacity, enabling us to undertake a greater volume of plating service business.

Sales Volume and Average Selling Price

The following table sets forth a breakdown of sales volume and average selling prices of our plating chemicals products for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	ton	*RMB'000/ton*	*ton*	*RMB'000/ton*	*ton*	*RMB'000/ton*
Plating chemicals for PCB industry						
– Electroless plating chemicals	10,343	27.1	8,254	27.4	9,320	27.2
Plating chemicals for semiconductor industry						
– Electroless plating chemicals	156	101.2	293	99.5	407	112.8
– Electroplating chemicals	64	249.6	70	277.5	100	291.5

In 2022, 2023 and 2024, the average selling price of electroless plating chemicals for PCB industry remained generally stable, at RMB27.1 thousand per ton, RMB27.4 thousand per ton, and RMB27.2 thousand per ton, respectively. This pricing stability was attributable to the mature nature of our electroless plating chemicals business, where we adopted a relatively steady pricing strategy throughout the Track Record Period.

In 2022, 2023, and 2024, the average selling price of electroless plating chemicals for semiconductor industry remained generally stable, mainly as a result of a relatively consistent pricing strategy during the Track Record Period; while the average selling price of electroplating chemicals for semiconductor industry rose steadily, primarily due to an increase in sales of higher-priced products in 2023 and 2024.

Cost of Sales

Our cost of sales primarily comprised raw material, direct manufacturing costs, direct labor costs, and transportation costs. During the Track Record Period, our cost of sales decreased from RMB216.3 million in 2022 to RMB201.7 million in 2023, and then increased to RMB234.7 million in 2024, generally aligned with fluctuations in our revenue for the respective years. These movements were primarily driven by fluctuations in customer demand, which led to a decrease in raw material costs in 2023, followed by a gradual recovery to normal levels in 2024. The impact was partially offset by higher manufacturing costs in 2023 resulting from the commencement of our new production bases.

The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as a percentage of total cost of sales, for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Raw material costs	182,215	84.2	157,977	78.4	162,302	69.2
Manufacturing costs	20,369	9.4	29,936	14.8	48,984	20.9
Direct labor costs	6,027	2.8	6,911	3.4	15,530	6.6
Transportation costs	7,714	3.6	6,853	3.4	7,853	3.3
Total	**216,325**	**100.0**	**201,677**	**100.0**	**234,669**	**100.0**

Our raw material costs primarily comprised metal-based salts and chemical reagents required for the plating chemicals, such as gold, nickel, and palladium compounds, as well as other chemicals used in the reactions. The relevant raw materials are generally readily available. In particular, our pricing to customers takes into account prevailing market prices of precious metals, which enables us to pass through a substantial portion of the cost fluctuations to our downstream customers and, in turn, effectively mitigate our exposure to raw material price volatility. According to Frost & Sullivan, this approach aligns with industry practices.

Cost of raw materials represented the largest component of our cost of sales, while its proportion decreased over the Track Record Period due to the increase in the proportion of direct manufacturing and direct labor costs following the commencement of our new production sites in 2023. For the price fluctuation of raw material during the Track Record Period, see "Industry Overview — Overview of Wet Process Plating Chemicals Market in China — Cost Analysis of Wet Process Plating Chemicals Market in China" in this document.

Manufacturing costs primarily consisted of depreciation of our plants and production equipment, maintenance expenses of production equipment, as well as utilities such as water and electricity. Direct labor costs represented salaries, bonuses, and welfare benefits for our manufacturing personnel. Transportation costs referred to expenses incurred for the delivery of finished products after production.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit as a percentage of our revenue. During the Track Record Period, our gross profit amounted to RMB103.3 million, RMB110.0 million and RMB175.3 million in 2022, 2023, and 2024, respectively, while our gross profit margin reached 32.3%, 35.3% and 42.8% during the same periods.

Gross Profit and Gross Profit Margin by Business Lines

The following table sets forth a breakdown of our gross profit and gross profit margin by business segment for the periods indicated:

	Year Ended December 31,					
	2022		2023		2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Plating chemicals						
Plating chemicals for PCB industry	78,514	28.1	79,246	35.0	120,436	47.5
Plating chemicals for semiconductor industry	21,869	68.9	29,902	61.6	37,923	50.5
Subtotal	**100,383**	**32.2**	**109,148**	**39.7**	**158,359**	**48.2**
Plating services	2,899	35.6	826	2.2	16,896	20.8
Overall	**103,282**	**32.3**	**109,974**	**35.3**	**175,255**	**42.8**

During the Track Record Period, our overall gross profit and gross profit margin increased steadily, which were in line with our business growth. The majority of our gross profit was from the sales of plating chemicals during the Track Record Period. The continued growth of high-end orders for our plating chemicals for PCB industry in 2023 and 2024 has optimized our product portfolio, leading to our improved gross profit and gross profit margin in this business line.

In 2023, the relatively low gross profit and gross profit margin of plating services were mainly due to the fact that our Zhuhai and Nantong production bases for plating services were still in the stage of construction and trial production, with higher upfront investment costs. In 2024, the gross profit level of our plating services increased as compared to 2023 as these bases were put into operation throughout the year with higher capacity utilization and rising order volumes created economies of scale with improvement in production efficiency, as well as the purchase price of raw materials involved in plating services decreased.

Other Income and Gains

Our other income primarily consisted of bank interest income, government grants, additional deduction of value-added tax (VAT), investment income from financial assets at fair value through profit or loss, and foreign exchange gains.

The following table sets forth a breakdown of our other income and gains for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Other income						
Bank interest income	1,138	38.9	593	13.8	556	15.8
Government grants	821	28.1	302	7.0	153	4.4
Additional deduction of value-added tax	–	–	1,104	25.7	1,506	42.9
Investment income from financial assets at fair value through profit or loss	18	0.6	746	17.4	113	3.2
Others	150	5.1	44	1.0	504	14.3
Gains						
Gain on early termination of a lease	61	2.1	–	–	–	–
Fair value gains on financial assets at fair value through profit or loss	347	11.9	1,431	33.5	571	16.3
Foreign exchange gains, net	389	13.3	68	1.6	110	3.1
Total	**2,924**	**100.0**	**4,288**	**100.0**	**3,513**	**100.0**

Selling and Distribution Expenses

Our selling and distribution expenses primarily consisted of employee compensation, business development expenses, and office expenses. The following table sets forth a breakdown of our selling and distribution expenses for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee Compensation	14,811	49.4	15,344	53.4	20,182	58.0
Business development expenses	12,695	42.2	9,684	33.7	11,487	33.0
Office expenses	2,478	8.2	3,628	12.6	3,061	8.8
Other*	74	0.2	79	0.3	70	0.2
Total	**30,058**	**100.0**	**28,735**	**100.0**	**34,800**	**100.0**

Note:

* Primarily includes miscellaneous costs.

In 2022, 2023, and 2024, our selling and distribution expenses amounted to RMB30.1 million, RMB28.7 million, and RMB34.8 million, respectively. Employee compensation represented the largest component of our selling and distribution expenses, accounting for 49.4%, 53.4%, and 58.0% of the total expenses during the same years, respectively, primarily reflecting salaries, bonuses, and benefits for employees involved in sales and distribution activities. Business development expenses were the second-largest component, accounting for 42.2%, 33.7%, and 33.0% of the total expenses, and primarily consisted of costs associated with market expansion initiatives, participation in exhibitions and other marketing events, and customer relationship management, including our initiatives to assist our customers in optimizing the use of our products. Office expenses primarily included costs associated with administrative support for the sales team, amounted to 8.2%, 12.6%, and 8.8%, respectively. Other expenses primarily consisted of miscellaneous costs.

Administrative Expenses

Our administrative expenses primarily consisted of employee compensation, depreciation and amortization, intermediary fees, office expenses, travel and transportation expenses, business reception expenses, business taxes and surcharges, and other expenses. The following table sets forth a breakdown of our administrative expenses for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee Compensation	13,887	45.6	13,630	40.9	16,775	40.3
Depreciation and Amortization	2,765	9.1	4,783	14.4	6,291	15.2
Professional service fees	2,603	8.6	1,627	4.9	3,167	7.6
Office expenses	2,896	9.5	2,988	9.0	3,214	7.7
Travel and transportation	1,875	6.2	1,989	6.0	2,312	5.6
Business reception expenses	3,879	12.8	2,574	7.7	1,739	4.2
Business taxes and surcharges	1,469	4.8	3,211	9.6	5,386	13.0
Others*	1,020	3.4	2,490	7.5	2,637	6.4
Total	**30,394**	**100.0**	**33,292**	**100.0**	**41,521**	**100.0**

Note:

* Primarily includes write-off loss incurred in the ordinary course of business, patent fees and operational support costs.

In 2022, 2023, and 2024, our administrative expenses amounted to RMB30.4 million, RMB33.3 million, and RMB41.5 million, respectively. Employee compensation was the largest component, accounting for 45.6%, 40.9%, and 40.3% of total administrative expenses, and included salaries, bonuses, and performance-related incentives for administrative staff. Depreciation and amortization expenses, primarily include office buildings and administrative facilities within our production bases, as well as office equipment, particularly newly commissioned facilities, represented a growing portion of our administrative expenses. Professional services covered auditing, consulting, and valuation fees and other professional service fees. Office expenses comprised costs for supplies, utilities, and administrative consumables. Travel and transportation expenses included business travel and related logistics. Business reception expenses covered reasonable costs incurred to support business communication and relationship management. Business taxes and surcharges mainly consisted of property taxes on commercial properties we acquired. Other expenses primarily consisted of patent fees, and operational support costs, including cleaning services, environmental safety services, and security benefits for our administrative facilities.

Research and Development Expenses

Our research and development expenses primarily consisted of raw material consumption, employee compensation, depreciation and amortization, testing fees, office expenses, trademark and patent fees and others. The following table sets forth a breakdown of our research and development expenses for the periods indicated:

	Year Ended December 31,					
	2022		2023		2024	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Raw material consumption	6,832	41.8	16,351	54.4	21,374	55.1
Employee compensation	4,378	26.9	7,251	24.1	9,098	23.4
Depreciation and amortization	2,284	14.0	2,605	8.7	2,764	7.1
Testing fees	1,190	7.3	1,611	5.4	1,163	3.0
Office expenses	841	5.2	1,322	4.4	2,120	5.5
Others*	776	4.8	913	3.0	2,304	5.9
Total	**16,301**	**100.0**	**30,053**	**100.0**	**38,823**	**100.0**

Note:

* Primarily consist of property rental and site usage fees, travel expenses, and other costs associated with R&D activities.

In 2022, 2023, and 2024, our research and development expenses amounted to RMB16.3 million, RMB30.1 million, and RMB38.8 million, respectively. Our research and development expenses increased steadily during the Track Record Period, primarily driven by our continued investment in R&D capabilities. We consistently expanded the scale and scope of our R&D projects to meet the evolving and increasingly sophisticated needs of our customers. These efforts not only supported the development and optimization of our product and service offerings, but also contributed to the enhancement of customer satisfaction and loyalty, ultimately driving our overall revenue growth.

Raw material consumption refers to raw material used in our internal R&D initiatives. In 2023 and 2024, the volume of materials used in our R&D activities increased, reflecting both the improved processing capacity of our R&D equipment and the greater scale of validation required during the development process, which in turn drove higher material demand. Employee compensation encompasses salaries, bonuses, and benefits paid to our employees involved in R&D efforts. Depreciation and amortization expense represents the allocation of costs for capital assets, such as lab equipment or facilities, used in our R&D activities over their useful lives. Testing fees capture costs associated with conducting trials, experiments, or product testing as part of the R&D process. Office expenses include office supplies, utilities, and miscellaneous administrative costs supporting R&D operations.

Impairment Losses on Financial and Contract Assets (Net)

Our impairment losses on financial and contract assets (net) primarily reflected credit losses related to trade and bills receivables and contract assets. In 2022, we recorded a net reversal of impairment losses of RMB936,000, primarily due to the recovery of bad debts recognized in prior years. Subsequently, we recorded net impairment losses of RMB903,000 in 2023 and RMB3,116,000 in 2024. The significant increase in 2024 was mainly due to a provision for an one-off bad debt of an individual customer in 2024, as well as the overall expansion of our business scale.

Other Expenses

In 2022, 2023 and 2024, our other expenses amounted to RMB0.6 million, RMB0.5 million and RMB1.2 million, respectively. Our other expenses primarily consisted of (i) loss on disposal of fixed assets that no longer aligned with current production needs following enhancements in our manufacturing processes, (ii) penalties incurred due to early termination of lease agreements arising from business adjustments, and (iii) donation and sponsorship expenses.

Finance Costs

Our finance costs primarily consisted of interest expense on bank loans and interest expense on lease liabilities. The following table sets forth a breakdown of our finance costs for the years indicated:

	Year Ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank and other borrowings	5,442	2,084	1,878
Interest on lease liabilities	289	166	187
Total interest expense on financial liabilities	5,731	2,250	2,065
Less: Interest capitalized	(4,063)	(760)	–
Total	1,668	1,490	2,065

In 2022, 2023, and 2024, our finance costs amounted to RMB1.7 million, RMB1.5 million, and RMB2.1 million, respectively. The fluctuations in our finance costs during the Track Record Period were mainly in relation to the capitalization of our finance costs in 2022 and 2023.

Share of Profits of an Associate

Our share of profits of an associate represents the profit and losses from our long-term investment in our associate. In 2022, 2023 and 2024, we recorded share of profits of associate of nil, nil and, RMB3.0 million, respectively.

Income Tax Credit/(Expense)

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. We recorded income tax expense of RMB781,000 in 2022, income tax credit of RMB147,000 in 2023, and income tax expense of RMB7.5 million in 2024. The following table sets forth a breakdown of our income tax expense/(credit) for the years indicated:

	Year Ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	(1,910)	(2,216)	(6,009)
Deferred income tax	1,129	2,363	(1,457)
Income tax credit/(expense) for the year	**(781)**	**147**	**(7,466)**

The Company and its branches were incorporated in the PRC. Under the relevant PRC Enterprise Income Tax Law (the "EIT Law") and respective regulations, the Company and its branches within our Group are subject to corporate income tax at the statutory rate of 25% for the Track Record Period unless otherwise specified below.

The Company was approved as a "High and New Technology Enterprise" and entitled to a preferential income tax rate of 15% during the Track Record Period. Jiangsu Xizhi Semiconductor Technology Co., Ltd. a subsidiary of our Group in Mainland China, is also qualified as a "High and New Technology Enterprise" and was subject to income tax at a preferential tax rate of 15% for 2023 and 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years. For details, please see Note 10 to the Accountants' Report set out in Appendix I to this document.

Based on Public Notice 2021 No. 13 issued by the State Tax Bureau of the PRC on March 31, 2021, the manufacturing enterprises were eligible for an additional 100% deduction of eligible R&D expenses from January 1, 2021. Furthermore, based on Public Notice 2023 No. 7 issued by the State Tax Bureau of the PRC on March 26, 2023, the enterprises were eligible for an additional 100% deduction of eligible R&D expenses from January 1, 2023.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that we had fulfilled all our tax obligations and had no disputes or unresolved tax issues with relevant tax authorities.

Profit and Total Comprehensive Income for the Year

In light of the above, we achieved a profit and total comprehensive income of RMB27.3 million, RMB19.4 million, RMB52.7 million in 2022, 2023 and 2024, respectively.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased from RMB311.7 million in 2023 to RMB409.9 million in 2024, due to the growth in revenue from sales of plating chemicals and provision of plating services.

Sales of plating chemicals

Plating chemicals for PCB industry

Our revenue generated from plating chemicals for the PCB industry increased from RMB226.4 million in 2023 to RMB253.8 million in 2024. This growth was primarily attributable to the recovery of PCB supply chain in China in 2024. According to Frost & Sullivan, the PCB supply chain rebounded in 2024, driven by strong growth across multiple end-use applications such as AI, EV, and data centers, all of which have shown increasing demand for PCBs. As a result, the market size of wet process plating chemicals for the PCB industry in China expanded from RMB9.4 billion in 2023 to RMB10.2 billion in 2024. This market recovery has contributed to increased demand of our plating chemicals for PCB industry in 2024.

In addition, we actively expanded our customer base and our production lines in both 2023 and 2024. Such efforts contributed to the revenue growth of this business line in 2024. In addition, our continued investments in our plating services business line, where customers validated the quality of our products and services, driving increased order volumes and scale in our sales of plating chemicals for the PCB industry.

The sales volume of our plating chemicals for PCB industry increased from 8,254 tons in 2023 to 9,320 tons in 2024, reflecting the increased customer demand from 2023 to 2024.

Plating chemicals for semiconductor industry

Our revenue generated from plating chemicals for plating chemicals for semiconductor industry increased from RMB48.6 million in 2023 to RMB75.0 million in 2024, driven by the revenue growth from both electroless plating and electroplating chemicals.

This increase was primarily attributable to our continued success in technical verification and achieving product qualifications with customers and their supply chains, complemented by our overall proactive efforts to strengthen our relationships with customers in the semiconductor industry. Achieving these technical verification significantly enhances our position for subsequent large-scale production opportunities. In 2024, as the qualification processes continued to advance, more of our customers' products entered the mass production stage, further increasing demand for our plating chemicals and strengthening the depth of our collaboration with these customers.

The sales volume of our electroless plating chemicals for semiconductor industry increased from 293 tons in 2023 to 407 tons in 2024; the sales volume of our electroplating chemicals increased from 70 tons in 2023 to 100 tons in 2024, reflecting the increased customer demand during that period.

Plating services

From 2023 to 2024, revenue from plating services business line further increased from RMB36.7 million to RMB81.1 million. This continued growth was mainly attributable to the full-year operation of the Zhuhai and Nantong production bases, as well as the addition of new production lines in Zhuhai production base. With improved capacity and service delivery capabilities, we were able to further expand our plating service services and reinforce our presence in the market.

Cost of Sales

Our cost of sales increased from RMB201.7 million in 2023 to RMB234.7 million in 2024, driven by increases in raw material costs, manufacturing costs, direct labor costs, and transportation costs. This increase was mainly attributable to: (i) revenue growth in 2024, which led to higher consumption of raw materials, as well as increases in manufacturing and transportation costs to support the expanded production scale; and (ii) the gradually commenced full-scale production at our new production bases, which required additional staff, resulting in higher direct labor costs.

Gross Profit and Gross Profit Margin

Our gross profit increased from RMB110.0 million in 2023 to RMB175.3 million in 2024. This growth was primarily attributable to a more significant increase in revenue comparing to the increase in revenue over the same period.

The overall gross profit margin increased from 35.3% in 2023 to 42.8% in 2024, primarily because the majority of our gross profit was from the sales of plating chemicals for PCB industry, the gross profit margin of which increased during that period.

Sales of plating chemicals

Plating chemicals for PCB industry

The gross profit of plating chemicals for PCB industry increased from RMB79.2 million in 2023 to RMB120.4 million in 2024.

The gross profit margin of plating chemicals for the PCB industry increased from 35.0% in 2023 to 47.5% in 2024. This improvement was primarily driven by: (i) the recovery of the industry, which led to a rebound in customer demand and more concentrated production activities, resulting in enhanced economies of scale; (ii) the implementation of new production processes in 2024, which enhanced production efficiency and further reduced manufacturing costs for plating chemicals for PCB industry; and (iii) the commencement of operations at our new production bases, where the use of automation and digital management systems significantly optimized both management and production efficiency, while also enabling us to fulfill a greater number of high-value orders.

Plating chemicals for semiconductor industry

The gross profit of plating chemicals for semiconductor industry increased from RMB29.9 million in 2023 to RMB37.9 million in 2024.

The gross profit margin of plating chemicals for semiconductor industry decreased from 61.6% in 2023 to 50.5% in 2024. This change was primarily driven by ongoing adjustments and optimization of our product matrix during the period. In 2024, we continued to focus on capturing business growth and the enhancement of our market share in the fast growing semiconductor industry. While the gross margin decreased, this strategic shift facilitated larger-scale orders, contributing to significant business growth and enhanced market competitiveness.

Plating services

The gross profit of plating service increased from RMB0.8 million in 2023 to RMB16.9 million in 2024.

The gross profit margin of plating services increased from 2.2% in 2023 to 20.8% in 2024. This improvement was primarily attributable to: (i) in 2023, our Zhuhai and Nantong production bases that designed for our plating services were largely in the construction and trail production phases, incurring substantial upfront costs related to production setup, equipment investment, and recruitment of new employees, which led to lower gross profit for our plating services business line in 2023. After these production bases began formal operations in 2024, capacity utilization improved, and the related construction and labor costs significantly decreased in 2024, resulting in an increase in gross profit; (ii) a recovery in industry demand led to increased production volume, creating economies of scale and enhancing production efficiency; and (iii) the procurement prices of major raw materials used in our plating service services saw a decline in 2024.

Other Income and Gains

Our other income and gains decreased from RMB4.3 million in 2023 to RMB3.5 million in 2024, primarily driven by: (i) a decrease in bank interest income due to lower average bank deposit balances in 2024, (ii) a decrease in government grants due to the expiration of certain government grants, (iii) a decrease in investment income from the disposal of financial assets at FVTPL, as we reduced disposals in 2024 based on internal funding needs; and (iv) lower fair value gains on financial assets at FVTPL, mainly due to changes arising from revaluation.

Selling and Distribution Expenses

Our selling and distribution expenses increased from RMB28.7 million in 2023 to RMB34.8 million in 2024, primarily due to higher personnel-related costs resulting from our continued efforts to expand our customer base and market presence. In addition, the strong performance of our business contributed to an increase in performance-based compensation and bonuses for our sales personnel.

Administrative Expenses

Our administrative expenses increased from RMB33.3 million in 2023 to RMB41.5 million in 2024, primarily due to the following reasons: (i) an increase in employee-related expenses, as a result of improved business performance which led to higher performance-based compensation and bonuses for management personnel; (ii) a rise in professional service fees, including audit, consulting, valuation, and testing services, in line with our operational needs; and (iii) an increase in depreciation and property-related taxes, driven by the capitalization of certain production facilities during in 2024.

Research and Development Expenses

Our research and development expenses increased from RMB30.1 million in 2023 to RMB38.8 million in 2024, primarily due to the increase in raw materials used in R&D activities, and the increase in the employee compensation due to our continued expansion of our R&D team.

Impairment Losses on Financial and Contract Assets (Net)

Our impairment losses on financial and contract assets (net) increased from RMB903,000 in 2023 to RMB3,116,000 in 2024, mainly due to a provision for an one-off bad debt related to one individual customer, as well as the overall expansion of our business scale.

Other Expenses

Our other expenses increased from RMB0.5 million in 2023 to RMB1.2 million in 2024, primarily due to increase in the disposal of fixed assets that no longer aligned with current production needs following enhancements in our manufacturing processes.

Finance Costs

Our finance costs increased from RMB1.5 million in 2023 to RMB2.1 million in 2024, mainly due to completion of Zhuhai and Nantong manufacturing facilities in 2023, and no finance costs are capitalized in 2024.

Income Tax Credit/(Expense)

Our income tax credit/(expense) changed from a credit of RMB147,000 in 2023 to an expense of RMB7.5 million in 2024, primarily due to the increase in our taxable profit before income tax from RMB19.3 million in 2023 to RMB60.2 million in 2024.

Profit and total comprehensive income for the Year

As a result of the foregoing, our profit for the year increased from RMB19.4 million in 2023 to RMB52.7 million in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue decreased from RMB319.6 million in 2022 to RMB311.7 million in 2023, due to the decrease in revenue from sales of plating chemicals for PCB industry.

Sales of plating chemicals

Plating chemicals for PCB industry

Our revenue generated from plating chemicals for the PCB industry decreased from RMB279.8 million to RMB226.4 million, primarily influenced by cyclical trends in the PCB supply chain. According to Frost & Sullivan, the wet process plating chemicals market in China experienced a short-term decline in 2023 due to weakened demands of the consumer electronics market, which is a major end-use application and contributes a significant revenue of the PCB market in China. The decline in demand from this market in 2023 directly led to a decrease in downstream demand in our plating chemicals for PCB industry. According to Frost & Sullivan, the market size of wet process plating chemicals for the PCB industry in China declined from RMB10.8 billion in 2022 to RMB9.4 billion in 2023, reflecting the downstream demand in 2023.

The sales volume of our plating chemicals for PCB industry decreased from 10,343 tons in 2022 to 8,254 tons in 2023, reflecting the decreased market demand during that period.

Plating chemicals for semiconductor industry

Our revenue generated from plating chemicals for plating chemicals for semiconductor industry increased from RMB31.7 million in 2022 to RMB48.6 million in 2023, driven by the steady revenue growth from both electroless plating and electroplating chemicals.

This increase was primarily driven by our success in technical verification and securing product qualifications with customers and their supply chains, alongside our efforts to strengthen our partnerships with customers in the semiconductor industry. As qualification processes advanced in 2023, more of our customers' products moved into mass production, resulting in increased demand for our plating chemicals and further reinforcing our collaborative relationships with these customers.

The sales volume of our electroless plating chemicals for semiconductor industry increased from 156 tons in 2022 to 293 tons in 2023; the sales volume of our electroplating chemicals increased from 64 tons in 2022 to 70 tons in 2023, reflecting the increased customer demand during that period.

Plating services

From 2022 to 2023, revenue from plating services increased from RMB8.1 million to RMB36.7 million. This growth was primarily driven by the gradual commencement of production at our Zhuhai and Nantong production bases in 2023, which were established to support the development of our plating services. The launch of these facilities significantly enhanced our production capabilities and efficiencies, enabling us to deliver a greater volume of services and better meet the needs of our customers.

Cost of Sales

Our cost of sales decreased from RMB216.3 million in 2022 to RMB201.7 million in 2023, primarily due to a decrease in raw material and manufacturing costs. This was mainly attributable to: (i) a decrease in revenue in 2023 compared with 2022, which resulted in a corresponding decline in raw material costs and transportation costs; and (ii) the implementation of new production processes, which contributed to improvement of efficiency, further reducing raw material costs. These factors were partially offset by: (i) an increase in manufacturing costs, mainly driven by the growth in revenue from our plating services, whose associated costs were primarily reflected under manufacturing expenses; and (ii) increased direct labor costs, as a result of the construction and phased commencement of operations at our new production bases, which required the recruitment of additional staff.

Gross Profit and Gross Profit Margin

Our gross profit increased from RMB103.3 million in 2022 to RMB110.0 million in 2023. This growth was primarily attributable to a more significant reduction in the cost of sales compared to the decrease in revenue over the same period. As a result, the decline in costs had a greater impact on improving gross profit, despite the decrease in revenue.

The overall gross profit margin increased from 32.3% in 2022 to 35.3% in 2023, primarily because the majority of our gross profit was from the sales of plating chemicals for PCB industry, the gross profit margin of which increased during that period. This was partially offset by the decrease of profit margin for plating services.

Sales of plating chemicals

Plating chemicals for PCB industry

The gross profit of plating chemicals for PCB industry remained stable, amounting to RMB78.5 million in 2022 and RMB79.2 million in 2023.

The gross profit margin of plating chemicals for the PCB industry increased from 28.1% in 2022 to 35.0% in 2023. This improvement was primarily attributable to: (i) enhanced production efficiency resulting from the adoption of new processes in 2023, which enabled cost reductions and improved operational effectiveness; and (ii) a change of product matrix with increase in high value orders in this business line compared to 2022.

Plating chemicals for semiconductor industry

The gross profit of plating chemicals for semiconductor industry increased from RMB21.9 million in 2022 to RMB29.9 million in 2023.

The gross profit margin of plating chemicals for the semiconductor industry slightly decreased from 68.9% in 2022 to 61.6% in 2023. This change was primarily driven by ongoing adjustments to our product matrix during the period. In 2023, a higher proportion of our sales consisted of products with relatively higher average selling prices and corresponding costs as compared to 2022. This adjustment was in line with our strategy to prioritize high-value and large-scale orders, while continuously refining our product matrix to support the ongoing expansion of our business. While the gross margin slightly decreased, this strategic shift facilitated larger-scale orders, contributing to significant business growth and enhanced market competitiveness.

Plating services

The gross profit of plating service decreased from RMB2.9 million in 2022 to RMB0.8 million in 2023.

The gross profit margin of plating services decreased from 35.6% in 2022 to 2.2% in 2023. This decline was primarily due to the commencement of operations at the first-phase facilities of our Zhuhai and Nantong production bases, which had reached their intended usable state and were equipped with the necessary machinery and production personnel. As a result, both direct manufacture and labor costs increased and resulted in the relatively low gross margin in 2023.

In addition, we placed strategic emphasis on securing high-value and large-scale orders in 2023, which was accompanied by higher associated costs. Although this contributed to a relatively lower gross profit margin in 2023, it positioned us well for capturing future scale efficiencies and long-term growth.

Other Income and Gains

Our other income and gains increased from RMB2.9 million in 2022 to RMB4.3 million in 2023, primarily due to: (i) an increase in investment income from financial assets at FVTPL, as we increased disposals of such financial assets in 2023 based on internal funding needs, (ii) an increase in fair value gains on financial assets at FVTPL, due to changes from revaluation, and (iii) an additional VAT deduction obtained under a preferential policy issued by the PRC tax authority, which allows eligible "High and New Technology Enterprise" to enjoy a super deduction over a ten-year period. This increase was partially offset by a decrease in interest income generated from lower average bank deposit balances in 2023.

Selling and Distribution Expenses

Our selling and distribution expenses remained relatively stable of RMB30.1 million in 2022 and RMB28.7 million in 2023.

Administrative Expenses

Our administrative expenses increased from RMB30.4 million in 2022 to RMB33.3 million in 2023, primarily due to higher depreciation and amortization expenses, as well as an increase in business taxes, surcharges, and related costs. These increases were mainly driven by our purchase of commercial property in Zhuhai, which resulted in higher property tax obligations, increased depreciation and amortization charges, and a rise in associated expenses such as facility maintenance, cleaning services, and environmental and safety compliance fees.

Research and Development Expenses

Our research and development expenses increased from RMB16.3 million in 2022 to RMB30.1 million in 2023, primarily due to the increase in raw materials used in R&D activities, and the increase in the employee compensation due to our expansion of our R&D team.

Impairment Losses on Financial and Contract Assets (Net)

Our financial and contract assets (net) changed from impairment loss reversal of RMB936,000 in 2022 to impair loss of RMB903,000 in 2023. Such change was mainly due to the recovery of bad debts during 2022.

Other Expenses

Our other expenses remained relatively stable, with amounts of RMB0.6 million in 2022 and RMB0.5 million in 2023.

Finance Costs

Our finance costs decreased from RMB1.7 million in 2022 to RMB1.5 million in 2023, mainly due to the decrease on the interest on lease liabilities as we terminated certain lease in 2023.

Income Tax Credit/(Expense)

Our income tax credit/(expense) changed from an expense of RMB781,000 in 2022 to a credit of RMB147,000 in 2023, primarily due to the decrease in our profit before tax decreased from RMB28.1 million in 2022 to RMB19.3 million in 2023.

Profit for the Year

As a result of the foregoing, our profit for the year decreased from RMB27.3 million in 2022 to RMB19.4 million in 2023.

DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I to this document:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	392,825	458,695	512,979
Right-of-use assets	30,069	30,962	37,045
Intangible assets	190	70	474
Deferred tax assets	2,425	4,784	3,318
Investment in an associate	–	45,000	48,270
Prepayment, deposits and other receivables	27,466	17,355	3,836
	452,975	**556,866**	**605,922**

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
CURRENT ASSETS			
Inventories	99,766	54,421	90,333
Trade and bills receivables	151,696	171,959	227,508
Contract assets	72	328	139
Prepayments, deposits and other receivables	23,098	25,061	7,454
Cash and cash equivalents	70,668	62,802	86,511
Restricted bank deposits	–	–	7,950
Financial assets at fair value through profit and loss	80,347	71,359	20,025
Debt investments at fair value through other comprehensive income	2,079	12,574	13,073
	427,726	**398,504**	**452,993**
CURRENT LIABILITIES			
Trade and bills payables	17,170	14,814	41,586
Other payables and accruals	61,170	63,918	48,015
Interest-bearing bank and other borrowings	2,900	2,900	19,775
Lease liabilities	2,365	828	1,072
Contract liabilities	8,173	2,771	10,396
Tax payable	1,840	3,396	4,165
	93,618	**88,627**	**125,009**
NET CURRENT ASSETS	**334,108**	**309,877**	**327,984**
TOTAL ASSETS LESS CURRENT LIABILITIES	**787,083**	**866,743**	**933,906**
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	44,125	41,225	36,450
Lease liabilities	910	4,053	2,981
Deferred tax liabilities	42	38	29
	45,077	**45,316**	**39,460**

Assets

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of buildings, machinery, motor vehicles, furniture and fixture, leasehold improvement, and construction in progress.

The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Buildings	8,977	318,439	370,983
Machinery	26,492	55,506	69,949
Motor vehicles	4,827	4,355	3,490
Furniture and fixture	615	3,218	2,792
Leasehold improvements	826	2,244	2,522
Construction in progress	351,088	74,933	63,243
Total	**392,825**	**458,695**	**512,979**

Our property, plant and equipment increased from RMB392.8 million as of December 31, 2022, to RMB458.7 million as of December 31, 2023, primarily due to (i) increases in buildings, plant and machinery, and furniture and fixture, mainly attributable to our continuous development of our production bases in Zhuhai and Nantong, and (ii) increase in leasehold improvement as a result of the decoration for our leased properties in Shenzhen. Meanwhile, construction in progress decreased as of December 31, 2023 compared to December 31, 2022, primarily due to the completion of certain production bases in 2023.

Our property, plant and equipment increased from RMB458.7 million as of December 31, 2023, to RMB513.0 million as of December 31, 2024, primarily due to increases in buildings, and plant and machinery, mainly attributable to our further development of our production bases in Zhuhai. Meanwhile, construction in progress further decreased as of December 31, 2024, compared to December 31, 2023, primarily due to the completion of additional production facilities in 2024.

Right-of-Use Assets

Our right-of-use assets primarily consisted of leasehold land and buildings. The following table sets forth the breakdown of our right-of-use assets as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Land use rights	26,996	26,433	33,504
Leasehold buildings	3,073	4,529	3,541
Total	**30,069**	**30,962**	**37,045**

Our right-of-use assets remained relatively stable at RMB30.1 million as of December 31, 2022, and RMB31.0 million as of December 31, 2023, as additions to leasehold buildings. Our right-of-use assets increased to RMB37.0 million as of December 31, 2024, primarily due to the acquisition of land use rights in Zhuhai to support our anticipated production needs.

Intangible Assets

Our other intangible assets primarily consisted of software. Our intangible assets decreased from RMB190,000 as of December 31, 2022, to RMB70,000 as of December 31, 2023, mainly due to the accumulation of amortization. Our intangible assets increased from RMB70,000 as of December 31, 2023, to RMB474,000 as of December 31, 2024, primarily driven by increased investment in digital infrastructure, including the purchase of additional software.

Deferred Tax Assets

We recognize deferred tax assets based on estimates that is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilized. Our deferred tax assets are offset when there is a legally enforceable right to offset current income tax recoverable against current income tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Our deferred tax assets increased from RMB2.4 million as of December 31, 2022, to RMB4.8 million as of December 31, 2023, primarily reflecting the recognition of deductible tax losses by our certain subsidiary. The balance declined to RMB3.3 million as of December 31, 2024, as a portion of these losses was utilized and subsequently reversed during the year.

Prepayments, deposits and other receivables

Our current portion of prepayments, deposits and other receivables comprise VAT and EIT recoverable, prepayments, other receivables and deposit and other current asset. Our non-current portion of prepayments, deposits and other receivables comprise VAT recoverable, other receivables and deposits, and prepayments for property, plant and equipment.

The following table sets forth the breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Tax recoverable	17,314	20,256	3,078
Prepayments	1,787	2,224	1,904
Other receivables and deposits	3,952	2,492	2,404
Right of return assets	45	89	68
	23,098	**25,061**	**7,454**
Non-current			
Tax recoverable	9,560	10,476	–
Other receivables and deposits	1,310	876	642
Prepayments for property, plant and equipment	16,596	6,003	3,194
	27,466	**17,355**	**3,836**

Our current portion of prepayments, deposits and other receivables increased from RMB23.1 million as of December 31, 2022 to RMB25.1 million as of December 31, 2023, primarily due to an increase in VAT recoverable resulting from input VAT accumulated during the procurement of production equipment, construction materials, and other supporting facilities, as well as higher prepayments for professional service fees. The balance then decreased to RMB7.5 million as of December 31, 2024, mainly driven by VAT refunds received in relation to previously accumulated input VAT and continued repayment of employee advances.

Our non-current portion of prepayments, deposits and other receivables decreased from RMB27.5 million as of December 31, 2022 to RMB17.4 million as of December 31, 2023, primarily due to a decrease in prepayments for property, plant and equipment, as certain construction-related payments were reclassified into property, plant and equipment upon project completion and inspection. The balance further decreased to RMB3.8 million as of December 31, 2024, mainly due to a reduction in VAT recoverable, as a result of the capitalization of most production facilities completed in 2023 and 2024. After the facilities commenced operation in 2024, the amount of input VAT eligible for deferred recovery decreased accordingly.

Inventories

Our inventories primarily consisted of raw materials, finished goods and dispatched goods and contract costs. The following table sets forth the breakdown of our inventories as of the date indicted:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	52,952	16,295	23,399
Finished goods	20,008	16,644	21,465
Dispatched goods and contract costs	26,806	21,482	45,469
	99,766	**54,421**	**90,333**

Our inventories decreased from RMB99.8 million as of December 31, 2022, to RMB54.4 million as of December 31, 2023, primarily attributable to: (i) a normalization of raw material inventory levels. In 2022, due to supply chain uncertainties and rising procurement costs driven by macroeconomic factors, we increased raw material inventories to ensure production continuity, resulting in a relatively high balance as of December 31, 2022. In 2023, as supply conditions improved and raw material prices declined, raw material inventory levels returned to a more typical level; and (ii) a reduction in dispatched goods and contract costs, primarily reflecting the consumption of stock and turnover of products during the year.

Our inventories increased from RMB54.4 million as of December 31, 2023, to RMB90.3 million as of December 31, 2024, primarily due to: (i) an increase in raw materials, driven by higher production requirements in response to increased market demand in 2024 and the commencement of production at our new production bases, which expanded our production capacity and required higher raw material inventory levels; and (ii) an increase in finished goods and dispatched goods and contract costs, reflecting the expanded production capacity and higher customer demand in 2024.

The following table sets forth a summary of our inventories turnover days for the years indicated:

	Year Ended December 31,		
	2022	2023	2024
Inventories turnover days*	139	140	113

Note:

* Inventory turnover days for a year equal the average of the opening and closing balance of gross inventories (before provision for impairment) divided by cost of sales for the relevant year and multiplied by the number of days in the relevant year, which is 360 days for each year.

Our inventory turnover days were 139 days, 140 days, and 113 days in 2022, 2023, and 2024, respectively. In 2022, we strategically increased inventory to mitigate supply chain uncertainties. In 2024, with increased downstream demand, our turnover efficiency improved, leading to a further decrease in turnover days. This decrease also reflected the effectiveness of our inventory management practices.

As of April 30, 2025, RMB64.6 million or 71.5% of our inventories outstanding as of December 31, 2024, was subsequently utilized.

Trade and Bills Receivables

Our trade and bills receivables primarily represented receivables from contract with customers, and bill receivables, net of impairment. The following table sets forth the breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	134,755	154,481	208,750
Less: impairment of trade receivables	(1,050)	(1,917)	(4,704)
	133,705	152,564	204,046
Bills receivables	18,008	19,445	23,498
Less: impairment of bill receivables	(17)	(50)	(36)
	17,991	19,395	23,462
Total	**151,696**	**171,959**	**227,508**

Our trade and bill receivables increased from RMB151.7 million as of December 31, 2022, to RMB172.0 million as of December 31, 2023, and further increased to RMB227.5 million as of December 31, 2024, primarily driven by the increase in revenue base in 2023 and 2024. For details, see Note 20 to the Accountants' Report in Appendix I in this document.

The following table sets forth an aging analysis of the trade and bills receivables, based on the revenue recognition date, as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	152,141	163,999	214,484
1 to 2 years	622	9,886	15,977
2 to 3 years	–	41	1,787
Total	**152,763**	**173,926**	**232,248**

The following table sets forth a summary of our trade and bills receivables turnover days for the periods indicated:

	Year Ended December 31,		
	2022	2023	2024
Trade and bills receivables turnover days*	175	189	178

Note:

* Trade and bills receivables turnover days were calculated based on the average of opening and closing balance of trade and bills receivables for the relevant year, divided by the revenue for the same year and multiplied by 360 days for 2022, 2023, and 2024.

Our trade and bills receivables turnover days were 175 days, 189 days, and 178 days in 2022, 2023, and 2024, respectively. During the Track Record Period, our trade and bills receivables turnover days remained stable.

To ensure the timely collection of trade receivables and improve cash flow management, we have implemented several measures. We conduct comprehensive credit evaluations for all customers, regularly reviewing their financial status, payment history, and market reputation. Customers with higher credit risk are subject to stricter payment terms, such as shorter credit periods or advance payment requirements.

As of April 30, 2025, RMB141.6 million or 70.1% of our trade receivables outstanding, net of loss allowance, as of December 31, 2024, was subsequently settled.

Financial Assets at Fair Value Through Profit or Loss ("FVTPL")

Financial assets at FVTPL represent structured deposits and other financial products issued by commercial banks. These products were primarily low-risk wealth management instruments held for short-term investment purposes. The balance of financial instruments at FVTPL decreased from RMB80.3 million as of December 31, 2022, to RMB71.4 million as of December 31, 2023, mainly because the financial product purchased in 2022 was disposed by December 31, 2023, whereas a structured deposit remained outstanding as of December 31, 2023. The balance further decreased to RMB20.0 million as of December 31, 2024, primarily due to the disposal of the financial product purchased in 2023 as of December 31, 2024, and our purchase of a new financial product in 2024 with a principal amount of approximately RMB20.0 million.

Our senior management team and finance department are primarily responsible for making, implementing, and supervising our investment decisions. To ensure proper oversight and risk management, we have implemented the following treasury policies and internal authorization controls:

Before making any investment, we ensure that sufficient working capital is maintained to meet our business needs, ongoing operations, research and development, and capital expenditures, even after purchasing such wealth management products. We adopt a prudent approach when selecting wealth management products, making investment decisions on a case-by-case basis after careful consideration of factors such as the investment duration and expected returns. To manage risk exposure, we have historically sought, and may continue to seek, low-risk wealth management products with terms of no longer than 12 months. Investments in similar wealth management products may continue to be made using surplus cash. We are aware that upon the [**REDACTED**], investments in such financial assets may constitute notifiable transactions under Chapter 14 of the Listing Rules. Our Directors confirm that any such investments will only be made in compliance with the Listing Rules and other relevant laws and regulations, if applicable.

Debt Investments at Fair Value Through Other Comprehensive Income ("FVOCI")

Our debt investments at FVOCI primarily consist of receivables financing, which represent high-credit-quality trade bills accepted by commercial banks that we have not yet endorsed. The remaining trade bills, which also remain unendorsed, were recorded as part of trade and bills receivables in accordance with our accounting policies.

The balance of such instruments increased from RMB2.1 million as of December 31, 2022, and to RMB12.6 million as of December 31, 2023, and further increased to RMB13.1 million as of December 31, 2024, primarily due to our revenue growth and the corresponding growth of our bills receivables. For the details of our bills receivables, please also refer to "— Discussion of Selected Items from Consolidated Statements of Financial Position — Assets — Trade and Bills Receivables" in this section of this document.

Restricted Bank Deposits

Our restricted bank deposits were nil as of December 31, 2022 and 2023, and increased to RMB8.0 million as of December 31, 2024, primarily due to deposits placed as security for bank acceptance bills and letters of credit issued by financial institutions.

Cash and Cash Equivalents

Our cash and cash equivalents amounted to RMB70.7 million, RMB62.8 million, and RMB86.5 million as of December 31, 2022, 2023 and 2024, respectively. The fluctuations in our cash and cash equivalents at each year end primarily reflected the use of cash in operating and investing activities. For further details, see "— Cash Flows" in this section.

Liabilities

Trade and Bills Payable

Our trade and bills payables primarily represented payables to our suppliers. The following table sets forth the breakdown of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	17,170	14,814	32,586
Bills payables	–	–	9,000
Total	**17,170**	**14,814**	**41,586**

Our trade and bills payables amounted to RMB17.2 million, RMB14.8 million, and RMB41.6 million as of December 31, 2022, 2023, and 2024, respectively. The decrease in 2023 compared to 2022 was primarily due to the elevated trade and bills payables balance in 2022, resulting from our strategic inventory stocking approach during that year. The increase in 2024 was mainly attributable to higher procurement needs for raw materials in response to growing downstream demand.

The following table sets forth an aging analysis of the trade and bills payables based on the invoice date as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year (inclusive)	16,494	11,876	38,208
Over 1 year	676	2,938	3,378
Total	**17,170**	**14,814**	**41,586**

The following table sets forth a summary of our trade and bills payable turnover days for the periods indicated:

	Year Ended December 31,		
	2022	2023	2024
Trade and bills payable turnover days*	24	37	37

Note:

* Trade and bills payables turnover days were calculated based on the average of opening and closing balance of trade and bills payables for the relevant year, divided by cost of sales plus the movement between the opening and closing inventories balance and multiplied by 360 days for 2022, 2023, and 2024.

Our trade and bills payables turnover days were 24 days, 37 days and 37 days in 2022, 2023 and 2024, respectively. During the Track Record Period, our trade and bills payable turnover days remained in relatively short periods.

As of April 30, 2025, RMB29.4 million or 70.8% of our trade and bills payables outstanding as of December 31, 2024, was subsequently settled.

Other Payables and Accruals

Our other payables and accruals primarily represented payroll payable, other tax payables, other current liabilities and other payables. The following table sets forth the breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Payables for property, plant and equipment	29,576	25,512	14,402
Payable for investment in an associate	–	15,000	–
Payable for endorsed bills receivable that are not derecognized	15,960	12,735	17,173
Payroll payable	5,700	4,395	8,772
Other tax payables	5,231	2,034	2,269
Others	4,703	4,242	5,399
Total	**61,170**	**63,918**	**48,015**

Our other payables and accruals increased from RMB61.2 million as of December 31, 2022 to RMB63.9 million as of December 31, 2023. This increase was primarily due to an investment payment payable to our associate. This was partially offset by a decline in other tax payables, as certain tax payments were deferred in 2022, resulting in a higher year-end balance, while normal tax payment schedules resumed in 2023, as well as a decrease in construction fee and equipment payables due to the gradual completion of our construction projects.

Our other payables and accruals declined to RMB48.0 million as of December 31, 2024, primarily as a result of reductions in construction fee and equipment payables, and other payables, due to project-related settlements. This was partially offset by an increase in payroll payable, reflecting higher accrued staff compensation and bonus expenses.

As of April 30, 2025, RMB34.7 million or 72.3% of our other payables and accruals outstanding as of December 31, 2024, was subsequently settled.

Contract Liabilities

Our contract liabilities primarily represent advance payments received from customers for ancillary equipment related to our plating services. The changes in contract liabilities during the Track Record Period were primarily attributable to the timing of revenue recognition and the fulfillment of related performance obligations. Our contract liabilities decreased from RMB8.2 million as of December 31, 2022 to RMB2.8 million as of December 31, 2023, mainly due to the revenue recognition of advance payments received in prior periods upon the satisfaction of the relevant performance obligations. Contract liabilities subsequently increased to RMB10.4 million as of December 31, 2024, primarily due to an increase in advance payments from customers for ancillary equipment related to our plating services in 2024.

CASH FLOWS

The following table sets forth a summary of our cash flows information for the periods indicated:

	Year Ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows (used in)/from operating activities	(7,629)	29,201	49,985
Net cash flows used in investing activities	(242,659)	(59,912)	(55,483)
Net cash flows from financing activities	231,083	22,845	29,207
Net (decrease) increase in cash and cash equivalents	(19,205)	(7,866)	23,709
Cash and cash equivalents as of January 1	89,873	70,668	62,802
Cash and cash equivalents as of December 31	**70,668**	**62,802**	**86,511**

Net Cash Flows from Operating Activities

For 2024, our net cash generated from operating activities was RMB50.0 million, which was primarily attributable to our profit before taxation of RMB60.2 million, as adjusted by (i) non-cash items, including depreciation of property, plant and equipment of RMB21.1 million and impairment losses on trade receivables of RMB3.1 million, and (ii) positive changes in working capital. These positive changes primarily consisted of a decrease in prepayments, deposits and other receivables of RMB28.3 million and an increase in trade and bills payables of RMB26.8 million, partially offset by an increase in trade and bills receivables of RMB54.2 million and an increase in inventories of RMB37.3 million.

For 2023, our net cash generated from operating activities was RMB29.2 million, which was primarily attributable to our profit before taxation of RMB19.3 million, as adjusted by (i) non-cash items, which mainly included depreciation of property, plant and equipment of RMB12.3 million and impairment losses on trade receivables of RMB0.9 million, and (ii) positive changes in working capital. These included a decrease in inventories of RMB46.4 million, partially offset by an increase in trade and bills receivables of RMB24.4 million and an increase in prepayments, deposits and other receivables of RMB2.4 million.

For 2022, our net cash used in operating activities was RMB7.6 million, primarily attributable to our profit before taxation of RMB28.1 million, as adjusted by (i) non-cash items, including depreciation of property, plant and equipment of RMB4.8 million, depreciation of right-of-use assets of RMB5.1 million, and (ii) negative changes in working capital. These included a significant increase in inventories of RMB35.8 million, partially offset by a decrease in trade and bills receivables of RMB2.7 million and a decrease in prepayments, deposits and other receivables of RMB11.3 million.

Net Cash Flows Used In Investing Activities

For 2024, our net cash used in investing activities was RMB55.5 million, mainly attributable to (i) purchases of items of property, plant and equipment of RMB84.3 million, (ii) purchase of land use rights of RMB7.8 million, and (iii) an investment of RMB15.0 million in an associate. These were partially offset by (i) net proceeds of RMB52.0 million from financial assets at fair value through profit or loss and (ii) proceeds of RMB0.2 million from the disposal of property, plant and equipment.

For 2023, our net cash used in investing activities was RMB59.9 million, which was primarily attributable to (i) purchases of items of property, plant and equipment of RMB72.8 million and (ii) purchases of financial assets at fair value through profit or loss of RMB83.0 million. These were partially offset by: (i) proceeds of RMB94.2 million from the disposal of financial assets at fair value through profit or loss and (ii) proceeds of RMB1.7 million from the disposal of property, plant and equipment.

For 2022, our net cash used in investing activities was RMB242.7 million, which was primarily attributable to (i) purchases of items of property, plant and equipment of RMB159.7 million, (ii) purchases of financial assets at fair value through profit or loss of RMB90.0 million, and (iii) purchase of land use rights of RMB3.2 million. These were partially offset by: (i) proceeds of RMB10.0 million from the disposal of financial assets at fair value through profit or loss and (ii) proceeds of RMB0.1 million from the disposal of property, plant and equipment.

Net Cash Flows From Financing Activities

For 2024, our net cash generated from financing activities was RMB29.2 million, primarily attributable to (i) capital contribution by shareholders of RMB20.0 million and (ii) new bank borrowings of RMB15.0 million, partially offset by (i) repayment of bank loans of RMB2.9 million, (ii) payments of lease liabilities of RMB1.0 million and (iii) interest paid of RMB1.9 million.

For 2023, our net cash generated from financing activities was RMB22.8 million, primarily due to capital contribution by shareholders of RMB30.0 million, partially offset by (i) repayment of bank loans of RMB2.9 million, (ii) payments of lease liabilities of RMB2.2 million and (iii) interest paid of RMB2.1 million.

For 2022, our net cash generated from financing activities was RMB231.1 million, primarily attributable to (i) capital contribution by shareholders of RMB280.0 million, and (ii) new bank and other borrowings of RMB77.9 million, partially offset by (i) repayment of bank and other borrowings of RMB116.5 million, (ii) payments of lease liabilities of RMB4.8 million, and (iii) interest paid of RMB5.4 million.

Current Assets and Current Liabilities

The table below sets forth the details of our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
CURRENT ASSETS				
Inventories	99,766	54,421	90,333	109,565
Trade and bills receivables	151,696	171,959	227,508	254,604
Contract assets	72	328	139	139
Prepayments, deposits and other receivables	23,098	25,061	7,454	23,222
Cash and cash equivalents	70,668	62,802	86,511	70,541
Restricted bank deposits	–	–	7,950	8,000
Financial assets at fair value through profit and loss	80,347	71,359	20,025	45,221
Debt investments at fair value through other comprehensive income (FVOCI)	2,079	12,574	13,073	9,331
	427,726	**398,504**	**452,993**	**520,623**
CURRENT LIABILITIES				
Trade and bills payables	17,170	14,814	41,586	27,363
Other payables and accruals	61,170	63,918	48,015	50,991
Interest-bearing loans and borrowings	2,900	2,900	19,775	45,400
Lease liabilities	2,365	828	1,072	1,086
Contract liabilities	8,173	2,771	10,396	11,583
Tax payable	1,840	3,396	4,165	1,946
	93,618	**88,627**	**125,009**	**138,369**
NET CURRENT ASSETS	**334,108**	**309,877**	**327,984**	**382,254**

Our net current assets decreased slightly from RMB334.1 million as of December 31, 2022, to RMB309.9 million as of December 31, 2023, primarily due to (i) a decrease in inventories of RMB45.3 million, (ii) a decrease in cash and cash equivalents of RMB7.9 million, and (iii) a decrease in financial assets at fair value through profit or loss of RMB9.0 million. These were partially offset by (i) an increase in trade and bills receivables of RMB20.3 million, (ii) an increase in debt investments at FVOCI of RMB10.5 million, and (iii) a slight decrease in lease liabilities and trade and bills payables of RMB3.9 million.

Our net current assets increased slightly from RMB309.9 million as of December 31, 2023, to RMB328.0 million as of December 31, 2024, primarily due to (i) an increase in trade and bills receivables of RMB55.5 million, (ii) an increase in inventories of RMB35.9 million, and (iii) an increase in cash and cash equivalents of RMB23.7 million. These were partially offset by (i) a decrease in financial assets at fair value through profit or loss of RMB51.3 million, (ii) an increase in interest-bearing loans and borrowings of RMB16.9 million, and (iii) an increase in trade and bills payables of RMB26.8 million.

Our net current assets increased from RMB328.0 million as of December 31, 2024, to RMB382.3 million as of April 30, 2025, primarily due to (i) an increase in trade and bills receivables of RMB27.1 million, (ii) an increase in other receivables and prepayments of RMB15.8 million, and (iii) a decrease in trade and other payables of RMB11.2 million. These were partially offset by (i) a decrease in cash and cash equivalents of RMB16.0 million, and (ii) an decrease in tax payable of RMB2.2 million.

WORKING CAPITAL SUFFICIENCY

During the Track Record Period, we financed our operations primarily through cash generated from our operating activities as our principal sources of funding, and our primary uses of cash were to fund our business needs, ongoing operations, research and development, and capital expenditures. Going forward, we believe that our liquidity requirements will be satisfied with a combination of our internal resources, cash flows generated from our operating activities and net [**REDACTED**] from the [**REDACTED**]. As of December 31, 2024, we had cash and cash equivalents of RMB86.5 million.

Taking into account the financial resources available to us, including cash flow from operating activities, our current cash and cash equivalents and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have available sufficient working capital for our present requirements, that is for at least the next 12 months from the date of this document.

CAPITAL EXPENDITURE

During the Track Record Period, our Group incurred capital expenditures of RMB173.6 million, RMB80.1 million and RMB84.4 million in 2022, 2023 and 2024, respectively. Our capital expenditures comprised of property, plant and equipment, intangible assets, and land use rights in right of use assets, which were related to the expansion of our production bases and our overall business growth. For details, see "Future Plans and Use of [**REDACTED**]", "Business — Manufacturing and Production" and "Risk Factors — Risks Relating to Our Financial Position — We may need additional capital and may not be able to obtain it in a timely manner or on commercially acceptable terms, or at all." in this document.

CAPITAL COMMITMENTS

As of December 31, 2022, 2023 and 2024 we had capital commitments of RMB38.3 million, RMB17.7 million and RMB35.3 million, respectively, which were in relation to the purchase of property, plant and equipment. The following table sets forth the breakdown of our capital commitments as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
Purchase of items of property, plant and equipment	38,311	17,654	35,324

INDEBTEDNESS

Our indebtedness mainly included interest-bearing bank and other borrowings, and lease liabilities during the Track Record Period. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of April 30,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current				
Interest-bearing bank and other borrowings	2,900	2,900	19,775	45,400
Lease liabilities	2,365	828	1,072	1,086
Non-current				
Interest-bearing bank and other borrowings	44,125	41,225	36,450	35,100
Lease liabilities	910	4,053	2,981	2,614
Total	**50,300**	**49,006**	**60,278**	**84,200**

As of December 31, 2024, we had outstanding indebtedness representing interest-bearing bank and other borrowings and lease liabilities.

Except as disclosed in the table above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of December 31, 2024. Since December 31, 2024 and up to the date of this document, there had not been any material adverse change to our indebtedness.

Interest-bearing bank and other borrowings

We recorded interest-bearing bank and other borrowings of RMB47.0 million, RMB44.1 million, RMB56.2 million, and RMB80.5 million as of December 31, 2022, 2023, 2024, and April 30, 2025, respectively. All of our interest-bearing bank loans are denominated in RMB, and are adjusted according to our operational needs. Certain bank borrowings were secured by (i) our certain property, plant and equipment, (ii) our certain trade and bills receivables, and (iii) our equity interest in one subsidiary. Certain bank borrowings were guaranteed by our Controlling Shareholders. Such guarantee were canceled as of Latest Practicable Date.

The effective interest rates of interest-bearing bank borrowings ranged from 4.65%-4.85%, 4.5%, 4.4%, 3.8% per annum in 2022, 2023 and 2024, and the four months ended April 30, 2025, respectively. We consider these interest rates to be within the range of market interest rates. We consider our bank borrowing agreements to contain standard terms, conditions and covenants that are customary for commercial bank loans.

For more details, see Note 27 to the Accountants' Report in Appendix I to this document.

As of April 30, 2025, being the latest practicable date for the purpose of this indebtedness statement, we have interest-bearing loans and bank borrowings amounted to RMB80.5 million, with unutilized bank facilities of RMB173.8 million.

Lease Liabilities

We recognize lease liabilities at the commencement date of the lease at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, we use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. We had lease liabilities of RMB3.3 million, RMB4.9 million, RMB4.1 million and RMB3.7 million, as of December 31, 2022, 2023, 2024, and April 30, 2025, respectively.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023 and 2024, we did not have any contingent liabilities.

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios for the years/as of the dates indicated:

	As of/Year Ended December 31,		
	2022	2023	2024
Gross profit margin[1]	32%	35%	43%
Net profit margin[2]	9%	6%	13%
Return on equity[3]	4%	2%	6%
Current ratio[4]	4.57	4.50	3.62
Gearing ratio[5]	6%	5%	6%
Debt to Equity Ratio[6]	19%	16%	18%

Notes:

(1) Gross profit margin was calculated based on gross profit divided by revenue for the respective year.

(2) Net profit margin was calculated based on net profit after taxes divided by revenue for the respective year.

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

(4) Current ratio was calculated based on the total current assets divided by the total current liabilities as of the relevant dates.

(5) Gearing ratio was calculated based on total borrowings divided by total equity as of the relevant dates and multiplied by 100%.

(6) Debt to equity ratio was calculated based on total liability divided by total equity as of the relevant date and multiplied by 100%.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions. For more details, see Note 35 to the Accountants' Report in Appendix I to this document.

Our outstanding balance from related party which were non-trade in nature had been settled before the Latest Practicable Date.

Our Directors confirm that, all material related party transactions during the Track Record Period were conducted on normal commercial terms or such terms that were no less favorable to our Group than those available to independent third parties and were fair and reasonable and in the interest of our Shareholders as a whole, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance. The pricing for the related party transactions was primarily based on (i) arm's length negotiation; (ii) comparable market price; (iii) the total sales/purchase volume of the transaction. The pricing and credit terms for the related party transactions are comparable those similar transactions with the Independent Third Parties and no favorable terms has been granted to/by such related party. The prices are mutually agreed after taking the prevailing market prices into consideration.

For the ongoing related party transactions, our Directors and management will consider a series of factors to determine whether to continue such an arrangement upon [**REDACTED**] and the [**REDACTED**], in the best interest of our Group.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RISK DISCLOSURES

We are exposed to a variety of financial risks, including credit risk, liquidity risk, and market risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our Group's financial performance. For more details, see Note 38 to the Accountants' Report in Appendix I to this document. As of the Latest Practicable Date, we did not hedge or consider necessary to hedge any of these risks.

Credit Risk

Our Group trades only with recognized and creditworthy parties. It is our Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and our Group's exposure to bad debts is not significant. The credit risk of our Group's other financial assets, which comprise cash and cash equivalents and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

For other receivables and other assets, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Directors believe that there is no material credit risk inherent in our Group's outstanding balance of other receivables.

For more details, see Note 38 to the Accountants' Report in Appendix I to this document.

Liquidity Risk

Our Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

For more details, see Note 38 to the Accountants' Report in Appendix I to this document.

Exchange Rate Risk

Our management believes the exchange risk of foreign currency is not significant as the majority of business transactions occur in Mainland China and all domestic transactions are denominated in Renminbi (RMB).

Capital Management

The primary objectives of our Group's capital management are to safeguard our Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

Our Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, our Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Our Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Track Record Periods. Upon the [**REDACTED**] and [**REDACTED**], investments will comply with Chapter 14 of the Listing Rules.

For more details, see Note 38 to the Accountants' Report in Appendix I to this document.

DIVIDENDS

No dividend had 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 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. Distribution of dividends will be decided by our Board at their discretion and will be subject to Shareholders' approval. In addition, our dividend policy will also be subject to our Articles of Association, the PRC Company Law and any other applicable PRC laws and regulations.

PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdiction, including the International Financial Reporting Standards. According to the applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations:

- recovery of the losses incurred in the previous year;
- allocations to the statutory reserve equivalent to 10% of our profit after tax; and
- allocation to a discretionary common reserve of not less than 10% of our profit after tax that are approved by a shareholders' meeting.

DISTRIBUTABLE RESERVES

As of December 31, 2024, we had distributable reserves of RMB98.6 million.

[**REDACTED**]

[**REDACTED**] to be borne by us are estimated to be RMB[**REDACTED**] (HK$[**REDACTED**]) (including [**REDACTED**]), at the [**REDACTED**] of HK$[**REDACTED**] per Share, and assuming the [**REDACTED**] is not exercised, among which (i) [**REDACTED**] expenses, including [**REDACTED**] and other expenses are RMB[**REDACTED**] (HK$[**REDACTED**]) and (ii) non-[**REDACTED**]-related expenses are RMB[**REDACTED**] (HK$[**REDACTED**]), comprising (a) fees and expenses of legal advisors and accountants of RMB[**REDACTED**] (HK$[**REDACTED**]) and (b) other fees and expenses of RMB[**REDACTED**] (HK$[**REDACTED**]). As of December 31, 2024, we have not incurred any [**REDACTED**].

We estimate that [**REDACTED**] of RMB[**REDACTED**] (HK$[**REDACTED**]) is expected to be charged to our statements of profit or loss, and RMB[**REDACTED**] (HK$[**REDACTED**]) is expected to be capitalized. Our [**REDACTED**] as a percentage of gross [**REDACTED**] is [**REDACTED**]%, assuming an [**REDACTED**] of HK$[**REDACTED**] per Share and that the [**REDACTED**] is not exercised. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

[REDACTED]

PROPERTY INTERESTS AND PROPERTY VALUATION

Cushman & Wakefield Limited ("**C&W**"), an independent property valuer, conducted a valuation of our selected property interests as of March 31, 2025. C&W concluded that the aggregate value of these selected property interests as of that date was RMB397.0 million. The valuation letter and the summary of property valuation are provided in Appendix III to this document.

A reconciliation of the net book value of the selected properties as of December 31, 2023, as set out in the Accountants' Report in Appendix I, to their fair value as of March 31, 2025, as stated in the property valuation report in Appendix III, is presented below:

	(RMB in thousands)
Net book value of the property as of December 31, 2024	**350,544**
Movement during the period from December 31, 2024 to March 31, 2025 (unaudited)	4,697
Net book value of the property as of March 31, 2025 (unaudited)	355,241
Net valuation surplus	41,759
Market value of the property as of March 31, 2025 as set out in the property valuation report in Appendix III to this document	**397,000**

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, other than as disclosed above and under "Summary — Recent Developments and No Material Adverse Change" of this document, there had been no material adverse change in our financial, operational or prospects since December 31, 2024, being the latest balance sheet date of our combined financial statements in the Accountants' in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

Please see "Business — Strategy" in this document for detailed descriptions of our future plans.

USE OF [REDACTED]

We estimate that the net [**REDACTED**] from the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the [**REDACTED**] stated in this document), will be approximately HK$[**REDACTED**], after deduction of [**REDACTED**], [**REDACTED**], and estimated expenses payable by us in connection with the [**REDACTED**], and assuming the [**REDACTED**] is not exercised.

We intend to use the net [**REDACTED**] from the [**REDACTED**] for the following purposes and in the approximate amounts set forth below:

- Approximately [45.0]% or HK$[**REDACTED**] of the net [**REDACTED**] will be used to the construction and upgrading of new production lines for our plating chemicals and plating services. According to Frost & Sullivan, the size of China's advanced packaging market is expected to grow from RMB69.8 billion in 2024 by RMB170.5 billion in 2029, at a CAGR of 19.6%. For details, see "Industry Overview — Overview of Electronic Packaging Market in China — Market Size of Advanced Packaging in China". To address the increasing demand from downstream customers and leverage favorable industry trends, we will enhance our production lines and manufacturing capabilities. In particular:

  ○ Approximately [25.0]%, or HK$[**REDACTED**], will be used to increase plating services capacity and upgrade production equipment for our plating services. We believe the enhancement in providing customized services will enable us to undertake more advanced R&D orders and potential large-scale production from customers. We plan to invest in advanced wafer-level and chip-level packaging and PCB assembly equipment to enhance our production capacity and expand our service capabilities. In parallel, we will further recruit skilled production personnel and expand our dedicated plating services team. These strategic initiatives are aimed at supporting the rapid growth of our business while delivering high-quality, customized solutions tailored to the diverse needs of our customers.

  ○ Approximately [10.0]%, or HK$[**REDACTED**], will be used to expand the production capacity of plating chemicals and establish new production lines. We aim to expand our portfolio of high-purity plating chemicals, implement automation and smart manufacturing systems, and invest in advanced quality control equipment. These initiatives are designed to enhance production efficiency, strengthen quality management, and meet the evolving demands of high-end customers.

  - ○ Approximately [10.0]%, or HK$[**REDACTED**], will be used to establish an overseas production base in Thailand and purchase production equipment. Based on customer distribution, we will build new production facilities overseas to better support downstream supply chains, enhance our response to overseas demands, and establish a more efficient global sales network.

- Approximately [30.0]% or HK$[**REDACTED**], will be used for R&D, technological innovation, product upgrades and the expansion of our product portfolio. We intend to expand into the high-purity wet process plating chemicals market, focusing on applications in wafer and glass substrate manufacturing processes. At the same time, we aim to deepen the market penetration and broaden the downstream application coverage of our plating chemicals.

  To support these goals, we plan to: (i) enhance the process development capabilities of our existing R&D centers by upgrading relevant development and testing equipment at our production facilities; (ii) expand our R&D team and strengthen innovation through targeted talent recruitment and the implementation of structured training programs; and (iii) procure essential raw materials and consumables to support ongoing R&D and pilot-scale production activities.

- Approximately [15.0]% or HK$[**REDACTED**], will be used for our potential strategic expansion opportunities in the future. We will mainly seek to expand our existing business by purchasing businesses within the integrated circuit industry chain in China or other regions, with the aim of accelerating the development of our product portfolio. As of the Latest Practicable Date, we had not proposed to invest in any specific expansion target or identified any such targets for the use of [**REDACTED**] from the [**REDACTED**].

- Approximately [10.0]% or HK$[**REDACTED**] will be used for general corporate and working capital purposes.

The above allocation of the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the mid-point of the estimated [**REDACTED**] or that the [**REDACTED**] is exercised.

If the [**REDACTED**] is fixed at HK$[**REDACTED**] per H Share (being the high-end of the [**REDACTED**] stated in this document), and assuming the [**REDACTED**] is not exercised, we estimate that the net [**REDACTED**] from the [**REDACTED**] will be approximately HK$[**REDACTED**], after deduction of [**REDACTED**], [**REDACTED**], and estimated expenses payable by us in connection with the [**REDACTED**].

If the [**REDACTED**] is fixed at HK$[**REDACTED**] per H Share (being the low-end of the [**REDACTED**] stated in this document), and assuming the [**REDACTED**] is not exercised, we estimate that the net [**REDACTED**] from the [**REDACTED**] will be approximately HK$[**REDACTED**], after deduction of [**REDACTED**], [**REDACTED**], and estimated expenses payable by us in connection with the [**REDACTED**].

If the [**REDACTED**] is exercised in full, the net [**REDACTED**] that we will receive will be approximately HK$[**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**]). In the event that the [**REDACTED**] is exercised in full, we intent to apply the additional net [**REDACTED**] to the above purposes in the proportions stated above.

To the extent that the net [**REDACTED**] from the [**REDACTED**] are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net [**REDACTED**] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions. We will make an appropriate announcement if there is any change to the above proposed use of [**REDACTED**].

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a report, prepared for the purpose of incorporation in this document, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN CHUANGZHI SEMI-LINK TECHNOLOGY CO., LTD, HAITONG INTERNATIONAL CAPITAL LIMITED, CCB INTERNATIONAL CAPITAL LIMITED AND CHINA MERCHANTS SECURITIES (HK) CO., LIMITED

Introduction

We report on the historical financial information of Shenzhen Chuangzhi Semi-link Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages [4] to [69], which comprises the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 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-[69] 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 the shares of the Company on the [**REDACTED**] of [**REDACTED**].

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 set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors 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 ("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.

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 set out in note 2.1 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 purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange 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 [3] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Certified Public Accountants
Hong Kong
[●]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
REVENUE	5	319,607	311,651	409,924
Cost of sales		(216,325)	(201,677)	(234,669)
Gross profit		103,282	109,974	175,255
Other income and gains	5	2,924	4,288	3,513
Selling and distribution expenses		(30,058)	(28,735)	(34,800)
Administrative expenses		(30,394)	(33,292)	(41,521)
Research and development expenses	7	(16,301)	(30,053)	(38,823)
Impairment losses on financial and contract assets, net	7	936	(903)	(3,116)
Other expenses		(612)	(515)	(1,228)
Finance costs	6	(1,668)	(1,490)	(2,065)
Share of profits of an associate		–	–	2,957
PROFIT BEFORE TAX	7	28,109	19,274	60,172
Income tax credit/(expense)	10	(781)	147	(7,466)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		27,328	19,421	52,706
Attributable to:				
Owners of the parent		27,328	19,421	54,448
Non-controlling interests		–	–	(1,742)
		27,328	19,421	52,706
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted (RMB per share)	12	0.28	0.18	0.48

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	392,825	458,695	512,979
Right-of-use assets	*15*	30,069	30,962	37,045
Intangible assets	*14*	190	70	474
Deferred tax assets	*19*	2,425	4,784	3,318
Investment in an associate	*16*	–	45,000	48,270
Prepayment, deposits and other receivables	*21*	27,466	17,355	3,836
Total non-current assets		452,975	556,866	605,922
CURRENT ASSETS				
Inventories	*18*	99,766	54,421	90,333
Trade and bills receivables	*20*	151,696	171,959	227,508
Contract assets	*23*	72	328	139
Prepayments, deposits and other receivables	*21*	23,098	25,061	7,454
Financial assets at fair value through profit and loss	*22*	80,347	71,359	20,025
Debt investments at fair value through other comprehensive income	*17*	2,079	12,574	13,073
Restricted bank deposits	*24*	–	–	7,950
Cash and cash equivalents	*24*	70,668	62,802	86,511
Total current assets		427,726	398,504	452,993
CURRENT LIABILITIES				
Trade and bills payables	*25*	17,170	14,814	41,586
Contract liabilities	*28*	8,173	2,771	10,396
Other payables and accruals	*26*	61,170	63,918	48,015
Interest-bearing bank and other borrowings	*27*	2,900	2,900	19,775
Lease liabilities	*15*	2,365	828	1,072
Tax payable		1,840	3,396	4,165
Total current liabilities		93,618	88,627	125,009
NET CURRENT ASSETS		334,108	309,877	327,984
TOTAL ASSETS LESS CURRENT LIABILITIES		787,083	866,743	933,906

		As at 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	*27*	44,125	41,225	36,450
Lease liabilities	*15*	910	4,053	2,981
Deferred tax liabilities	*19*	42	38	29
Total non-current liabilities		45,077	45,316	39,460
Net assets		742,006	821,427	894,446
EQUITY				
Equity attributable to owners of the parent				
Share capital	*29*	8,911	112,500	113,389
Reserves	*30*	733,095	708,927	782,551
		742,006	821,427	895,940
Non-controlling interests		–	–	(1,494)
Total equity		742,006	821,427	894,446

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to owners of the parent					
	Share capital	Paid-in capital	Capital reserve	Statutory surplus reserve	Retained profits	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 29)	*(note 29)*	*(note 30)*	*(note 30)*		
As at 1 January 2022	–	7,807	397,553	1,904	27,414	434,678
Profit for the year	–	–	–	–	27,328	27,328
Total comprehensive income for the year	–	–	–	–	27,328	27,328
Issue of shares	1,104	–	278,896	–	–	280,000
Conversion into a joint stock company	7,807	(7,807)	27,032	(1,904)	(25,128)	–
Transfer to statutory surplus reserve	–	–	–	3,146	(3,146)	–
As at 31 December 2022	8,911	–	703,481*	3,146*	26,468*	742,006

Year ended 31 December 2023

	Attributable to owners of the parent				
	Share capital	Capital reserve	Statutory surplus reserve	Retained profits	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 29)	*(note 30)*	*(note 30)*		
As at 1 January 2023	8,911	703,481	3,146	26,468	742,006
Profit for the year	–	–	–	19,421	19,421
Total comprehensive income for the year	–	–	–	19,421	19,421
Issue of shares	216	59,784	–	–	60,000
Transfer from capital reserve	103,373	(103,373)	–	–	–
Transfer to statutory surplus reserve	–	–	2,835	(2,835)	–
As at 31 December 2023	112,500	659,892*	5,981*	43,054*	821,427

Year ended 31 December 2024

	Attributable to owners of the parent							
	Share capital	Capital reserve	Statutory surplus reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 29)	*(note 30)*	*(note 30)*	*(note 30)*				
As at 1 January 2024	112,500	659,892	5,981	–	43,054	821,427	–	821,427
Profit for the year	–	–	–	–	54,448	54,448	(1,742)	52,706
Total comprehensive income for the year	–	–	–	–	54,448	54,448	(1,742)	52,706
Issue of shares	889	19,111	–	–	–	20,000	–	20,000
Capital contribution to a non-wholly owned subsidiary	–	(248)	–	–	–	(248)	248	–
Share of other reserve of an associate	–	–	–	313	–	313	–	313
Transfer to statutory surplus reserve	–	–	5,529	–	(5,529)	–	–	–
As at 31 December 2024	113,389	678,755*	11,510*	313*	91,973*	895,940	(1,494)	894,446

* The reserve accounts comprise the consolidated reserves of RMB733,095,000, RMB708,927,000 and RMB782,551,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		28,109	19,274	60,172
Adjustments for:				
Bank interest income	*5*	(1,138)	(593)	(556)
Finance costs	*6*	1,668	1,490	2,065
Loss on disposal of items of property, plant and equipment	*7*	405	179	420
Loss/(gain) on early termination of a lease	*7*	(61)	39	–
Depreciation of property, plant and equipment	*7*	4,793	12,317	21,145
Amortisation of intangible assets	*7*	120	120	155
Impairment losses on financial and contract assets, net	*7*	(936)	903	3,116
Write-down/(reversal of write-down) of inventories to net realisable value	*7*	(640)	(1,008)	1,387
Depreciation of right-of-use assets	*15*	5,148	2,679	1,708
Investment income from financial assets at fair value through profit or loss	*5*	(18)	(746)	(113)
Fair value gains on financial assets at fair value through profit or loss	*5*	(347)	(1,431)	(571)
Share of profits of an associate		–	–	(2,957)
		37,103	33,223	85,971
Decrease/(increase) in inventories		(35,778)	46,353	(37,299)
Increase in restricted bank deposits		–	–	(7,950)
Decrease/(increase) in trade and bills receivables		2,715	(24,388)	(54,228)
Decrease/(increase) in contract assets		(44)	(259)	192
Decrease/(increase) in prepayments, deposits and other receivables		(11,268)	(2,449)	28,317
Increase/(decrease) in trade and bills payables		462	(2,356)	26,772
Increase/(decrease) in other payables and accruals		(3,881)	(4,963)	5,768
Increase/(decrease) in contract liabilities		807	(5,402)	7,625
Increase/(decrease) in debt investments at fair value through other comprehensive income		1,504	(10,495)	(499)
Cash generated from/(used in) operations		(8,380)	29,264	54,669
Income tax paid		(387)	(656)	(5,240)
Interests received		1,138	593	556
Net cash flows from/(used in) operating activities		(7,629)	29,201	49,985

	Notes	Year ended 31 December 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(159,659)	(72,823)	(84,343)
Purchase of land use right		(3,159)	–	(7,791)
Purchase of intangible assets		–	–	(559)
Purchases of investment in an associate		–	–	(15,000)
Proceeds from disposal of property, plant and equipment		141	1,746	192
Purchase of financial assets at fair value through profit or loss		(90,000)	(83,000)	(56,000)
Proceeds from disposal of financial assets at fair value through profit or loss		10,018	94,165	108,018
Net cash flows used in investing activities		(242,659)	(59,912)	(55,483)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid		(5,442)	(2,084)	(1,878)
Capital contribution by shareholders		280,000	30,000	20,000
New Interest-bearing bank and other borrowings		77,902	–	15,000
Lease payments		(4,840)	(2,171)	(1,015)
Repayment of bank and other borrowings		(116,537)	(2,900)	(2,900)
Net cash flows from financing activities		231,083	22,845	29,207
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(19,205)	(7,866)	23,709
Cash and cash equivalents at beginning of year		89,873	70,668	62,802
CASH AND CASH EQUIVALENTS AT END OF YEAR		70,668	62,802	86,511
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		70,668	62,802	86,511
Cash and cash equivalents as stated in the consolidated statements of financial position	*24*	70,668	62,802	86,511

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	23,512	27,515	32,807
Right-of-use assets	*15*	2,745	4,529	3,541
Intangible assets	*14*	190	70	316
Deferred tax assets	*19*	516	415	904
Investment in subsidiaries		108,099	108,099	108,649
Investment in an associate	*16*	–	45,000	48,270
Prepayment, deposits and other receivables	*21*	831	3,956	919
Total non-current assets		135,893	189,584	195,406
CURRENT ASSETS				
Inventories	*18*	84,017	30,621	50,604
Trade and bills receivables	*20*	113,979	122,817	145,465
Amounts due from subsidiaries		398,579	477,253	565,145
Prepayment, deposits and other receivables	*21*	3,311	2,328	2,428
Financial assets at fair value through profit and loss	*22*	40,120	50,637	20,025
Debt investments at fair value through other comprehensive income	*17*	1,779	11,973	12,148
Restricted bank deposits	*24*	–	–	7,950
Cash and cash equivalents	*24*	44,461	30,300	40,452
Total current assets		686,246	725,929	844,217
CURRENT LIABILITIES				
Trade and bills payables	*25*	15,140	5,906	13,059
Contract liabilities	*28*	37	1,177	8,878
Other payables and accruals	*26*	27,775	22,002	9,573
Amounts due to subsidiaries		35,887	51,202	96,743
Lease liabilities	*15*	2,005	828	1,072
Tax payable		1,172	2,785	4,152
Total current liabilities		82,016	83,900	133,477
NET CURRENT ASSETS		604,230	642,029	710,740
TOTAL ASSETS LESS CURRENT LIABILITIES		740,123	831,613	906,146

	Notes	As at 31 December 2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES				
Lease liabilities	15	910	4,053	2,981
Total non-current liabilities		910	4,053	2,981
Net assets		739,213	827,560	903,165
EQUITY				
Share capital	29	8,911	112,500	113,389
Reserves	30	730,302	715,060	789,776
Total equity		739,213	827,560	903,165

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Shenzhen Chuangzhi Semi-link Technology Co., Ltd. (the "Company") was incorporated in Shenzhen, the People's Republic of China (the "PRC") on 11 November 2006 as a limited liability company under the PRC laws and converted into a joint stock company with limited liability in September 2022. The registered office address of the Company is C2802, Building BC, Huizhi R&D Center, Longteng Community, Xixiang Subdistrict, Bao'an District, Shenzhen, the PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively, the "Group") was principally engaged in (i) R&D, manufacturing and sale of specialized wet process plating chemicals, and (ii) the provision of process solutions and plating services for wet process plating chemicals with semiconductor wafer-level packaging and board-level packaging.

In the opinion of the directors, Mr. YAO Cheng, Dr. YAO Yu, Qianhai Lvzhiyuan, Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke are collectively considered as the controlling shareholders of the Group as of the end of Relevant Periods.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of principal subsidiaries are set out below:

Name	Place and date of registration and place of operations	Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	*Indirect*	
Jiangsu Xizhi Semiconductor Technology Co., Ltd. 江蘇矽智半導體科技有限公司* *(note (c))*	Mainland China 4 September 2019	RMB50,000,000	100%	–	R&D and sale of electronic chemicals and rendering of plating service
Zhuhai Chuangzhi Chenggong Technology Co., Ltd. 珠海市創智成功科技有限公司* *(note (b))*	Mainland China 3 January 2020	RMB10,000,000	100%	–	R&D and Manufacture of electronic chemicals
Zhuhai Chuangzhi Xin Technology Co., Ltd. 珠海市創智芯科技有限公司* *(note (a))*	Mainland China 15 April 2020	RMB50,000,000	100%	–	Sale of electronic chemicals and rendering of plating service

* The English names of these companies registered in the PRC represent the best effort made by the directors of the Company (the "Directors") to translate the Chinese names as these companies have not been registered with any official English names.

(a) As at the date of this report, no audited financial statements have been prepared for these entities for the years ended 31 December 2022, 2023 and 2024 as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdictions of incorporation or newly incorporated.

(b) The statutory financial statements of this entity for the years ended 31 December 2022, 2023 and 2024 prepared in accordance with China Accounting Standards of Business Enterprises have been audited by Huajian Certified Public Accountants Co., Ltd. (華健會計師事務所(深圳)有限責任公司), a certified public accounting firm registered in the PRC.

(c) The statutory financial statements of this entity for the year ended 31 December 2022 prepared in accordance with China Accounting Standards of Business Enterprises have been audited by Nantong Zhongtian Certified Public Accountants Co., Ltd. (南通中天會計師事務所有限責任公司), a certified public accounting firm registered in the PRC.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each of the Relevant Periods.

Basis of consolidation

The Historical Financial Information includes the financial information of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial information of the subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised HKFRS Accounting Standards that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and revised HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosuresy*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*[2]

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual/reporting periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRS Accounting Standards upon initial application. HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosure of management-defined performance measures in a note and introduces new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group's presentation of the statement of profit or loss and other comprehensive income and disclosures of the Group's financial performance. So far, the Group considers that these new and revised HKFRS Accounting Standards may result in changes in accounting policies and are unlikely to have a significant impact on the Group's results of operations and financial position.

2.3 MATERIAL ACCOUNTING POLICIES

Investment in an associate

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of an associate is included in the consolidated statement of profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investment in an associate.

Fair value measurement

The Group measures its certain financial instruments at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and 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 of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group 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); and

(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 parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Shorter of remaining lease terms and estimated useful lives
Buildings	3.17%
Machinery.	9.5%
Motor vehicles	19%
Furniture and fixture	19%-31.67%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each of the Relevant Periods.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each of the Relevant Periods.

Intangible assets are amortised on the straight-line basis over the following useful economic lives:

Software	3 to 5 years

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Factory, office and laboratory	2 to 5 years
Land use rights	50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office and employee dormitory (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12- month ECLs

Stage 2 Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, and Interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as deduction to the expense item a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to cost of the asset and is depreciated over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customers, generally when the products are accepted by the end customers and the contract amount is determinable.

A significant portion of the sales of specialized wet process plating chemicals is on Vendor Managed Inventory ("VMI") arrangements where the products are delivered to the customers' locations for their use. The control of the products is transferred when the products are used by the customers.

Under the VMI arrangements, the consideration is usually calculated based on the actual plating areas that have been completed by the customers after using the chemicals. As the plating areas are highly susceptible to factors outside the Group's influence, such as products type of the customers, the actions or experiences of customers' staff performing the plating, etc., and there is a broad range of possible plating areas that can be completed by different customers in the past, the Group determines that the consideration under this calculation basis is fully constrained until the Group receives the monthly statement from the customers, that is when the uncertainty related to the variable consideration is resolved and the contract amount is determinable.

(b) Provision of services

The Group provides process solutions (including providing tailored ancillary equipment and related design, testing and validation services), as well as plating services to customers. Revenue is recognised at a point in time when the service is completed and accepted by the customer.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Share-based payments

The Group operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("Equity-settled Transactions").

The cost of Equity-settled Transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is computed based on their most recent post-money valuations. Further details are included in note 31 to the Historical Financial Information.

The cost of Equity-settled Transactions is recognised in employee benefit expense, together with a corresponding increase in equity.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Research and development expenses

All research costs are charged to profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Classification of financial assets

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets. In determining the business model, the Group considers how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within) and, in particular, the way those risks are managed. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, it is necessary for the Group to consider the reason, timing, frequency, and value of sales prior to the maturity date.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Further details are contained in note 19 to the Historical Financial Information.

Assessing the constraint of variable consideration for sales of products under VMI arrangements

The consideration for the sales of specialized wet process plating chemicals under VMI arrangements is usually calculated based on the actual plating areas that have been completed by the customers after using the chemicals, which give rise to variable consideration.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined whether the estimates of variable consideration are constrained based on its historical experience, current negotiations with customers and the current economic conditions.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade and bills receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade and bills receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and bills receivables and contract assets is disclosed in note 20 and note 23 to the financial statements, respectively.

Provision against obsolete and slow-moving inventories

The Group reviews the condition of its inventories at the end of each reporting period and makes provisions against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use based on sales forecasts. Such sales forecasts are prepared based on agreements or orders on hand and estimated sales in the foreseeable future based on historical experiences with its customers and current market conditions of the robots industry. Management estimates the net realisable value for those obsolete and slow-moving inventories based primarily on the latest invoice prices and current market conditions. The estimation is reassessed at the end of each reporting period. The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such difference will impact on the carrying value of inventories and the write-down of inventories recognized in the periods in which such estimates have been changed.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their services and products and only has one reportable operating segment.

The information reported to the directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	314,426	308,628	404,091
Outside Mainland China	5,181	3,023	5,833
	319,607	311,651	409,924

The revenue information above is based on the locations of the customers.

(b) Non-current assets

Most of the Group's non-current assets are located in Mainland China. Thus, no geographic information is presented.

Information about major customers

Revenue from a major customer which accounted for 10% or more of the Group's revenue during the Relevant Periods is set out below:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Customer A	33,954	N/A*	N/A*

* Less than 10% of the Group's revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers	319,607	311,651	409,924

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Types of goods or services			
Plating chemicals	311,472	274,925	328,839
Plating services	8,135	36,726	81,085
Timing of revenue recognition			
Plating chemicals transferred at a point in time	311,472	274,925	328,839
Plating services transferred at a point in time	8,135	36,726	81,085
Total revenue from contracts with customers	319,607	311,651	409,924

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:			
Sale of plating services	900	7,889	302

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of products

The performance obligation is satisfied when the products are accepted by the end customers and the contract amount is determinable. Payment is due within 120 days after the acceptance of products.

Provision of services

The performance obligation is satisfied at the point in time when services are completed and accepted by the customer. Payment is generally due within 120 days from the date of billing, except for ancillary equipment provided in the plating services where the advance payment is required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2022	2023	2024
Amounts expected to be recognised as revenue:			
Within one year	7,080	8,319	24,108
After one year	6,637	–	–
Total	13,717	8,319	24,108

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to some plating services, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

Other income and gains

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Bank interest income	1,138	593	556
Government grants	821	302	153
Additional deduction of value-added tax	–	1,104	1,506
Investment income from financial assets at fair value through profit or loss	18	746	113
Others	150	44	504
Gains			
Gain on early termination of a lease	61	–	–
Fair value gains on financial assets at fair value through profit or loss	347	1,431	571
Foreign exchange gains, net	389	68	110
	2,924	4,288	3,513

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank and other borrowings	5,442	2,084	1,878
Interest on lease liabilities	289	166	187
Total interest expense on financial liabilities	5,731	2,250	2,065
Less: Interest capitalised	(4,063)	(760)	–
Total	1,668	1,490	2,065

During the years ended 31 December 2022 and 2023, interest expenses have been capitalised on qualifying assets at average rate of 4.81% and 4.64%, respectively.

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December 2022	2023	2024
		RMB'000	RMB'000	RMB'000
Cost of plating chemicals sold*		211,089	165,777	170,480
Cost of plating services provided*		5,236	35,900	64,189
Research and development costs				
Current year expenditure		24,738	31,557	43,739
Less: Government grants released****		(8,437)	(1,504)	(4,916)
Net current year expenditure		16,301	30,053	38,823
Depreciation of property, plant and equipment**	13	4,793	12,317	21,145
Depreciation of right-of-use assets**	15	5,148	2,679	1,708
Amortisation of intangible assets**	14	120	120	155
Loss on disposal of property, plant and equipment***		405	179	420
Loss/(gain) on early termination of a lease***		(61)	39	–
Fair value gains on financial assets at fair value through profit or loss		(347)	(1,431)	(571)
Foreign exchange gains, net***		(389)	(68)	(110)
Lease payments in respect of short-term leases and low-value leases		1,247	1,174	1,258
Impairment losses on financial and contract assets, net		(936)	903	3,116
Write-down/(reversal of write-down) of inventories to net realisable value*		(640)	(1,008)	1,387
Auditor's remuneration		789	301	834
Employee benefit expenses (excluding directors' and chief executive's remuneration *(note 8)*)				
– Wages and salaries		43,846	50,961	69,369
– Pension scheme contributions		1,579	2,232	3,193
Total		45,425	53,193	72,562

* The amounts disclosed for cost of inventories sold included the write-down/(reversal of write-down) of inventories to net realisable value, employee benefit expenses, depreciation, amortization and lease payments in respect of short-term leases that attributed to cost of inventories and services sold and have also been included in the respective expense items disclosed below.

** The depreciation of property, plant and equipment, amortisation of intangible assets, and the amortisation of right-of-use assets are included in "Cost of sales", "Selling and distribution expenses", "Administrative expenses", and "Research and development expenses" in the profit or loss.

*** The amounts are included in "Other income and gains" and "Other expense" in the profit or loss.

**** Various government grants have been received for setting up research activities. The government grants received have been deducted from the research and development costs to which they relate.

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration as recorded during the Relevant Periods, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is set out below:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Fees	–	12	185
Other emoluments:			
Salaries, allowances and benefits in kind	2,874	2,506	2,264
Pension scheme contributions	147	117	91
	3,021	2,635	2,540

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Ms. Gao Jing	–	4	25
Mr. Yang Xiao	–	4	60
Mr. Fang Liang	–	4	60
Ms. Wang Yu	–	–	40
	–	12	185

The independent non-executive directors of the Company were appointed in December 2023 except for Ms. Wang Yu who was appointed in June 2024. Ms. Gao Jing resigned as independent non-executive director with effect from June 2024.

(b) Executive directors and supervisors

Year ended 31 December 2022

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors and supervisors:				
Directors:				
Mr. Yao Cheng *(note (i))*	–	383	36	419
Dr. Yao Yu *(note (ii))*	–	311	11	322
Mr. Liu Ke *(note (ii))*	–	301	13	314
Mr. Hong Xueping *(note (ii))*	–	374	23	397
Mr. Chen Jianlong *(note (ii))*	–	252	8	260
Mr. Li Yunhua *(note (ii))*	–	263	14	277
Subtotal	–	1,884	105	1,989
Supervisors:				
Ms. Zhang Hua *(note (iii))*	–	202	11	213
Mr. Yang Yongjian *(note (iii))*	–	285	2	287
Mr. Yu Guohong *(note (iii))*	–	304	23	327
Mr. Wang Jiandong *(note (iii))*	–	199	6	205
Mr. Deng Feng *(note (iii))*	–	–	–	–
Subtotal	–	990	42	1032
Total	–	2,874	147	3,021

Year ended 31 December 2023

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors and supervisors:				
Directors:				
Mr. Yao Cheng *(note (i))*	–	363	24	387
Dr. Yao Yu *(note (ii))*	–	337	26	363
Mr. Liu Ke *(note (ii))*	–	294	13	307
Mr. Hong Xueping *(note (ii))*	–	335	23	358
Mr. Chen Jianlong *(note (ii))*	–	290	8	298
Subtotal	–	1,619	94	1,713
Supervisors:				
Mr. Yang Yongjian *(note (iii))*	–	264	–	264
Mr. Wang Jiandong *(note (iii))*	–	180	6	186
Mr. Deng Feng *(note (iii))*	–	–	–	–
Mr. Zhang Dayu *(note (iii))*	–	245	11	256
Ms. Meng Yan *(note (iii))*	–	198	6	204
Subtotal	–	887	23	910
Total	–	2,506	117	2,623

Year ended 31 December 2024

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors and supervisors:				
Directors:				
Mr. Yao Cheng *(note (i))*	–	409	–	409
Dr. Yao Yu *(note (ii))*	–	427	38	465
Mr. Liu Ke *(note (ii))*	–	421	16	437
Mr. Chen Jianlong *(note (ii))*	–	242	8	250
Subtotal	–	1,499	62	1,561
Supervisors:				
Mr. Deng Feng *(note (iii))*	–	–	–	–
Mr. Zhang Dayu *(note (iii))*	–	261	13	274
Ms. Meng Yan *(note (iii))*	–	256	7	263
Ms. Yang Ming *(note (iii))*	–	248	9	257
Subtotal	–	765	29	794
Total	–	2,264	91	2,355

Notes:

(i) Mr. Yao Cheng was appointed as a director and the chief executive officer of the Company and the chairman of the Board with effect from November 2006.

(ii) Dr. Yao Yu was appointed as a director of the Company with effect from September 2022. Mr. Liu Ke was appointed as a director of the Company with effect from September 2022. Mr. Hong Xueping was appointed as a director of the Company with effect from September 2022 to December 2023. Mr. Chen Jianlong was appointed as a director of the Company with effect from September 2022. Mr. Li Yunhua was appointed as directors of the Company with effect from August 2016 to September 2022.

(iii) Ms. Zhang Hua was appointed as a supervisor of the Company with effect from August 2020 to September 2022. Mr. Yang Yongjian was appointed as a supervisor of the Company with effect from September 2022 to December 2023. Mr. Yu Guohong was appointed as a supervisor of the Company with effect from September 2022 to November 2022. Mr. Wang Jiandong was appointed as a supervisor of the Company with effect from September 2022 to December 2023. Mr. Deng Feng was appointed as a supervisor of the Company with effect from November 2022 to June 2024. Mr. Zhang Dayu was appointed as a supervisor of the Company with effect from December 2023. Ms. Meng Yan was appointed as a supervisor of the Company with effect from December 2023. Ms. Yang Ming was appointed as a supervisor of the Company with effect from June 2024.

Except for Mr. Deng Feng, there was no arrangement under which a director or the chief executive or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included 2, 3 and 3 directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining 3, 2 and 2 highest paid employees who are neither a director nor chief executive or a supervisor of the Company during the Relevant Periods are as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	1,096	808	1,002
Pension scheme contributions	39	42	22
	1,135	850	1,024

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
		Number of employees	
Below HK 1,000,000	3	2	2

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Mainland China

The provision for corporate income tax in Mainland China is based on the statutory rate of 25% of the taxable profits determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

The Company was approved as a "High and New Technology Enterprise" and entitled to a preferential income tax rate of 15% during the Relevant Periods. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Jiangsu Xizhi Semiconductor Technology Co., Ltd. a subsidiary of the Group in Mainland China, is qualified as a high and new technology enterprise and was subject to income tax at a preferential tax rate of 15% for the years ended 31 December 2023 and 2024.

The income tax expense of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	1,910	2,216	6,009
Deferred income tax	(1,129)	(2,363)	1,457
Total tax charge/(credit) for the year	781	(147)	7,466

A reconciliation of the expected income tax calculated at the statutory rate of 25% and profit before tax, with the actual income tax at the effective tax rate is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	28,109	19,274	60,172
Tax charge at the statutory rate of 25%	7,027	4,819	15,043
Effect of different applicable tax rates for specific jurisdictions or enacted by local authority	(3,329)	(2,160)	(7,987)
Profits and losses attributable to an associate	–	–	(444)
Additional deductible allowance for qualified research and development expenses	(3,471)	(5,562)	(7,574)
Temporary differences and tax losses not recognised	904	2,224	7,069
Tax losses utilised from previous periods	(1,711)	(759)	–
Expenses not deductible for tax	1,361	1,291	1,359
Tax charge/(credit) at the Group's effective tax rate	781	(147)	7,466

The share of tax attributable to an associate amounting to nil, nil, and RMB212,000 during the Relevant Periods, respectively, is included in "Share of profits of an associate" in profit or loss.

Based on Public Notice 2021 No. 13 issued by the State Tax Bureau of the PRC on 31 March 2021, the manufacturing enterprises were eligible for an additional 100% deduction of eligible R&D expenses from 1 January 2021. Furthermore, based on Public Notice 2023 No. 7 issued by the State Tax Bureau of the PRC on 26 March 2023, the enterprises were eligible for an additional 100% deduction of eligible R&D expenses from 1 January 2023.

11. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the Relevant Periods. The weighted average number of ordinary shares in issue for 2022 before the conversion into a joint stock company was determined by assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:1 as upon transformation into a joint stock company in September 2022. The additional shares transferred from capital reserve in 2023 are treated as if it had occurred before the beginning of 2022, the earliest period presented, for the earnings per share calculation.

No adjustment has been made to the basic earnings per share amounts presented for the Relevant Periods in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December		
	2022	2023	2024
Earnings			
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation *(RMB'000)*	27,328	19,421	54,448
Shares			
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation *('000)*	98,238	110,351	112,502

13 PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery	Motor vehicles	Furniture and fixture	Lease-hold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022							
At 1 January 2022							
Cost	–	27,322	5,505	1,111	3,451	200,979	238,368
Accumulated depreciation	–	(6,400)	(2,048)	(615)	(1,609)	–	(10,672)
Net carrying amount	–	20,922	3,457	496	1,842	200,979	227,696
At 1 January 2022, net of accumulated depreciation	–	20,922	3,457	496	1,842	200,979	227,696
Additions	9,128	2,965	2,623	307	–	155,445	170,468
Disposals	–	(481)	(57)	(8)	–	–	(546)
Depreciation provided during the year *(note 7)*	(151)	(2,250)	(1,196)	(180)	(1,016)	–	(4,793)
Transfers	–	5,336	–	–	–	(5,336)	–
At 31 December 2022, net of accumulated depreciation	8,977	26,492	4,827	615	826	351,088	392,825
At 31 December 2022							
Cost	9,128	34,730	7,970	1,276	3,451	351,088	407,643
Accumulated depreciation	(151)	(8,238)	(3,143)	(661)	(2,625)	–	(14,818)
Net carrying amount	8,977	26,492	4,827	615	826	351,088	392,825

	Buildings	Machinery	Motor vehicles	Furniture and fixture	Lease-hold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023							
At 1 January 2023							
Cost	9,128	34,730	7,970	1,276	3,451	351,088	407,643
Accumulated depreciation	(151)	(8,238)	(3,143)	(661)	(2,625)	–	(14,818)
Net carrying amount	8,977	26,492	4,827	615	826	351,088	392,825
At 1 January 2023, net of accumulated depreciation	8,977	26,492	4,827	615	826	351,088	392,825
Additions	6,125	7,123	868	355	2,368	63,273	80,112
Disposals	–	(1,887)	(2)	(36)	–	–	(1,925)
Depreciation provided during the year *(note 7)*	(4,871)	(4,721)	(1,338)	(437)	(950)	–	(12,317)
Transfers	308,208	28,499	–	2,721	–	(339,428)	–
At 31 December 2023, net of accumulated depreciation	318,439	55,506	4,355	3,218	2,244	74,933	458,695
At 31 December 2023							
Cost	323,461	67,621	8,834	3,875	4,428	74,933	483,152
Accumulated depreciation	(5,022)	(12,115)	(4,479)	(657)	(2,184)	–	(24,457)
Net carrying amount	318,439	55,506	4,355	3,218	2,244	74,933	458,695

	Buildings	Machinery	Motor vehicles	Furniture and fixture	Lease-hold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024							
At 1 January 2024							
Cost	323,461	67,621	8,834	3,875	4,428	74,933	483,152
Accumulated depreciation	(5,022)	(12,115)	(4,479)	(657)	(2,184)	–	(24,457)
Net carrying amount	318,439	55,506	4,355	3,218	2,244	74,933	458,695
At 1 January 2024, net of accumulated depreciation	318,439	55,506	4,355	3,218	2,244	74,933	458,695
Additions	4,230	7,048	427	375	1,007	62,955	76,042
Disposals	–	(603)	(10)	–	–	–	(613)
Depreciation provided during the year *(note 7)*	(11,157)	(7,157)	(1,282)	(820)	(729)	–	(21,145)
Transfers	59,471	15,155	–	19	–	(74,645)	–
At 31 December 2024, net of accumulated depreciation	370,983	69,949	3,490	2,792	2,522	63,243	512,979
At 31 December 2024							
Cost	387,162	88,541	9,067	4,269	5,435	63,243	557,717
Accumulated depreciation	(16,179)	(18,592)	(5,577)	(1,477)	(2,913)	–	(44,738)
Net carrying amount	370,983	69,949	3,490	2,792	2,522	63,243	512,979

As at 31 December 2022, 2023 and 2024, certain of the Group's buildings, machinery, and construction in progress with a net carrying value of RMB154,861,000, RMB158,933,000, and RMB157,356,000 were pledged to bank and other borrowings (note 27).

The Company

	Machinery	Motor vehicles	Furniture and fixture	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022					
At 1 January 2022					
Cost	25,498	3,735	969	2,741	32,943
Accumulated depreciation	(5,860)	(1,656)	(485)	(976)	(8,977)
Net carrying amount	19,638	2,079	484	1,765	23,966
At 1 January 2022, net of accumulated depreciation	19,638	2,079	484	1,765	23,966
Additions	2,773	728	–	–	3,501
Disposals	(65)	(50)	–	–	(115)
Depreciation provided during the year	(2,034)	(733)	(133)	(940)	(3,840)
At 31 December 2022, net of accumulated depreciation	20,312	2,024	351	825	23,512
At 31 December 2022					
Cost	27,865	4,394	969	2,741	35,969
Accumulated depreciation	(7,553)	(2,370)	(618)	(1,916)	(12,457)
Net carrying amount	20,312	2,024	351	825	23,512

	Machinery	Motor vehicles	Furniture and fixture	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023					
At 1 January 2023					
Cost	27,865	4,394	969	2,741	35,969
Accumulated depreciation	(7,553)	(2,370)	(618)	(1,916)	(12,457)
Net carrying amount	20,312	2,024	351	825	23,512
At 1 January 2023, net of accumulated depreciation	20,312	2,024	351	825	23,512
Additions	5,659	743	248	2,368	9,018
Disposals	(475)	(2)	(37)	–	(514)
Depreciation provided during the year	(2,777)	(665)	(109)	(950)	(4,501)
At 31 December 2023, net of accumulated depreciation	22,719	2,100	453	2,243	27,515
At 31 December 2023					
Cost	32,663	5,133	739	4,428	42,963
Accumulated depreciation	(9,944)	(3,033)	(286)	(2,185)	(15,448)
Net carrying amount	22,719	2,100	453	2,243	27,515

	Machinery	Motor vehicles	Furniture and fixture	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024						
At 1 January 2024						
Cost	32,663	5,133	739	4,428	–	42,963
Accumulated depreciation	(9,944)	(3,033)	(286)	(2,185)	–	(15,448)
Net carrying amount	22,719	2,100	453	2,243	–	27,515
At 1 January 2024, net of accumulated depreciation	22,719	2,100	453	2,243	–	27,515
Additions	5,677	428	55	92	4,040	10,292
Disposals	(421)	(10)	–	–	–	(431)
Depreciation provided during the year	(3,318)	(606)	(131)	(514)	–	(4,569)
Transfer	21	–	–	–	(21)	–
At 31 December 2024, net of accumulated depreciation	24,678	1,912	377	1,821	4,019	32,807
At 31 December 2024						
Cost	37,540	5,366	795	4,520	4,019	52,240
Accumulated depreciation	(12,862)	(3,454)	(418)	(2,699)	–	(19,433)
Net carrying amount	24,678	1,912	377	1,821	4,019	32,807

14. INTANGIBLE ASSETS

The Group

	Software		
	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	310	190	70
Additions	–	–	559
Amortisation provided during the year	(120)	(120)	(155)
Carrying amount at 31 December	190	70	474
Analysed into:			
Cost	360	360	919
Accumulated amortisation	(170)	(290)	(445)

The Company

	Software		
	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	310	190	70
Additions	–	–	366
Amortisation provided during the year	(120)	(120)	(120)
Carrying amount at 31 December	190	70	316
Analysed into:			
Cost	360	360	726
Accumulated amortisation	(170)	(290)	(410)

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of land use rights and buildings. Leases of buildings generally have lease terms between 2 and 5 years. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years and no ongoing payments will be made under the terms of these land leases.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Land use rights	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	24,348	8,790	33,138
Additions	3,159	–	3,159
Early termination	–	(1,080)	(1,080)
Depreciation charge *(note 7)*	(511)	(4,637)	(5,148)
At 31 December 2022	26,996	3,073	30,069
At 1 January 2023	26,996	3,073	30,069
Additions	–	4,941	4,941
Early termination	–	(1,369)	(1,369)
Depreciation charge *(note 7)*	(563)	(2,116)	(2,679)
At 31 December 2023	26,433	4,529	30,962
At 1 January 2024	26,433	4,529	30,962
Additions	7,791	–	7,791
Depreciation charge (note 7)	(720)	(988)	(1,708)
At 31 December 2024	33,504	3,541	37,045

As at 31 December 2022,2023 and 2024, certain of the Group's land use rights with a net carrying value of RMB9,271,000, RMB9,075,000, and RMB8,879,000 were pledged to bank and other borrowings (note 27).

The Company

	Buildings
	RMB'000
At 1 January 2022	6,491
Early termination	(1,080)
Depreciation charge	(2,666)
At 31 December 2022	2,745
At 1 January 2023	2,745
Additions	4,941
Early termination	(1,369)
Depreciation charge	(1,788)
At 31 December 2023	4,529
At 1 January 2024	4,529
Additions	–
Depreciation charge	(988)
At 31 December 2024	3,541

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	8,967	3,275	4,881
Additions	–	4,941	–
Accretion of interest recognised during the year	289	166	187
Lease payment	(4,840)	(2,171)	(1,015)
Early termination	(1,141)	(1,330)	–
Carrying amount at 31 December	3,275	4,881	4,053
Analysed into:			
Current portion	2,365	828	1,072
Non-current portion	910	4,053	2,981

The Company

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	6,517	2,915	4,881
Additions	–	4,941	–
Accretion of interest recognised during the year	220	163	187
Lease payment	(2,681)	(1,808)	(1,015)
Early termination	(1,141)	(1,330)	–
Carrying amount at 31 December	2,915	4,881	4,053
Analysed into:			
Current portion	2,005	828	1,072
Non-current portion	910	4,053	2,981

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Lease payments in respect of short-term leases and low-value leases	1,247	1,174	1,258
Loss/(gain) on early termination of a lease	(61)	39	–
Interest on lease liabilities	289	166	187
Depreciation charge of right-of-use assets	5,148	2,679	1,708
Total amount recognised in profit or loss	6,623	4,058	3,153

The Company

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Lease payments in respect of short-term leases and low-value leases	858	809	644
Loss/(gain) on early termination of a lease	(61)	39	–
Interest on lease liabilities	220	163	187
Depreciation charge of right-of-use assets	2,666	1,788	988
Total amount recognised in profit or loss	3,683	2,799	1,819

16. INVESTMENT IN AN ASSOCIATE

The Group and the Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	–	19,821	23,091
Goodwill on acquisition	–	25,179	25,179
	–	45,000	48,270

The Group's shareholding in an associate, Shenzhen Yicheng Electronic Technology Co., Ltd. ("Yicheng Electronic"), is held through the Company. The particular of the Group's associate is as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Shenzhen Yicheng Electronic Technology Co., Ltd. ("Yicheng Electronic")	Registered capital of RMB1 each	PRC/Chinese Mainland	15%	R&D and sale of electronic chemicals

In December 2023, the Company entered into an investment agreement with the shareholder of Yicheng Electronic, pursuant to the agreement, the Company acquired 15% equity interest in Yicheng Electronic at a total consideration of RMB45 million which consists of 108,232 shares of the Company with the fair value of RMB30 million and cash of RMB15 million. The acquisition was completed in December 2023 and the cash consideration was paid in January 2024.

Although the Company holds less than 20% of the equity voting rights in Yicheng Electronic, it has significant influence over Yicheng Electronic as it has the power to participate in the financial and operating policy decisions of Yicheng Electronic by appointing a director in the board.

The following table illustrates the summarised financial information of Yicheng Electronic adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2023	2024
	RMB'000	*RMB'000*
Current assets	178,003	179,964
Non-current assets	24,927	27,504
Current liabilities	67,588	53,216
Non-current liabilities	3,205	312
Net assets	132,137	153,940
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	15.00%	15.00%
Group's share of net assets of the associate	19,821	23,091
Goodwill on acquisition	25,179	25,179
Carrying amount of the investment	45,000	48,270
Revenue	188,893	188,422
Profit for the year	15,074	19,714
Total comprehensive income for the year	15,074	19,714

17. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Bills receivables at fair value through other comprehensive income	2,079	12,574	13,073

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Bills receivables at fair value through other comprehensive income	1,779	11,973	12,148

The above bank acceptance bills are issued by reputable banks in Mainland China. They are classified and measured at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cashflows and selling. The fair value approximates to the carrying value due to the short maturity.

18. INVENTORIES

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	52,952	16,295	23,399
Finished goods	20,008	16,644	21,465
Dispatched goods and contract costs	26,806	21,482	45,469
Total	99,766	54,421	90,333

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	52,451	–	–
Finished goods	13,479	15,555	17,266
Dispatched goods and contract costs	18,087	15,066	33,338
Total	84,017	30,621	50,604

19. DEFERRED TAX

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

Deferred tax assets

The Group

	Unrealised profits	Deductible tax losses	Provision for impairment for inventory and bad-debt provision	Leases liabilities	Provision and Accruals	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	–	–	430	1,100	792	–	2,322
Credited/(debited) to profit or loss	708	1,093	(68)	(645)	(550)	290	828
As at 31 December 2022	708	1,093	362	455	242	290	3,150
As at 31 December 2022 and 1 January 2023	708	1,093	362	455	242	290	3,150
Credited/(debited) to profit or loss	142	2,248	(23)	277	43	(30)	2,657
As at 31 December 2023	850	3,341	339	732	285	260	5,807
As at 31 December 2023 and 1 January 2024	850	3,341	339	732	285	260	5,807
Credited/(debited) to profit or loss	402	(2,433)	409	(124)	(104)	115	(1,735)
As at 31 December 2024	1,252	908	748	608	181	375	4,072

The Company

	Provision for impairment for inventory and bad-debt provision	Leases liabilities	Provision and Accruals	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	430	977	791	–	2,198
Credited/(debited) to profit or loss	(155)	(540)	(568)	290	(973)
As at 31 December 2022	275	437	223	290	1,225
As at 31 December 2022 and 1 January 2023	275	437	223	290	1,225
Credited/(debited) to profit or loss	(50)	295	(2)	(30)	213
As at 31 December 2023	225	732	221	260	1,438
As at 31 December 2023 and 1 January 2024	225	732	221	260	1,438
Credited/(debited) to profit or loss	378	(124)	(149)	115	220
As at 31 December 2024	603	608	72	375	1,658

Deferred tax liabilities

The Group

	Right-of-use assets	Fair value adjustments	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	1,067	–	1	1,068
Debited/(credited) to profit or loss	(639)	18	320	(301)
As at 31 December 2022	428	18	321	767
As at 31 December 2022 and 1 January 2023	428	18	321	767
Debited/(credited) to profit or loss	251	78	(35)	294
As at 31 December 2023	679	96	286	1,061
As at 31 December 2023 and 1 January 2024	679	96	286	1,061
Debited/(credited) to profit or loss	(148)	(92)	(38)	(278)
As at 31 December 2024	531	4	248	783

The Company

	Right-of-use assets	Fair value adjustments	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	952	–	–	952
Debited/(credited) to profit or loss	(540)	18	279	(243)
As at 31 December 2022	412	18	279	709
As at 31 December 2022 and 1 January 2023	412	18	279	709
Debited/(credited) to profit or loss	267	78	(31)	314
As at 31 December 2023	679	96	248	1,023
As at 31 December 2023 and 1 January 2024	679	96	248	1,023
Debited/(credited) to profit or loss	(148)	(92)	(29)	(269)
As at 31 December 2024	531	4	219	754

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group and the Company for financial reporting purposes:

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	2,425	4,784	3,318
Net deferred tax liabilities recognised in the consolidated statement of financial position	42	38	29
Net deferred tax assets	2,383	4,746	3,289

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	516	415	904

Deferred tax assets have not been recognised in respect of the following items:

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Tax losses and Deductible temporary differences	15,582	21,443	49,918

The Group has accumulated tax losses in Mainland China of RMB15,338,000, RMB21,158,000 and RMB48,207,000 in aggregate as at 31 December 2022 and 2023 and 2024 respectively, which will expire in one to ten years to offset against future taxable profits of the companies in which losses were incurred. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

20. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
Third parties	134,755	154,481	208,750
Less: impairment of trade receivables	1,050	1,917	4,704
Trade receivables, net	133,705	152,564	204,046
Bills receivables*			
Third parties	18,008	19,445	23,498
Less: impairment of bills receivables	17	50	36
Bills receivables, net	17,991	19,395	23,462
	151,696	171,959	227,508
Analysed into:			
Current portion	151,696	171,959	227,508

As at 31 December 2022, 2023 and 2024, certain of the Group's trade receivables with a net carrying amount of nil, RMB2,421,000, and RMB1,277,000 were pledged to bank borrowings. As at 31 December 2024, Group's trade receivables with a net carrying amount of RMB135,060,000 was pledged to other borrowings (note 27).

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
Third parties	97,360	107,824	130,551
Less: impairment of trade receivables	753	1,397	3,856
Trade receivables, net	96,607	106,427	126,695
Bills receivables*			
Third parties	17,388	16,420	18,802
Less: impairment of bills receivables	16	30	32
Bills receivables, net	17,372	16,390	18,770
	113,979	122,817	145,465
Analysed into:			
Current portion	113,979	122,817	145,465

* Bills receivables are with a maturity period of within six months.

The Group's trading terms with its certain customers are on credit, and the credit period is generally 90-120 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. In view of the afore mentioned and the fact that the Group's trade receivables relate to diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. The aging of accounts receivable shows the aging at the time when the accounts receivable are recognized, rather than the overdue aging.

An ageing analysis of the trade and bills receivables as at the end of each of the Relevant Periods, based on the revenue recognition date, is as follows:

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	152,141	163,999	214,484
1 to 2 years	622	9,886	15,977
2 to 3 years	–	41	1,787
	152,763	173,926	232,248

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	114,657	114,318	132,236
1 to 2 years	91	9,886	15,330
2 to 3 years	–	40	1,787
	114,748	124,244	149,353

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	2,003	1,067	1,967
Impairment losses, net	(936)	900	3,118
Amount written off as uncollectible	–	–	(345)
At end of year	1,067	1,967	4,740

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	1,385	769	1,427
Impairment losses, net	(616)	658	2,806
Amount written off as uncollectible	–	–	(345)
At end of year	769	1,427	3,888

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade and bills receivables. The Group overall considers the credit risk and aging of the trade and bills receivables to measure the expected credit losses. Trade and bills receivables for which the counterparties failed to make the demanded repayments are defaulted receivables. The Group has provided full impairment for the defaulted receivables.

Set out below is the information about the credit risk exposure on the Group's and the Company's trade and bills receivables using a provision matrix:

The Group

	As at 31 December 2022		
	Gross carrying amount	**Expected credit loss rate**	**Expected credit losses**
	RMB'000		*RMB'000*
On collective basis	152,763	0.70%	1,067
Total	152,763	0.70%	1,067

	As at 31 December 2023		
	Gross carrying amount	**Expected credit loss rate**	**Expected credit losses**
	RMB'000		*RMB'000*
On collective basis	173,926	1.13%	1,967
Total	173,926	1.13%	1,967

	As at 31 December 2024		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
On collective basis	230,001	1.08%	2,493
On individual basis	2,247	100.00%	2,247
Total	232,248	2.04%	4,740

The Company

	As at 31 December 2022		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
On collective basis	114,748	0.67%	769
Total	114,748	0.67%	769

	As at 31 December 2023		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
On collective basis	124,244	1.15%	1,427
Total	124,244	1.15%	1,427

	As at 31 December 2024		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
On collective basis	147,106	1.12%	1,641
On individual basis	2,247	100.00%	2,247
Total	149,353	2.60%	3,888

21. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current			
Tax recoverable	17,314	20,256	3,078
Prepayments	1,787	2,224	1,904
Other receivables and deposits	3,952	2,492	2,404
Right-of-return assets	45	89	68
	23,098	25,061	7,454
Non-current			
Tax recoverable	9,560	10,476	–
Other receivables and deposits	1,310	876	642
Prepayments for property, plant and equipment	16,596	6,003	3,194
	27,466	17,355	3,836

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current			
Tax recoverable	–	18	6
Prepayments	1,024	1,115	1,301
Other receivables and deposits	2,287	1,195	1,121
	3,311	2,328	2,428
Non-Current			
Other receivables and deposits	424	478	374
Prepayments for property, plant and equipment	407	3,478	545
	831	3,956	919

The other receivables and deposits are interest-free and unsecured.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2022, 2023 and 2024, the loss allowance was assessed to be minimal.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Certificates of deposits	80,347	61,348	–
Structured deposits	–	10,011	–
Wealth management products	–	–	20,025
	80,347	71,359	20,025

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Certificates of deposits	40,120	40,626	–
Structured deposits	–	10,011	–
Wealth management products	–	–	20,025
	40,120	50,637	20,025

The above unlisted investments were issued by banks in Mainland China. The structured deposits and wealth management products are classified and measured at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The certificates of deposits are classified and measured at fair value through profit or loss as they are not held within the business model with the objective to collect contractual cashflows nor the business model with the objective of both collecting contractual cashflows and selling.

23. CONTRACT ASSETS

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Contract assets arising from:			
Warranty retention receivables	73	332	140
Less: Impairment of contract assets	1	4	1
	72	328	139

Contract assets are initially recognised for the revenue earned from sales of the process solutions services and the receipt of retention consideration is conditional on expiration of the warranty period of the tailored ancillary equipment. Upon expiration of the warranty period, the amounts recognised as contract assets are reclassified to trade receivables.

The expected timing of recovery or settlement for all the contract assets at the end of each of Relevant Periods is within one year.

The movements in the impairment of contract assets are as follows:

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year/period	–	1	4
Impairment losses, net	1	3	(3)
At end of year/period	1	4	1

24. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	70,668	62,802	86,511
Restricted bank deposits	–	–	7,950
	70,668	62,802	94,461
Less:			
Restricted bank deposits	–	–	(7,950)
Cash and cash equivalents	70,668	62,802	86,511
Denominated in			
RMB	70,668	62,802	94,461

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and restricted bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2024, the restricted bank deposits represented guarantee deposits for the issuance of letter of credit.

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	44,461	30,300	40,452
Restricted bank deposits	–	–	7,950
	44,461	30,300	48,402
Less:			
Restricted bank deposits	–	–	(7,950)
Cash and cash equivalents	44,461	30,300	40,452
Denominated in			
RMB	44,461	30,300	48,402

25. TRADE AND BILLS PAYABLES

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	17,170	14,814	32,586
Bills payables	–	–	9,000
	17,170	14,814	41,586

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on date of the goods acceptance, is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	16,494	11,876	38,208
Over 1 year	676	2,938	3,378
	17,170	14,814	41,586

The trade and bills payables are non-interest-bearing and save for ancillary equipment, are normally settled within 1 year.

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	15,140	5,906	13,059

An ageing analysis of trade payables as at the end of each of the Relevant Periods, based on the date of goods acceptance, is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	15,140	3,030	10,081
Over 1 year	–	2,876	2,978
	15,140	5,906	13,059

26. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Payables for property, plant and equipment	29,576	25,512	14,402
Payable for endorsed bills receivable that are not derecognised *(note a)*	15,960	12,735	17,173
Payroll payable	5,700	4,395	8,772
Other tax payables	5,231	2,034	2,269
Payable for investment in an associate *(note 16)*	–	15,000	–
Refund liabilities *(note b)*	59	95	63
Output value added tax to be transferred	805	380	321
Other payables and accruals	3,839	3,767	5,015
	61,170	63,918	48,015

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Payables for property, plant and equipment	1,878	981	780
Payable for endorsed bills receivable that are not derecognised *(note a)*	15,960	120	1,756
Payroll payable	3,081	1,669	3,709
Other tax payables	3,687	1,343	832
Payable for investment in an associate *(note 16)*	–	15,000	–
Output value added tax to be transferred	588	152	150
Other payables and accruals	2,581	2,737	2,346
	27,775	22,002	9,573

(a) For the endorsed bills receivable that the Group neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the bills receivables and associated liabilities. Further details are contained in note 39 to the Historical Financial Information.

(b) Some of the contracts provide customers with right to return the goods within a specified period. The Group estimates the provision for liabilities based on the expected returns with the corresponding changes recognised in revenue.

Other payables are non-interest-bearing and have no fixed terms of settlement.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	At 31 December								
	2022			2023			2024		
	Effective interest rate (%)	Maturity	*RMB'000*	Effective interest rate (%)	Maturity	*RMB'000*	Effective interest rate (%)	Maturity	*RMB'000*
Current									
Current portion of long-term bank borrowings – secured	4.65%-4.85%	2023	2,900	4.5%	2024	2,900	4.4%	2025	4,775
Other borrowings – secured			–			–	1%-1.7%	2025	15,000
Total – current			2,900			2,900			19,775
Non-current									
Bank borrowings – secured*	4.65%-4.85%	2024-2030	44,125	4.5%	2025-2030	41,225	4.4%	2026-2030	36,450
Total – non-current			44,125			41,225			36,450
Total			47,025			44,125			56,225

The bank borrowings were secured by:

(i) Guaranteed by the Company, one of the subsidiaries of the Group, and Mr. YAO Cheng (note 35);

(ii) The pledged of the Company's 100% of shares interest in Zhuhai Chuangzhi Xin Technology Co., Ltd.;

(iii) The pledge of certain of the Group's trade and bills receivables with a net carrying value of nil, RMB2,421,000, and RMB1,277,000 as at 31 December 2022, 2023 and 2024 (note 20);

(iv) Land use rights with a net carrying value of RMB9,271,000, RMB9,075,000, and RMB8,879,000 as at 31 December 2022, 2023 and 2024 (note 15);

(v) Buildings, machinery, and construction owned by Group with a net carrying value of RMB154,861,000, RMB158,933,000, and RMB157,356,000 as at 31 December 2022, 2023 and 2024 (note 13).

The other borrowings as at 31 December 2024 were letters of credit discounted at the bank, secured by:

(i) The pledge of certain of the Group's trade receivables of RMB135,060,000 (note 20);

(ii) The bank deposits of RMB7,950,000 (note 24);

(iii) Guaranteed by certain subsidiaries of the Group.

28. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Advances from customers			
Plating services	8,173	2,771	10,396*
Analysed for reporting purposes as:			
Current liabilities	8,173	2,771	10,396

Contract liabilities mainly arise from the advance payments received for the ancillary equipment provided in the process solution services.

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Advances from customers			
Plating services	37	1,177	8,878
Analysed for reporting purposes as:			
Current liabilities	37	1,177	8,878

29. SHARE CAPITAL/PAID-IN CAPITAL

Share capital

A summary of movements in the share capital is as follows:

	Number of shares in issue	Share capital
	(in thousand)	*RMB'000*
As at 1 January 2022	–	–
Conversion into a joint stock company*	7,807	7,807
Capital contribution by shareholders**	1,104	1,104
As at 31 December 2022	8,911	8,911
Capital contribution by shareholders	216	216
Transfer from capital reserve***	103,373	103,373
As at 31 December 2023	112,500	112,500
Capital contribution by shareholders****	889	889
As at 31 December 2024	113,389	113,389

Paid-in capital

	RMB'000
As at 1 January 2022	7,807
Conversion into a joint stock company*	(7,807)
As at 31 December 2022	–

* In December 2022, the Company converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date, including the paid-in capital, capital reserves and retained profits, were converted into 7,807,000 ordinary shares of RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's capital reserve.

** During the year ended 31 December 2022, the Company received capital contributions of RMB280,000,000 from eight investors. The capital contribution increased the share capital and capital reserve by RMB1,104,000 and RMB278,896,000 respectively.

** During the year ended 31 December 2023, the Company received capital contributions of RMB30,000,000 from two investors. The capital contribution increased the share capital and capital reserve by RMB108,000 and RMB29,892,000 respectively. In addition, the Group issued 108,232 shares as part of the consideration for the investment in an associate (note 16), which has increased share capital and capital reserve amounted to RMB108,000 and RMB29,892,000, respectively.

*** As approved in the extraordinary general meeting held on 8 December 2023, the Company has transferred capital reserve of RMB103,373,000 to share capital with a nominal value of RMB1 per share.

**** During the year ended 31 December 2024, the Company received capital contributions of RMB20,000,000 from an investor. The capital contribution increased the share capital and capital reserve by RMB889,000 and RMB19,111,000 respectively.

30. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(i) Capital reserve

The capital reserve of the Group represents the difference between the value of the paid-up capital and the consideration received, the reserves resulting from transactions with non-controlling interests, and the share-based payment compensation reserve due to equity-settled share-based payment transactions.

(ii) Statutory surplus reserve

In accordance with the Company Law of the PRC and the respective articles of association of the group companies, each of the companies that is domiciled in the PRC is required to allocate 10% of its profit after tax, as determined in accordance with PRC GAAP, to the statutory surplus reserve until the reserve reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

The statutory surplus reserve is non-distributable except in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, can be used to offset accumulated losses or be capitalised as paid-up capital.

(iii) Other reserve

The other reserve of the Group represents the share of the associate's capital and other reserves.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

	Capital reserve	Other reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	397,885	–	1,904	20,159	419,948
Profit for the year	–	–	–	31,458	31,458
Total comprehensive income for the year	–	–	–	31,458	31,458
Issue of shares	278,896	–	–	–	278,896
Conversion into a joint stock company	27,032	–	(1,904)	(25,128)	–
Transfer to statutory surplus reserve	–	–	3,146	(3,146)	–
At 31 December 2022	703,813	–	3,146	23,343	730,302

	Capital reserve	Other reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	703,813	–	3,146	23,343	730,302
Profit for the year	–	–	–	28,347	28,347
Total comprehensive income for the year	–	–	–	28,347	28,347
Issue of shares	59,784	–	–	–	59,784
Transfer from capital reserve	(103,373)	–	–	–	(103,373)
Transfer to statutory surplus reserve	–	–	2,835	(2,835)	–
At 31 December 2023	660,224	–	5,981	48,855	715,060
At 1 January 2024	660,224	–	5,981	48,855	715,060
Profit for the year	–	–	–	55,292	55,292
Total comprehensive income for the year	–	–	–	55,292	55,292
Share of other reserves of an associate	–	313	–	–	313
Issue of shares	19,111	–	–	–	19,111
Transfer to statutory surplus reserve	–	–	5,529	(5,529)	–
At 31 December 2024	679,335	313	11,510	98,618	789,776

31. SHARE-BASED PAYMENTS

The Group approved and adopted the share award scheme (the "Share Award Scheme") for certain employees of the Group ("Share Incentive Participants") in order to recognise the contributions of the Share Incentive Participants to the growth and development of the Group, and incentivise them to further promote the development of the Group.

In order to implement the Share Award Scheme, Shenzhen Zhiyuanxin Investment Consulting Partnership Enterprise (Limited Partnership) ("Zhiyuanxin Consulting") Shenzhen Zhiyuanxinke Investment Consulting Partnership Enterprise (Limited Partnership) ("Zhiyuanxinke Consulting") and Shenzhen Zhiyuanxinchuang Investment Consulting Partnership Enterprise (Limited Partnership) ("Zhiyuanxinchuang Consulting") were established and designated as share incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners. The Group has no control over the share incentive platforms.

On 30 July 2020, Zhiyuanxin Consulting subscribed for 700,000 shares (equal to 8,627,692 shares after capital reserve converted into share capital in December 2024) of the Company at a subscribed price of RMB1.00. On 30 July 2020, Zhiyuanxinke Consulting subscribed for 235,600 shares (equal to 2,903,835 shares after capital reserve converted into share capital in December 2024) of the Company at a subscribed price of RMB105.26. On 30 September 2020, Zhiyuanxinchuang Consulting subscribed for 312,740 shares (equal to 3,854,606 shares after capital reserve converted into share capital in December 2024) of the Company at a subscribed price of RMB105.26. All the shares held by the share incentive platforms had been granted to the Share Incentive Participants and vested in full as at the beginning of the Relevant Periods.

32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB4,941,000, in respect of lease arrangements for office premises.

During the year ended 31 December 2023, the Group had non-cash additions to its share capital and capital reserve amounted to RMB108,000 and RMB29,892,000 and its investment in an associates amounted to RMB30,000,000 respectively.

(b) Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest-bearing bank and other borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	85,660	8,967	94,627
Changes from financing cash flow	(44,077)	(4,840)	(48,917)
Changes from non-financing cash flow	–	(1,141)	(1,141)
Accretion of interest	5,442	289	5,731
At 31 December 2022 and 1 January 2023	47,025	3,275	50,300
Changes from financing cash flow	(4,984)	(2,171)	(7,155)
Changes from non-financing cash flow	–	3,611	3,611
Accretion of interest	2,084	166	2,250
At 31 December 2023 and 1 January 2024	44,125	4,881	49,006
Changes from financing cash flow	10,222	(1,015)	9,207
Accretion of interest	1,878	187	2,065
At 31 December 2024	56,225	4,053	60,278

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	1,247	1,174	1,258
Within financing activities	4,840	2,171	1,015
	6,087	3,345	2,273

33. PLEDGE OF ASSETS

Details of the Group's pledged assets are included in note 13, 15, 20 and 24 to the Historical Financial Information.

34. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods.

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
Purchase of items of property, plant and equipment	38,311	17,654	35,324

35. RELATED PARTY TRANSACTIONS

The Directors are of the view that the following companies are related parties that have material transactions or balances with the Group during the Relevant Periods.

(a) Name and relationships of the related parties

Name	Relationship
Mr. Liu Ke	Director
Mr. Chen Jianlong	Director
Ms. Yang Ming	Supervisor
Ms. Meng Yan	Supervisor
Ms. Zhang Hua	Supervisor
Zhiyuanxin Consulting	Shareholder of the Company
Yicheng Electronic	Associate of the Group
Shenzhen Taozhi Dihao Technology Co., Ltd. 深圳市滔智地浩科技有限公司	A company controlled by a close family member of the Controlling Shareholders
Shenzhen Wanlian Jingtai Technology Co., Ltd. 深圳市萬聯景泰科技有限公司	A company controlled by a close family member of the Controlling Shareholders

(b) The Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Sales of products to:			
Yicheng Electronic	–	55	698
Sales of equipment and furniture to:			
Yicheng Electronic	–	133	13
Purchase of raw materials from:			
Yicheng Electronic	7	147	4,009
Leases of low-value assets from:			
Shenzhen Taozhi Dihao Technology Co., Ltd.	–	6	6
Shenzhen Wanlian Jingtai Technology Co., Ltd.	84	84	7

(c) Other related party transactions

During the years ended 31 December 2022, 2023 and 2024, the Group's banking facilities were guaranteed by Mr. YAO Cheng, with the guaranteed amount of RMB100,000,000, RMB100,000,000 and RMB100,000,000, respectively, for the duration period from 2021 to 2029. The guarantee arrangement was released in May 2025.

(d) Outstanding balances with related parties:

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties:			
Trade receivables (trade in nature)			
Yicheng Electronic	–	23	351
Other receivables (non-trade in nature)			
Zhiyuanxin Consulting	5	–	–
Mr. Liu Ke	8	–	–
Mr. Chen Jianlong	104	–	–
Ms. Yang Ming	33	22	10
Ms. Meng Yan	37	–	–
Ms. Zhang Hua	43	–	–
Shenzhen Taozhi Dihao Technology Co., Ltd	–	12	–
Shenzhen Wanlian Jingtai Technology Co., Ltd.	14	14	–
	244	48	10
Amounts due to a related party:			
Trade payables (trade in nature)			
Yicheng Electronic	–	155	852
	–	155	852

Amounts due from related parties were unsecured, interest-free and repayable on credit terms, and amounts due to a related party were unsecured, interest-free and repayable on demand.

(e) Compensation of key management personnel of the Group

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	3,455	3,074	3,309
Pension scheme contributions	175	145	123
	3,630	3,219	3,432

Further details of directors' and the chief executive's and supervisors' remuneration are included in note 8 to the Historical Financial Information.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at fair value through profit or loss:			
Certificates of deposits	80,347	61,348	–
Structured deposits	–	10,011	–
Wealth management products	–	–	20,025
	80,347	71,359	20,025
Debt investments at fair value through other comprehensive income:			
Bills receivables	2,079	12,574	13,073
Financial assets at amortised cost:			
Trade and bills receivables	151,696	171,959	227,508
Financial assets included in other receivables and other assets	5,262	3,368	3,046
Restricted bank deposits	–	–	7,950
Cash and cash equivalents	70,668	62,802	86,511
	227,626	238,129	325,015
Financial liabilities at amortised cost:			
Trade and bills payables	17,170	14,814	41,586
Financial liabilities included in other payables and accruals	49,375	57,014	36,590
Lease liabilities	3,275	4,881	4,053
Interest-bearing bank and other borrowings	47,025	44,125	56,225
	116,845	120,834	138,454

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All the carrying amounts of the Group's financial instruments approximate to their fair values due to the short-term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the financial assets at fair value through profit or loss and debt investments at fair value through other comprehensive income have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Fair value hierarchy

Financial assets:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit and loss	–	80,347	–	80,347
Debt investments at fair value through other comprehensive income	–	2,079	–	2,079
	–	82,426	–	82,426

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit and loss	–	71,359	–	71,359
Debt investments at fair value through other comprehensive income	–	12,574	–	12,574
	–	83,933	–	83,933

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit and loss	–	20,025	–	20,025
Debt investments at fair value through other comprehensive income	–	13,073	–	13,073
	–	33,098	–	33,098

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, financial assets at fair value through profit or loss and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the interest-bearing bank and other borrowings with floating interest rates. The Group's policy is to manage its interest cost using variable rate debts.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/(decrease) in basis points	Increase/(decrease) in profit before tax	Increase/(decrease) in equity*
		RMB'000	*RMB'000*
2022			
RMB	50	(235)	–
RMB	(50)	235	–
2023			
RMB	50	(221)	–
RMB	(50)	221	–
2024			
RMB	50	(281)	–
RMB	(50)	281	–

* Excluding retained profits

Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

For other receivables and other assets, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables**	–	–	–	152,763	152,763
Debt investments at fair value through other comprehensive income	2,079	–	–	–	2,079
Contract assets	–	–	–	72	72
Financial assets included in other receivables and other assets	5,262	–	–	–	5,262
Cash and cash equivalents	70,668	–	–	–	70,668
	78,009	–	–	152,835	230,844

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables**	–	–	–	173,926	173,926
Debt investments at fair value through other comprehensive income	12,574	–	–	–	12,574
Contract assets	–	–	–	328	328
Financial assets included in other receivables and other assets*	3,368	–	–	–	3,368
Cash and cash equivalents	62,802	–	–	–	62,802
	78,744	–	–	174,254	252,998

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables**	–	–	–	232,248	232,248
Debt investments at fair value through other comprehensive income	13,073	–	–	–	13,073
Contract assets	–	–	–	139	139
Financial assets included in other receivables and other assets*	3,046	–	–	–	3,046
Restricted bank balances	7,950	–	–	–	7,950
Cash and cash equivalents	86,511	–	–	–	86,511
	110,580	–	–	232,387	342,967

* The credit quality of the financial assets included in prepayments, other receivables and other assets are considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

** For trade and bills receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 20 and 23 to the Historical Financial Information, respectively.

At the end of each of the Relevant Periods, the Group had no significant concentrations of credit risk.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2022

	Less than 12 months or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	17,170	–	–	17,170
Financial liabilities included in other payables and accruals	49,375	–	–	49,375
Lease liabilities	2,450	928	–	3,378
Interest-bearing bank and other borrowings	4,224	31,861	20,088	56,173
	73,219	32,789	20,088	126,096

As at 31 December 2023

	Less than 12 months or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	14,814	–	–	14,814
Financial liabilities included in other payables and accruals	57,014	–	–	57,014
Lease liabilities	1,045	4,338	–	5,383
Interest-bearing bank and other borrowings	4,812	38,681	8,456	51,949
	77,685	43,019	8,456	129,160

As at 31 December 2024

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	41,586	–	41,586
Financial liabilities included in other payables and accruals	36,590	–	36,590
Lease liabilities	1,219	3,148	4,367
Interest-bearing bank and other borrowings	6,589	40,549	47,138
	85,984	43,697	129,681

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The asset-liability ratios as at the end of each of the Relevant Periods are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Total assets	880,701	955,370	1,058,915
Total liabilities	138,695	133,943	164,469
Asset-liability ratio*	16%	14%	16%

* The asset-liability ratio is calculated by dividing total liabilities by total assets.

39 TRANSFERS OF FINANCIAL ASSETS

(a) Transferred financial assets that are not derecognised in their entirety

At 31 December 2022,2023 and 2024, the Group endorsed certain bills receivables accepted by banks in Mainland China (the "Endorsed Bills") with a carrying amount of RMB15,960,000, RMB12,735,000 and RMB17,173,000 to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the year to which the suppliers have recourse was RMB35,606,000, RMB25,013,000 and RMB39,288,000 as at 31 December 2022, 2023 and 2024.

(b) Transferred financial assets that are derecognised in their entirety

As at 31 December 2022,2023 and 2024, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB23,644,000, RMB19,715,000 and RMB42,580,000. The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "Continuing Involvement"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year ended 31 December 2022, 2023 and 2024, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively.

40. EVENTS AFTER THE RELEVANT PERIOD

Pursuant to the shareholders' resolutions dated 26 January 2025, the registered capital of the Company increased from RMB113,389,328 to RMB114,723,320, and Hefei Jianhui Zhanxin Equity Investment Fund Partnership (Limited Partnership) agreed to subscribe for 1,333,992 shares at a consideration of RMB30,000,000. The capital contribution was completed in March 2025.

41. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 31 December 2024.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a letter, summary of valuations and valuation report prepared for the purpose of incorporation in this document received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of market value of the properties held by the Group in the PRC as at 31 March 2025.

CUSHMAN & WAKEFIELD
戴德梁行

27/F, One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

The Board of Directors

Shenzhen Chuangzhi Semi-link Technology Co. Ltd
C2802, BC Block,
Huizhi R&D Center,
Longteng Community,
Xixiang Subdistrict,
Bao'an District,
Shenzhen

Dear Sirs,

RE: Shenzhen Chuangzhi Semi-link Technology Co. Ltd

INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with the instructions of Shenzhen Chuangzhi Semi-link Technology Co. Ltd.* (深圳創智芯聯科技股份有限公司). (the "**Company**") for Cushman & Wakefield ("**C&W**") to value certain properties (individually the "**property**" or collectively the "**properties**") in the People's Republic of China (the "**PRC**") (as more particularly described in the attached valuation reports) in which the Company and/or its subsidiaries (together referred to as the "**Group**") have interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the values of the properties as at 31 March 2025 (the "**Valuation Date**").

VALUATION BASIS

Our valuation of each of the properties represents its market value which in accordance with the HKIS Valuation Standards 2024 published by the Hong Kong Institute of Surveyors is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We confirm that the valuations comply with the requirements outlined in the HKIS Valuation Standards, the RICS Global Valuation Standards and the International Valuation Standards. In valuing the properties, we confirm that we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of The Hong Kong Limited.

Our valuation of each portion of the property is on an entirety interest basis.

VALUATION ASSUMPTIONS

Our valuation of each property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuations of the properties, we have relied on the information and advice given by the Company and the Company's PRC legal adviser (the "**PRC Legal Adviser**"), AllBright Law Offices (Shenzhen) (上海市錦天城(深圳)律師事務所), regarding the titles to the properties and the interests of the Group in the properties. Unless otherwise stated in the legal opinion provided for the properties, in valuing the properties, we have assumed that Company have enforceable title to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the unexpired term as granted.

The status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Company are set out in the notes of the valuation report.

No allowance has been made in our valuations for any charges, pledges or amounts owing on the properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is valued on the basis that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

VALUATION METHODS

In forming our opinions of the market value of Property No. 1, which is held for owner-occupation, we have used Market Comparison Method assuming sale of each of these properties in its existing state by making reference to comparable sales transactions as available in the relevant market subject to suitable adjustments. Market comparison method is the best method for property valuation in theory because it is a market method showing what price levels that the buyers really paid for the properties in the market. Given that there is sufficient relevant evidence to show the price levels that buyers are willing to pay for similar properties in the market and transactions about such comparables are generally available, we have therefore adopted Market Comparison Method which is also in line with the market practice.

Key assumptions adopted in Market Comparison Method for the property:

Location	Type	Unit Rate
		(RMB/sq.m.)
Zhuhai, China	Industrial Factory	3,400~5,000

Property No. 2, held for owner-occupation, consists of a completed portion and a portion currently under development. In forming our opinions of the market value of the completed portion of Property No. 2, Market Comparison Method is adopted following the same assumption for Property No. 1. In respect of the portion of the Property No. 2 that is currently under development, due to the specific nature of the construction and lack of sales transactions of the construction of the same characteristics in the vicinity, we have mainly adopted Depreciated Replacement Cost ("**DRC**") Method. DRC Method is based on an estimate of the market value of the land in its existing use, plus the current cost of replacement of the improvements, less allowance for physical deterioration and all relevant forms of obsolescence and optimization. For the land portion, we have generally made reference to comparable land sales evidence as available in the relevant market subject to appropriate adjustments including but not limited to location, time, size etc. For the portion that is under development, we have valued on the basis that it will be developed and completed in accordance with the latest development proposal provided to us by the Group. We have assumed that all consents, approvals, and licences from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. We have also assumed the design and construction of the development are in compliance with the local planning and other relevant regulations and have been approved by the relevant authorities. In arriving at our valuations, we have taken into account the incurred construction costs as provided to us by the Group. DRC Method is subject to service potential of the entity from the use of assets as a whole paying due regard to the total assets employed. The market value arrived using DRC Method applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

Key assumptions adopted in Market Comparison Method for the land:

Location	Type	Unit Rate
		(RMB/sq.m.)
Zhuhai, China	Industrial	440~520

SOURCE OF INFORMATION

In the course of our valuations, we have relied to a very considerable extent on the information given by the Company and have accepted advice on such matters as planning approvals or statutory notices, easements, tenure, identification of the properties, particulars of occupancy, development scheme, construction cost. completion date, site and floor areas, interest attributable to the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided to us.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

TITLE INVESTIGATION

We have been provided by the Company with copies of documents in relation to the current titles to the properties. However, we have not been able to conduct searches to verify the ownership of the properties and we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the Company or the PRC Legal Adviser regarding the interests of the Company in the property.

SITE INSPECTION

The valuer of our Shanghai Office, Bowen Huang (Valuer with 1 year of experience in property valuation), the valuer of our Hong Kong Office, LF Cai (Assistant Manager with 2 years of experience in property valuation), the valuer of our Shenzhen Office, Jing Zhou (Manager with 8 years of experience in property valuation) have inspected the exterior, and where possible, the interior on 18 March 2025. However, we have not carried out any investigations on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services.

Unless otherwise stated, we have not carried out on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of the documents handed to us are correct.

CURRENCY

Unless otherwise stated, all monetary sums stated in our valuation is in Renminbi ("**RMB**") the official currency of the PRC.

INDEPENDENCE

We hereby confirm that C&W and the undersigned have no pecuniary or other interests that could conflict with the proper valuation of the properties or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

We attach herewith summary of valuations and valuation report.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Grace Lam
MHKIS, MRICS, R.P.S. (GP)
Senior Director
Valuation & Advisory Services, Greater China

Notes:

(1) Ms. Grace Lam is a Member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice). Ms. Lam has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Ms. Lam has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.

(2) * Company name in English translation for identification only.

SUMMARY OF VALUATIONS

	Property	Market value in existing state as at 31 March 2025	Interest attributable to the Group	Market value in existing state as at 31 March 2025 attributable to the Group
		(RMB)	*(%)*	*(RMB)*
Properties held for owner-occupation by the Group in the PRC				
1.	Zhuhai Chemical Industry Park, 588 Shihua Six Road, Jinwan District, Zhuhai, Guangdong Province, the PRC (中國廣東省珠海市金灣區石化六路588號珠海化工園區)	200,000,000	100	200,000,000
2.	Zhuhai Industrial Research Park, 320 Sanhu Grand Avenue, Jinwan District, Zhuhai, Guangdong Province, the PRC (中國廣東省珠海市金灣區三虎大道320號珠海產研園)	197,000,000	100	197,000,000
	Grand Total (RMB):	**397,000,000**		**397,000,000**

VALUATION REPORT

Properties held for owner-occupation by the Group in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2025
1.	Zhuhai Chemical Industry Park, 588 Shihua Six Road, Jinwan District, Zhuhai, Guangdong Province, the PRC (中國廣東省珠海市金灣區石化六路588號珠海化工園區)	Zhuhai Chemical Industry Park is a manufacturing park for the production of chemical materials, which erected on a parcel of land, with a total site area of 26,659.77 sq.m. The property was completed in May 2022 with a total gross floor area of 35,070.82 sq.m.. The breakdown of the gross floor area is listed as below: **Use** / **Gross Floor Area** *(sq.m.)* Factory 19,767.98 Warehouse 9,712.27 Office Building 5,215.70 Utility Building 244.58 Guard Room – A 111.57 Guard Room – B 9.36 Guard Room – C 9.36 **Grand Total: 35,070.82** The property is located at the South of Shihua Six Road (石化六路), Jinwan District, Zhuhai, Guangdong Province, the PRC. Developments nearby are mainly industrial development in nature. According to the Company, the property is mainly for industrial use; there are neither environmental issues and litigation dispute; nor any plan to change the use of the property. The land use rights of the property have been granted for a land use term due to expire on 27 April 2070 for Industrial use.	As at the Valuation Date, the property is owner-occupied for production purposes.	RMB200,000,000 (RENMINBI TWO HUNDRED MILLION) (100% interest attributable to the Group: RMB200,000,000)

Notes:

(1) According to Certificate of Real Estate Ownership Nos. (2022)0072691, (2022)0072690, (2022)0072695, (2022)0072692, (2022)0072693, (2022)0072694, (2022)0072696, (2022)0072697, (2022)0072698, (2022)0072699 the land use rights of the property have been vested to Zhuhai Chuangzhi Chenggong Technology Co., Ltd.* (珠海市創智成功科技有限公司) (a wholly owned subsidiary of the Company), with a total site area of approximately 26,659.77 sq.m. for the land use term due to expire on 27 April 2070 for Industrial use. The total gross floor area of the property is 35,070.82 sq.m..

(2) According to Business Licence No. 91440400MA5496U06W dated 12 July 2022, Zhuhai Chuangzhi Chenggong Technology Co., Ltd.* (珠海市創智成功科技有限公司) has been established as a limited company on 3 January 2020.

(3) We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

(a) Zhuhai Chuangzhi Chenggong Technology Co., Ltd.* (珠海市創智成功科技有限公司) has legally obtained the abovementioned state-owned land use rights and buildings ownership. It has the right to legally possess, use, transfer, mortgage or otherwise dispose of the ownership of the property in accordance with the intended use of the property as recorded in the Certificate of Real Estate Ownership.

(b) For the Property that has been mortgaged, the relevant domestic subsidiaries shall enjoy the right to occupy and use in accordance with the laws during the mortgage period. The transfer, leasing, re-mortgage or other disposal of the mortgaged property shall be restricted in accordance with the laws or contract.

(c) There are no pledges, mortgages or other encumbrances affecting the assets except as disclosed in legal opinion.

(4) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the PRC legal adviser:

Certificate of Real Estate Ownership	Yes
Business Licence	Yes

VALUATION REPORT

<table>
<tr><th></th><th>Property</th><th>Description and tenure</th><th>Particulars of occupancy</th><th>Market value in existing state as at 31 March 2025</th></tr>
<tr><td>2.</td><td>Zhuhai Industrial Research Park,
320 Sanhu Grand Avenue,
Jinwan District,
Zhuhai,
Guangdong Province,
the PRC

(中國廣東省珠海市金灣區三虎大道320號珠海產研園)</td><td>Zhuhai Industrial Research Park is a composite manufacturing park for semiconductor. The property consists of two phases and erected on a parcel of land, with a total site area of 33,499.19 sq.m..

The phase I of the property was completed in June 2023 with a total gross floor area of 22,025.25 sq.m.. The breakdown of the gross floor area is listed as below:

<table>
<tr><th>Use</th><th>Gross Floor Area</th></tr>
<tr><td></td><td>(sq.m.)</td></tr>
<tr><td>Office & Dorm Building</td><td>3,480.66</td></tr>
<tr><td>Factory</td><td>15,360.93</td></tr>
<tr><td>Utility Building</td><td>1,248.36</td></tr>
<tr><td>Class A Warehouse</td><td>734.00</td></tr>
<tr><td>Guard Room A</td><td>48.64</td></tr>
<tr><td>Guard Room B</td><td>16.32</td></tr>
<tr><td>Waste Water Treatment Station</td><td>1,136.34</td></tr>
<tr><td>Grand Total:</td><td>22,025.25</td></tr>
</table>

The phase II of the property is under construction with a planned construction area of 24,525.23 sq.m. and is expected to be completed in June 2025.

The property is located at the Sanhu Grand Avenue (三虎大道), Jianwan District, Zhuhai, Guandong Province, the PRC. Developments nearby are mainly industrial development in nature.

According to the Company, the property is for industrial use; there are neither environmental issues and litigation dispute; nor any plan to change the use of the Property.

The land use rights of the property have been granted for land use term due to expire on 17 June 2071 for industrial use.</td><td>As at the Valuation Date, the phase I of the property is owner-occupied mainly for the manufacturing purposes.

The phase II of the property is under construction for expanding the manufacturing potential.</td><td>RMB197,000,000
(RENMINBI ONE HUNDRED AND NINETY-SEVEN MILLION)

(100% interest attributable to the Group: RMB197,000,000)</td></tr>
</table>

Notes:

(1) According to Certificate of Real Estate Ownership Nos. (2023)0276248, (2023)0276254, (2023)0276300, (2023)0276753, (2023)0276256, (2023)0276721, (2023)0276755, (2023)0276299 the land use rights of the property have been vested to Zhuhai Chuangzhi Xin Technology Co., Ltd.*(珠海市創智芯科技有限公司) (a wholly owned subsidiary of the Company), with the total site area of 33,499.19 sq.m. for the land use term due to expire on 17 June 2071 for industrial use. The total gross floor area of the property is 22,025.25 sq.m.

(2) According to Planning Permit for Construction Land No. 4404042023YG0058394 dated 06 November 2023, the construction land with a total site area of 33,499.19 sq.m. located at Northeast side of Sanhu Grand Avenue, Jinwan district for Class M2 industrial (二類工業用地) use complies with national spatial planning and land use regulation.

(3) According to the Planning Permit for Construction Works No. 4404042024GG0050412 dated 7 May 2024, the construction works with a construction scale of 24,525.23 sq.m. located at Northeast side of Sanhu Grand Avenue, Jinwan district complies with the requirement of urban rural planning.

(4) According to Permit for Commencement of Construction Works No. 440401202407250101 dated 25 July 2024, the property with a total gross floor area of 24,525.23 sq.m. complies with construction requirements and is permitted to construct.

(5) According to Business Licence No. 91440400MA54HP4D24 dated 27 December 2022, Zhuhai Chuangzhi Xin Technology Co., Ltd.* (珠海市創智芯科技有限公司) has been established as a limited company on 15 April 2020.

(6) As advised by the Company, the construction cost incurred (excluding the land cost) for phase II of the property as at the Valuation Date was approximately RMB40,000,000 (excluding VAT). We have, taken into account such costs in the course of our valuation.

(7) Breakdown of the market value of the property

Portion	**Market Value as the Valuation Date**
Phase I (completed portion)	RMB144,000,000
Phase II (under development portion)	RMB53,000,000

(8) We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

(a) Zhuhai Chuangzhi Xin Technology Co., Ltd (珠海市創智芯科技有限公司) has legally obtained the abovementioned state-owned land use rights and buildings ownership. It has the right to legally possess, use, transfer, mortgage or otherwise dispose of the ownership of the property in accordance with the intended use of the property as recorded in the Certificate of Real Estate Ownership.

(b) For the Property that has been mortgaged, the relevant domestic subsidiaries shall enjoy the right to occupy and use in accordance with the laws during the mortgage period. The transfer, leasing, re-mortgage or other disposal of the mortgaged property shall be restricted in accordance with the laws or contract.

(c) There are no pledges, mortgages or other encumbrances affecting the assets except as disclosed in legal opinion.

(9) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the PRC legal adviser:

Certificate of Real Estate Ownership	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business Licence	Yes

(10) The average unit price of industrial land parcels in the locality as at the Valuation Date is in the range of RMB440 per sq.m. to RMB520 per sq.m.

1. 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 of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on the current laws and practices in the PRC, is subject to change and does not constitute legal or tax advice to H-Share holders. The discussion below has no intention to cover all possible tax consequences resulting from the [**REDACTED**] in H Shares, nor does it take the specific circumstances of any particular [**REDACTED**] into account, some of which may be subject to special regulations. Accordingly, you should consult your own tax adviser regarding the tax consequences of an [**REDACTED**] in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of the Latest Practicable Date, which is subject to change and may have retrospective effect.

The PRC Taxation

A. Taxation on Dividends

Individual Investors

Pursuant to *the Individual Income Tax Law of the PRC* (《中華人民共和國個人所得税法》) (the "**IIT Law**"), which was latest amended on August 31, 2018 and came into effect on January 1, 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税法實施條例》), which was latest amended on December 18, 2018 and came into effect on January 1, 2019, dividends distributed by PRC enterprises are subject to PRC Individual Income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from a PRC enterprise is normally subject to withholding tax of 20% unless such tax is specifically exempted by the tax authority of the State Council or reduced by an applicable tax treaty.

Meanwhile, according to *the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies* (《關於上市公司股息紅利差別化個人所得税政策有關問題的通知》) (Cai Shui [2015] No. 101) issued by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission (the "**CSRC**") on September 7, 2015 and coming into effect on September 8, 2015, where an individual acquires the shares of a listed company through a public offering or trading at the stock exchange where the company is listed and such individual holds the shares for more than one year, the dividend and bonus income shall be temporarily exempted from individual income tax. However, in the case where the holding period of such shares is no more than one month, the dividend shall be subject to individual income tax in full; while in the case where the holding period is between the range of one month to one year (inclusive), only 50% of the dividend income shall be subject to individual income tax. In each case where individual income tax shall be leviable, an uniform rate of 20% shall apply.

Pursuant to *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 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》), signed on August 21, 2006, the PRC Government has the authority to impose taxes on dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the PRC company. However, if a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company.

According to *the Announcement of the State Taxation Administration on Issuing the Administrative Measures for Entitlement to Treaty Benefits for Non-resident Taxpayers* (《非居民納稅人享受協定待遇管理辦法》) promulgated by the State Taxation Administration ([2019] No. 35) and coming into effect as of January 1, 2020, the non-resident taxpayers with tax payment obligations within the territory of the PRC may, if they need enjoy the entitlement to treaty benefits, receive such treaty benefit at the time of making tax declarations, or at the time of making withholding declarations via tax withholding agents, and in such way as "self-judgment of eligibility, declaration of entitlement, and maintenance of relevant materials for future inspection by the tax authority".

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**") enacted by the National People's Congress ("**NPC**") on March 16, 2007, and effective from January 1, 2008, latest amended on December 29, 2018, and the Implementation Regulations 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》) promulgated by the State Council on December 6, 2007, and effective from January 1, 2008, latest amended on December 6, 2024, a non-resident enterprise shall be subject to a 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise the shares of which are issued and listed in Hong Kong, if such non-resident enterprise does not have an institution or establishment in the PRC, or if, where such non-resident enterprise has an institution or establishment in the PRC, the PRC-sourced income is not actually connected with such institution or establishment in the PRC. Such withholding tax may, where applicable, be reduced or exempted pursuant to a treaty for the avoidance of double taxation. Such withholding tax payable by non-resident enterprises is deducted at source, where the payer of dividends, is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment of dividends is made or due.

The Circular on Issues Relating to the Withholding and Remitting of Corporate Income Tax by PRC Resident Enterprises on Dividends Distributed 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》) (Guo Shui Han [2008] No. 897), which was issued by the State Taxation Administration (the "**STA**") on November 6, 2008, further clarifies that a PRC-resident enterprise shall withhold corporate income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Questions on Levying Corporate Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (《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》) (Guo Shui Han [2009] No. 394), which was issued by the STA and implemented on July 24, 2009, further provides that any PRC-resident enterprise listed on overseas stock exchanges shall withhold and remit corporate income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further adjusted pursuant to a tax treaty or agreement that China has entered into with the relevant jurisdictions, where applicable.

Pursuant to 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 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》) signed on August 21, 2006, the PRC Government has the authority to impose taxes on dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company.

According to *the Announcement of the State Taxation Administration on Issuing the Administrative Measures for Entitlement to Treaty Benefits for Non-resident Taxpayers* (《非居民納稅人享受協定待遇管理辦法》) promulgated by the State Taxation Administration ([2019] No. 35) and coming into effect as of January 1, 2020, the non-resident taxpayers with tax payment obligations within the territory of the PRC may, if they need enjoy the entitlement to treaty benefits, receive such treaty benefit at the time of making tax declarations, or at the time of making withholding declarations via tax withholding agents, and in such way as "self-judgment of eligibility, declaration of entitlement, and maintenance of relevant materials for future inspection by the tax authority".

Tax Treaties

Non-resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC are generally entitled to a reduction of the withholding taxes to be imposed on the dividends received from a PRC company. The PRC has entered into Avoidance of Double Taxation Arrangements with a number of countries and regions including but not limited to Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. According to *the Law of the People's Republic of China on the Administration of Tax Collection*, in the case of a discrepancy between the provisions of the relevant tax treaties or agreements concluded between the People's Republic of China and other countries and the provisions of *the Law of the People's Republic of China on the Administration of Tax Collection*, the provisions of the treaties or agreements shall prevail.

In the event that a non-resident taxpayer entitled to preferential tax rates in accordance with the relevant income tax treaties or arrangements does not enjoy the benefits and pays more tax than the amount required by the preferential arrangement under the applicable treaty, such non-resident taxpayer may elect to apply to the PRC tax authorities for a refunding of the withholding tax in excess of the agreed tax rate, and such refunding is subject to verification by the PRC tax authorities.

B. Taxation on Share Transfer

Value-Added Tax and Local Surcharges

Pursuant to the Notice on the Full Implementation of the Pilot Program for Transition from Business Tax to Value-Added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No. 36) ("**Circular 36**"), effective from May 1, 2016, and latest amended on March 20, 2019, individuals and entities providing service within the PRC are obligated to pay Value-Added Tax ("**VAT**"). According to Circular 36 and the appendixes thereto, "providing service" shall include the assignment of financial products, inclusive of marketable securities, and the provision of service shall be deemed "within the PRC" where either the service provider or the recipient of service is situated within the PRC, except as otherwise provided by Circular 36 or other rules promulgated by the Ministry of Treasury and the National Taxation Bureau. The assignment of marketable securities is subject to a VAT rate of 6%, or 3% in the case of a small-scale taxpayer, on the taxable income, provided, however, that individuals are exempt from VAT obligations when engaging in the transfer of financial products. The taxable income, in this context, refers to the sales price balance after deducting the purchase price. This VAT obligation applies to both general and foreign VAT taxpayers.

As per the aforementioned regulations, non-resident individuals selling or disposing of H shares are exempt from VAT in the PRC. However, if the holders are non-resident enterprises, they may avoid VAT in the PRC only if the buyers of the H shares are individuals or entities located outside of the PRC. Conversely, the holders might be subject to VAT in the PRC if the buyers of the H shares are individuals or entities situated within the PRC.

Income Taxes

Individual Investors

Under the IIT Law, gains arising from the transfer of equity interests in PRC resident enterprises are subject to individual income tax at a rate of 20%. However, according to the Circular of the Ministry of Finance ("**MOF**") and the STA on continuing the exemption policy of Individual Income Tax over Income of Individuals Arising from Transfer of Shares (《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), issued jointly by the MOF and STA on March 30, 1998, gains obtained by individuals from the transfer of shares of listed companies have been temporarily exempted from individual income tax since January 1, 1997.

On December 31, 2009, the MOF, the STA, and the CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Restriction (《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). This circular, effective from January 1, 2010, provides that individuals' income derived from the transfer of listed shares acquired through public offerings and trading on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempt from individual income tax, while for the listed shares subject to sales restrictions, an individual income tax of 20% shall apply. As of the Latest Practicable Date, there are no provisions expressly providing that individual income tax shall be imposed on non-resident individuals for the transfer of shares in a PRC resident enterprise listed on overseas stock exchanges.

Enterprise Investors

In accordance with the EIT Law and the Implementation Regulations of the Enterprise Income Tax Law of the PRC, non-resident enterprises are typically subject to a 10% enterprise income tax on income sourced within the PRC. This includes gains realized from the disposal of equity interests in a PRC resident enterprise. However, this taxation applies only if the non-resident enterprise does not maintain a physical establishment or premises in the PRC, or if it does have such establishments in the PRC, but its PRC-sourced income is not genuinely connected with those establishments. The withholding of income tax for non-resident enterprises is executed at the source, with the entity making the payment acting as the withholding agent. This withholding agent is obliged to deduct the income tax from each payment or due payment made to the non-resident enterprise. It's important to note that the tax liability may be reduced or exempted in accordance with applicable tax treaties or agreements on the avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), as issued by the Standing Committee of the NPC on June 10, 2021 and came into effect on July 1, 2022, the PRC stamp duty is applicable to all kinds of documents which are legally binding in the PRC and protected by the PRC laws. Therefore, the PRC stamp duty does not apply to the [**REDACTED**] or [**REDACTED**] of H Shares outside the PRC.

Estate Duty

Under prevailing PRC legislation, there is presently no imposition of estate duty within the jurisdiction.

2. FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi ("**RMB**"), which is currently subject to foreign exchange control and cannot be freely converted into foreign exchange. The State Administration of Foreign Exchange (the "SAFE"), under the authorization of the People's Bank of China (the "PBOC"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

On January 29, 1996, the State Council promulgated the Regulations on Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條例》) (the "**Regulations on Foreign Exchange Administration**") which became effective on April 1, 1996. The Regulations on Foreign Exchange Administration classifies all international payments and transfers into current account items and capital account items. Most of the current account items are no longer subject to the SAFE's approval, while capital account items are still subject to such approval. Pursuant to the latest amendment to the Regulations on Foreign Exchange Administration made on August 5, 2008, the PRC does not impose any restriction on international payments and transfers under the current account items.

On June 20, 1996, PBOC promulgated the Provisional Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (the "**Settlement Regulations**"), which became effective on July 1, 1996. The Settlement Regulations abolished all other restrictions on convertibility of foreign exchange under current account items, while retaining the existing restrictions on foreign exchange transactions under capital account items.

According to the Announcement on Reforming the RMB Exchange Rate Regime issued by the PBOC (《中國人民銀行關於完善人民幣匯率形成機制改革的公告》) (PBOC Announcement [2005] No. 16) and came into effect on July 21, 2005, the PRC will reform the exchange rate regime by moving into a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies. Therefore, the RMB exchange rate was no longer pegged to the U.S. dollar. The PBOC will announce the closing price of a foreign currency such as the U.S. dollar traded against the RMB in the interbank foreign exchange market after the closing of the market on each working day, and will make it the central parity for the trading against the RMB on the following working day.

On 5 August 2008, the State Council promulgated the amended Regulations on Foreign Exchange Administration (the "**Amended Regulations on Foreign Exchange**") which made significant changes on the supervisory system for foreign exchange in the PRC. Firstly, the Amended Regulations on Foreign Exchange adopted balanced treatment on the inflow and outflow of foreign capital. Incomes in foreign currencies overseas can be remitted to the PRC or remained overseas, and foreign currencies of capital account items and funds for settlement in foreign currencies can only be used according to the purposes approved by relevant competent authorities and foreign exchange administration. Secondly, the Amended Regulations on Foreign Exchange improved the RMB exchange mechanism based on market supply and demand. Thirdly, the Amended Regulations on Foreign Exchange enhanced the monitoring of cross-border capital flow in foreign currencies, whereby the state could implement necessary protection or controlling measures on international balance of payments when material imbalance of income and expenses related to cross-border trading arise or might arise, or serious crises in the domestic economy occur or might occur. Fourthly, the Amended Regulations on Foreign Exchange enhanced the regulation and administration on foreign currency trading, and granted extensive authorization to the SAFE to enhance its supervisory and administrative capacity.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment from foreign exchange accounts opened at the designated foreign exchange banks, on the strength of valid transaction receipt or proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange banks or effect exchange and payment at the designated foreign exchange banks.

On October 23, 2014, the State Council promulgated 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專案等事項的決定》) (Guo Fa [2014] No. 50), which decided to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

On December 26, 2014, the SAFE promulgated and implemented the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) (Hui Fa [2014] No. 54), pursuant to which a domestic company shall, within 15 business days upon the end of its overseas issuance and listing, register the overseas listing with the Administration of Foreign Exchange in the city where such company is registered; the proceeds from an overseas listing of a domestic company may be remitted to the PRC or deposited overseas, but the use of the proceeds shall be consistent with such contents as specified in the registration documents and other disclosure documents.

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 February 13, 2015 and taking effect on June 1, 2015, two of the administrative approval items, being the approval of foreign exchange registration under domestic direct investment and the approval of foreign exchange registration under overseas direct investment, have been canceled, the foreign exchange registration under domestic direct investment and overseas direct investment shall thereafter be directly handled by banks. The SAFE and its branch offices shall, through the relevant foreign exchange business handled by banks, indirectly regulate the foreign exchange registration of direct investment.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Administration of Foreign Exchange Settlement under 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) issued by the SAFE and came into effect on June 9, 2016, the settlement of foreign exchange receipts under the capital account (including the foreign exchange capital, external debts and funds recovered from overseas listing, etc.) that are subject to discretionary settlement as already specified by relevant policies may be handled at banks based on the domestic institutions' actual requirements for business operation. The proportion of discretionary settlement of domestic institutions' foreign exchange receipts under the capital account is temporarily determined as 100%. The SAFE may, based on the international balance of payments, adjust the aforesaid proportion at appropriate time.

On January 26, 2017, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) (Hui Fa [2017] No. 3) to further expand the scope of settlement for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading; allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization; allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones; and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner's equity in the audited financial statements of the preceding year.

On October 23, 2019, the SAFE issued the Circular of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (Hui Fa [2019] No. 28), which, among other things, allows all foreign investment enterprises to use RMB converted from foreign currency denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment.

According to the Circular of the State Administration for Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) (Hui Fa [2020] No. 8) promulgated with effect from April 10, 2020 by the SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc., for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company's operations. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix IV — Taxation and Foreign Exchange" 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 [**REDACTED**] 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 [**REDACTED**]. For a discussion of laws and regulations which are relevant to our Company's business, see "Regulatory Overview" in this document.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》), or the Constitution, and is made up of laws, administrative regulations, local regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomous regulations, separate regulations of autonomous regions, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court judgments do not constitute binding precedents for future cases, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the People's Republic of China (《中華人民共和國立法法》), or the Legislation Law, which was amended by the NPC on 13 March 2023 and became effective on 15 March 2023, the NPC and the SCNPC are empowered to exercise the legislative power of the State. 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 are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and 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 areas, provided that such local regulations do not contravene any provision of 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 and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into autonomous regions for approval before implementation.

The standing committees of the people's congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries, commissions, PBOC, NAO of the State Council and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules 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 the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law; the SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law; the State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments; the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul 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 annul 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 annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, 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》) passed by the SCNPC and effective on 10 June 1981, the Supreme People's Court shall give interpretation on questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret all issues involving the specific application of laws and decrees in the procuratorial work. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and 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. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities.

PRC JUDICIAL SYSTEM

According to the Constitution and the Law of the PRC of Organization of the People's Courts (《中華人民共和國人民法院組織法》) amended by the SCNPC on 26 October 2018 and becoming effective on 1 January 2019, the PRC People's Court is made up of the Supreme People's Court, the local people's courts, and other special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the judicial work of the local people's courts at all levels and of the special people's courts, and the people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels.

According to the Constitution and the Law of Organization of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) revised by SCNPC on 26 October 2018 and taking effect on 1 January 2019, the People's Procuratorate is the law supervision organ of the state. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-tier appellate system, and judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the local people's courts at a higher level finds any definite errors in a judgment or ruling which has come into force, of the people's court at a lower level, or if the chief judge of a people's court at any level finds any definite errors in a judgment or ruling of such court which has come into force, the case can be retried according to judicial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法(2023年修訂)》), or the PRC Civil Procedure Law, adopted by the SCNPC on 1 September 2023 and effective on 1 January 2024 sets forth the requirements for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action arising out of disputes under a contract or disputes over property, equity or other assets may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff's or the defendant's place of domicile, the place where the contract is performed or signed or the object of the action is located. However, the choice of the court cannot be in conflict with the regulations of different jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization has the same litigation rights and obligations as a PRC citizen, legal person or other organizations when initiating or defending any proceedings at a people's court. If a foreign court limits the litigation rights of PRC citizens and enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must engage a PRC lawyer if such person needs to engage a lawyer in initiating or defending any proceedings at a people's court. Under an international treaty or the principle of reciprocity signed or acceded to by the PRC, the people's court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC's sovereignty, security or public interest, the people's court shall decline the request.

All parties must comply with civil judgments and rulings that have come into force. If any party to a civil action refuse to comply with a judgment or order made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may within two years apply to the people's court for enforcement. In the case of suspension or disruption of the time limit for applying for such enforcement, the laws concerning the suspension or disruption of the time-barring of actions shall apply.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless, among other exceptions, the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

THE PRC COMPANY LAW, TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company established in the PRC seeking a [**REDACTED**] on [**REDACTED**] is mainly subject to the PRC Company Law and the Trial Measures.

The PRC Company Law (《中華人民共和國公司法》), or the Company Law, adopted by the Fifth Standing Committee Meeting of the Eighth NPC on 29 December 1993 and came into effect on 1 July 1994, was amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023, respectively. The latest revised Company Law came into effect on 1 July 2024.

The Trial Measures and its five interpretative guidelines promulgated by the CSRC on 17 February 2023 came into effect on 31 March 2023 and apply to the direct and indirect overseas listing of domestic companies.

According to the Trial Measures and its interpretative guidelines, a domestic company seeking a direct offering and overseas listing shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), or the Guidelines for Articles of Association, in place of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas which expired on 31 March 2023. The Guidelines for Articles of Association were promulgated by the CSRC on 16 December 1997 and last amended on 15 December 2023.

Set out below is a summary of the major provisions of the Company Law, the Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

General Provisions

"A joint stock limited company" means a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to payment of the price of the shares subscribed for by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company shall not be the capital contributor of an enterprise if such investment may subject such company to joint liabilities for the debts incurred by the invested enterprises.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters shall convene an inaugural meeting of the company within 30 days after the share capital has been paid-up and shall notified all subscribers of the date of meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only with the presence of promoters and subscribers holding more than 50% of the total number of shares. Powers to be exercised at the inaugural meeting include but not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes cast by subscribers present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after a business license has been issued by the competent registration authority.

Registered Shares

Under the Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with an intellectual property rights, land use rights, equity interests or debt claims.

The Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Company Law, a joint stock limited company is required to maintain a register of shareholders, detailing the following information: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed for by each shareholder; (iii) the serial number of shares if issued in paper form; and (iv) the date on which each shareholder acquired the shares.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued under the same conditions and at the same price. It may issue shares at par value or at a premium, but it shall not issue shares below the par value.

Domestic enterprises seeking an overseas listing shall file with the CSRC in accordance with Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise plans a direct issuance of shares and overseas listing, the issuer itself shall file with the CSRC. If a domestic enterprise plans an indirect overseas listing, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

Increase in Share Capital

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders' meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders, if any. If no par value stock is issued, the proceeds from the issuance of the new stocks shall be included into the registered capital. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce the prospectus.

Share Repurchase

Under the Company Law, a joint stock limited company shall not repurchase its own shares, except for any of the following circumstances:

(i) reducing the registered capital;

(ii) merging with another company that holds the shares of the company;

(iii) for the purpose of employee stocks plan or equity incentives;

(iv) where the shareholders voting against any resolution adopted at the shareholders' meeting on the merger or division of the company, exercises its right to demand the company to acquire the shares held by them;

(v) where the company repurchases its shares for the conversion of convertible corporate bonds issued by it;

(vi) in the case of a listed company, such company is required to do so to maintain the company's market value and shareholders' rights and interests.

The repurchase of the outstanding shares of a company in the case of (i) to (ii) above shall be approved by a resolution of the shareholders' meeting; the repurchase of outstanding shares of a company in the case of (iii), (v) and (vi) above may be approved by a resolution of the Board meeting attended by more than two-thirds of the directors, as authorized by the articles of association or a resolution of the shareholders' meeting.

Following the repurchase of a company's shares by a company in accordance with the above provisions, such repurchased shares shall be canceled within 10 days from the date of buy-back in the case of item (i) above; such repurchased shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total numbers of shares held by the company through repurchase in the case of items (iii), (v) and (vi) above shall not exceed 10% of the total issued shares of such company, and shall be transferred or canceled within three years.

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder of a joint stock limited company shall affect a transfer of his shares on a stock exchange established according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes to the shareholder register shall be made within 20 days before a shareholders' meeting or 5 days before the ex-dividend date decided by the company. If any law, administrative regulation, or any rules promulgated by the securities regulatory authority of the State Council specifies otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

Under the Company Law, shares issued by a joint stock limited company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of the company are listed and traded on a stock exchange. The directors, supervisors and senior management of the company shall inform the company of the shares they hold and the changes thereof. During the term of office as determined when such individuals assume the posts, the shares transferred by each such individual each year shall not exceed 25% of the total shares held by him/her. Shares of a company held by its directors, supervisors and senior management shall not be transferred within one year from the date of the company's listing on a stock exchange, nor within six months after he/she leaves office.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such restricted period.

Shareholders

Under the Company Law and Guidelines for Articles of Association the rights of a shareholder of a company include:

(i) To receive dividends and other forms of interest distribution according to the number of shares held;

(ii) To legally require, convene, preside over, participate in or authorize proxies of Shareholders to attend the General Meeting and exercise corresponding voting rights;

(iii) To supervise business operations of the company, provide suggestions or submit queries;

(iv) To transfer, grant or pledge its shares according to the provisions of the laws, administrative regulations and the Articles of Association;

(v) To read and copy the Articles of Association, the register of Shareholders, General Meeting minutes, resolutions of meetings of the Board of Directors, resolutions of meetings of the Board of Supervisors and financial and accounting reports;

(vi) Shareholders who hold more than 3% of the company's shares individually or collectively for more than 180 consecutive days may consult the company's accounting books and accounting vouchers as required by laws;

(vii) To participate in the distribution of the remaining assets of the company according to the proportion of shares held upon its termination or liquidation;

(viii) To require the company to acquire the shares from shareholders voting against any resolutions adopted at the General Meeting concerning the merger and division of the company;

(ix) Other rights conferred by laws, administrative regulations, regulations of the authorities, regulatory rules of the stock exchange where the company's shares are listed, or the Articles of Association.

The obligations of a shareholder of a company include:

(i) To abide by laws, administrative regulations and the Articles of Association;

(ii) To pay in full for the Shares subscribed for by it;

(iii) Not to withdraw Shares unless prescribed otherwise in laws and administrative regulations;

(iv) Not to abuse Shareholders' rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of Shareholders to damage the interests of the Company's creditors;

(v) To perform other duties prescribed in laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company's shares are listed.

Shareholder's Meetings

Under the Company Law, the shareholders' meeting of a joint stock limited company is made up of all shareholders. The shareholders' meeting is the organ of authority of a company, which exercises the following functions and powers:

(i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;

(ii) to approve reports of the board of directors;

(iii) to approve reports of the supervisory committee;

(iv) to approve a company's profit distribution plans and loss recovery plans;

(v) to resolve on the increase or reduction of a company's registered capital;

(vi) to resolve on the issuance of corporate bonds;

(vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;

(viii) to amend the company's articles of association;

(ix) other functions and powers specified in provision of the articles of association.

Under the Company Law, annual shareholders' meetings are required to be held once every year. An interim shareholders' meeting is required to be held within two months after the occurrence of any of the following circumstances:

(i) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the articles of association;

(ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital;

(iii) shareholders individually or jointly holding 10% or more of the company's shares request;

(iv) when deemed necessary by the Board;

(v) the Supervisory Committee proposes to convene the meeting;

(vi) other circumstances as stipulated in the articles of association.

Shareholders' general meetings 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 is incapable of performing or not performing his duties, the meeting shall be presided over by the Deputy Chairman. In the event that the Deputy Chairman is incapable of performing or not performing his 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 board should convene and preside over shareholders' general meeting in a timely manner. If the supervisory board fails to convene and preside over shareholders' general meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may convene and preside over the meeting by themselves.

If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the board of directors and the board of supervisors should, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

Notice of 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 an interim shareholders' 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 submit interim proposals to the convener in writing 10 days before the meeting of shareholders. The convener shall issue a supplementary notice of the meeting of shareholders within two days after receiving the proposals and submit the interim proposal for discussion at the meeting.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' meeting, and it shall clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting.

Under the Company Law, shareholders present at a shareholders' meeting have one vote for each share they hold, except the shareholders of classified shares. However, shares held by the company itself are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the shareholders' meeting in accordance with the provisions of the articles of association or the resolutions of the shareholders' meeting. Under the accumulative voting system, each shareholder is entitled to one vote per share, multiplied by the number of candidates and uses them all for one candidate for director or supervisor.

Under the Company Law and the Guidelines for Articles of Association, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the shareholders' meeting. Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Directors

Except as otherwise provided by the Company Law, a joint stock limited company shall have a board of directors, which consists of more than three members. The term of office of a director shall be stipulated in the articles of association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year, and written notice of such meetings shall be given to all directors and supervisors 10 days before the meeting. The Board exercises the following functions and powers:

(i) to convene shareholder's general meetings and report its work to the shareholder's general meetings;

(ii) to implement the resolutions of the shareholder's general meeting;

(iii) to decide on a company's business plans and investment plans;

(iv) to formulate a company's profit distribution plan and loss recovery plan;

(v) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds;

(vi) to formulate plans for merger, division, dissolution or change of corporate form of a company;

(vii) to decide on the internal management structure of a company;

(viii) to decide on the appointment or dismissal of the manager of a company and their remuneration; to decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration;

(ix) to formulate a company's basic management system;

(x) other functions and powers specified in the articles of association or granted by the shareholders' meeting.

Board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he may appoint another director by a power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf. If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

Under the Company Law, a person shall not serve as a director of a company if he/she is:

(i) a person without capacity or with restricted capacity;

(ii) a person having been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property or disrupting the order of the socialist market economy, or having been deprived of political rights due to a crime, and a five-year period has not elapsed since the expiration of execution period, or in the case of a suspension of such sentence, a two-year period has not elapsed since the expiration of the suspension of such sentence;

(iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, and less than three years have elapsed since the completion of the bankruptcy and liquidation of such company or enterprise;

(iv) persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who were personally liable, and less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure; and

(v) being listed as one of "dishonest persons subject to enforcement" by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one chairman, who shall be elected by more than half of all the directors. The chairman shall exercise the following functions and powers (including but not limited to):

(i) to preside over shareholders' meetings and convene and preside over board meetings;

(ii) to examine the implementation of resolutions of the Board;

(iii) to exercise other powers conferred by the Board.

Supervisors

Except as otherwise provided by the Company Law, a joint stock limited company shall have a supervisory committee composed of not less than three members. The supervisory committee shall comprise shareholder representatives and an appropriate proportion of the company's staff representatives, of which the proportion of staff representatives shall not be less than one-third and the specific proportion shall be stipulated in the articles of association. Employee representatives of the supervisory committee shall be democratically elected by the company's employees at the employee representative assembly, employee meeting or otherwise. Directors or senior management may not act concurrently as supervisors.

The Supervisory Committee exercises the following powers:

(i) to examine the company's financial affairs;

(ii) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, administrative regulations, the articles of association or resolutions of shareholders' meetings;

(iii) to demand rectification by a director or senior management when the acts of such persons are harmful to the company's interest;

(iv) to propose the convening of extraordinary meetings, and to convene and preside over shareholders' meetings when the Board fails to perform the duty of convening and presiding over shareholders' meetings under the Company Law;

(v) to submit proposals to the shareholders' meeting;

(vi) to initiate legal proceedings against directors and senior management in accordance with the Company Law;

(vii) other functions and powers specified in the articles of association.

Managers and Senior Management

Under the Company Law, a joint stock limited company shall have a manager who is appointed or removed by the board of directors. The manager is responsible to the board of directors and exercise his/her functions and powers according to the Articles of Association or the authorization of the board of directors. The manager attends the meetings of the board of directors as a non-voting member.

According to the Company Law, senior management shall refer to the manager, deputy manager(s), head of financial, secretary of the board of directors and other personnel as stipulated in the articles of association of the company.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

Directors, supervisors and senior management are prohibited from:

(i) embezzling the company's property or misappropriating of the company's capital;

(ii) depositing the company's capital into accounts under his own name or the name of other individuals;

(iii) giving bribes or accepting any other illegal proceeds by taking advantage of their power;

(iv) accept and possess commissions paid by a third party for transactions conducted with the company;

(v) unauthorized divulgence of confidential business information of the company; or

(vi) other acts in violation of their fiduciary duty to the company.

If any director, supervisor or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she should report to the board of directors or shareholders' meeting such contract or transaction, which shall be subject to the approval of the board of directors or the shareholders' meeting according to the articles of association.

The provisions of the preceding paragraph shall apply if any near relatives of the directors, supervisors or senior management, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the directors, supervisors or senior management, concludes a contract or conducts a transaction with the company.

Neither director, supervisor or senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

(i) where he/she has reported to the board of directors or the shareholders' meeting and has been approved by a resolution of the board of directors or the shareholders' meeting according to the Articles of Association; or

(ii) where the company cannot make use of the business opportunity, as provided by laws, administrative regulations or the Articles of Association.

Where any director, supervisor or senior management fails to report to the board of directors or the shareholders' meeting and obtain an approval by resolution of the board of directors or the shareholders' meeting according to the articles of association, he/she may not engage in any business, either for himself/herself or for any other person, that is similar to that of the company where he/she holds office.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties and result in any loss to the company shall be personally liable for the damages to the company.

Finance and Accounting

Under the Company Law, a company shall establish its financial and accounting systems according to 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 reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports 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 annual shareholders' 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 is allowed to cease to withdraw statutory reserve fund if the accumulative amount of such reserve has reached 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 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 profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the shareholders' meeting.

Except as otherwise provided by the Articles of Association, a joint stock limited company shall distribute profits in proportion to the number of shares held by its shareholders.

The premium received from the issuance of shares by a joint stock limited company at a price exceeding the face value of the stocks, the amount of capital obtained from the issuance of non-par value shares that is not included in the registered capital, and other items stipulated by the finance authority under the State Council to be included in the capital reserve, shall be included in the capital reserve.

A company's reserves shall be used to cover its losses, expand its production and business, or increase its registered capital. When using a company's reserves to cover its losses, any discretionary reserve and statutory reserve balances shall first be used to cover such losses; if there is still a shortfall, the capital reserve may be used in accordance with regulations. When converting statutory reserve into an increase in registered capital, the remaining balance of such reserve shall not be less than 25% of the company's registered capital before the conversion.

A company shall not have any other accounting books other than the statutory accounting books.

Appointment and Dismissal of Accounting Firms

The appointment or removal of an accounting firm by a company as its auditor shall be subject to a resolution of the shareholders' meeting, the board of directors, or the board of supervisors as stipulated in the company's articles of association. When the shareholders' meeting, the board of directors, or the board of supervisors vote on removing an accounting firm as its auditor, the accounting firm shall be allowed to state its opinions. A company shall provide truthful and complete accounting documents, accounting books, financial accounting reports, and other accounting information to its appointed accounting firm, and shall not refuse to do so or conceal or falsely state any such information.

Profit Distribution

Where a company distributes profits to its shareholders in violation of the law, the shareholders shall return the distributed profits involved in the violation to the company; if losses are caused thereby to the company, the shareholders, as well as any directors, supervisors, and senior officers responsible for the violation, shall be liable for compensation.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved if:

(i) the term of business stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;

(ii) the shareholders' meeting resolves to dissolve the company;

(iii) dissolution is necessary due to a merger or division of the company;

(iv) the business license is revoked, or the business is ordered to be shut down or dissolve in accordance with laws;

(v) where the company encounters serious difficulties in its operation and management and its continuance may cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company with the support of the judgment.

If any of the causes for dissolution outlined in the preceding paragraph arises, the company shall disclose the cause for dissolution within 10 days through the National Enterprise Credit Information Publicity System.

Where a company falls under the circumstances specified in subparagraph (i) or (ii) above and has not yet distributed its assets to shareholders, it may continue its existence by amending its articles of association or by resolution of the shareholders' meeting, both of which shall be resolved by shareholders representing two-thirds or more of the voting rights in the case of a limited liability company, or by shareholders present at the meeting representing two-thirds or more of the voting rights. Where a company is dissolved pursuant to subparagraph (i), (ii), (iv), or (v) above, it shall undergo liquidation. Directors shall act as the liquidators and form a liquidation group within 15 days from the date when the cause for dissolution arises. The liquidation group shall be composed of directors, except otherwise stipulated in the company's articles of association or appointed by a resolution of the shareholders' meeting. If the liquidators fail to fulfill their liquidation obligations in a timely manner, resulting in losses to the company or its creditors, they shall be liable for compensation.

If a company required to undergo liquidation according to the Company Law fails to form a liquidation group within the prescribed period or fails to proceed with liquidation after forming a liquidation group, any stakeholders may apply to the people's court to designate relevant individuals to form a liquidation group for the liquidation. The people's court shall accept the application and promptly organize a liquidation group to conduct the liquidation.

The liquidation group shall exercise the following functions and powers during the liquidation period:

(i) to liquidate the company's assets and produce a balance sheet and a schedule of assets;

(ii) to notify the company's creditors by way of notice or public announcement;

(iii) to manage and clear the remaining business of the company;

(iv) to settle the company's outstanding taxes and any tax liabilities incurred in the course of the liquidation;

(v) to settle the company's accounts payable and recover its accounts receivable;

(vi) to dispose of the company's residual assets; and

(vii) to represent the company in any civil litigation to which it is a party.

The liquidation group shall notify the company's creditors within ten days as of its formation, and make a public announcement through a newspaper or the National Enterprise Credit Information Publicity System within 60 days upon its formation. Any creditor shall, within 30 days of receiving the notice, or within 45 days of the public announcement in the event that the creditor does not receive the notice, submit their debt claim to the liquidation group.

Any remaining assets after payment of liquidation expenses, employee wages, social security contributions, statutory severance payments, outstanding taxes, and outstanding debts, shall be distributed to shareholders on a pro rata basis, reflecting the respective proportion of capital contributed by each shareholder in the case of a limited liability company, or the respective proportion of shares held by each shareholder in the case of a joint stock limited company.

During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If, after liquidating the assets of the company and formulating a balance sheet and a schedule of assets, the liquidation group discovers that the company's assets are insufficient to fully cover its debts, it shall file a bankruptcy application with the people's court. After the people's court accepts the bankruptcy application, the liquidation group shall hand over liquidation affairs to the administrator designated by the people's court.

Upon the completion of the liquidation of a company, the liquidation group shall prepare a liquidation report and submit it to the shareholders' meeting or the people's court for confirmation, as well as to the company registration authority to apply for deregistration of the company.

Members of the liquidation group shall fulfill liquidation responsibilities with a duty of loyalty and diligence. Any member of the liquidation group who neglects their liquidation responsibilities and causes losses to the company shall be liable for compensation; if losses are caused to any creditor due to intent or gross negligence, such member shall be liable for compensation.

In the case where a company has its business license revoked, or is ordered to shut down or dissolve and fails to apply for deregistration with the company registration authority within a period of three years, the company registration authority may announce the case through the National Enterprise Credit Information Publicity System, with an announcement period of no less than 60 days. Upon the expiration of the announcement period without objection, the company registration authority may deregister the company, which, however, does not affect the obligations of the company's original shareholders and liquidators.

Overseas Listing

According to the Trial Measures, where an issuer applies to an overseas stock exchange for an overseas initial public offering and listing, or where a company listed on an overseas stock exchange seeks a listing on another overseas stock exchange, it shall, within 3 working days after the submission of such application, file with the CSRC. If a listed company issues securities on the same overseas stock exchange where it is listed, it shall file with the CSRC within 3 working days after the completion of the issuance. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through its website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall notify the applicant to have the materials supplemented within 5 working days after the receipt by CSRC of the filing materials. The applicant shall supplement the materials within 30 working days.

SECURITIES LAW AND REGULATIONS

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by Chinese companies in the mainland China or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On 29 March 1998, the State Council consolidated the two departments above and reformed the CSRC.

The Securities Law of the People's Republic of China (《中華人民共和國證券法》), or the PRC Securities Law, which was amended by the Standing Committee of the NPC on 28 December 2019 and came into effect on 1 March 2020, provides for a series of provisions regulating, among other things, the issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The PRC Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issuance and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》), or the Arbitration Law, amended by the Standing Committee of the NPC on September 1, 2017 and effective on January 1, 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the PRC Civil Procedure Law. Where both parties have agreed to settle disputes by means of arbitration, the people's court will refuse to take legal action brought by a party in the people's court.

Under the Arbitration Law, an arbitral award is final and binding on the parties. 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 PRC Civil Procedure Law. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration institution may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to 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》) 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》) promulgated by the Supreme People's Court on 26 November 2020 and effective on 27 November 2020, arbitral awards made by PRC arbitral institutions can be recognized and enforced by the court in Hong Kong, and vice versa.

This appendix contains a summary of the principal provisions of the Company's Articles of Association adopted on May 27, 2025, which will become effective on the date of [**REDACTED**] of the H Shares on the [**REDACTED**]. This Appendix is mainly designed to provide potential [**REDACTED**] with an overview of the Articles of Association of the Company, therefore, it may not contain the information that is important to potential [**REDACTED**]. As discussed in "Appendix VII — DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY", the full Chinese version of the Articles of Association is available on display.

1. SHARES, REGISTERED CAPITAL AND TRANSFER OF SHARES

Shares of the Company are represented by stock.

The shares of the Company shall be issued based on the principle of openness, fairness and impartiality and shall rank pari passu in all respects with the shares of the same class.

Shares of the same class issued at the same time shall be issued under the same condition and at the same price. The same price shall be paid for each of the shares subscribed for by all entities or individuals.

The Company shall not provide gifts, loans, guarantees and other financial assistance for others to acquire shares of the Company or its parent company, except for the Company's implementation of the Employee Stock Ownership Plan.

The Company may, for the benefit of the Company, provide financial assistance to others for the acquisition of shares of the Company upon a resolution of the general meeting, or a resolution of the board of directors in accordance with the articles of association or the authorization of the general meeting, provided that the total amount of financial assistance shall not exceed 10% of the total issued share capital. Resolutions of the Board of Directors shall be adopted by at least two-thirds of all directors.

2. INCREASE AND REDUCTION IN CAPITALAND REPURCHASE OF SHARES

The Company may, in light of its operational and developmental needs and in accordance with the provisions of the laws, regulations and securities regulatory rules of the place where the Company's shares are listed, increase its capital by any of the following methods, subject to resolutions made individually at the general meeting:

- a public offering of Shares;
- a non-public offering of Shares;
- distributing bonus shares to its existing Shareholders;
- conversion of capital reserve into share capital;
- other methods specified by the laws and administrative regulations, securities regulatory rules of the place where the Company's shares are listed.

The Company may reduce its registered capital. Such reduction shall be made in accordance with the procedures set out in the Company Law, Hong Kong Listing Rules and other relevant requirements and the Articles of Association.

The Company shall not purchase its own shares, except in any of the following circumstances:

- To reduce the registered capital of the Company;
- To merge with other company that holds its shares;
- To use the shares in the employee stock ownership plan or for equity incentive;
- The shareholders raise objections to resolutions by the general meeting on the merger or division of the Company, and thus requiring the Company to acquire their shares;
- To use the shares in the conversion of the convertible corporate bonds issued by the Company;
- Necessary for the Company to protect its value and the shareholders' equity;
- Any other circumstances permitted by the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed.

3. SHARE TRANSFER

The Company shall not accept its own stock as a pledge.

Shares that have been issued before the public offering shall not be transferred for a period of one year commencing from the date of trading of the company's shares on a stock exchange. Where laws, administrative regulations or the securities regulatory authorities under the State Council otherwise provide for the transfer of shares of the Company held by shareholders or actual controllers of a listed company, such provisions shall prevail.

The directors, senior officers of the Company shall regularly declare the number of shares held by them and any changes therein. The number of shares transferred each year during their term of office shall not exceed 25% of the total number of shares of the Company in the same class held by them. The shares of the Company held by them shall not be transferred within 1 year as of the listing date of the shares of the Company. These people shall not transfer the shares of the company held by them within half of the year from their departure from the company.

For shareholders holding more than 5% of the Company's shares, directors and senior officers, if they have sold the shares of the Company or other securities with equity nature held by them within six months after purchasing, or if they have purchased such shares or securities again within six months after selling them, the gains obtained therefrom shall be attributed to the Company and be forfeited by the Board of Directors of the Company. However, securities companies holding more than 5% of the shares due to the purchase of the remaining shares after underwriting, and other circumstances stipulated by the CSRC are excluded.

The shares or other securities with an equity nature held by directors, senior officers and natural person shareholders as mentioned in the preceding paragraph shall include the shares or other securities with an equity nature held by their spouses, parents, children, and those held in the accounts of others.

4. RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

The Company shall establish a register of shareholders based on the vouchers provided by securities registries. The register of shareholders shall be the sufficient evidence proving the shareholders' holding of the Company's shares. Shareholders shall enjoy the rights and assume the obligations according to the classes of the shares they hold. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

When the Company convenes a general meeting, distributes dividends, executes clearing or makes other conducts that require confirmation of equities, the Board of Directors or the convener of the general meeting shall determine the Record Date. Shareholders included in the register of shareholders at the close of business on the Record Date shall be the entitled shareholders.

Shareholders of the Company shall enjoy the following rights:

- to receive dividends and other distributions in proportion to the number of shares held;

- to request, convene, chair, attend and vote in person or appoint a proxy to attend and vote on his behalf at the general meetings in proportion to the number of shares held in accordance with laws;

- to supervise the Company's operations, and to put forward proposals and raise inquiries;

- to transfer, bestow or pledge the shares they hold in accordance with laws, administrative regulations and the Articles of Association;

- to consult or copy the Articles of Association, the register of shareholders, the Company's bond stubs, minutes of general meetings, resolutions of the Board meetings, and financial and accounting reports;

- to participate in the distribution of the residual assets of the Company according to the number of Shares held, in the event of the termination or winding up of the Company;

- the shareholders disagreeing with the merger or separation resolution made by the general meeting are entitled to ask the Company to acquire their Shares;

- other rights stipulated by laws, administrative regulations, department rules or the Articles of Association.

Shareholders of the Company shall assume the following obligations:

- to comply with the laws, administration regulations and the Articles of Association;

- to pay subscription moneys for the Shares subscribed in accordance with the agreed manner of payment;

- no withdrawal from the Company except for the circumstances set out in the relevant laws and administrative regulations;

- not to abuse shareholder's rights to infringe upon the interests of the Company or other shareholders; not to abuse the independent legal entity status of the Company and the limited liability of shareholders to infringe upon the interests of the creditors of the Company;

- to perform other obligations prescribed in laws, administrative regulations and the Articles of Association.

Where the abuse of shareholders' rights causes any loss to the company or other shareholders, such abusive shareholder shall be liable for compensation in accordance with the law. Where shareholders of a company take advantage of the company's independent status or the limited liability of shareholders to disregard debts and seriously infringe upon the interests of the company's creditors, such shareholders shall bear joint and several liability for the debts of the company.

5. GENERAL MEETINGS

(1) General provisions

The general meeting is the body by which the Company exercises its powers, and shall exercise the following powers in accordance with the law:

- to elect and replace directors and to decide matters relating to the remuneration of directors;

- to examine and approve reports of the Board;
- to examine and approve profit distribution plans and loss recovery plans of the Company;
- to make resolutions concerning the increase or reduction of the Company's registered capital;
- to make resolutions on the issuance of corporate bonds;
- to make resolutions on matters such as the merger, division, dissolution, liquidation or change in the organizational form of the Company;
- to amend the Articles of Association;
- to make resolution on the appointment or dismissal of the accounting firm;
- to examine and approve the guarantee matters set out Article 39 of the Articles of Association;
- to examine matters relating to the Company's purchase and/or sale of major assets within one year that exceed 30% of the audited total assets of the Company in the most recent period;
- to examine and approve matters concerning changes in the use of funds raised;
- to approve the equity incentive scheme and Employee Stock Ownership Plan;
- to examine other matters that shall be decided by the general meeting as stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The general meeting can authorize the board of directors to make resolutions on the issuance of corporate bonds.

The general meetings shall be classified into the annual general meetings and the extraordinary general meetings. The annual general meeting shall be convened once a year, and shall be held within six months after the prior fiscal year ends.

The Company shall convene an extraordinary general meeting within two months of the occurrence of any of the following circumstances:

- the number of directors falls below the number prescribed in the Company Law or below two-thirds of the number prescribed by the Articles of Association;
- the uncovered loss of the Company reaches one-third of the total share capital of the Company;
- Shareholders who individually or jointly hold no less than 10% of the company's stocks make a request;
- the Board considers it necessary;
- the Audit Committee proposes such a meeting be held;
- any other circumstances stipulated by the laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed and the Articles of Association.

(2) Convening of the General Meeting

Independent directors have the right to propose to the Board to convene an extraordinary general meeting (EGM). For the proposal of independent directors of convening an EGM, the Board of Directors shall, pursuant to the provisions of laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the EGM or not within ten days upon receipt of the proposal. If agreeing to convene an EGM, the Board shall, within five days after the Board resolution is made, issue a notice calling for the meeting. If the Board does not agree to convene such meeting, the reasons shall be stated and announced.

The Audit Committee has the right to propose to the Board to convene an EGM, and shall make such proposal in writing. The Board of Directors shall, pursuant to the provisions of laws, administrative regulations and this Articles of Association, give a written reply on whether to convene the EGM or not within ten days upon receipt of the proposal.

When the Board of Directors agrees to convene an EGM, the Board of Directors shall, within 5 days after the Board resolution is made, issue a notice calling for the meeting. Changes in the original proposal in the notice shall be subject to the approval of the Audit Committee.

When the Board of Directors does not agree to convene an EGM, or does not provide written feedback within 10 days upon receipt of the proposal, the Board of Directors shall be considered to be unable or fail to perform the duty of convening an EGM. The Audit Committee may convene and preside over the meeting on its own.

The shareholders who individually or jointly hold more than 10% of the shares of the Company shall have the right to propose to the Board of Directors for convening of an EGM, and shall make such request to the Board of Directors in writing. The Board of Directors, pursuant to the provisions of laws, administrative regulations and the Articles of Association, make a decision on whether to convene the EGM or not within ten days upon receipt of the request and provide a written reply to the shareholders.

When the Board of Directors agree to convene an extraordinary general meeting, they shall, within five days after the Board resolution is made, issue a notice calling for the meeting. Changes in the original proposal in the notice shall be subject to the approval of the relevant shareholders.

When the Board of Directors do not agree to convene an extraordinary general meeting, or do not provide feedback within ten days upon receipts of the request, shareholders who individually or collectively holding more than 10% of the Company's shares, shall propose to the Audit Committee that an EGM be held; any such request to the Audit Committee shall be made in writing.

Where the Audit Committee agrees to hold an EGM, it shall send out a general meeting notice within five days of receiving the request. No change shall be made to the original proposal in the notice unless approved by the corresponding shareholders.

Where the Audit Committee fails to send out a general meeting notice within the stipulated period of time, it shall be deemed to have failed to convene and preside over the general meeting, and shareholders individually or jointly holding 10% or more of the Company shares for 90 successive days or more may convene and preside over the meeting themselves.

Where the laws, administrative regulations, departmental rules and securities regulatory rules of the premise where the Company's shares are listed stipulate otherwise, the relevant provisions shall prevail.

(3) Proposals and Notices of General Meetings

When the Company convenes the general meeting, the Board of Directors, Audit Committee and shareholders holding on less than 1% of the shares of the Company individually or jointly are entitled to submit proposals to the Company.

The shareholders holding more than 1% of the shares of the Company individually or jointly may raise temporary proposal and submit it to the board of directors in writing 10 days before the general meeting is held. The board of directors shall supplement the notice of general meeting in 2 days after receiving the proposal and publicize the content of the temporary proposal.

Save as specified above, the convener shall neither revise the proposals set out in the notice of general meetings nor add new proposals after issuing the notice of general meeting.

The general meeting shall not vote or make resolutions on proposals not listed in the notice of the general meeting or resolutions not in conformity with Article 49 of the Articles of Association.

(4) Holding of general meetings

All the shareholders recorded in the register as at the Record Date have the right to attend the general meeting and exercise the voting rights in accordance with relevant laws, regulations and the Articles of Association. Shareholders may attend the general meeting in person, and also may appoint a proxy to attend and vote on his/her behalf.

The general meeting is presided over by the Chairman of the Board of Directors. If the chairman of the Board of Directors is unable or fails to perform his/her duties, the deputy chairman of the Board of Directors shall preside over the meeting (if the company has two or more deputy chairmen, deputy chairmen is elected by more than half of the directors to preside over the board.) If the company does not have a deputy chairman or unable or fails to perform his/her duties, a director elected by above half of the directors shall preside over the meeting.

A general meeting convened by the Audit Committee shall be presided over by the chairman of the Audit Committee. If the chairman of the Audit Committee is unable or fails to perform his/her duties, a member of the Audit Committee elected by more than half of the members of the Audit Committee shall preside over the meeting.

If a General Meeting is convened by the shareholders, the convener shall elect a representative to preside over the meeting.

During the course of a general meeting, if the meeting cannot continue due to the meeting presider's violation of any procedural rule, the general meeting may, subject to the consent of shareholders who hold an absolute majority of the voting rights represented at the live general meeting, elect someone to act as meeting presider, following which the meeting may continue.

(5) Voting and Resolutions of General Meetings

The resolutions of a general meeting are classified into ordinary ones and special ones.

Ordinary resolutions of the general meeting shall be passed by more than half of the voting rights held by the shareholders (including their proxies) present at the meeting.

Special resolutions of the general meeting shall be adopted by more than two-thirds of the voting rights held by the shareholders (including proxies) present at the meeting.

The following matters shall be resolved by way of ordinary resolution of the general meeting:

- reports of the Board of Directors;
- profit distribution proposals and proposals for making up losses formulated by the Board of directors;
- appointment, dismissal and remuneration of the members of the Board and the method of payment of the remuneration;
- other matters other than those that shall be resolved by special resolutions according to laws, administrative regulations, regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The following matters shall be resolved by way of special resolution of the general meeting:

- increase or reduction of the Company's registered capital;
- separation, division, merger, dissolution and liquidation of the Company;
- amendment of the Articles of Association;
- the Company's purchase or disposal of major assets within one year or guarantee amount exceeding thirty percent of the latest audited total assets of the Company;
- the equity incentive plan;
- other matters required to be resolved by way of a special resolution by the laws, administrative regulations, regulatory rules of the place where the Company's shares are listed or the Articles of Association, and matters which, according to an ordinary resolution of the general meeting, may have a significant impact on the Company and shall be resolved by way of a special resolution.

6. DIRECTORS AND THE BOARD

(1) Directors

Directors shall be elected or replaced by the general meeting and may be removed from office by the general meeting before the expiration of their term of office. The Directors have a tenure of three years and can be reelected upon the expiry of the tenure.

The term of office of directors shall last from the date on which the directors take office to the expiration of the term of office of the current Board of Directors. Where a new elect is not yet available upon expiration of a director's term, or the number of the directors on the board is less than the quorum due to the resignation of a director within his term, such director, before the new elect takes his office, shall continue the performance of his duties in accordance with laws, administrative regulations, department rules, the articles or association and the regulatory rules of the place where the Company's shares are listed.

A director may be the general manager or other senior officer concurrently, provided that the total number of directors who concurrently serve as the general manager or other senior officers and directors who are employee representatives shall not exceed half of the total number of directors of the Company.

(2) Board of Directors

The Board of Directors shall consist of seven directors, three of whom shall be independent non-executive Directors. The Board of Directors shall have one chairman. The Board shall exercise the following functions and powers:

- to convene general meetings and presenting reports thereto;
- to implement resolutions adopted by the general meeting;
- to resolve on the Company's business plans and investment plans;
- to formulate the profit distribution plan and loss recovery plan of the Company;
- to formulate the plans of increasing or decreasing the Company's registered capital, issuing corporate bonds or other securities, and going public;
- to formulate the plans for merger, division, dissolution or change of corporate form of the company;
- to determinate the setup of the Company's internal management structure;
- to appoint or dismiss the general manager, board secretary and other senior officers of the Company, and decide on matters of remuneration, rewards and punishments; to appoint or dismiss senior officers such as deputy general manager and CFO according to the nomination of the general manager, and decide on matters of remuneration, rewards and punishments;
- to formulate plans for material assets acquisitions and the disposal and purchase of Shares of the Company;

- to determine the outbound investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, and external donations of the Company within the authority granted by the general meeting;

- to formulate the basic management system of the Company;

- to formulate proposals for any amendment to the Articles of Association;

- to manage the information disclosure of the Company;

- to request the general meeting to engage or replace the accounting firm that provides audit for the Company;

- to debrief the work report of the general manager of the Company and check the works of the general manager;

- to decide on the Company's repurchase of its Shares under the circumstances specified in items (III), (V) and (VI) of Article 24 of the Articles of Association on the premise of complying with the securities regulatory rules of the place where the company's shares are listed;

- any other functions and powers granted by the laws, administrative regulations, departmental rules, regulation rules of the place where the Company's shares are listed, the Articles of Association, and the general meeting.

The Board of Directors of the Company shall have the Audit Committee, Nomination Committee, Remuneration and Appraisal Committee, and Strategy Committee. The special committees shall be accountable to the Board of Directors and shall perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Their proposals shall be submitted to the Board of Directors for deliberation and decision. All special committees are comprised of directors. The majority of members of the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee shall be independent directors, who shall also be the conveners, provided that the convener of the Audit Committee shall be an accounting professional. The members of the audit committee should be directors who do not hold senior management positions within the company. The Board of Directors shall be responsible for formulating the working rules of the special committees and regulating their operation.

7. GENERAL MANAGER AND OTHER SENIOR OFFICERS

The Company shall have one general manager who shall be appointed or removed by the Board.

The Company shall have several deputy general managers who shall be appointed or dismissed by the Board.

The general manager, deputy general manager, chief financial officer, board secretary and other persons expressly appointed by the board as the senior officers shall be the senior officers of the Company. The general manager shall be accountable to the Board and exercise the following powers and functions:

- to be in charge of the Company's production, operation and management, organize the implementation of resolutions of the Board of Directors, and report to the Board of Directors;
- to organize the implementation of the Company's annual business plans and investment plans;
- to prepare the proposal for the setup of the Company's internal management structure;
- to draft the Company's basic management system;
- to formulate the detailed rules and regulations of the Company;
- to propose to the board of directors the appointment or dismissal of the deputy general manager, chief financial officer and other senior officers;
- to decide to employ and dismiss the responsible management personnel other than those to be employed and dismissed by the Board of Directors;
- other functions and powers granted by the Articles of Association or the Board of Directors.

The general manager shall attend meetings of the Board without voting rights.

8. QUALIFICATIONS OF DIRECTORS AND SENIOR OFFICERS

The directors or the senior officers of the Company shall be natural persons.

A person in any of the following categories may not serve as a director or the senior officer of the Company:

- persons without capacity or with limited capacity for civil conduct;
- persons who were sentenced for crimes of corruption, bribery, encroachment or embezzlement of property or disruption of the social and economic order, where five years have not lapsed following the serving of the sentence, or persons who were deprived of their political rights for committing a crime, where five years have not lapsed following the serving of the sentence, or in case of a suspended sentence, not more than two years have elapsed since the date of expiration of the probationary period;
- persons who acted as directors, or factory managers or managers of bankrupt or liquidated companies or enterprises who bear personal liability for the bankruptcy or liquidation of such companies or enterprises, where three years have not lapsed following the date of completion of such bankruptcy or liquidation;
- persons who were legal representatives of a company or enterprise, which had its business license revoked due to a violation of the law and were ordered to close down, and who were personally liable for the revocation of business license of such company or enterprise, where less than three years have elapsed since the date of the revocation of business license of such company or enterprise;
- persons who have been listed by the People's Court as defaulter because they have incurred debts of a large amount that have not been settled by the due date;
- persons who are imposed by the CSRC a ban from entering into the securities market for a period which has not yet expired;
- other requirements stipulated in the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed.

Election, appointment or employment of directors or senior officers in violation of the above provisions shall be invalid. In the event that the circumstances as stipulated in this Article arise during the term of office of any Director or senior officer, the Company shall dismiss the relevant person.

9. FINANCIAL AND ACCOUNTING SYSTEMS

The Company shall formulate its own financial and accounting systems in accordance with laws, administrative regulations, and rules of the relevant authorities of the state.

The Company shall have the annual report, interim report and other financial and accounting reports prepared in accordance with relevant laws, administrative regulations, requirements of the CSRC and rules of the stock exchanges where the company's shares are listed.

10. PROFIT DISTRIBUTION

When the 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 withdrawing 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 remaining after-tax profits of the Company after making up the losses and withdrawing the reserve may be distributed according to the proportion of shares held by shareholders, unless otherwise provided in the Articles of Association.

No profits shall be distributed in respect of the Company's Shares held by the Company.

11. APPOINTMENT OF ACCOUNTING FIRMS

The Company shall employ an accounting firm that complies with the provisions of the Securities Law to audit financial reports, verify net assets, and offer other relevant consulting services. The term of employment of such accounting firm shall be one year, which is renewable.

Employing an accounting firm for the Company shall be decided by the general meeting. The Board shall not appoint an accounting firm before a general meeting is held.

12. DISSOLUTION AND LIQUIDATION

The Company shall be dissolved if:

- business term specified in the Articles of Association expires or other dissolution reasons as stipulated in the Articles of Association arise;
- the general meeting resolves to dissolve the Company by means of special resolution;
- a dissolution is required due to merger or division of the Company;
- the Company is revoked of business license according to law, ordered to close or canceled;
- there is severe difficulty in the operation and management of the Company, and the continued existence of the Company will have material prejudice to the interests of the shareholders and there is no other way to resolve, shareholders who hold an aggregate of over ten percent of the whole voting rights can make a petition to the People's Court to dissolve the Company.

If a company is in the situation of paragraphs 1 and 2 of the preceding article and has not yet distributed its property to its shareholders, it may survive by amending its articles of association or by a resolution of the general meeting. Amendments to the Articles of Association or resolutions of general meeting made in accordance with the provisions of the preceding paragraph shall be approved by more than 2/3 of the voting rights held by the shareholders attending the general meeting.

After the liquidation committee has thoroughly examined the Company's assets and prepared a balance sheet and schedule of assets, it shall formulate a liquidation plan and submit such plan to the general meeting or the people's court for confirmation.

The remaining property of the Company after paying the liquidation expenses, wages owed to employees of the Company, labor insurance fees and statutory compensation, outstanding taxes and debts of the Company shall be distributed in proportion to the number of shares held by shareholders.

During the liquidation period, the Company still exists but shall not carry out any business activities not related to liquidation. The property of the Company shall not be distributed to shareholders until all liabilities have been paid off in accordance with the provisions of the preceding paragraph.

If the liquidation committee, having thoroughly examined the Company's property and prepared a balance sheet and schedule of assets, discovers that the Company's property is insufficient to pay its debts in full, it shall immediately apply to the People's Court for bankruptcy liquidation.

After the people's court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation affairs to the bankruptcy administrator appointed by the people's court.

After the liquidation of a company is completed, the liquidation committee shall prepare a liquidation report and submit the report to the general meeting or the people's court for confirmation, and shall submit it to the company registration authority to apply for cancellation of the registration of the company.

13. AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under any of the following circumstances:

- After the amendment of the Company Law or relevant laws and administrative regulations, or the listing rules of the stock exchange where the Company's share are listed, the matters stipulated in the Articles of Association conflict with the provisions of the amended laws, administrative regulations or listing rules of the stock exchange where the Company's share are listed;
- There has been a change to the Company, resulting in inconsistency with the content in the articles of association;
- The general meeting approves to amend the Articles of Association by a special resolution.

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of Our Company

Our Company was established as a limited liability company in the PRC on November 10, 2006, and was converted into a joint stock company with limited liability on September 20, 2022 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company was RMB114,723,320 divided into 114,723,320 Shares with a nominal value of RMB1.00 each.

Our Company has established a place of business in Hong Kong at 19/F, Golden Centre, 188 Des Voeux Road Central, Hong Kong, and has registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on May 23, 2025. Mr. POON Ping Yeung (潘秉揚), our company secretary, has been appointed as our authorized representative for the acceptance of service of process in Hong Kong, whose correspondence address is the same as our place of business in Hong Kong.

2. Changes in Share Capital of Our Company

On November 10, 2006, our Company was established as a limited liability company with a registered capital of RMB2,000,000.

On August 21, 2023, the registered capital of our Company increased from RMB8,911,120.97 to RMB9,019,353.21.

On December 21, 2023, the registered capital of our Company increased from RMB9,019,353.21 to RMB112,500,000.

On March 7, 2025, the registered capital of our Company increased from RMB112,500,000 to RMB114,723,320.

For further details, see "History, Development and Corporate Structure" in this document. Save as disclosed above, there has been no alteration in our Company's share capital within two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

Our subsidiaries as of the Latest Practicable Date are set out in note 1 to the Accountants' Report.

Chuangzhi Semi-link Technology (Thailand) Co., Ltd.

On May 29, 2024, Chuangzhi Semi-link Technology (Thailand) Co., Ltd. was established under the laws of Thailand as a limited liability company, with an initial registered capital of five million Thai baht.

On March 10, 2025, the registered capital of Chuangzhi Semi-link Technology (Thailand) Co., Ltd. increased from five million Thai baht to ten million Thai baht.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this document.

4. Resolutions of the Shareholders

Pursuant to the general meetings of our Company held on April 8, 2025 and May 27, 2025, the following resolutions, among others, were passed by our Shareholders:

(a) the [**REDACTED**] by our Company of H Shares of a nominal value of RMB1.00 each and that such H Shares will be [**REDACTED**] on the [**REDACTED**];

(b) that the number of H Shares to be [**REDACTED**] shall not be more than [**REDACTED**]% of the total issued share capital of our Company as enlarged by the [**REDACTED**] (without taking into account the H Shares which may be [**REDACTED**] and [**REDACTED**] pursuant to the exercise of the [**REDACTED**]), and the grant to the [**REDACTED**] (or their representatives) of the [**REDACTED**] of not more than [**REDACTED**]% of the number of H Shares [**REDACTED**] pursuant to the [**REDACTED**];

(c) subject to the completion of the [**REDACTED**], the adoption of the Articles of Association which shall become effective on the [**REDACTED**], and the authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules; and

(d) authorization of our Board to handle all relevant matters relating to, among other things, the [**REDACTED**] and [**REDACTED**] of the H Shares.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

1. Summary of Material Contract

We have entered into the following contract (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

(a) [**REDACTED**].

2. Intellectual Property Rights

(a) Trademarks

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

No.	Owner	Registration no.	Place of registration	Trademark	Class	Validity period
1.	Our Company	11648076	PRC		40	May 14, 2015 to May 13, 2035
2.	Our Company	11648129	PRC		42	March 7, 2017 to March 6, 2027
3.	Our Company	67534408	PRC	创智芯联	42	April 21, 2023 to April 20, 2033
4.	Our Company	67543214	PRC	创智芯联	40	April 21, 2023 to April 20, 2033
5.	Our Company	70944726	PRC	ChuangzhiSemi-link	42	October 28, 2023 to October 27, 2033
6.	Our Company	70954814	PRC	ChuangzhiSemi-link	40	November 7, 2023 to November 6, 2033

As of the Latest Practicable Date, we have applied for the following trademark applications which we consider to be materials to our business:

No.	Owner	Application no.	Place of application	Trademark	Class	Application date
1.	Our Company	306867703	Hong Kong	创智芯联 Chuangzhi Semi-link	9, 40 and 42	April 11, 2025
2.	Our Company	306867703	Hong Kong	创智芯联 Chuangzhi Semi-link	9, 40 and 42	April 11, 2025
3.	Our Company	306867703	Hong Kong	创智芯联 Chuangzhi Semi-link	9, 40 and 42	April 11, 2025
4.	Our Company	306867703	Hong Kong	創智芯聯 Chuangzhi Semi-link	9, 40 and 42	April 11, 2025

(b) Domain Name

As of the Latest Practicable Date, we have registered the following domain name which we consider to be material to our business:

No.	Owner	Domain name	Registration date
1.	Our Company	czsemi-link.com	August 26, 2024

(c) Patents

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

No.	Owner	Type	Patent	Registration no.	Application date	Expiry date	Place of application
1.	Our Company	Invention	A High-Depth Copper Electroplating Solution for Through Holes in Glass Substrates and its Electroplating Process (一種玻璃基板的通孔高深度電鍍銅液及其電鍍銅工藝)	2022113868591	November 7, 2022	November 7, 2042	PRC

No.	Owner	Type	Patent	Registration no.	Application date	Expiry date	Place of application
2.	Our Company	Invention	A Cyanide-Free Immersion Solution for Electroless Thick Gold Plating and its Process (一種無氰化學沉厚金的沉金溶液及其工藝)	2022101499844	February 18, 2022	February 18, 2042	PRC
3.	Our Company	Invention	Preparation Method of High-Purity Copper Sulfate and Copper Electroplating Process Applied to Copper Interconnect (高純硫酸銅的製備方法及應用於銅互連的電鍍銅工藝)	2022105967699	May 30, 2022	May 30, 2042	PRC
4.	Our Company	Invention	A High-Phosphorus Electroless Nickel Solution for Electroless Nickel Immersion Gold Printed Circuit Boards (一種用於化學鎳金印制線路板的高磷化學鎳溶液)	2021102388312	March 4, 2021	March 4, 2041	PRC
5.	Our Company	Invention	A Palladium Activation Method for Electroless Nickel Immersion Gold in PCB Circuit Boards (一種用於PCB電路板化學鎳金的鈀活化方法)	2021102388100	March 4, 2021	March 4, 2041	PRC

No.	Owner	Type	Patent	Registration no.	Application date	Expiry date	Place of application
6.	Our Company	Invention	An Environmentally Friendly Photoresist Stripper for Removal of Photoresist from Wafer Surfaces (用於去除晶圓表面光刻膠的環保型去膠劑)	2020107947686	August 10, 2020	August 10, 2040	PRC
7.	Our Company	Invention	A Nickel Plating Solution for Printed Circuit Boards and its Electroplating Method (一種應用於印制線路板的鍍鎳溶液及其電鍍鎳方法)	2021113590609	November 17, 2021	November 17, 2041	PRC
8.	Our Company	Invention	An Electroless Gold Plating Solution for Printed Circuit Boards (一種用於印制線路板的化學沉金液)	2021102095186	February 24, 2021	February 24, 2041	PRC
9.	Our Company	Invention	An Electroless Palladium Plating Process for Electronic Packaging Substrates (一種電子封裝載板的化學鍍鈀工藝)	2021102102279	February 24, 2021	February 24, 2041	PRC

No.	Owner	Type	Patent	Registration no.	Application date	Expiry date	Place of application
10.	Our Company	Invention	A Cyanide-Free Electroless Gold Plating Solution for Semiconductors and Display Panels (適用於半導體及顯示面板的無氰化學沉金溶液)	2020114549236	December 9, 2020	December 9, 2040	PRC
11.	Our Company	Invention	A Flux Cleaner for Chip Packaging Processes (一種芯片封裝工藝用助焊劑清洗劑)	2020107947741	August 10, 2020	August 10, 2040	PRC
12.	Our Company	Invention	A Copper Electroplating Solution for Blind Via Filling in HDI PCBs and Substrates (用於HDI板和載板的盲孔填孔電鍍銅溶液)	2020108014173	August 11, 2020	August 11, 2040	PRC
13.	Our Company	Invention	A Copper Electroplating Solution and Electroplating Method for Super TSV Copper Interconnect Materials in Wafer-Level Packaging (用於晶圓級封裝超級TSV銅互連材料的電鍍銅溶液及電鍍方法)	2019109016332	September 23, 2019	September 23, 2039	PRC

No.	Owner	Type	Patent	Registration no.	Application date	Expiry date	Place of application
14.	Our Company	Invention	An Environmentally Friendly Solution Capable of Inhibiting the Formation Rate of Stannic Tin (環保型可抑制四價錫生成速率的溶液)	2019104156810	May 18, 2019	May 18, 2039	PRC
15.	Our Company	Invention	An Electroless Nickel Plating Formula for Electroless Nickel-Palladium-Gold Plating on Flexible Circuit Boards (應用在柔性線路板化學鍍鎳鈀金鍍層的化學鍍鎳配方)	2017102340285	April 11, 2017	April 11, 2037	PRC
16.	Our Company	Invention	A Cyanide-Free Gold Electroplating Solution for Nickel-Gold Structure Processes (一種適用於鎳金結構工藝的無氰電鍍金溶液)	2024108075419	June 21, 2024	June 21, 2044	PRC
17.	Our Company	Invention	An Electroplating Solution and Electroplating Method for Damascus Interconnection (一種大馬士革互聯的電鍍液及電鍍方法)	2024107096742	June 3, 2024	June 3, 2044	PRC

No.	Owner	Type	Patent	Registration no.	Application date	Expiry date	Place of application
18.	Our Company	Invention	A Cyanide-Free Gold Electroplating Solution and its Application (一種無氰電鍍金溶液及其應用)	2024106598953	May 27, 2024	May 27, 2044	PRC
19.	Our Company	Invention	A Process Formula of Electroless Nickel-Palladium-Gold Plating Solution for Aluminum Substrates of Power Chips (一種功率芯片的鋁基材化學鍍鎳鈀金液工藝配方)	2023114809909	November 8, 2023	November 8, 2043	PRC
20.	Our Company	Invention	A Process Formula and Electroless Plating Method for Cyanide-Free Chemical Reduction Thick Gold Plating (一種無氰化學還原加厚金的工藝配方及化學鍍方法)	2023114014526	October 26, 2023	October 26, 2043	PRC
21.	Our Company	Invention	A Copper Electroplating Solution for Through Glass Vias in RF Devices and its Electroplating Process (一種用於射頻器件的玻璃通孔電鍍銅液及其電鍍銅工藝)	2022115677989	December 7, 2022	December 7, 2042	PRC

No.	Owner	Type	Patent	Registration no.	Application date	Expiry date	Place of application
22.	Our Company	Invention	A Copper Electroplating Solution for Ultra-Deep TSV Filling and its Electroplating Process (一種適用於超深孔TSV填充的電鍍銅液及其電鍍銅工藝)	2022115392236	December 1, 2022	December 1, 2042	PRC
23.	Our Company	Invention	A Nickel-Gold Electroplating Solution for Ceramic Substrates and its Electroplating Process (一種陶瓷基板的電鍍鎳金液及其電鍍工藝)	2022111879638	September 28, 2022	September 28, 2042	PRC
24.	Our Company	Invention	A Copper Electroplating Additive for Thin-Film Electroplating and its Electroplating Process (一種應用於薄膜電鍍銅添加劑及其電鍍工藝)	2022113242501	October 27, 2022	October 27, 2042	PRC
25.	Our Company	Invention	An Electroless Nickel Plating Solution for Glass Substrates and Its Electroless Nickel Plating Process (一種玻璃基板的化學鍍鎳液及其化學鍍鎳工藝)	2022112262565	October 9, 2022	October 9, 2042	PRC

No.	Owner	Type	Patent	Registration no.	Application date	Expiry date	Place of application
26.	Our Company	Invention	An Environmentally Friendly Cyanide-Free Immersion Gold Formulation for Wafer Packaging and its Electroless Plating Method (一種晶圓封裝的無氰沉金環保型配液及化學鍍方法)	2022108227183	July 12, 2022	July 12, 2042	PRC
27.	Jiangsu Xizhi Semiconductor Technology Co., Ltd. (江蘇矽智半導體科技有限公司)	Utility Model	A Nickel Plating Bath Chemical Dosing and Temperature Control Apparatus (一種鎳槽加藥控溫裝置)	202123330454X	December 28, 2021	December 28, 2031	PRC
28.	Jiangsu Xizhi Semiconductor Technology Co., Ltd.	Utility Model	A Wafer Electroplating Fixture (一種晶圓電鍍掛具)	2020228266492	November 30, 2020	November 30, 2030	PRC
29.	Jiangsu Xizhi Semiconductor Technology Co., Ltd.	Utility Model	An Auxiliary Fixture for Glass Substrate Metallization Processing (一種玻璃基板金屬化加工輔助治具)	2023222345615	August 20, 2023	August 20, 2033	PRC
30.	Zhuhai Chuangzhi Chenggong Technology Co., Ltd. (珠海市創智成功科技有限公司)	Utility Model	A Purification Apparatus for Strong Alkali and Strong Acid Solutions (一種強鹼強酸溶液純化裝置)	2024204650455	March 12, 2024	March 12, 2034	PRC
31.	Zhuhai Chuangzhi Chenggong Technology Co., Ltd.	Utility Model	A Bubble-Free Filling Apparatus (一種無氣泡灌裝裝置)	2024204650614	March 12, 2024	March 12, 2034	PRC

No.	Owner	Type	Patent	Registration no.	Application date	Expiry date	Place of application
32.	Zhuhai Chuangzhi Chenggong Technology Co., Ltd.	Utility Model	A Metal Impurity Removal Apparatus for Solutions (一種溶液去除金屬雜質設備)	2024205194021	March 18, 2024	March 18, 2034	PRC
33.	Zhuhai Chuangzhi Chenggong Technology Co., Ltd.	Utility Model	A Purification and Filtration Device (一種純化過濾裝置)	2024205304996	March 19, 2024	March 19, 2034	PRC
34.	Zhuhai Chuangzhi Chenggong Technology Co., Ltd.	Utility Model	A Copper Electroplating Solution for Ultra-Deep TSV in MEMS Device Packaging (一種用於MEMS器件封裝的超深孔TSV電鍍溶液)	2022111320351	September 16, 2022	September 16, 2032	PRC
35.	Our Company	Invention	Cooper Electroplating Solution and Electroplating Method Used for Copper Wiring Material of Silica through Electrode in Wafer Level Packaging	JP2020090161	May 23, 2020	May 23, 2040	Japan
36.	Our Company	Invention	Electroplating Solution and Electroplating Method for Use in Plating Both Sides of Glass Through Hole with Copper	JP2020085255	May 14, 2020	May 14, 2040	Japan

No.	Owner	Type	Patent	Registration no.	Application date	Expiry date	Place of application
37.	Our Company	Invention	Electrolytic Copper Plating Solution for Filing Throughhole of IC Board, and Electrolytic Plating Method therefor	JP2020086383	May 18, 2020	May 18, 2040	Japan

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

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

Save as disclosed below, immediately following completion of the [**REDACTED**] (without taking into account the H Shares which may be [**REDACTED**] and [**REDACTED**] pursuant to the exercise of the [**REDACTED**]), so far as our Directors are aware, none of our Directors and chief executive has any interest or short positions in our 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 [**REDACTED**] pursuant to [**REDACTED**] of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to [**REDACTED**] of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and [**REDACTED**] pursuant to [**REDACTED**].

Name	Position	Capacity/nature of interest	Number of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares[(1)]	Approximate percentage of shareholding in the total issued share capital of our Company[(1)]
				(%)	(%)
Mr. Yao[(2)(3)] . .	Chairperson of our Board and executive Director	Beneficial owner; interest in controlled corporations; interest held jointly with another person	[REDACTED]	[REDACTED]	[REDACTED]
Dr. Yao[(3)]. . . .	Executive Director, general manager and R&D director	Interest held jointly with another person	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) The calculation is based on the total number of [**REDACTED**] Domestic Shares in issue and [**REDACTED**] H Shares in issue (assuming the [**REDACTED**] is not exercised) upon [**REDACTED**].

(2) Mr. Yao beneficially holds [**REDACTED**] H Shares.

(3) Zhiyuanxin, which is a limited partnership established under the laws of the PRC, is managed by Mr. Yao as its executive partner. Pursuant to the respective concert party agreements dated August 5, 2020, November 3, 2020 and November 3, 2020 entered into by, among others, (i) Mr. Yao and (ii) each of Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke, each of Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke has agreed to act in concert with Mr. Yao and reach consensus when exercising Shareholders' rights, including but not limited to the right to vote at general meetings of our Company. For further details, see "History, Development and Corporate Structure — Concert Party Arrangements" in this document. Further, as of the Latest Practicable Date, Qianhai Lvzhiyuan, which is a limited liability company established under the laws of the PRC, is held as to 75% and 20% by Mr. Yao and Dr. Yao, respectively. As such, under the SFO, (i) Mr. Yao is deemed to be interested in the Shares held by Zhiyuanxin, Zhiyuan Xinchuang, Zhiyuan Xinke and Qianhai Lvzhiyuan, and (ii) Dr. Yao is deemed to be interested in the Shares held by Qianhai Lvzhiyuan.

2. Substantial Shareholders

For the information on the persons who will, immediately following the completion of the [**REDACTED**], have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and [**REDACTED**] under the provisions of [**REDACTED**] of the SFO, see "Substantial Shareholders" in this document.

Our Directors are not aware of any other person (other than our Directors or chief executive) who will, immediately following completion of the [**REDACTED**], 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 any member of our Group other than our Company.

3. Service Contracts

Each of our Directors [has entered] into a service contract with our Company. The principal particulars of these service contracts comprise (a) a term of office of three years; and (b) termination provisions in accordance with their respective terms.

Save as disclosed above, none of our Directors has or is proposed to have entered into any service contract with any member of our Group (excluding contracts expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

4. Remuneration of Directors

Save as disclosed in the section headed "Directors and Senior Management" in this document and note 8 to the Accountants' Report, for the three financial years ended December 31, 2022, 2023 and 2024, none of our Directors received other forms of remuneration from us.

5. Employee Incentive Schemes

Our Company adopted and approved the Employee Incentive Schemes on July 27, 2020 and September 30, 2020, respectively. The Employee Incentive Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve the grant of Shares or the grant of options by our Company to subscribe for Shares after the [**REDACTED**]. Given the underlying Shares under the Employee Incentive Schemes had already been issued, there will not be any dilution effect to the issued Shares upon the vesting of the awards under the Employee Incentive Schemes. No further awards will be granted after the [**REDACTED**].

As of the Latest Practicable Date, our Company established three ESOP Platforms, namely Zhiyuanxin, Zhiyuan Xinchuang and Zhiyuan Xinke, which, in aggregate, held 15,386,135 Domestic Shares. For further details of the ESOP Platforms, see "History, Development and Corporate Structure — Employee Incentive Platforms" in this document.

The following is a summary of the principal terms of the Employee Incentive Schemes.

(a) Objective

The purposes of the Employee Incentive Schemes are to, among others, incentivize our employees who have made contribution to our Group's development and align such employees' interests with our long-term strategic development goals.

(b) Eligibility

Participants of the Employee Incentive Schemes may include our senior management members, key personnel (including key R&D personnel) and other individuals who have significant contribution to the development of our Company (the "**Participants**"). The Employee Incentive Schemes further provide that the Participants shall not:

- have been publicly condemned or declared as an inappropriate participant by any stock exchange, the CSRC or any over-the-counter exchange in the past three years;
- have been imposed administrative penalties or market bans by the CSRC and any over-the-counter exchange as a result of any material violation of laws or regulations in the past three years;
- be subject to administrative or criminal penalties as a result of any violation of laws or regulations;
- be investigated by judicial authorities for any suspected crime or by the CSRC for any suspected violation of laws or regulations, with no clear conclusion having been reached;
- cause losses to our Company due to misbehavior which damages the interests and reputation of our Company (such as misappropriation of funds, embezzlement, theft and disclosure of business and technology secrets), serious dereliction of duty or malfeasance;
- be subject to any other circumstance stipulated by laws, regulations and normative documents which prohibits him/her from becoming a shareholder of a company or participating in an employee incentive scheme;
- conduct related transactions with our Company by himself/herself or through an entity controlled by him/her, which may cause or damage the interests of our Company;
- infringe our Company's trade secrets;
- accept bribes in the course of our Company's business activities;

- establish or operate a company or any other entity that competes with our Company's principal business activities, in the name of either himself/herself or another person;

- work part-time in a company or any other entity that competes with our Company's principal business activities which causes or may cause damage to our Company's interests;

- commit a violation of the Articles of Association or our Company's rules and regulations, which in our Board's opinion, is of a serious nature, or engage in any activity which seriously damages our Company's interests;

- engage in any shareholding arrangement that has an adverse impact on our Company's [**REDACTED**] and [**REDACTED**] (such as shareholding entrustment, trust arrangements or nominee shareholding arrangements); and/or

- violate the fiduciary duties and duty of diligence as stipulated in the Company Law, the Articles of Association or usual business practices, which causes or may cause losses to our Company.

(c) Grant of Awards

The selected Participants would be granted awards in the form of economic interests in the ESOP Platforms and become indirectly interested in our Company through their respective interests as limited partners of the relevant ESOP Platforms upon acquisition of partnership interests in the relevant ESOP Platforms. All selected Participants are entitled to dividends attaching to the corresponding number of underlying Shares held by the ESOP Platforms, but are not entitled to any voting rights in our Company through the relevant ESOP Platforms.

(d) Administration

Our Board shall be responsible for:

- formulating, amending, interpreting, implementing or terminating the Employee Incentive Schemes;

- proposing and amending the list of the Participants for Shareholders' approval; and

- handling any other matters relating to the Employee Incentive Schemes, as authorized by the Shareholders.

(e) Lock-up Period and Restrictions on Disposals

The interests held by the Participants in the relevant ESOP Platforms shall be subject to a lock-up period which shall be 36 months from the date of our Company's [**REDACTED**], during which except with the consent of Mr. Yao, the Participants may not transfer to another person their interest in the relevant ESOP Platforms.

Upon the expiry of the aforementioned lock-up period, the Participants make an application to the executive partner of the relevant ESOP Platforms in connection with the disposal of their interests in the relevant ESOP Platforms.

6. Disclaimers

(a) Save as disclosed in this section and the section headed "History, Development and Corporate Structure" in this document, none of our Directors or any of the parties listed in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix is:

(i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Company; or

(ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business.

(b) Save in connection with the [**REDACTED**] and the [**REDACTED**], none of the parties listed in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix.

(i) is interested legally or beneficially in any shares in any member of our Group; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group.

(c) Save as disclosed in this section, none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are [**REDACTED**] on the [**REDACTED**], would have to be disclosed pursuant to [**REDACTED**] of the SFO.

(d) So far as is known to our Directors, none of our Directors, their respective close associates and Shareholders who own more than 5% of the issued shares of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or any of our subsidiaries under the laws of the PRC.

2. Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration or claim of material importance, and, so far as we are aware, no litigation, arbitration or claim of material importance is pending or threatened against any member of our Group, which would have a material adverse effect on our financial condition or results of operations, taken as a whole.

3. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the [**REDACTED**] for the [**REDACTED**] of, and permission to [**REDACTED**], our H Shares. All necessary arrangements have been made to enable the securities to be admitted into [**REDACTED**].

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Each of Haitong International Capital Limited, CCB International Capital Limited and China Merchants Securities (HK) Co., Limited will receive a fee of US$300,000, US$250,000 and US$250,000, respectively, to act as a sponsor to our Company in connection with the [**REDACTED**].

4. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred material preliminary expenses.

5. Qualifications of Experts

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

Name	Qualifications
Haitong International Capital Limited	Licensed corporation to conduct Type 6 (advising on corporate finance) regulated activities as defined under the SFO
CCB International Capital Limited	Licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
China Merchants Securities (HK) Co., Limited	Licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants under the Professional Accountant Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
AllBright Law Offices (Shenzhen)	Company's PRC legal adviser
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Cushman & Wakefield Limited	Independent property valuer

6. Consents

Each of the experts as referred to in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of certificates, letters, opinions or reports and the references to their respective names in the form and context in which they are respectively included.

7. Taxation of Holders of H Shares

(a) Hong Kong

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further details in relation to taxation, see Appendix IV to this document.

(b) Consultation with Professional Advisers

Potential [**REDACTED**] in the [**REDACTED**] are urged to consult their professional tax advisers if they are in any doubt as to the taxation implications of [**REDACTED**], [**REDACTED**], [**REDACTED**] our H Shares (or exercising rights attached to them). None of our Company, our Directors, the Joint Sponsors, [**REDACTED**], [**REDACTED**], [**REDACTED**], [**REDACTED**], or any other person or party involved in the [**REDACTED**] accept responsibility for any tax effects on, or liabilities of, any person, resulting from the [**REDACTED**], [**REDACTED**], [**REDACTED**], [**REDACTED**] or the exercise of any rights in relation to our H Shares.

8. No Material Adverse Change

Our Directors confirm that, as of the date of this document, there has been no material adverse change in the financial or trading position of our Company since December 31, 2024 (being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report).

9. Promoters

The promoters of our Company are all then 16 shareholders of our Company as of September 19, 2022 before our conversion into a joint stock company with limited liability. Save as disclosed in the section headed "History, Development and Corporate Structure" in this document, within the two years preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the [**REDACTED**] and the related transactions described in this document.

10. Restrictions on Repurchase

For details, see Appendices V and VI to this document.

11. 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 of the provisions (other than the penal provisions) of [**REDACTED**] of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Bilingual Document

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

13. Miscellaneous

Save as otherwise disclosed in this document:

(a) within the two years preceding the date of this document, (i) our Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any shares of our Company;

(b) no Share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;

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

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

(f) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(g) our Company is not presently listed on any stock exchange or traded on any trading system; and

(h) our Company is a joint stock limited company and is subject to the PRC Company Law.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(i) a copy of the material contract referred to in the paragraph headed "Further Information about the Business of Our Company — 1. Summary of Material Contract" in Appendix VII to this document; and

(ii) the written consents referred to in the paragraph headed "Other Information — 6. Consents" in Appendix VII to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **www.czsemi-link.com** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report prepared by Ernst & Young, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Group for the three financial years ended December 31, 2022, 2023 and 2024;

(d) the report prepared by Ernst & Young on the unaudited [**REDACTED**] financial information of our Group, the text of which is set out in Appendix II to this document;

(e) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. referred to in the section headed "Industry Overview" in this document;

(f) the PRC legal opinion issued by AllBright Law Offices (Shenzhen), our legal adviser as to PRC laws, in respect of, among other things, the general matters and property interests of our Group under the PRC laws;

(g) the letter, summary of valuations and valuation report in relation to the property interests of our Group prepared by Cushman & Wakefield Limited, the text of which is set out in Appendix III to this document;

(h) the material contract referred to in the paragraph headed "Further Information about the Business of Our Company — 1. Summary of Material Contract" in Appendix VII to this document;

(i) the service contracts referred to in the paragraph headed "Further Information about Our Directors and Substantial Shareholders — 3. Service Contracts" in Appendix VII to this document;

(j) the written consents referred to in the paragraph headed "Other Information — 6. Consents" in Appendix VII to this document; and

(k) the PRC Company Law, the PRC Securities Law, the Overseas Listing Trial Measures and the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) issued by the CSRC together with unofficial English translations thereof.