Application Proof of

Delton Technology (Guangzhou) Inc.
廣州廣合科技股份有限公司

(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 "**Stock 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 Stock 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 document 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;

(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, its joint sponsors, overall coordinators, 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 Stock Exchange and the Commission may accept, return or reject the application for the subject public offering and/or listing.

No offer or invitation will be made to the public in Hong Kong until after a prospectus of the Company has been registered with the Registrar of Companies in Hong Kong in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). 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, copies of which will be made available to the public during the offer period.

IMPORTANT

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

Delton Technology (Guangzhou) Inc.
廣州廣合科技股份有限公司

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

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

CITIC SECURITIES　　滙豐 HSBC

A copy of this document, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available on Display — 1. Documents Delivered to the Registrar of Companies" in Appendix VII, 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). Neither the Securities and Futures Commission of Hong Kong nor the Registrar of Companies in Hong Kong takes any responsibility as to the contents of this document or any other documents referred to above.

The **[REDACTED]** is expected to be determined by agreement between the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) and us on or around **[REDACTED]**. The **[REDACTED]** will be no 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 12:00 noon on **[REDACTED]**, the **[REDACTED]** will not proceed and will lapse.

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] range below that is stated in this document at any time on or prior to the morning of the last day for lodging applications under the [REDACTED]. See " [REDACTED]" and "[REDACTED]" for further details.

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 grounds arise prior to 8:00 a.m. on the **[REDACTED]**. See "**[REDACTED]**" for further details.

The **[REDACTED]** have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may only be **[REDACTED]**, sold or delivered [(a) within the United States to QIBs in reliance on Rule 144A or other exemption(s) from, or in a transaction not subject to, registration under the U.S. Securities Act, or (b) outside the United States in an offshore transaction in reliance on Regulation S].

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

CONTENTS

IMPORTANT NOTICE TO [REDACTED]

This document is issued by our Company solely in connection with the [REDACTED] *and does not constitute an* [REDACTED] *to sell or a solicitation of an* [REDACTED] *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, and does not constitute, an* [REDACTED] *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 and the* [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 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 or any other person or party involved in the* [REDACTED].

CONTENTS

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

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

OVERVIEW

Who We Are

We are a global leader in manufacturing PCBs, critical components for high performance servers. We primarily develop, manufacture and sell customized PCBs for high performance servers and other computing applications. In 2022, 2023 and 2024, our revenue from computing application PCBs (mainly for high performance servers, including AI servers and general-purpose servers) amounted to RMB1,635.3 million, RMB1,858.2 million and RMB2,705.6 million, representing 67.8%, 69.4% and 72.5% of our total revenue in the same period, respectively.

According to Frost & Sullivan:

- we ranked (i) first among high performance server PCB manufacturers headquartered in Mainland China, and (ii) third among high performance server PCB manufacturers globally, in each case in terms of cumulative revenue from 2022 to 2024, representing a global market share of 4.9%; and

- we ranked (i) first among CPU motherboard PCB (for high performance servers) manufacturers headquartered in Mainland China, and (ii) third among CPU motherboard PCB (for high performance servers) manufacturers globally, in each case in terms of cumulative revenue from 2022 to 2024, representing a global market share of 12.4%.

Set forth below are our ranking and business highlights:

No.1[1] Headquartered in Mainland China | **No.3**[1] globally among high performance server PCB manufacturers	**Over 70%**[4] Proportion of offshore revenue in 2024	**RMB3.7 billion** Revenue in 2024 | **39.4%** YOY increase Revenue growth for seven consecutive years from 2017 to 2024
Serve **8** out of the world's top **10**[2] server manufacturers	**MIIT-recognized** Smart Manufacturing **Demonstration Factory** for High-end Server PCBs	**RMB676.1 million** Net profit in 2024 | **18.1%** Net profit margin in 2024
12.4%[3] Global Market Share Market share of CPU motherboard PCBs for high performance servers	**Fully engage** in the preliminary research and validation testing stages for leading server manufacturers[5]	**27.6%**[6] Return on equity in 2024

Notes:

(1) We ranked third among high performance server PCB manufacturers globally, and ranked first among high performance server PCB manufacturers headquarterd in Mainland China based on the cumulative revenue from high performance server PCBs from 2022 to 2024.

(2) Based on their respective revenue in 2024 according to Frost & Sullivan.

(3) Based on cumulative revenue from CPU motherboard PCB for high performance servers (including AI server CPU motherboards and general-purpose server CPU motherboards) from 2022 to 2024. Our market share of CPU motherboard PCB for high performance servers continued to increase from 2022 to 2024.

(4) Based on our revenue from PCBs in 2024 by offshore delivery destinations.

(5) We fully engage in the preliminary research and validation testing stages for our customers' new products, encompassing engineering validation test stage, design validation test stage, production validation test stage, and the final mass production stage. For further details, see "Business — Our Strengths — Rapid and Customized Product Delivery Capabilities Through Joint Design Manufacturing."

(6) Return on equity equals net profit divided by the arithmetic mean of the opening and closing balances of total equity for the relevant year, and multiplied by 100%.

Leveraging our computing application PCBs, we also expand product offerings into industrial applications PCBs, and consumer applications PCBs.

Our Market Opportunities

According to Frost & Sullivan, the global demand for comprehensive electronic devices continues to rise, driven by the growing adoption of AI and the expansion of datacenters, Internet of Vehicles, robotics, and Internet of Things ("**IoT**") applications. As critical components in electronic products, PCBs have substantial growth opportunities. Such market growth is primarily driven by the following factors:

- ***Growing global demand for computing power drives the market of computing application PCBs.*** According to Frost & Sullivan, rapid advances in emerging technologies, particularly AI, have significantly increased global computing power. According to Frost & Sullivan, global computing power scale increased from 429.0 EFLOPs in 2020 to 2,067.6 EFLOPs in 2024, and is expected to increase further to 12,528.4 EFLOPs in 2029, with a CAGR of 43.4%. Such growth drives the demand for computing application PCBs, especially high performance server PCBs. According to Frost & Sullivan, AI server PCB market is expected to increase from US$3.2 billion in 2024 to US$7.0 billion in 2029, with a CAGR of 16.5% from 2024 to 2029. We believe our AI server accelerator boards, UBB and switch boards as well as other related products will continue to benefit under this trend.

- ***Development in industrial control and automotive electronics steadily increases demand for industrial application PCBs.*** Advancements in industrial control, automotive electronics and other intelligent manufacturing devices have raised requirements for reliable and stable industrial application PCBs according to Frost & Sullivan. The global industrial application PCB market is expected to increase from US$25.9 billion in 2024 to US$30.8 billion in 2029, with a CAGR of 3.5%. Well-positioned under this trend, we continue to offer industrial application PCBs such as rigid-flex PCBs, millimeter radar boards, and 5.5G base station communication boards. This enables us to capitalize on ongoing market opportunities; and

- ***Upgrade and continual innovation in consumer electronics support stable growth for consumer applicable PCBs.*** According to Frost & Sullivan, consumers' growing demand for immersive experiences has driven product innovation and shifted consumer application PCBs toward higher density and greater reliability. With the ongoing evolution of devices such as wearables, and laptops (including AI personal computer), demand for high performance PCBs in the consumer application remains robust. According to Frost & Sullivan, the global consumer application PCB market is expected to increase from at US$36.7 billion in 2024 to US$41.9 billion in 2029, representing a CAGR of 2.7%. We believe our strategic presence in consumer electronics PCBs positions us to leverage continued market growth.

OUR PRODUCTS

We provide (i) computing application PCBs, (ii) industrial application PCBs, and (iii) consumer application PCBs.

The table below sets forth the details of our key products as of the Latest Practicable Date:

Key Products		Design	Features
Computing application PCBs			
High performance server PCBs			
AI server PCBs	AI server accelerator boards	Multilayer PCBs (12 to 22 layers); or HDI PCBs (3+ to 7+)	• High speed signal transmission, single rate up to 112 Gb/s • Excellent signal integrity by precise impedance and insertion loss control • Manufactured with ultra low loss CCL
	UBB and switch boards	Multilayer PCBs (22 to 46 layers)	• High speed transmission at a rate of 32 Gb/s to 112 Gb/s • Excellent signal integrity by precise impedance and insertion loss control • Manufactured with ultra low-loss CCL • High-precision back drilling and POFV design
	CPU motherboards	Multilayer PCBs (14 to 24 layers)	• High-speed signal transmission supporting PCIe 5.0 transmission rate up to 32 Gb/s • Excellent signal integrity by precise impedance and insertion loss control • Manufactured with very low-loss CCL • High-precision back drilling and POFV design
	Power boards and other supporting boards	Multilayer PCBs (four to 18 layers); or HDI PCBs (2+ to 4+)	• Copper thickness up to 4 oz • Partial gold finger design
General-purpose server PCBs	CPU motherboards Supporting boards	Multilayer PCBs (12 to 22 layers) Multilayer PCBs (four to 12 layers)	• High-speed signal transmission • Excellent signal integrity by precise impedance and insertion loss control • Manufactured with very low-loss CCL • High-precision back drilling and POFV design

Key Products		Design	Features
Datacenter switch PCBs		Multilayer PCBs (16 to 46 layers)	• High-speed transmission at a rate of 56 Gb/s to 224 Gb/s • Excellent signal integrity by precise impedance and insertion loss control • Manufactured with ultra low-loss CCL • High-precision back drilling and POFV design • Frequency up to 53 GHz
Industrial application PCBs			
Industrial control PCBs		Multilayer PCBs (four to 24 layers)	• High reliability and harsh environmental resistance • Manufactured with high thermal resistance CCL
Automotive PCBs		Multilayer PCBs (two to 12 layers)	• Conductive anodic filament resistance • High reliability and harsh environmental resistance • Manufactured with high thermal resistance CCL
Communication PCBs	Telecom switch PCBs	Multilayer PCBs (10 to 24 layers)	• High-speed transmission at a rate of 56 Gb/s to 112 Gb/s • Excellent signal integrity by precise impedance and insertion loss control • Manufactured with ultra low-loss CCL • High-precision back drilling and POFV design
	5G base station PCBs	Multilayer PCBs (ten to 18 layers)	• Conductive anodic filament resistance • High reliability and harsh environmental resistance • Buried copper design to improve heat dissipation efficiency • Manufactured with high thermal resistance CCL
Consumer application PCBs			
Consumer electronics PCBs		Multilayer PCBs (six to 14 layers); or HDI PCBs (2+ to 4+)	• Compact and thin design • Utilizing halogen-free materials
Security electronics PCBs		Multilayer PCBs (six to ten layers); or HDI PCBs (2+ to 3+)	• High reliability and harsh environmental resistance • Manufactured with high thermal resistance CCL

OUR STRENGTHS

We believe that the following strengths contribute to our success:

- A globally leading manufacturer of critical components for high performance servers, positioned to benefit from robust growth driven by the AI era
- Long-term partnerships with leading global downstream customers
- Robust R&D capabilities and proven technological innovation
- Rapid and customized product delivery capabilities through joint design manufacturing
- Experienced and visionary management team

OUR STRATEGIES

We are implementing the following strategies:

- Market strategy: expanding and deepening our global presence
- Operation strategy: expanding high-value added product portfolio and enhancing intelligent manufacturing
- Talent strategy: building a tiered talent pipeline

RESEARCH AND DEVELOPMENT

We dedicate resources and establish the application of speed materials in cloud computing as our core R&D focus since early 2016. Before then, according to Frost & Sullivan, the PCB market before 2016 largely focused on traditional consumer and communication applications, while the market for high performance server PCBs remained relatively small. We believe such research and development focus is crucial for our competitive advantages.

With over 20 years of industry experience, our technological capabilities and product innovation have gained widespread recognition, achieving a series of milestones including but not limited to:

- Our CPU motherboards were selected among the seventh batch of "National Manufacturing Single Champion Products (製造業單項冠軍產品)" in 2022, organized jointly by the Ministry of Industry and Information Technology ("**MIIT**") (國家工業和信息化部辦公廳) and the China Federation of Industrial Economics (中國工業經濟聯合會);
- Our "Key Technologies and Industrialization of High Speed, High Layer PCBs for Big Data Server Motherboards (大數據服務器主板用高速高多層PCB關鍵技術及產業化)" project received the Second Prize of the "2023 Guangdong Provincial Science and Technology Progress Award (2023年廣東省科技進步二等獎)" from the People's Government of Guangdong Province;
- Several of our products and related technologies, including AI server PCBs, datacenter switch PCBs (such as optical module PCBs), and consumer electronics PCBs (such as direct-view stepped PCBs), have been certified as "Guangdong High Quality and High Tech Products (廣東省名優高新技術產品)"; and
- We were recognized by MIIT as a "Smart Manufacturing Demonstration Factory for High-end Server PCBs (高端服務器用PCB智能製造示範工廠)" and recognized by the National Development and Reform Commission as a "National Enterprise Technology Center (國家企業技術中心)."

We continue to build our technological capabilities through researching on (i) materials, (ii) manufacturing processes and (iii) product development.

- ***Materials.*** We have built a comprehensive database and certification system for high speed materials. This allows us to select, validate and apply optimal PCB materials based on nuanced customer specifications, reducing our response times thereby capturing emerging market opportunities in an efficient manner.

- ***Manufacturing processes.*** We have developed manufacturing processes tailored to high performance server PCBs, with continual refinements to satisfy evolving and customized market demands. In the AI server PCB segment, for example, we actively advance high-layer-count PCBs and high-level HDI PCB manufacturing processes. As of the Latest Practicable Date, we have successfully developed 40-layer AI server PCBs and completed validation for the manufacturing processes of HDI PCBs of up to 7+.

- ***Product development.*** We have adopted a joint design manufacturing (the "**JDM**") model that allows us to closely collaborate with global leading server manufacturer customers throughout their product development process. Starting from the initial design stage of our key customers, we conduct simulations on their reference design boards to ensure that our completed design aligns their specifications and reliability requirements.

SALES AND MARKETING

Our Sales Network

We primarily sell our products through direct sales. Our direct sales customers consist mainly of (i) end product brands, as the brand-owning companies that design, brand and market their electronic products, and (ii) EMS providers, which manufacture and assemble products based on specifications and designs from the end product brands. Most of the products sold through direct sales feature customized specifications as requested directly by our direct sales customers. This approach allowed us to deliver tailored products and work closely to the needs of our direct sales customers.

We also sell to trading partners to extend our market reach and efficiently serve smaller-scale end customers and end customers in certain regions. Besides, we also sell a small portion of our products to other PCB manufacturers. We also collaborate with sales partners to reinforce our relationship with our direct sales customers. We believe our diversified sales channels enable us to maintain stable demand and expand our market presence.

The following table sets forth a breakdown of the number of customers for our PCB products by sales channel for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
Direct sales customers[(1)]	118	130	138
Trading partners[(1)]	32	43	31
PCB manufacturers[(1)]	19	17	14
Total	**169**	**190**	**183**

Note:

(1) Refers to the number of customers from whom we recognized revenue in the respective year.

The following table sets forth a breakdown of revenue by sales channel in absolute amounts and as a percentage of our revenue for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
PCB						
Direct sales (1)	2,128,796	88.2	2,375,709	88.7	3,366,432	90.1
Sales through trading partners	105,760	4.4	117,931	4.4	105,059	2.8
Sales to PCB manufacturers	37,230	1.6	43,496	1.6	7,889	0.3
Subtotal	**2,271,786**	**94.2**	**2,537,136**	**94.7**	**3,479,380**	**93.2**
Other products(2)	**140,601**	**5.8**	**141,134**	**5.3**	**254,905**	**6.8**
Total	**2,412,387**	**100.0**	**2,678,270**	**100.0**	**3,734,285**	**100.0**

Notes:

(1) Revenue generated from direct sales involving sales partner amounted to RMB1,150.0 million, RMB1,385.4 million and RMB1,789.8 million, in 2022, 2023 and 2024, respectively.

(2) Other products are sold through direct sales channel.

OUR PRODUCTION

Our production capabilities are designed to align with our customers' demands, ensuring a consistent and reliable supply of PCB products. Our principal production facilities are located in Guangdong Province and Hubei Province, China. During the Track Record Period, we had two production bases in production, namely the Guangzhou base and the Huangshi base.

The following table sets out further details of our production facilities in production as of December 31, 2024:

Facility	Location	Major Products/ Capabilities	GFA	Commencement of production
Guangzhou base	Guangzhou, Guangdong, China	Computing application PCBs Industrial applications PCBs	Approximately 66,640 sq. m.	February 2013
	Dongguan, Guangdong, China	Ancillary productions for Guangzhou base	Approximately 68,950 sq. m.	March 2024
Huangshi base	Huangshi, Hubei, China	Industrial applications PCBs Consumer application PCBs	Approximately 167,400 sq. m.	July 2021

The table below sets forth our designed production capacity, actual production volume and utilization rate for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Guangzhou base			
– Designed production capacity (ten thousand sq. m.)[(1)]	95.4	91.7	100.3
– Actual production volume (ten thousand sq. m.)	86.1	76.8	92.3
– Utilization rate (%)[(2)]	90.2	83.7	92.1
Huangshi base			
– Designed production capacity (ten thousand sq. m.)	56.0	83.4	87.3
– Actual production volume (ten thousand sq. m.)	30.9	49.1	56.4
– Utilization rate (%)	55.1	58.9	64.7

Notes:

(1) Designed production capacity of the year is calculated based on the following assumptions: (i) 300 operational days per year and (ii) 24 operating hours per day. The calculation of production capacity excludes (i) production lines which were suspended for maintenance/technical upgrades and (ii) newly launched production lines which were undergoing a test period.

(2) Utilization rate is calculated by dividing actual production volume by the designed production capacity.

(3) The utilization rate of our Guangzhou base decreased from 90.2% in 2022 to 83.7% in 2023, primarily due to certain sales orders for the Guangzhou base being allocated to our Huangshi base for production in 2023.

For further details of our production bases and production capacity, actual output and utilization rate, please see "Business — Production."

CUSTOMERS AND SUPPLIERS

In 2022, 2023 and 2024, revenue generated from our five largest customers amounted to RMB1,533.6 million, RMB1,756.7 million and RMB2,291.9 million, respectively, accounting for 63.6%, 65.6% and 61.4% of our total revenue in the same periods, respectively. Revenue from our largest customer in 2022, 2023 and 2024 accounted for 26.5%, 26.6% and 24.6% of our total revenue in the same periods, respectively. See "Business — Our Customers" for further details.

Our suppliers primarily consisted of raw material suppliers. In 2022, 2023 and 2024, the total purchase amount from our five largest suppliers amounted to RMB668.3 million, RMB766.0 million and RMB1,222.3 million, respectively, accounting for 53.7%, 58.2% and 63.1% of our total purchase amount in the same periods, respectively. Purchases from our largest supplier in 2022, 2023 and 2024 accounted for 29.0%, 25.6% and 22.1% of our total purchase amount in the same periods, respectively. See "Business — Our Suppliers — Our Major Suppliers" for further details.

COMPETITIVE LANDSCAPE

We operate in a competitive and technology-intensive industry, where global customers demand more advanced, higher-reliability, and application-specific PCBs. We compete with global PCB manufacturers, especially high-layer-count PCBs and high-level HDI PCBs for computing application. According to Frost & Sullivan, Chinese computing application PCB manufacturers have established a strong foothold in the global market. As PCB manufacturers from Mainland China gain increasing recognition from global customers, their global market share is expected to grow steadily. At the same time, technological advancement remains a critical driver of competitiveness. Innovations in materials technology and breakthroughs in high precision, high efficiency manufacturing processes are accelerating industry upgrades and pushing manufacturers to deliver ever more complex, high performance products. See "Industry Overview" for further details.

RISK FACTORS

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 conducting business in the jurisdictions we operate and (iii) risks relating to the **[REDACTED]**. These risks include, among others, the following:

- Our products are widely used by customers of various industries and sectors. Supply-demand dynamics and other macro-economic factors that affect these industries and sectors where our products are used may in turn impact our business, financial condition and results of operations.

- If we are unable to appropriately address the technological development and advancement in the industries and sectors where our products are used, our business, financial condition and results of operations could be materially and adversely affected.

- We face intense competition in the industries we operate.

- Fluctuations in prices and changes in the quality of raw materials could materially and adversely affect our profitability and results of operations.

- We have been and intend to continue investing significantly in R&D activities, and the development cycles of our products can be long, which may impact our profitability and operating cash flow and may not generate the results we expect to achieve.

- Our success relies on the continued services and contributions from key management and other highly qualified personnel with specialized skills, including senior R&D personnel and skilled engineers.

- We may be subject to the risks associated with international trade restrictions, including sanctions and export controls, and our reputation, business, results of operations and financial condition could be adversely affected.

- Our business, financial condition and results of operations could be materially and adversely affected by tariff increases or other changes in import and export duties.

- Our historical results may not be indicative of business, financial condition and results of operations, and we may not be able to manage future growth plan effectively.

- Our business, financial condition and results of operations may be subject to adverse effect from the risk of customer concentration.

SUMMARY OF HISTORICAL AND FINANCIAL INFORMATION

The summary of consolidated financial information should be read together with the consolidated financial information to the Accountants' Report set out in Appendix I to this document, including the accompanying notes and the information set out in "Financial Information" in this document.

Summary of Consolidated Statements of Profit or Loss

The following table sets out key items of our consolidated statements of profit or loss for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
REVENUE	**2,412,387**	**100.0**	**2,678,270**	**100.0**	**3,734,285**	**100.0**
Cost of sales	(1,783,719)	(73.9)	(1,786,428)	(66.7)	(2,487,825)	(66.6)
Gross profit	**628,668**	**26.1**	**891,842**	**33.3**	**1,246,460**	**33.4**
Other income and gains	84,710	3.5	32,595	1.2	91,212	2.4
Selling and marketing expenses	(69,018)	(2.9)	(85,287)	(3.2)	(106,620)	(2.9)
Administrative expenses	(104,522)	(4.3)	(118,538)	(4.4)	(157,491)	(4.2)
Research and development costs	(115,095)	(4.8)	(120,589)	(4.5)	(179,197)	(4.8)
Other expenses	(102,432)	(4.2)	(89,213)	(3.3)	(116,016)	(3.1)
Finance costs	(11,666)	(0.5)	(13,927)	(0.5)	(15,867)	(0.4)
PROFIT BEFORE TAX	**310,645**	**12.9**	**496,883**	**18.6**	**762,481**	**20.4**
Income tax expense	(30,994)	(1.3)	(82,197)	(3.1)	(86,381)	(2.3)
PROFIT FOR THE YEAR	279,651	11.6	414,686	15.5	676,100	18.1
OTHER COMPREHENSIVE INCOME	–	–	–	–	4,162	0.1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**279,651**	**11.6**	**414,686**	**15.5**	**680,262**	**18.2**

Non-IFRS Measures

To supplement our consolidated financial statements that are presented in accordance with IFRS Accounting Standards, we also use EBITDA (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS Accounting Standards.

We define EBITDA (non-IFRS measure) as profit for the year adjusted by adding back (i) finance costs, (ii) income tax expenses and (iii) depreciation and amortization. We believe that this non-IFRS measure facilitates comparisons of operating performance from period to period by eliminating potential impacts of certain non-operating items.

We believe that this non-IFRS measure provides useful information to **[REDACTED]** and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following table sets forth a reconciliation of our EBITDA (non-IFRS measure) to profit for the year in respect of the years indicated:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	**279,651**	**414,686**	**676,100**
Adjustments:			
Income tax expense	30,994	82,197	86,381
Finance costs	11,666	13,927	15,867
Depreciation and amortization	144,703	168,584	176,833
EBITDA (non-IFRS measure)	**467,014**	**679,394**	**955,181**

Revenue

The following table sets forth a breakdown of our revenue by application of PCBs, in absolute amounts and as percentages of our total revenue, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
PCBs						
Computing application PCBs	1,635,289	67.8	1,858,189	69.4	2,705,557	72.5
Industrial application PCBs	290,697	12.1	260,785	9.7	280,768	7.5
Consumer application PCBs	345,800	14.3	418,162	15.6	493,055	13.2
Subtotal	**2,271,786**	**94.2**	**2,537,136**	**94.7**	**3,479,380**	**93.2**
Other Products[(1)]	**140,601**	**5.8**	**141,134**	**5.3**	**254,905**	**6.8**
Total	**2,412,387**	**100.0**	**2,678,270**	**100.0**	**3,734,285**	**100.0**

Note:

(1) Other products primarily include recyclable materials such as etching liquids, lamination frames and other production residues.

The table below sets out a breakdown of our revenue by product category, in absolute amounts and as percentages of our total revenue, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
PCBs						
Multilayer PCBs						
Six and below layers	553,877	23.0	599,595	22.4	638,373	17.1
Eight to 16 layers	1,458,483	60.4	1,589,579	59.3	2,107,255	56.4
18 and above layers	64,896	2.7	172,208	6.4	391,033	10.5
Subtotal	**2,077,256**	**86.1**	**2,361,382**	**88.1**	**3,136,661**	**84.0**
HDI PCBs	**194,530**	**8.1**	**175,754**	**6.6**	**342,719**	**9.2**
Subtotal	**2,271,786**	**94.2**	**2,537,136**	**94.7**	**3,479,380**	**93.2**
Other Products(1)	**140,601**	**5.8**	**141,134**	**5.3**	**254,905**	**6.8**
Total	**2,412,387**	**100.0**	**2,678,270**	**100.0**	**3,734,285**	**100.0**

Note:

(1) Other products primarily include recyclable materials such as etching liquids, lamination frames and other production residues.

The table below sets forth our revenue generated from sales of PCBs by region, based on the delivery destination of our products, in absolute amounts and as percentages of our total revenue, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Sales of PCBs						
Offshore						
Bonded zones	1,130,904	49.8	1,196,070	47.1	1,618,683	46.5
Hong Kong(1)	412,309	18.1	387,052	15.3	531,453	15.3
Taiwan	315,126	13.9	461,668	18.2	524,667	15.1
Others(2)	19,757	0.9	14,887	0.6	7,950	0.2
Subtotal	**1,878,096**	**82.7**	**2,059,677**	**81.2**	**2,682,753**	**77.1**
Mainland China (excluding bonded zones)	**393,690**	**17.3**	**477,459**	**18.8**	**796,627**	**22.9**
Total	**2,271,786**	**100.0**	**2,537,136**	**100.0**	**3,479,380**	**100.0**

Notes:

(1) A portion of our products delivered to Hong Kong were subsequently transferred to customers' manufacturing facilities located in Mainland China, while the others were subsequently transferred to customers' facilities located in other countries such as Thailand, Malaysia, Singapore, Japan and other locations for further assembly and processing.

(2) Others mainly primarily include Thailand and Mexico.

Gross Profit and Gross Profit Margin

The table below sets forth a breakdown of our gross profit and gross profit margin by application of PCBs for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000 Gross Profit	*(%) Gross Margin*	*RMB'000 Gross Profit*	*(%) Gross Margin*	*RMB'000 Gross Profit*	*(%) Gross Margin*
PCBs						
Computing application PCBs	471,272	28.8	705,745	38.0	1,000,985	37.0
Industrial application PCBs	15,185	5.2	22,439	8.6	(2,947)	(1.0)
Consumer application PCBs	18,739	5.4	35,518	8.5	8,079	1.6
Subtotal	**505,196**	**22.2**	**763,702**	**30.1**	**1,006,117**	**28.9**
Other Products [(1)]	**123,472**	**87.8**	**128,140**	**90.8**	**240,343**	**94.3**
Total	**628,668**	**26.1**	**891,842**	**33.3**	**1,246,460**	**33.4**

Note:

(1) Other products primarily include recyclable materials such as etching liquids, lamination frames and other production residues.

The table below sets forth a breakdown of our gross profit and gross profit margin by product category for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000 Gross Profit	*(%) Gross Margin*	*RMB'000 Gross Profit*	*(%) Gross Margin*	*RMB'000 Gross Profit*	*(%) Gross Margin*
PCBs						
Multilayer PCBs						
Six and below layers	73,983	13.4	83,956	14.0	76,700	12.0
Eight to 16 layers	345,487	23.7	533,067	33.5	633,520	30.1
18 and above layers	25,991	40.1	89,479	52.0	170,590	43.6
Subtotal	**445,461**	**21.4**	**706,502**	**29.9**	**880,810**	**28.1**
HDI PCBs	**59,735**	**30.7**	**57,200**	**32.5**	**125,307**	**36.6**
Subtotal	**505,196**	**22.2**	**763,702**	**30.1**	**1,006,117**	**28.9**
Other Products[(1)]	**123,472**	**87.8**	**128,140**	**90.8**	**240,343**	**94.3**
Total	**628,668**	**26.1**	**891,842**	**33.3**	**1,246,460**	**33.4**

Note:

(1) Other products primarily include recyclable materials such as etching liquids, lamination frames and other production residues.

Summary of Consolidated Statements of Financial Position

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	1,847,887	2,009,731	2,837,078
Total current assets	1,396,969	1,802,701	2,848,678
Total assets	**3,244,856**	**3,812,432**	**5,685,756**
Total non-current liabilities	335,547	426,917	428,988
Total current liabilities	1,500,235	1,555,201	2,182,922
Total liabilities	**1,835,782**	**1,982,118**	**2,611,910**
Net current (liabilities)/assets	(103,266)	247,500	665,756
Net assets	**1,409,074**	**1,830,314**	**3,073,846**
Share capital	380,000	380,000	425,265
Treasury shares	–	–	(52,985)
Reserves	1,029,074	1,450,314	2,701,566
Total equity	**1,409,074**	**1,830,314**	**3,073,846**

Our net current assets increased from RMB247.5 million as of December 31, 2023 to RMB665.8 million as of December 31, 2024, primarily due to the increase in trade and bills receivables of RMB406.3 million and the increase in cash and cash equivalents of RMB285.9 million, partially offset by the increase in trade and bills payables of RMB424.9 million.

We recorded net current liabilities of RMB103.3 million as of December 31, 2022 and reversed to record net current assets of RMB247.5 million as of December 31, 2023, primarily due to the increase in trade and bills receivables of RMB181.9 million and the increase in cash and cash equivalent of RMB149.2 million, partially offset by increase in trade and bills payables of RMB92.4 million.

As of December 31, 2022, we had total equity of RMB1,409.1 million. Our total equity increased to RMB1,830.3 million as of December 31, 2023, primarily due to profit for the year of RMB414.7 million. Our total equity increased to RMB3,073.8 million as of December 31, 2024, primarily attributable to profit for the year of RMB676.1 million and issue of shares of RMB653.5 million, partially offset by the dividends declared of RMB105.6 million. See the Consolidated Statements of Changes in Equity to the Accountants' Report in Appendix I to this document for more details.

Summary of Consolidated Statements of Cash Flows

The following table sets forth selected information from our cash flows for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows generated from operating activities	430,866	527,513	796,285
Net cash flows used in investing activities	(455,536)	(424,864)	(1,123,735)
Net cash flows generated from financing activities	106,011	43,132	609,070
Net increase in cash and cash equivalents	**81,341**	**145,781**	**281,620**
Cash and cash equivalents at the beginning of the year	106,937	200,047	349,203
Effect of foreign exchange rate changes, net	11,769	3,375	4,248
Cash and cash equivalents at the end of the year	**200,047**	**349,203**	**635,071**

RECENT DEVELOPMENT

Our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial or trading position, indebtedness, mortgages, contingent liabilities, guarantees or prospects since December 31, 2024, the end of the year reported on the Accountants' Report in Appendix I to this document.

Recent U.S.-China Tension on Tariffs

In early 2025, the U.S. government initiated a series of escalating tariffs and trade policies primarily targeting China, leading to retaliatory measures from China.

Set forth below are the changes in policies, including tariff type and the date of implementation, issued by the U.S. in relation to imports from China:

- ***The International Emergency Economic Powers Act ("IEEPA") tariffs***

  o On February 1, 2025, the U.S. government imposed a 10% tariff on all imports from China, effective February 4, 2025; and

  o On March 3, 2025, the U.S. government imposed an additional 10% tariff on all imports from China, increasing the rate to 20% in total, effective March 4, 2025.

- ***Reciprocal tariffs***

  o On April 2, 2025, the U.S. government imposed reciprocal tariffs on imports from China with a baseline at 34%, effective April 5, 2025 (the "**April 5 Reciprocal Tariff**"). The U.S. government eliminated the de minimis exemption for low-value imports from Mainland China and Hong Kong imposed a 30% on these imports. From April 2 to April 9, 2025, the U.S. tariff on low-value imports from Mainland China and Hong Kong increased from 30% to 120%;

  o On April 8, 2025, the U.S. government increased reciprocal tariffs on imports from Mainland China and Hong Kong from 34% to 84%, effective on April 9, 2025 (the "**April 9 Reciprocal Tariff**");

  o On April 9, the U.S. government increased reciprocal tariffs on imports from Mainland China and Hong Kong from 84% to 125%, effective on April 10, 2025 (the "**April 10 Reciprocal Tariff**"); and

  o On May 12, the U.S. and China agreed to a 90-day reduction in tariffs. The U.S. reduced its reciprocal tariffs on imports from Mainland China and Hong Kong from 125% to 10%, effective May 14, 2025 ("**May 14 Reciprocal Tariff**", with April 5 Reciprocal Tariff, April 9 Reciprocal Tariff and April 10 Reciprocal Tariff, collectively, the "**Reciprocal Tariffs**"). The U.S. government also reduced its "de minimis" tariff rate on low-value imports from Mainland China and Hong Kong from 120% to 54%, while maintaining the flat processing fee.

Set forth below are the changes in policies, including tariff type and the date of implementation, issued by China in relation to imports from U.S.:

- On February 4, 2025, in response to the U.S. tariffs, China introduced a 15% or 10% tariff on the imports of selected goods of U.S. origin, effective February 10, 2025;

- On April 4, 2025, in response to U.S. reciprocal tariff, China imposed a 34% tariff on imported goods of U.S. origin, effective April 10, 2025. On April 9, 2025, China further increased the tariff on imported goods of U.S. origin from 34% to 84%, effective April 10, 2025;

- On April 11, 2025, China increased the tariff on imported goods of U.S. origin from 84% to 125%, effective April 12, 2025; and

- On May 13, 2025, China lowered its retaliatory tariffs from 125% to 10%, effective May 14, 2025.

These tariffs as well as their scope of application remain subject to further negotiations and adjustments, and there may also be substantial uncertainty in relation to the interpretation, implementation and administration of the tariffs. Existing bilateral or multilateral trade agreements between the U.S. and other countries may also affect the scope of application of the U.S. Reciprocal Tariffs. In each case, such tariff policies could have a material adverse effect on the economies of our key markets, resulting in lower growth and purchasing power. See "Risk Factors — Risks Relating to Our Business and Industry — Our business, financial condition and results of operations could be materially and adversely affected by tariff increases or other changes in import and export duties" for further details.

We do not expect the recently U.S.-China tension on tariffs would have a material adverse effect on our business and financial conditions for the following reasons:

- ***Limited revenue derived from U.S.***. Our revenue derived from the U.S. is very limited and accounted for only a small portion of our total revenue during the Track Record Period; In 2022, 2023 and 2024, revenues generated from products delivered to the United States accounts for approximately 1.2%, 0.3% and 0.1% of the our total revenues in same years, respectively.

- ***Limited procurement of U. S.-origin raw materials***. Raw materials of U.S. origin we import represent an insignificant amount of all raw materials we purchase. During the Track Record Period, we procured from our suppliers a minimal amount of U.S.-origin prepregs and CCLs. In 2022, 2023 and 2024, the procurement amount of U.S.-origin prepregs and CCLs accounted for less than 0.01% of our total procurement amounts in the respective years. In addition, we do not have products sold from the U.S. to China.

KEY FINANCIAL RATIOS

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

	As of or for the year ended December 31,		
	2022	2023	2024
Current ratio(1)	0.9 times	1.2 times	1.3 times
Quick ratio(2)	0.7 times	0.9 times	1.1 times
Liability-to-asset ratio(3)	56.6%	52.0%	45.9%
Trade receivables turnover days(4)	103 days	102 days	102 days
Inventories turnover days(5)	93 days	89 days	72 days
Interest coverage ratio(6)	40.0 times	48.8 times	60.2 times
Net margin(7)	11.6%	15.5%	18.1%

Notes:

(1) Current ratio was calculated by dividing current assets by current liabilities as of the dates indicated.

(2) Quick ratio was calculated by dividing the difference of current assets and inventories by total current liabilities as of the dates indicated.

(3) Liability-to-asset ratio was calculated by dividing total liabilities by total assets.

(4) Trade receivables turnover days were calculated based on the average of opening and closing balance of trade receivables (before impairment) for the relevant year, divided by the revenue for the same year and multiplied by 360 days for the year.

(5) Inventories turnover days were calculated based on the average of the beginning and ending balances of inventories (before impairment) of a given year divided by the cost of sales for that corresponding year and multiplied by 360 days for the year.

(6) Interest coverage ratio was calculated by dividing EBITDA by interest expenses for the years indicated.

(7) Net margin was calculated by dividing profit for the year by revenue for the years indicated.

USE OF [REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the **[REDACTED]** stated in this document), we estimate that we will receive net **[REDACTED]** of approximately HK$**[REDACTED]** (equivalent to approximately RMB**[REDACTED]**) from the **[REDACTED]** after deducting the **[REDACTED]** and other estimated expenses paid and payable by us in connection with the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised. In line with our strategies, we intend to use our **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts set forth below:

- Approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]** (equivalent to approximately RMB**[REDACTED]**), is expected to be used for our Thai Base Phase II, which is in line with one of our strategies detailed in "Business — Our Strategies — Market Strategy: Expanding and Deepening our Global Presence." These **[REDACTED]** are expected to be used to expand our production capabilities by acquiring and installing advanced production equipment and optimize manufacturing processes and product quality for Thai Base that focuses on computing application PCBs.

- Approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]** (equivalent to approximately RMB**[REDACTED]**), is expected to be used to expand and upgrade our production facilities in Guangzhou base. We plan to continue to invest in building flexible and energy-efficient manufacturing facilities, featuring refined operational management, standardized production processes, advanced automation equipment and integrated digital systems for real-time quality control and production optimization.

- Approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]** (equivalent to approximately RMB**[REDACTED]**), is expected to be used for enhancing our R&D capabilities in developing material technologies, refining manufacturing processes and product development.

- Approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]** (equivalent to approximately RMB**[REDACTED]**), is expected to be used to pursue strategic partnerships, investments or acquisitions which are complementary to our business and in line with our strategies.

- Approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]** (equivalent to approximately RMB**[REDACTED]**), is expected to be used for working capital and general corporate uses.

See "Future Plans and Use of **[REDACTED]**" for more details.

DIVIDENDS AND DIVIDEND POLICY

Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, as appropriate. We paid a dividend of RMB105.6 million in 2024.

According to including the PRC Company Law (《中華人民共和國公司法) and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號—上市公司現金分紅(2025年修訂)》), and the Articles of Association, we are required to pay cumulative cash dividends of the most recent three fiscal years that account for not less than 30% of our average annual distributable profits for those three fiscal years which are available for distribution, calculated in accordance with PRC GAAP, provided that the sustainable operation and long term development of the Company will not be impacted and there is no plan for significant capital expenditure. Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders' interests and any other conditions that our Board may deem relevant.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE

Since April 2024, our A Shares have been listed on the Shenzhen Stock Exchange. Our Directors confirm that, since our A Share Listing and up to the Latest Practicable Date, there had been no instance of any material non-compliance with the applicable rules of the Shenzhen Stock Exchange and other applicable PRC securities laws and regulations. To the best knowledge of our Directors, there are no material matters in relation to our compliance record on the Shenzhen Stock Exchange that should be brought to the attention of the Stock Exchange or potential **[REDACTED]** of the **[REDACTED]**. Our PRC Legal Advisor is of the view that, since our A Share Listing and up to the Latest Practicable Date, there had been no instance of any material non-compliance with the applicable rules of the Shenzhen Stock Exchange and other applicable PRC securities laws and regulations.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company was held as to (i) approximately 40.25% by Zhenyun Investment, which was owned as to 99.90% by Mr. Xiao and 0.10% by Ms. Liu, the spouse of Mr. Xiao; (ii) approximately 6.78% by Guangsheng Investment, which was controlled by Mr. Xiao by virtue of his position as the sole general partner thereof; and (iii) approximately 6.78% by Guangcai Investment, which was controlled by Mr. Xiao by virtue of his position as the sole general partner thereof, respectively. Accordingly, Mr. Xiao and Ms. Liu, through Zhenyun Investment, Guangsheng Investment and Guangcai Investment, collectively controlled approximately 53.81% of the total issued capital of our Company as of the Latest Practicable Date.

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**), Mr. Xiao and Ms. Liu, through Zhenyun Investment, Guangsheng Investment and Guangcai Investment, will collectively control approximately **[REDACTED]**% of the total issued capital of our Company. Accordingly, Mr. Xiao, Ms. Liu, Zhenyun Investment, Guangsheng Investment and Guangcai Investment will together constitute a group of our Controlling Shareholders for the purpose of the Listing Rules upon **[REDACTED]**.

[REDACTED]

[REDACTED] represent professional fees, **[REDACTED]** and other fees (such as the discretionary incentive fee) incurred in connection with the **[REDACTED]**. We estimate that our **[REDACTED]** will be approximately RMB**[REDACTED]** (or HK$**[REDACTED]**, representing **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]**) (assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]**) and no exercise of the **[REDACTED]**), of which (i) approximately RMB**[REDACTED]**, directly attributable to the issue of our **[REDACTED]**, will be subsequently charged to equity upon completion of the **[REDACTED]**, and (ii) approximately RMB**[REDACTED]** is expected to be expensed in our combined statements of profit or loss.

[REDACTED] STATISTICS

	Based on the [REDACTED] of HK$[REDACTED] per H Share	**Based on the [REDACTED] of HK$[REDACTED] per H Share**
Market capitalization of our Shares immediately after completion of the **[REDACTED]**(1)	HK$**[REDACTED]**	HK$**[REDACTED]**
Market capitalization of our H Shares(1)	HK$**[REDACTED]**	HK$**[REDACTED]**
Unaudited **[REDACTED]** adjusted consolidated net tangible assets per Share	HK$**[REDACTED]**	HK$**[REDACTED]**

Notes:

(1) The calculation of the market capitalization is based on the assumption that 425,235,000 A Shares have been in issue as of the Latest Practicable Date and that **[REDACTED]** H Shares are expected to be in issue immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised). For the latest five trading days preceding the Latest Practicable Date, the average closing price of our A Shares was RMB[47.76] each and the market capitalization of our A Shares was approximately RMB[20,309.2] million (approximately HK$[22,167.5] million based on the exchange rate of RMB[0.91617]: HKD1.00).

In this document, unless the context otherwise requires, the following terms shall have the meanings set forth below. Certain other terms are explained in "Glossary."

"A Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which are traded in Renminbi and listed on the Shenzhen Stock Exchange
"A Shareholder(s)"	holder(s) of our A Share(s)
"Accountants' Report"	the accountants' report of our Company for the Track Record Period, as included in Appendix I to this document
"AFRC"	Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or "Articles"	the articles of association of our Company, conditionally adopted on May 16, 2025 with effect from the **[REDACTED]**, as amended, supplemented, or otherwise modified from time to time, a summary of which is set out in Appendix V to this document
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business

[REDACTED]

"China" or "Mainland China" or "the PRC"	the People's Republic of China, but for the purpose of this document and except where the context requires otherwise, references in this document to "China," "Mainland China" or the "PRC" do not apply to Hong Kong, Macao and Taiwan, China
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	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
"Company," "our Company," "we," "our" or "us"	Delton Technology (Guangzhou) Inc. (廣州廣合科技股份有限公司), a company established under the laws of the PRC on June 17, 2002 and converted into a joint stock company with limited liability on June 22, 2020, whose A Shares have been listed on the Shenzhen Stock Exchange (stock code: 001389)
"Controlling Shareholders Group" or "Controlling Shareholder(s)"	has the meaning given to it under the Listing Rules and, unless the context otherwise requires, refers to the person(s) named in "Relationship with Our Controlling Shareholders" in this document
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC securities markets and overseas securities activities of PRC entities
"Delton International"	DELTON TECHNOLOGY INTERNATIONAL LIMITED (廣合科技(國際)有限公司), a limited liability company incorporated under the laws of Hong Kong on January 3, 2019, and a wholly-owned subsidiary of our Company
"Delton Investment"	Delton Investment Holdings Limited, a limited liability company incorporated under the laws of the British Virgin Islands on April 4, 2023, and a wholly-owned subsidiary of our Company
"Director(s)"	the director(s) of our Company
"Dongguan Delton"	Delton Numerical Control Technology (Dongguan) Co., Ltd. (東莞廣合數控科技有限公司), a limited liability company established under the laws of the PRC on January 28, 2021, and a wholly-owned subsidiary of our Company
"EIT"	enterprise income tax

"EIT Law"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
"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
"F&S Report"	the industry report commissioned by us and independently prepared by Frost & Sullivan, a summary of which is set forth in "Industry Overview"

[REDACTED]

"Group," "our Group," "we," "our" or "us"	our Company and our subsidiaries (or our Company and any one or more of our subsidiaries, as the content may require), or where the context so requires, in respect of the periods before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guangcai Investment"	Shenzhen Guangcai Investment Partnership (Limited Partnership) (深圳廣財投資企業(有限合夥)), a limited partnership established under the laws of the PRC on November 16, 2016, and a member of our Controlling Shareholders Group

"Guangsheng Investment"	Shenzhen Guangsheng Investment Partnership (Limited Partnership) (深圳廣生投資企業(有限合夥)), a limited partnership established under the laws of the PRC on November 16, 2016, and a member of our Controlling Shareholders Group
"Guangxie Investment"	Shenzhen Guangxie Investment Partnership (Limited Partnership) (深圳廣諧投資企業(有限合夥)), a limited partnership established under the laws of the PRC on November 11, 2016
"Guide"	Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	overseas **[REDACTED]** foreign shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and **[REDACTED]**
"H Shareholder(s)"	holder(s) of our H Share(s)

[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, the lawful currency of Hong Kong

[REDACTED]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited

[REDACTED]

"Huangshi Delton"	Delton Precision Circuits (Huangshi) Inc. (黃石廣合精密電路有限公司), a limited liability company established under the laws of the PRC on September 9, 2019, and a wholly-owned subsidiary of our Company
"IFRS"	International Financial Reporting Standards, as issued by the International Accounting Standards Board

DEFINITIONS

"Independent Third Party(ies)"	person(s) or company(ies) who/which, to the best of our Directors' knowledge, information and belief, is/are not a connected person of our Company

[REDACTED]

"Joint Sponsors"	the Joint Sponsors as named in "Directors and Parties Involved in the **[REDACTED]**" in this document
"Latest Practicable Date"	June 3, 2025, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication

[REDACTED]

"Listing Committee"	the Listing Committee of the Stock Exchange

[REDACTED]

"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 exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Xiao"	Mr. Xiao Hongxing (肖紅星), an executive Director, the chairman of the Board, spouse of Ms. Liu and a member of our Controlling Shareholders Group
"Ms. Liu"	Ms. Liu Jinchan (劉錦嬋), a non-executive Director, spouse of Mr. Xiao and a member of our Controlling Shareholders Group
"Nomination Committee"	the nomination committee of the 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]

"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 PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"PRC Legal Advisor"	AllBright Law Offices, our legal advisor as to 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

[REDACTED]

"QIB"	a qualified institutional buyer within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act

"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of China
"Restricted A Shares"	the restricted A Shares issued or to be issued under the 2024 Restricted Share Incentive Plan
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"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, comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of our Share(s)
"Shengyi Electronics"	Dongguan Shengyi Electronics Co., Ltd. (東莞生益電子有限公司), currently known as Shengyi Electronics Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 688183)

[REDACTED]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Strategy and ESG Committee"	the strategy and ESG committee of the Board

"Takeovers Code"	the Codes on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Thailand Delton"	Delton Technology (Thailand) Co., Ltd., a limited liability company incorporated under the laws of Thailand on May 19, 2023, and a wholly-owned subsidiary of our Company
"Track Record Period"	the three 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" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	United States Securities Act of 1933 and the rules and regulations promulgated thereunder
"VAT"	value-added tax
"Zhenyun Investment"	Guangzhou Zhenyun Investment Co., Ltd. (廣州臻蘊投資有限公司), a limited liability company established under the laws of the PRC on December 5, 2016, and a member of our Controlling Shareholders Group
"2024 Restricted Share Incentive Plan"	the 2024 restricted share incentive plan of our Company as approved by our Shareholders on October 17, 2024, the principal terms of which are set out in "Statutory and General Information — Our Incentive Schemes" in Appendix VI to this document
"2024 Share Option Incentive Plan"	the 2024 share option incentive plan of our Company as approved by our Shareholders on October 17, 2024, the principal terms of which are set out in "Statutory and General Information — Our Incentive Schemes" in Appendix VI to this document
"%"	per cent

In this document, the terms "associate(s)," "close associate(s)," "connected person(s)," "connected transaction(s)," "core connected person(s)," "controlling shareholder(s)," "subsidiary(ies)" and "substantial shareholder(s)" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY

In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Company 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.

"active antenna unit"	a fundamental element in the radio access network of a 5G network
"AI servers"	AI servers refers to servers specifically built to handle the demands of artificial intelligence (AI) workloads
"AOI"	automated optical inspections, a system that uses digital optical equipment to automatically inspect the appearance of circuit patterns
"aspect ratio"	the ratio of the board thickness to the drill hole diameter for plated-through holes, or the ratio of the hole depth to the drill hole diameter for blind holes
"back drilling"	a drilling process that removes part of the copper layer from the hole wall on the plated-through hole surface
"BGA"	a surface-mount package with solder balls formed at the bottom lead terminals for interconnection
"blind via"	a type of plated-through hole extending only to one surface of PCBs
"BMS"	battery management system
"bonded zones"	closed-format comprehensive open areas in the PRC, the main functions of which are transit trade, export processing, warehousing and international transportation. Bonded zones are subject to special preferential policies. Enterprises within the bonded zones will, under the direct supervision of the customs department of the PRC government, be entitled to special preferential policies and must develop trading activities between enterprises within the bonded zones and overseas enterprises
"buried via"	a type of plated-through hole not extending to the surface of PCBs
"capacitor"	a component capable of storing electrical energy, consisting of two identical conductors separated by an insulating dielectric layer

"CCL"	copper-clad laminate, a laminated board with copper foil on one or both sides.
"conductive anodic filament (CAF)"	a filamentous conductive substance formed along the gaps between glass fibers and resin in the substrate of PCBs, which grows from the anode to the cathode through an electrochemical reaction
"conductor spacing"	the spacing between adjacent conductors on a printed circuit board as viewed directly from above; or the minimum distance between the edges of adjacent conductors on the same layer as observed in cross-section
"conductor width"	the width of a conductor on a printed circuit board as viewed directly from above
"connector"	a component that enables communication and connection between circuits that are otherwise blocked or isolated
"CPU"	central processing unit, the general-purpose processor that fetches, decodes and executes program instructions, orchestrating virtually all computational tasks in a computer system
"CTE"	coefficient of thermal expansion, the amount of dimensional change in an object per unit of temperature change under constant atmospheric pressure
"DDR"	double data rate, a type of computer memory technology commonly used in personal computers and servers
"dielectric constant (Dk)"	also known as relative permittivity, the ratio of the capacitance obtained by filling a dielectric between electrodes of a defined shape to the capacitance between the same electrodes when in vacuum or filled with air
"dielectric dissipation factor (Df)"	when a sinusoidal voltage is applied to a dielectric, the complement of the phase angle between the current phasor and the voltage phasor is called the loss angle. The tangent of the dielectric loss angle is referred to as the loss factor
"EFLOPS"	exa floating point operations per second, a measure of performance for a supercomputer that can calculate at least one quintillion floating point operations per second

"electroplating"	a process that uses electrolysis to deposit metal or alloy onto the surface of a workpiece, forming a uniform, dense, and well-adhered metal layer
"ERP"	enterprise application platform
"EMS"	electronic manufacturing service, an accepted term for a contract manufacturer in the electronics industry
"flatness"	a measure of the flatness of PCBs, typically evaluated by the degree of warpage
"Gbps" or "Gb/s"	giga bit per second, a unit of data transfer rate digital commonly used to measure data transfer speed
"GFA"	gross floor area
"GPU"	graphic processing unit, a microprocessor designed to handle graphics-related tasks
"HDI"	high-density interconnect
"impedance"	the opposition encountered by alternating current when passing through a conductor in an electrical network composed of resistance, capacitance, and inductance
"insertion loss"	the ratio of the output electromagnetic power to the incident wave power, typically expressed in decibels (dB)
"integrated circuit"	a device in which numerous transistors, along with components such as resistors and capacitors, are fabricated on a semiconductor chip, interconnected through multiple layers and packaged to form a functional unit
"JDM"	joint design manufacturing
"LDI"	laser direct imaging, an imaging method in which a laser beam is controlled by a computer to perform high speed scanning and direct exposure on a photosensitive film
"MES"	manufacturing execution system, a system that initiates, directs, responds to, and reports on real-time, on-line production activities to production managers, supporting the execution of manufacturing orders
"mil"	a unit of measurement equal to one-thousandth of an inch, commonly used to specify thickness and spacing in circuit design

"mother board"	a PCB assembly used for interconnecting and connecting electronic module arrays
"OTA"	over-the-air, the process of remotely updating software in a computer system through wireless communication
"PCB"	printed circuit board
"PCIe"	peripheral component interconnect express, a type of connection used for high speed data transfer between electronic component
"plated through hole"	a type of plated hole that provides electrical connection between layers of a printed circuit board by coating the hole walls with metal
"plating"	a process of depositing metal onto a metal surface using chemical or electrochemical methods
"POFV"	plated over filled via, a method that involves electroplating the surface of the filled plated-through hole, including both the fill material and the copper plating layer, after the conductive hole is filled
"prepreg"	also known as "PP sheet" or "resin sheet", it is the sheet or roll material made from fiber-reinforced material impregnated with thermosetting resin and cured to the B-stage (semi-cured)
"PTFE"	polytetrafluoroethylene, a polymeric material synthesized through polymerization of tetrafluoroethylene as the monomer
"remote ratio unit"	a remote radio transceiver that connects to an operator radio control panel via electrical or wireless interface
"resistor"	a component that appropriately impedes the flow of electric current in a circuit
"RF"	radio frequency, an electromagnetic frequency that can radiate into space, ranging from 300 kHz to 30 GHz, representing a high-frequency alternating electromagnetic wave
"roughness"	the degree of unevenness on the surface and edges of the circuit conductors on PCBs after etching

"small cell"	low-powered cellular radio access nodes that have a ranges of around 10 meters to a few kilometers
"signal integrity"	the quality of the signal along the transmission path
"stub"	an unnecessary branched conductor in a signal transmission line
"thermal management"	the management of heat or temperature in a system
"TPU"	a specialized hardware chip designed to accelerate the processing of machine learning workloads, particularly for tensor-based computations in neural networks
"UBB"	Universal baseboard
"vacuum etching"	a method in etching equipment that includes a device for vacuum extraction of excess etching solution from the board surface, aimed at eliminating the "pool effect" and improving the etching efficiency of the board surface
"VCP"	vertical continuous plating line, a plating production line where the workpieces to be plated are vertically placed in the electroplating tank and continuously move forward in parallel within the tank solution
"vehicle control unit"	one of the control units included in a vehicle, which plays a core role among these control units, performing centralized control over power devices, drivers, body units, etc.

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements and information relating to our Company and its subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "believe," "could," "estimate," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "target," "will," "would" and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. 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 and uncertainties facing our company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our business and operating strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment, operating conditions and general outlook in the industry and geographical markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our financial condition and performance;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

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

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

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

An **[REDACTED]** *in our* **[REDACTED]** *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* **[REDACTED]**. *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* **[REDACTED]** *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 "Forward-looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our products are widely used by customers of various industries and sectors. Supply-demand dynamics and other macro-economic factors that affect these industries and sectors where our products are used may in turn impact our business, financial condition and results of operations.

Our products are primarily offered to customers across various industries and sectors, including among others, server, industrial control, automotive electronics, communication, consumer electronics and security electronics. Therefore, factors that adversely affect these industries and sectors or our customers therein could also materially and adversely affect our business, financial condition, results of operations and prospects. These factors include, among others:

- a decline in demand for, or negative perception of, or publicity about, products of these industries and sectors;

- rising material and labor costs relating to the design and production of PCBs for products in these industries and sectors;

- the reduction or elimination of preferential tax treatments and economic incentives for manufacturers in these industries and sectors;

- regulatory restrictions, trade disputes, industry-specific quotas, tariffs, non-tariff barriers and taxes that may have the effect of limiting exports of these industries and sectors from China;

- a downturn in general economic conditions or major countries and regions that import products of these industries and sectors;
- increasing level of competition from PCB manufacturers in these industries and sectors in other countries and regions; and
- any financial difficulties, market share loss, or reputational harm to end customers that use our products.

Additionally, uncertainty, volatility, or adverse changes in the economy in general could lead to a significant decline in demand for the end products manufactured by our customers, which, in turn, could result in a decline in the demand for our products and increase pressure to reduce our prices. Any decrease in demand or price reduction for our products could have an adverse impact on our financial condition, operating results, and cash flows.

If we are unable to appropriately address the technological development and advancement in the industries and sectors where our products are used, our business, financial condition and results of operations could be materially and adversely affected.

The markets for our products are characterized by rapid technological advancements and continuous updates in terms of product designs and production processes, in particular evident in server and other relevant industries in which our products are extensively applied. Our ability to remain competitive will largely depend upon our ability to maintain and enhance our technological capabilities, continuously design and manufacture products that align with evolving customer needs, and proactively anticipate and adapt to the technological changes on a cost-effective and timely basis. We anticipate that maintaining our technological advancement may necessitate increased investment, driven by our customers' expectations for products that require more advanced or quicker turnaround times. If we are unable to secure additional sources or funds to rapidly adapt to technological developments as quickly as our competitors, or if we fail to promptly adopt and implement technological advancements, our production efficiency could decline, which may potentially reduce our product yields or quality, resulting in increased costs, and may lead to customers not adopting our product designs.

We also could encounter competition arising from new or improved production and design technologies that could render existing production and design technologies less competitive or obsolete. If we fail to effectively adapt to the technological requirements or if we cannot design and develop products that align market demands, substantial capital investments may be required for the development, acquisition, and implementation of those designs, technologies, and equipment, which could adversely affect our financial performance.

Additionally, emerging technology trends, such as AI, are driving ongoing innovation and evolution in the industries that utilize our PCB products, particularly in advanced applications such as AI servers. The increased complexities and sophistication of AI-related products used by our customers may require us to continuously enhance our PCB designs, manufacturing process and quality standards. Additionally, the regulatory landscape concerning AI application is also rapidly evolving. In China, various current and proposed regulatory frameworks govern the use of AI in products and services, and the legal and regulatory environment may continue to evolve, which may affect the specifications and compliance standards demanded by our customers, which in turn, may impact our design and production of relevant products. Failure to adapt to such changes may have a material adverse effect on our financial condition and results of operations.

We face intense competition in the industries we operate.

The industries in which we operate are highly competitive. We primarily compete with other companies that focus on developing and commercializing PCBs. If we compete with players that have a longer operating history than we do, or if we do not have or in the future gain more financial resources and sophisticated technological capabilities and broader customer base and relationships than our competitors, we may not be able to respond as quickly and effectively to new opportunities, technologies, industry standards, customer demand or regulatory requirements as our competitors.

We may also face competition from new entrants who may offer competitive products at lower prices in the future. Such new entrants may increase industry competition and adversely impact the sales, price, and profit margins of our products and our market share. Further, we may be required to make substantial additional investments in research, development, marketing and sales, recruiting and retaining talents, and acquiring technologies complementary to, or necessary for, our current and future products in order to respond to such potential competitions, and we cannot assure you that such measures will be effective.

If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, results of operations and financial condition may be materially and adversely affected.

Fluctuations in prices and changes in the quality of raw materials could materially and adversely affect our profitability and results of operations.

Our success depends in part on our ability to manage the supply chain to manufacture and deliver the products in a timely manner and with quality. We source the raw materials for our products from third-party suppliers. In 2022, 2023 and 2024, our raw material costs was RMB1,129.3 million, RMB1,110.9 million and RMB1,627.5 million, respectively, representing 63.3%, 62.2% and 65.4% of our total cost of sales during the same years. See "Financial Information — Review of Historical Results of Operations — Cost of Sales" for more details. As a result, our production volume and 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, governmental regulations and policies, geopolitical tensions or health epidemics.Any future shortage in supplies may lead to increases in the prices of alternatives and may cause suppliers to allocate available raw materials more selectively among their customers across these industries. We might fail to secure an adequate supply of such raw materials under favorable business conditions, if at all, which could prevent us from meeting our customer demand. Moreover, such shortage could lead to increases in raw material costs and negatively impact our future profitability.

We have adopted various policies and measures to manage the price fluctuations of raw materials. See "Business — Our Supply Chain — Raw Materials" for more details. However, we may be unable to obtain raw materials in the quantities of a quality or at a price that we require, which may disrupt our supply chain, increase our production costs and delay deliveries of our products and to customers. If any of above circumstances occur, our business, financial condition and results of operations could be materially and adversely affected.

We have been and intend to continue investing significantly in R&D activities, and the development cycles of our products can be long, which may impact our profitability and operating cash flow and may not generate the results we expect to achieve.

We invest in R&D activities to develop and introduce new and enhanced products. In 2022, 2023 and 2024, our R&D expenses amounted to RMB115.1 million, RMB120.6 million and RMB179.2 million, respectively, accounting for 4.8%, 4.5% and 4.8% of our total revenue for the respective years. The industries in which we operate are subject to rapid technological innovations. To expand our product portfolio and to remain competitive, we need to continue investing significant resources in R&D activities. As a result, we may continue to incur significant R&D expenses in the future.

To meet increasingly sophisticated customer needs and maintain our competitiveness, we have to improve our process technologies and enhance our technical capabilities. Any delay or shortfall in doing so may limit our ability to participate in more demanding customer projects, thereby adversely affecting our business development, profitability and market position.

In addition, R&D activities are inherently resource-intensive and time-consuming. We may not always be able to obtain sufficient resources, including qualified R&D personnel and advanced equipment, to support our development efforts. Furthermore, market demand, macroeconomic conditions and the pace of technological advancement, which are beyond our control, may affect the commercial performance of newly developed products. Therefore, even if our R&D efforts are technically successful, they may not generate the anticipated economic returns within the expected timeframe or at all, which could materially and adversely affect our business, results of operations, financial condition and competitive position.

Our success relies on the continued services and contributions from key management and other highly qualified personnel with specialized skills, including senior R&D personnel and skilled engineers.

Our success is significantly dependent upon the continued service of our management and qualified personnel with specialized skills. Our ability to compete effectively depends on our ability to retain and motivate existing employees and attract new employees. We may need to offer competitive compensation and other benefits to attract and retain key personnel and our compensation and benefits payments may increase unexpectedly or at a greater rate than expected. If we lose the services of any member of management or qualified personnel, we may not be able to locate suitable or qualified replacements in a timely manner at reasonable cost, or at all. Our failure to attract and retain key management or qualified personnel and any increase in employee compensation to retain such personnel could have a negative impact on our ability to maintain our competitive position and grow our business and may have a material adverse effect on our business, financial condition and results of operations. Our key management are subject to confidentiality agreements. However, we cannot guarantee that such terms or arrangements can be fully and legally enforced. If any of our management or other key personnel joins or establishes a competing business, we may lose some of our customers, which may have a material adverse effect on our business, financial condition and results of operations.

We may be subject to the risks associated with international trade restrictions, including sanctions and export controls, and our reputation, business, results of operations and financial condition could be adversely affected.

Our operations are subject to deterioration in the political and economic relations among countries and sanctions and export controls administered by government authorities and other geopolitical challenges. Margins on the sales of products that include components obtained from certain suppliers from other countries and regions could be materially and adversely affected by international trade regulations, including custom duties, tariffs and antidumping penalties. In particular, the U.S. government imposed economic and trade sanctions directly or indirectly affecting China-based technology companies. It is possible that the extent and scope of such sanctions may escalate. There is no assurance as to how the U.S.-China trade tensions might develop or whether there will be any changes to the scope and extent of goods that are or will be subject to such export controls, sanctions, tariffs, or new trade policies introduced by the two countries. We cannot predict the implications of the ongoing U.S.-China trade tensions and the resulting impact on our industry and the global economy.

In recent years, the United States has increased export controls restrictions on China through the Export Administration Regulations (the "**EAR**"), administered by the Bureau of Industry and Security of the U.S. Department of Commerce ("**BIS**"), which includes a list of foreign persons on which certain trade restrictions are imposed (the "**Entity List**"). The export, re-export and/or transfer (in-country) of items subject to the EAR to a listed foreign person is generally prohibited unless the specified license requirements are met. These restrictions or regulations, and similar or more expansive restrictions or regulations that may be imposed by the U.S. or other jurisdictions in the future, may materially and adversely affect our ability to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, product offerings and business operations. Any uncertainties and changes in these current or future restrictions or regulations may have a negative impact on our reputation and business. If certain of our customers and suppliers are listed on the Entity List and subject to restrictions from sourcing or selling technologies, software, or components from or to us, we may not be able to obtain, extend or maintain the requisite regulatory permits in relation to our transactions with these customers and suppliers.

During the Track Record Period, our products are offered to our downstream customers and end customers in China and overseas. However, we cannot assure you that our downstream customers and end customers will not engage in the export of their goods incorporating our products to the U.S. or other countries and regions, and that such export will not be subject to the trade restrictions or sanctions introduced by the U.S. or other states and political entities. Furthermore, if we export our products to other countries and regions which are or become subject to sanctions or export controls, our business, financial condition and results of operations may be materially and adversely affected.

Any trade restrictions imposed by the U.S. on our products may increase our U.S. customers' purchase costs of our products and hence lower our competitiveness. Further, we have no control over the countries to which the downstream customers will sell and/or export their end products. If the export sales of the downstream customers' end products are restricted, prohibited or made subject to any trade conditions under any international policies or international export controls or economic sanctions imposed by any jurisdictions, the downstream customers' demand in our products may drop significantly and, as a result, our business, financial condition and results of operations may be materially and adversely affected.

Our business, financial condition and results of operations could be materially and adversely affected by tariff increases or other changes in import and export duties.

In recent years, the United States has imposed a series of tariff increases on imports from China. In 2025, the U.S. government announced a new round of tariff adjustments, including a baseline 10% tariff on all Chinese imports from February 2025, followed by further increases in March and April 2025. As of April 11, 2025, the tariff rate had reached 145%. In response, China imposed additional retaliatory tariffs on U.S. goods, with rates of up to 125%. On May 12, 2025, China and the U.S. released a joint statement committing to reduce reciprocal tariff rates to 10% for a 90-day period, and to set the U.S. baseline tariff on Chinese goods at 30% thereafter. As of the Latest Practicable Date, it remained uncertain how the Sino-U.S. and global trade tensions would evolve.

Although we primarily sell our products to customers in China and certain overseas markets, we cannot assure you that such customers or other downstream participants will not be affected by elevated tariff levels or changes in trade policies in their respective end markets. Given that our products are generally used as intermediate components, the impact of tariffs is more likely to be transmitted through supply chain adjustments, changes in procurement strategies or shifts in end-market demand. As a result, fluctuations in global tariff regimes may still indirectly affect our sales volumes, pricing strategies or customer relationships. Accordingly, our business, financial condition and results of operations may be materially and adversely affected.

Our historical results may not be indicative of business, financial condition and results of operations, and we may not be able to manage future growth plan effectively.

In 2022, 2023, and 2024, our revenue was RMB2,412.4 million, RMB2,678.3 million, and RMB3,734.3 million, respectively. There can be no assurance that we will be able to maintain our historical growth rates in future periods. We may encounter risks and difficulties frequently experienced by rapidly growing companies in constantly evolving industries, and any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable industry. Our business, results of operations, and financial condition depend in part on our ability to effectively manage our growth or implement our growth strategies. See "Business — Our Strategies" for more details.

We intend to grow by expanding our business, increasing market penetration of our existing products, and developing new ones. The management of our growth may place significant demands on our managerial, administrative, operational, financial, and other resources. Moreover, our growth depends on the ability to maintain stable production capacity and offer reliable products to our customers. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenue enough to offset our increased operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described herein, and unforeseen expenses, difficulties, complications, delays, and other unknown events. If we are unable to achieve and sustain profitability, our business may be harmed. If we fail to achieve the necessary level of efficiency as we grow, our growth rate may decline, **[REDACTED]** perceptions of our business and prospects may be adversely affected, and the market price of our Shares could decline.

Our business, financial condition and results of operations may be subject to adverse effect from the risk of customer concentration.

In 2022, 2023 and 2024, our revenue generated from our five largest customers in each year of the Track Record Period in aggregate was RMB1,533.6 million, RMB1,756.7 million and RMB2,291.9 million, representing 63.6%, 65.6% and 61.4% of our total revenue during the same years, respectively. In 2022, 2023 and 2024, our revenue generated from our largest customer in each year of the Track Record Period was RMB639.9 million, RMB713.6 million and RMB919.0 million, representing 26.5%, 26.6% and 24.6% of our total revenue during the same years, respectively. See "Business — Our Customers" for more details. Our major customers' stable relationship with us and consistent demands are crucial to our business. Their business conditions, liquidity and solvency may have a significant impact on our business dealings. Any disruption in our business relationship with major customers could have a material adverse effect on our business, financial condition and results of operations. In the event that the major existing customers reduce or cease to purchase our products and we are unable to find new customers with similar level of demands at comparable terms within a reasonable period of time or at all, our business, financial condition and results of operations may be materially and adversely affected.

Failure to retain our existing customers or attract new ones could materially and adversely impact our business, financial condition and results of operations.

In order to increase our revenue and maintain our growth, we are committed to retaining existing customers and attracting new customers. We have actively maintained long-term business relationships with many of our customers. However, we cannot guarantee that our existing customers will continue to procure our products or will maintain their partnerships with us for our ongoing projects or future projects. Our ability to retain existing customers or attract new customers depends on the following factors, some of which are out of our control:

- the competitiveness of our pricing and payment terms for our customers, which may, in turn, be constrained by our capital and financial resources;
- the market acceptance of our new products, services and functionalities;
- our ability to continue investing in R&D to accommodate our customers' need;
- mergers and acquisitions among market players; and
- the effects of domestic and global economic conditions on the development of the automotive industry generally.

There is no guarantee that we can always provide products accurately tailored to the specific needs of our customers, as well as to maintain high-quality customer support, as our customer base grows and becomes more diverse. This may result in customer dissatisfaction, a decline in overall demand for our products and a loss of expected revenue. Moreover, failing to meet customer expectations could harm our reputation, thereby hindering our ability to retain existing customers and attract new ones. If we are unable to retain our existing customers or attract new customers due to any of the foregoing factors, our business, financial condition and results of operations will be materially and adversely affected. Further, if our existing customers decrease or cease their usage of our products, we may be unable to acquire new customers that spend similarly or even more for our products, and our business, financial condition and results of operations will be materially and adversely affected.

We rely on the stability of our supply chain as well as a number of key suppliers.

During the Track Record Period, we relied on our suppliers, primarily including suppliers of CCL, prepregs, copper foils, copper spheres, gold salts and dry films. Purchase amount from our five largest suppliers accounted for 53.7%, 58.2% and 63.1% of our total purchase amount in 2022, 2023 and 2024, respectively. See "Business — Our Supply Chain" for more details.

Our reliance on these major suppliers subjects us to the concentration and counterparty risk from these suppliers. We cannot assure you that we will be able to maintain our relationships with our major suppliers in the future. Moreover, we cannot guarantee that our major suppliers will not have a change of business scope or business model or will continue to maintain their market position and reputation. Any material adverse change to the operation, financial performance, or financial condition of our major suppliers may result in material adverse impact on their business with us. For example, if our supply of key raw materials is disrupted or delayed, there can be no assurance that we will be able to find new suppliers with similar supply capacity on comparable commercial terms within a reasonable period of time, or at all. Should any of these occur, our business, financial condition, results of operations, and profitability may be adversely affected.

The complex proprietary nature of our products means if there was a disaster or other business disruption at any of our suppliers' facilities, procurement of and transition to new partners would take a significant period of time to complete and would likely adversely affect our inventory, business, results of operations and financial condition. Further, we are vulnerable to the risk that our current suppliers may be unable to meet the demand for our products or cease operations altogether. Moreover, any shortage in the raw materials used by our suppliers may result in shortage in their supply of our products and delay in their production process. Therefore, we are vulnerable to the risk that our current suppliers may be unable to meet our demand.

In addition, our ability to receive sufficient supplies of our products could be adversely affected by events such as natural disasters, including earthquakes, drought and typhoons, and geopolitical challenges in locations where our suppliers operate. Our ability to receive sufficient supplies of our products could also be adversely affected by international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions. See "— We may be subject to the risks associated with international trade restrictions, including sanctions and export controls, and our reputation, business, results of operations and financial condition could be adversely affected" for more details.

Moreover, increased regulation or heightened societal and industrial expectations regarding responsible sourcing practices could increase our compliance costs. Any failure to comply with such regulations or meet such expectations as a result of misconduct by our suppliers could result in negative publicity that adversely affects our reputation. Given that we do not directly control the procurement or employment practices of our suppliers, we could be subject to financial or reputational risks as a result of their conducts. To the extent we are unable to manage these risks, our ability to timely supply competitive products will be harmed, our costs will increase, and our business, results of operations and financial condition will be adversely affected.

Our production processes are complex and costly. Disruptions and suspension of our production lines can significantly impact our production volume, and our business, financial condition and results of operations can be affected as a result.

During the Track Record Period, we produced substantially all of our products at our production facilities in Mainland China. We plan to continuously adjust our manufacturing capacity to market demand and to improve our productivity. Our production operations involve the coordination of raw materials, inventory management, internal production processes, logistics and external sales processes. We may experience difficulties in coordinating the various aspects of our production processes, thereby causing downtime and delays. To reduce potential disruption to production, we may collaborate with third party manufacturers from time to time to facilitate the production process, which may require consents from our customers, which may not be obtained in time or at all. Any delay or stoppage of production caused by adverse weather, natural disaster or other unanticipated catastrophic event, including, without limitation, power interruptions, water shortage, storms, fires, earthquakes, terrorist attacks and wars, could significantly impair our ability to produce our products and operate our business. Our machineries and equipment housed in these facilities would be difficult to replace and could require substantial replacement lead-time. Catastrophic events may also destroy any inventory stored in our facilities. Although we had purchased a number of insurance policies to cover potential liabilities in our daily operation, such as property insurance and comprehensive business insurance, the occurrence of such an event is still likely to affect our business materially and adversely. See "Business — Insurance" for more details. Any stoppage in production, even if temporary, or delay in delivery to our customers could adversely affect our business, financial condition and results of operations.

In addition, while we employ safety procedures in the operation of our facilities, there are risks that an accident or death may occur in any one of our facilities. An accident may result in destruction of property or equipment, environmental damage, manufacturing or delivery delays, or may lead to suspension of our operations and imposition of liabilities. Any such accident may result in litigation, the outcome of which is difficult to assess or quantify, and the cost to defend such litigation can be significant. As a result, the costs to defend any action, or the potential liability resulting from any such accident or death or arising out of any other litigation, and any negative publicity associated therewith, may have an adverse effect on our business, financial condition and results of operations.

If we are unable to maintain optimal capacity utilization rates of our manufacturing facilities, our profitability and results of operations would be adversely affected.

Given the high fixed costs of our operations, decreases in capacity utilization rates can have a significant effect on our business. Accordingly, our ability to maintain or enhance gross margins will continue to depend, in part, on maintaining satisfactory capacity utilization rates. In turn, our ability to maintain satisfactory capacity utilization will depend on the demand for our products, the volume of orders we receive, our ability to maintain a sufficient workforce at our facilities, and our ability to offer products that meet our customers' requirements at competitive prices. If current or future production capacity fails to match current or future customer demands, our facilities would be underutilized, our sales may not fully cover our fixed overhead expenses, and we would be less likely to achieve expected gross margins. If forecasts and assumptions used to support the realizability of our long-lived assets change in the future, significant impairment charges could result that would materially adversely affect our business, financial condition, and results of operations.

The Phase I of our Thai base completed construction in January 2025. As of the Latest Practicable Date, its production capabilities remain subject to further testing and validation. If the capacity utilization rate at our Thailand facility falls short of our expectations, we may continue to incur significant fixed costs, which would materially impact our profit margins. See "— We may not be able to operate our production facilities in Thailand as smoothly as those in the PRC" for more details.

We may not be able to operate our production facilities in Thailand as smoothly as those in the PRC.

To enhance our production capabilities and in line with our business strategies, we established a production facility in Thailand. As of the Latest Practicable Date, we had not commenced production at such facility. See "Business — Production — Planned Production Facilities" for more details. The operation of such overseas production facility is subject to various risks, including those relating to political and economic instability, local labor market conditions, trade barriers, governmental expropriation and differences in business practices. We may incur increased costs or experience delays or disruptions in product deliveries that could cause loss of revenues and earnings. Unfavorable changes in the political, regulatory and business climates could have a material and adverse effect on our business, financial condition, results of operations and prospects.

In addition, the ramp-up of production is subject to uncertainties relating to equipment installation, production yield rates, workforce recruitment and training, and the qualification of suppliers and raw materials. If we fail to meet our planned timelines or performance targets for production ramp-up, we may not be able to fulfill customer orders in a timely manner, which could damage our customer relationships and reputation.

Our facility in Thailand is also subject to local and regional supply chain that may not be as mature or stable as those in China. Disruptions in the availability, quality or timeliness of raw materials, parts, or outsourced services could adversely affect our ability to scale up production or meet customer specifications. Any such disruptions, whether due to supplier underperformance, logistics delays, geopolitical tensions or natural disasters, may result in increased costs, reduced manufacturing efficiency, and ultimately a negative impact on our gross margins and financial performance.

We may not be able to obtain or maintain adequate intellectual property rights protection for our products, or the scope of such intellectual property rights protection may not be sufficiently broad.

Our success depends in a large part on our ability to protect our proprietary technology as well as our product from competition by obtaining, maintaining and enforcing our intellectual property rights, including patent rights. We have been protecting the proprietary technologies that we consider commercially important by, among others, filing patent applications in China and other jurisdictions. As of the Latest Practicable Date, we owned 217 patents (including 71 invention patents) and received 30 copyrights. See "Appendix VI — Statutory and General Information —B. Further Information about Our Business — 2. Our Intellectual Property Rights" for further details of our intellectual property portfolio. The intellectual property application process may be expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable intellectual property applications at a reasonable cost or in a timely manner, if at all. In addition, we may however fail to identify patentable aspects of our R&D outputs before it is too late to obtain patent protection. As a result, we may not be able to prevent competitors from developing and commercializing competitive products in all such fields.

Even if we have identified, filed and prosecuted our intellectual property applications, our applications may not be granted or our intellectual property may be invalidated for multiple reasons, including known or unknown prior deficiencies in the intellectual property application or the lack of novelty of the underlying technology. Moreover, the patent position of PCB manufacturers like us may be uncertain because it involves complex legal and factual considerations. As such, we cannot assure you that we will be able to discern the scope of the intellectual property protection or obtain adequate intellectual property protection with respect to our products.

Even if our intellectual property applications are approved, they may not be approved in a form that will provide us with any meaningful protection from competition or with any competitive advantage. For instance, our competitors may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner. The issuance of a patent is not conclusive as to its inventor, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in some jurisdictions.

The China National Intellectual Property Administration ("**CNIPA**") and various governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process and over the lifetime of the patent. Non-compliance events, including failure to respond to official actions within prescribed time limits, non-payment of periodic maintenance fees and failure to properly legalize and submit formal documents, can result in abandonment or lapse of the relevant patent or patent application, leading to partial or complete loss of patent rights in the relevant jurisdiction. If our patent rights are compromised, we may lose market share to our competitors. Any of the foregoing could materially and adversely affect our business, results of operations, financial condition, competitive position and prospects.

We may be unable to protect our trade secrets.

In addition to our existing intellectual property rights and/or applications (such as issued patent and/or pending patent applications), we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to protect our products and thus maintain our competitive position. We protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements, or include such undertakings in the agreements with parties that have access to them. We also enter into employment agreements with our employees that include undertakings regarding assignment of inventions and discoveries. Nevertheless, there can be no guarantee that an employee or a third party will not make an unauthorized use or disclosure of our proprietary confidential information. This might happen intentionally or inadvertently. If a competitor gains access to and makes use of such information, our competitive position will be compromised, in spite of any legal action we might take against persons making such unauthorized disclosures. In addition, to the extent that our employees or business partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Trade secrets are difficult to protect. Our employees or business partners may intentionally or inadvertently disclose our trade secret information to competitors, or our trade secrets may otherwise be misappropriated. Enforcing a claim that a third party illegally obtained and is using any of our trade secrets is expensive and time-consuming, and the outcome is unpredictable. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial financial and human resource costs.

We may become involved in lawsuits to protect or enforce our intellectual property and our patent rights could be found invalid or unenforceable if being challenged in court or before any related intellectual property agency in any jurisdiction.

Competitors may infringe our patent rights or misappropriate or otherwise violate our intellectual property rights. In the case where our employees are obligated to assign any inventions created during their work to us under assignment agreement, such employees may breach or violate the terms of these agreements. To counter infringement or unauthorized use, litigation may be necessary to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. This can be expensive and time-consuming. Any claims that we assert against perceived infringers could also provoke these parties to assert counterclaims against us alleging that we infringe their intellectual property rights. Many of our current and potential competitors could dedicate substantially greater resources to enforce and/or defend their intellectual property rights than we do. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. An adverse result in any litigation proceeding could put our patents, as well as any patents that may be issued in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly.

Furthermore, depending on the scope of discovery required in connection with intellectual property litigation, some of our confidential information could be compromised by disclosure. Defendant counterclaims alleging invalidity or unenforceability are common, and can be asserted on numerous grounds. Third parties may also raise similar claims before the CNIPA or other administrative bodies in China or other jurisdictions. Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover and protect our products or product candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable.

If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and potentially all, of the patent protection on our products or product candidates. Such a loss of patent protection could materially and adversely affect our business.

Obtaining and maintaining our patent protection depends on compliance with various procedural, documentary, fee payment and other requirements imposed by governmental patent agencies.

The CNIPA and various governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process and over the lifetime of the patent. Non-compliance events, including failure to respond to official actions within prescribed time limits, non-payment of periodic maintenance fees and failure to properly legalize and submit formal documents, can result in abandonment or lapse of the relevant patent or patent application, leading to partial or complete loss of patent rights in the relevant jurisdiction. If our patent rights are compromised, we may lose market share to our competitors, which would materially and adversely affect our business.

If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and penalties and may have to redesign or suspend the sales of products involved.

The industry in which we operate is patent-intensive. Companies, including us, in this industry routinely seek patent protection for their product designs. Some of our competitors have large patent portfolios with broad rights and may claim that our expected commercial use of our products has infringed their patents. Specifically, these competitors may allege that certain features of our products fall within the coverage of their patents. Therefore, our competitors may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights in connection with the commercialization of our products.

Whether a product infringes a patent involves an analysis of complex legal and factual issues and the conclusion of such analysis is often uncertain. Although we intend to identify and avoid intellectual property infringement activities, (i) we may hire employees who have previously worked for our competitors and cannot assure that such employees will not use their previous employers' proprietary know-how, technology and other proprietary information in their work for us, which could result in litigation against us; (ii) in the case where our employees are obligated to assign any inventions created during their work to us under assignment agreement, we may not obtain these agreements in all circumstances and the assignment of intellectual property under such agreements may not be self-executing and (iii) our competitors may also have filed for patent protection which is not as yet a matter of public knowledge or claimed trademark rights that have not been revealed through our searches of relevant public records. Therefore, our efforts to identify and avoid infringing on third parties' intellectual property rights may not always be successful. 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) in relation to intellectual property right violations that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance. Any claims of patent or other intellectual property infringement, regardless of their merit, could be expensive and time-consuming. These claims and the relevant proceedings could diverge management attention and result in substantial financial costs. If our competitors or employees succeed in raising their claims, we may be required to suspend our sales efforts of the relevant products in controversy, redesign, reengineer or rebrand such products, pay substantial damages to third parties, or enter into royalty or licensing agreements which may not be available on terms favorable to us.

In addition, new patents obtained by our competitors could threaten the continued life of the product in the market even after it has already been introduced.

Failure to fully adapt to changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our patents.

The scope of patent protection varies across different jurisdictions. Failure to fully adapt to changes in either the patent laws or their interpretation in various jurisdictions may diminish our ability to protect our inventions, obtain, maintain, defend and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. We cannot predict whether the patent applications we are currently pursuing and may pursue in the future will be issued as patents in any particular jurisdiction or whether the claims of any future granted patents will provide sufficient protection from competitors. The coverage claimed in a patent application can be significantly reduced before the patent is issued due to our misunderstanding, and its scope can be reinterpreted after issuance.

Even if patent applications we own currently or in the future are issued as patents, they may not prevent competitors or other third parties from competing with us and gaining competitive advantage. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

Our products are intricate in nature and undetected defects, errors or bugs of our products could adversely affect our business, financial condition and results of operations.

Our products are intricate in nature and may contain errors, defects, bugs that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Despite the verification and testing procedures in place, our products may contain serious errors, defects, or bugs which we are unable to successfully correct in a timely manner or at all. Some errors or defects in our products may only be discovered after they have been tested, commercialized and deployed by our end customers. Under these circumstances, we may incur additional remedial costs to recall, repair or replace and additional development costs to redesign our products.

We may not be able to maintain consistent quality control across all of our products, especially given the complexity and wide variety of our product offerings. Any failure to effectively implement or enforce quality control measures may result in defective products reaching our customers, which could increase the risk of product recalls, warranty claims or customer dissatisfaction. In addition, product recalls or large-scale product returns or replacements may result in significant costs, loss of revenue, damage to customer relationships, and harm to our reputation, all of which may materially and adversely affect our business operations and financial performance.

Furthermore, because we may be subject to warranty and indemnification provisions based on certain of our agreements with our customers, we may be subject to claims or threats of claims by our customers for their financial loss related to defects in our products. Any such claims would be time-consuming and costly for us to defend and divert our management attention, thereby adversely affecting our business, financial condition and results of operations. Additionally, our customers may terminate the business relationship with us altogether and as a result, our business and prospects may be adversely affected. These claims and terminations by our customers may generate negative publicity on us and adversely impact our reputation, business and results of operations.

Our products are subject to various industry standards the requirements of which are continually evolving, and the efforts to meet such industry standards or requirements could be costly.

Our products are based on industry standards that are continually evolving. The development of existing industry standards and emergence of new industry standards could render our products obsolete. To identify and comply with these industry standards, we may need to redesign our products, which may be time-consuming and costly, and the outcomes of which may be uncertain. If we cannot successfully redesign our products, our products may not be able to comply with new industry standards or compete with the products offered by our competitors. In this circumstance, we could miss opportunities to achieve crucial design wins and lose market share to our competitors, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Acquisitions, investments or strategic alliances may fail and materially and adversely affect our reputation, business and results of operations. We may not be able to effectively integrate or manage our acquired business.

We may in the future enter into strategic alliances with various third parties. Strategic alliances with third parties could subject us to a number of risks, including:

- disclosure or misappropriation of proprietary information;
- defaults including breach of covenants, non-performance by the counterparty; and
- negative publicity related to these third-parties or such strategic alliances.

In addition, we may acquire additional assets or businesses that may generate synergies when combined with our existing business. The cost of identifying and consummating acquisitions may be significant. We may also have to obtain shareholders' approvals and approvals and licenses from the government authorities for the acquisitions and comply with applicable laws and regulations. Obtaining such approvals and licenses may delay, if not halt, our acquisition efforts. Future acquisitions and the subsequent integration of new assets and businesses into our own may entail a number of risks, including:

- increased operating expenses and capital need;
- share dilution from the issuance of additional securities;
- incurrence of debt, goodwill impairment charges, amortization expenses for intangible assets and contingent or unforeseen liabilities;
- diversion of our management's attention and resources from our existing business in the pursuit of such acquisition;
- frictions in the assimilation of operations, talents, intellectual property and products of an acquired business; and
- loss of key personnel and business relationships as a result of such acquisition.

If we fail to address the risks related to our future acquisitions and subsequent integration of new assets and businesses, we may not be able to realize the anticipated benefits of such acquisitions and our reputation, business, financial condition and results of operations may be adversely affected.

Any failure to offer high-quality support services for our customers or end customers may harm our relationships with them and, consequently, our business.

We typically do not allow customers to return or exchange products except that our customers may negotiate with us on return and indemnification of defective products due to our faults. We have developed a standard product return or exchange procedure according to our customer complaint handling procedure. As we expand our business, we need to be able to continue to provide efficient customer support at scale. We may not be able to recruit customer support specialists with sufficient experience in customer support service or to enhance our infrastructure to efficiently process and respond to our customers' requests. As a result, we may not be able to respond to our customers' request for return, exchange, technical support or maintenance assistance in a timely manner. Because technical support and maintenance assistance is complex and case-specific, we may not be able to modify the future scope and delivery of such services as our business and product portfolio develop. Under such circumstance, we may fail to compete with changes and updates in the technical services provided by our competitors.

If we experience increased customer demand for support and maintenance, our operational expense may increase and adversely impact our financial condition and results of operations. Our ability to attract new customers is highly dependent on our business reputation and on positive recommendations from our existing customers. If we are unable to provide efficient maintenance and support services with results satisfactory to our customers, our reputation and business may be harmed.

If the quality of our products deteriorates, we will incur higher costs associated with returns and exchanges. We may also be required by law to adopt new or amend existing return, exchange and warranty policies from time to time. While these policies improve customer experience and promote customer loyalty, which may in turn help us acquire and retain customer, they also subject us to additional costs and expenses that may not be offset by increased revenue. If we revise these policies to reduce our costs and expenses, our customers may be dissatisfied. Customer dissatisfaction may result in loss of existing customers or failure to acquire new users, which may materially and adversely affect our business and results of operations.

We are required to obtain permits, licenses, approvals, filings and certifications for certain business operated by us from the relevant government authorities under relevant laws and regulations

The industries we operate in are highly regulated. For example, under the current PRC regulatory scheme, a number of governmental authorities jointly regulate major aspects of our industries. We are required to obtain and maintain the requisite licenses and approvals required in China and in other jurisdictions where we operate. See "Regulatory Overview" and "Business — Licenses, Approvals and Permits" for more details.

Compliance with the relevant regulations may require substantial expense and non-compliance may expose us to sanctions and penalties. Moreover, we cannot assure you that we can successfully obtain such permits, licenses, approvals, filings or certifications, or update or renew some of them as required for our business in a timely manner. Neither can we assure you that these permits, licenses, approvals, filings or certifications are sufficient to conduct all of our present or future business. The interpretation and implementation of existing and future laws, regulations and policies governing our business activities may change, and we may be found in violation of such laws, regulations and policies if we fail to adapt to these changes.

If we 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, we may be subject to various penalties, such as confiscation of the revenue that were generated through unlicensed activities, or the suspension or revocation of our licenses and approvals. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations and financial condition.

We are subject to environmental, fire prevention, health and safety laws and regulations and production standards and it may be onerous and costly to comply with such regulations and standards.

Our operations are subject to extensive government regulation, including environmental, health and safety laws and regulations. These laws and regulations set various standards regulating certain aspects of health and environmental quality, including waste treatment, emissions and disposals. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted.

The process to manufacture PCBs and our other products requires adherence to city, county, national and foreign environmental laws and regulations regarding the storage, use, handling and disposal of chemicals, solid wastes, and other hazardous materials, as well as compliance with wastewater and air quality standards. Compliance with these environmental laws is a major consideration for us because our manufacturing processes use and generate materials classified as hazardous. We may be subject to potential financial liability for costs associated with the investigation and remediation of our own sites, or sites at which we have arranged for the disposal of hazardous wastes, if such sites become contaminated. Even if we fully comply with applicable environmental laws and are not directly at fault for the contamination, we may still be liable.

Environmental law violations, including the failure to maintain required environmental permits, could subject us to fines, penalties, and other sanctions, including the revocation of our effluent discharge permits. This could require us to cease or limit production at one or more of our facilities and could have a material adverse effect on our business, financial condition, and results of operations. Even if we ultimately prevail, environmental lawsuits against us would be time consuming and costly to defend.

Environmental laws have generally become more stringent, and we expect this trend to continue over time, especially in developing countries, imposing greater compliance costs, and increasing risks and penalties associated with violation. We operate in environmentally sensitive locations, and we are subject to potentially conflicting and changing regulatory agendas of political, business, and environmental groups. Changes or restrictions on discharge limits, emissions levels, material storage, handling, or disposal might require a high level of unplanned capital investment or relocation to another global location where prohibitive regulations do not exist. It is possible that environmental compliance costs and penalties from new or existing regulations may materially adversely affect our business, financial condition, and results of operations.

Any failure to comply with environmental, health and safety laws and regulations with respect to our operations could result in the imposition of significant liabilities for damages, clean-up costs or penalties or suspension of our right to operate where there is evidence of serious breach. Such costs or disruptions in operations could materially and adversely affect our business, and results of operations.

Increasing focus on environmental, social and governance ("ESG") matters by regulators and other stakeholders may increase our compliance risk and costs.

With the rising awareness of ESG issues, including with respect to disposal of wastes, greenhouse gas emissions and environmental protection, more stringent laws and regulations may be adopted. Accordingly, we may need to devote more effort and resources to ensure our compliance with such laws or regulations. We have adopted a series of measures aiming to ensure our compliance with the ESG-related laws and regulations applicable to us. See "Business — Environmental, Social and Governance" for more details. We cannot assure you that these risk management measures can effectively mitigate the relevant risks and help us to navigate the regulatory environment. Changes in existing ESG-related laws and regulations or the promulgation of new ESG-related laws and regulations may increase our compliance costs, and if we fail to comply with such ESG-related laws and regulations, our business, results of operations and financial performance may be adversely affected.

Our business and prospects depend on our ability to build our brand and reputation, which could be harmed by negative publicity regarding us, our Directors, employees, branding or products. Any negative publicity, whether warranted or not, could adversely affect our business.

We believe that our brand is integral to the success of our business. Since we operate in a highly competitive market, brand maintenance directly affects our ability to maintain our market position. The successful maintenance of our brand depends on our ability to provide competitive products and to strengthen business relationship with our customers. The successful promotion of our brand depends on the effectiveness of our marketing efforts and the amount of word-of-mouth referrals by our customers. We may incur extra expenses in promoting our brand. However, we cannot assure you that these activities will be successful or effective as expected. In addition, any negative publicity about our Company, Directors, employees, branding or products, whether warranted or not, may adversely affect our reputation and business. If our brand and reputation is damaged, we may face challenges in maintaining our current business relationships with our customers and in entering into new markets, which may adversely affect our business, financial condition, results of operations and prospects.

Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches.

We rely on our and third-party information technology systems to support our business and production systems and facilitate communications among our employees and with suppliers and customers. We also use the information technology systems to communicate with our logistics providers on demand forecast, order placements and manufacturing and service status and capacity. These information technology systems may be susceptible to damage, disruptions or shutdowns due to failures during maintenance, power outages, hardware failures, malware attacks or catastrophic events. If the information technology systems suffer damage, disruption or shutdown, we may incur substantial costs in repairing or replacing these systems. If we do not effectively resolve the issues in a timely manner, our business, financial condition and results of operations may be materially and adversely affected. In addition, if the information technology systems fail to satisfy additional requirements related to our business expansion, our future growth may be adversely affected.

Our risk management and internal control systems may not be adequate or effective.

We have designed and implemented risk management and internal control systems in relation to our business operations, financial reporting and general compliance which we believe are appropriate for our business operations. See "Business — Internal Control and Risk Management" for more details. While we seek to improve our risk management and internal control systems on a continuous basis, we cannot assure you that these systems are sufficiently effective in ensuring, among other things, accurate report of our financial results and prevention of fraud. Since our risk management and internal control systems depend on the implementation by our employees, we cannot assure you that our employees or other related third parties are sufficiently or fully trained to implement these systems, or that their implementation will be free from human error or mistakes. If we fail to timely update, implement, and modify, or fail to deploy sufficient human resources to maintain our risk management policies and procedures, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We may from time to time be involved in claims, legal proceedings and commercial or contractual disputes in the ordinary course of our business.

We may be involved in commercial or contractual disputes, legal and administrative proceedings, and claims arising out of the ordinary course of our business. For example, we may initiate legal proceedings against infringing or breaching parties in order to enforce our rights as provided under applicable laws or contractual arrangements. We cannot assure you that we will not be involved in various disputes in the future, which may expose us to additional risks and losses. In addition, existing or future disputes, proceedings and claims may be costly to defend or resolve. We may have to pay legal costs associated with such disputes, including fees relating to appraisal, auction, execution and legal advisory services. Litigation and other disputes may lead to inquiries, investigations and proceedings by regulatory authorities and other governmental agencies. Any claims, disputes, inquiries, investigations and proceedings may result in damage to our reputation, additional operating costs and diversion of resources and management's attention from our core business. The disruption of our business due to judgment, arbitration and legal proceedings against us or adverse adjudications in proceedings against our Directors, senior management or key employees may materially and adversely affect our reputation, business, financial condition and results of operations.

We rely on our business partners, other industry participants, employees, suppliers, customers, trading partners, sales partners or other third parties that we collaborate with. Any failure to detect or prevent fraudulent or illegal activities or other misconduct by such parties may materially and adversely affect our business.

We are exposed to fraudulent or illegal activities or other misconduct by our employees, suppliers, customers, trading partners, sales partners or other third parties that we collaborate with, that could subject us to liabilities, fines and other penalties imposed by government authorities. Although we have established internal control policies and relevant contractual covenants, we cannot assure you that we will be able to prevent fraud or illegal activity by such persons or that similar incidents will not occur in the future. Any illegal, fraudulent, corrupt or collusive activity by our employees, suppliers, customers or other third parties, including, but not limited to, those in violation of anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, could also subject us to negative publicity that could severely damage our brand and reputation and subject us to significant financial and other liabilities to third parties and fines and other penalties imposed by government authorities. Accordingly, our failure to detect and prevent fraudulent or illegal activities or other misconduct by our employees, suppliers, customers or other third parties could materially and adversely affect our business.

In addition, during the Track Record Period, we also engaged with trading partners and sales partners to extend our market reach and efficiently serve smaller-scale end customers and end customers in certain regions. As we have limited control over our trading partners and sales partners, including their performance, we cannot assure you that we will be successful in detecting any non-compliance of our trading partners and sales partners with the provisions of our respective contracts. Non-compliance by our trading partners or sales partners or actions taken by them adverse to our interests could negatively affect our brand reputation and disrupt our sales. In addition, we may not be able to collect full payments, or at all, from our trading partners or other entities pursuant to the contractual arrangements with our trading partners. Furthermore, we may be exposed to the risks of fraud or other misconduct committed by our trading partners or sales partners. Fraud or other misconduct by our trading partners or sales partners may involve engaging in unauthorized misrepresentation to our end customers or to us, misappropriating third-party intellectual property and other proprietary rights and engaging in bribery or other unlawful payments. In any such event, we could, as a result, incur liability to our end customers for fraud or misconduct committed by such trading partners or sales partners or otherwise suffer from their misconduct. Any claims could subject us to litigation and impose strains on our financial resources and attention of management personnel regardless of whether the claims have merit, any of which could result in complaints from our customers, regulatory and legal liabilities, as well as serious harm to our reputation.

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

We have maintained insurance policies to cover various aspects of our business, such as property all-risk insurance, transportation insurance to secure our business continuity. However, the amount of coverage, depending on the insurance policies to which we subscribe, may not be adequate to fully compensate all types of loss, damage and liability we may suffer in the future. For example, insurances covering loss from acts of war, terrorism, or natural disasters may be unavailable or cost prohibitive. In addition, we cannot guarantee that our policies can be renewed on similar or acceptable terms, or at all. If we suffer unexpected severe losses or losses that far exceed the policy limits, it could materially and adversely affect our business, financial condition, results of operations and prospects.

Our legal rights to some leased properties may be challenged.

We lease properties mainly as our employee dormitories. As at the Latest Practicable Date, we were not provided with sufficient ownership certificates for our leased properties we leased under the lease agreements with one lessor in China. See “Business — Properties — Lease Properties” for details. Any dispute or claim in relation to these properties could result in us having to relocate and/or obtain alternative accommodation for certain of our employees. If our right to use these properties is challenged, we would need to seek alternative properties on short notice and incur relocation costs, and there is no guarantee that we would be able to find suitable alternative properties on reasonable commercial terms, or at all. Any relocation could lead to disruptions to our operations and may have an adverse effect on our business, financial condition, results of operations and prospects. As of the Latest Practicable Date, with respect to certain of our leased properties in China, we have not completed lease registration, primarily due to lack of cooperation from our lessors. Under the Measures for Administration of Lease of Commodity Properties (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on December 1, 2010 and became effective on February 1, 2011, both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. We cannot assure you that we will be able to comply with the relevant laws and regulations by completing all required filings of our existing and future lease agreements in China. We may be required by relevant government authorities to file future lease agreements for registration within a time limit, and may be subject to a fine ranging from RMB1,000 to RMB10,000 for such non-registration exceeding such time limit. As of the Latest Practicable Date, certain of our leased properties without property lease filing certificates could adversely affect our ability to continue using them in the future, including that our use of these leased properties may not be valid or may be affected by third parties’ claims or challenges against the leases. Our inability to enter into new leases or renew existing leases on terms acceptable to us could materially adversely affect our business, financial condition and results of operations.

Rising labor costs and labor shortages, including due to pandemics and other disasters, employee strikes, and other labor-related disruptions may materially adversely affect our business, financial condition, and results of operations.

Our success depends on our ability to hire, train, retain and motivate our employees. As of December 31, 2024, we had 3,527 full-time employees. See "Business — Employees" for more details. We have not experienced any material work stoppages or strikes in the past. However, we cannot guarantee that any of such events will not arise in the future. If our employees engage in a strike or other work stoppage, we may experience significant operational disruption and/or accept higher labor costs, resulting in an adverse effect on our business, financial condition and results of operations. We regard favorable labor relations as a significant factor that can affect our performance. We have employees across our global network, and are subject to varied laws and regulations in different countries. We may, from time to time, be involved in labor disputes, experience labor shortage, face difficulties with localized management of employees, and may make adjustments including for example retrenchment plans to our labor force in line with our business needs. These challenges may lead to difficulties with implementing adjustments, including for example, issues not resolved within a reasonable period of time after negotiations between parties. In addition, we may incur compensation and other costs that, if not sufficiently covered by insurance, we would need to bear at our own expense. As certain of our employees are represented by labor unions, any deterioration in our labor relations with employees or the labor union could cause labor disputes, which could result in the disruption of production and operations. There is no guarantee that we will always be able to maintain stable and quality labor force at favorable costs. Despite our efforts to provide a safe working environment to avoid occupational injuries, we may still face liability claims, negative publicity and interventions related to a workplace safety or employee injuries. Such incidents could result in a deterioration of our labor relations with employees and damage our reputations. Any deterioration in our labor relations could result in the disruption of production and operations, and may subject us to legal proceedings, as well as monetary and reputational damages.

In addition, labor costs in regions where we operate have been increasing in recent years and may potentially continue increasing. As such, we may have to increase our total compensation to attract and retain the experienced professionals required to achieve our business objectives. However, these increased costs might not be able to be passed onto customers by increasing our products' selling prices in light of market competition. In such circumstances, our profit margin may decrease, which could have an adverse effect on our business, financial condition and results of operations.

Non-compliance with labor-related laws and regulations of the PRC may impact our financial condition and results of operation.

We have been subject to strict regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits, including the basic pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labor Contract Law, or the Labor Contract Law, that became effective in January 2008 and was amended in December 2012, and its implementing rules that became effective in September 2008, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. If we are subject to severe penalties or incur significant legal fees in connection with labor-related laws and regulations, our business, financial condition and results of operations may be adversely affected.

During the Track Record Period, we engaged certain dispatched workers from third-party employment agencies. Pursuant to the Labor Contract Law and its amendments, dispatched workers may only be engaged for temporary, ancillary or substitute positions. We cannot assure you that the relevant governmental authorities will determine that our dispatched workers are engaged for temporary, ancillary or substitute positions. The Interim Provisions on Labor Dispatch, which became effective on March 1, 2014, further provides that the number of dispatched workers an employer may use must not exceed 10% of its total labor force. During the Track Record Period, the number of dispatched workers we engaged did not exceed 10% of our total labor force. Specifically, in the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. Additionally, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

We may be subject to additional contributions of social insurance and housing fund and late payments and fines imposed by relevant government authorities.

In accordance with the PRC Social Insurance Law and the Regulations on the Administration of Housing Fund and other relevant laws and regulations, China establishes a social insurance system and other employee benefits including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, housing fund, and a handicapped employment security fund (collectively, the "**Employee Benefits**"). An employer shall pay the Employee Benefits for its employees in accordance with the rates provided under relevant regulations and shall withhold the social insurance and other Employee Benefits that should be assumed by the employees. As advised by our PRC Legal Advisor, an employer that has not made social insurance contributions at a rate and based on an amount prescribed by the law, or at all, may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline and be subject to a late fee of up to 0.05% per day. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times of the amount overdue. Our PRC Legal Advisor has further advised us that, pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of housing provident fund contributions as required, the housing provident fund management center may order us to make the outstanding payment within a prescribed time. limit. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

Under the Social Insurance Law and the Regulations on the Administration of Housing Fund, PRC subsidiaries shall register with local social insurance agencies and register with applicable housing fund management centers and establish a special housing fund account in an entrusted bank. Both PRC subsidiaries and their employees are required to contribute to the Employee Benefits.

During the Track Record Period and up to the Latest Practicable Date, we did not make full contributions to the social insurance and housing provident fund with respect to our employees, as required by the relevant PRC laws and regulations. As a result, we may be required to make additional contributions to the social insurance fund and/or housing provident fund and pay late payments and fines under PRC laws and regulations. In addition, the social insurance contributions of certain of our employees have been made by our subsidiary located in different cities from the employees' actual places of work. In addition, we did not commenced contributions to the housing provident fund for our employees within 30 days of employment commencement as required by PRC regulations. Such arrangements may be viewed by the relevant PRC authorities as non-compliant with local social insurance and housing provident fund regulations, and we may be required to make retroactive contributions, pay late fees or fines, or adjust our contribution practices. We cannot assure you that we will not be subject to any order to rectify this in the future, nor can we assure you that there are no, or will not be any, relevant employee complaints against us. Any such order may adversely affect our business, financial condition, results of operations.

We are subject to risks of currency fluctuations and our investment in foreign exchange derivatives.

Our consolidated financial results are affected by currency exchange rate fluctuations. The exchange rate between Renminbi and foreign currencies has fluctuated in the past, and this may impact our business, financial condition and results of operations in the future. In 2022, 2023 and 2024, we recorded gains on foreign exchange differences of RMB71.1 million, RMB8.9 million and RMB48.6 million, respectively. Changes in foreign exchange rates may be due to many factors such as changes in the global economy and geopolitical condition which are beyond our control. There is no assurance that we will make similar or any such gain in the future, which will in turn affect our future financial performance.

Further, during the Track Record Period, we made investment in foreign exchange derivatives with a view to managing risks associated with foreign exchange fluctuations. During the Track Record Period, we had entered into foreign currency forward contracts. See "Financial Information — Quantitative and Qualitative Disclosures about Financial Risks — Foreign Currency Risk" for more details. We recorded investment loss from derivative financial instruments of nil, RMB22.5 million and RMB13.9 million in 2022, 2023 and 2024, respectively. If Renminbi depreciates against U.S. dollars substantially or if the interest rate moves in the different direction as we expected in the future, our obligation to pay to the banks under the outstanding foreign exchange forward contracts may adversely affect our cash flows and financial position. In addition, our investment in foreign exchange derivatives is subject to fair value changes. We recorded fair value loss on derivative financial instruments of RMB21.2 million, RMB41.5 million and RMB14.9 million, in 2022, 2023 and 2024, respectively.

For derivative financial instruments that we may purchase in the future, we have implemented and will continue to evaluate and implement internal control measures to evaluate and monitor our purchases of derivative financial instruments. See "Financial Information — Selected Balance Sheet Items — Derivative Financial Instruments" for more details. However, there is no assurance we may successfully mitigate our exposures to foreign exchange and interest rate fluctuation risks through purchases of derivative financial instruments in the future.

Any changes or discontinuation of tax rebate, government grants or other preferential treatments may affect our business, results of operations and financial condition.

Subject to the relevant PRC laws, we are entitled to a rebate of value-added tax ("**VAT**") from the PRC tax authority in connection with our export sales for our products. The tax rebate comprised a refund of VAT incurred on the raw materials we used for production of our products in the PRC, which are subsequently exported to overseas countries. In 2022, 2023 and 2024, our value-added tax refund amounted to approximately RMB128.5 million, RMB116.6 million and RMB184.8 million, respectively. We cannot assure you that the PRC governmental policies on tax rebate will not change or that the current policies we enjoy will not be canceled. If there is any reduction, suspension, discontinuation or cancelation of tax rebate which may adversely affect the recoverability of our VAT recoverable, our business, financial condition and profitability would be adversely affected. Any decrease or discontinuation of such tax rebate may have a negative effect on our profitability.

Further, we received government grants during the Track Record Period. The government grants recognized in other income amounted to RMB11.2 million, RMB18.8 million and RMB21.9 million in 2022, 2023 and 2024, respectively. It is in the relevant PRC government authorities' discretions to decide when, under what conditions or whether the preferential tax treatment and/or government grants should be granted to us. There may also be changes of laws or regulations in certain industries that may affect or discontinue our eligibility to receive preferential tax treatment or government grants. We cannot assure you that we will continue to be eligible to receive the preferential tax treatment and/or government grants or the relevant PRC government authorities will not impose new conditions for receiving such preferential tax treatment and/or government grants in the future. If we are unable to obtain or maintain the preferential tax treatment and/or government grants or any other favorable regulatory treatments in the future, our business, results of operations and financial condition may be affected.

Our business and operations require significant capital resources and we may not be able to obtain additional capital when desired, on favorable terms or at all.

Our operations are generally capital-intensive. To the extent that our funding requirements exceed our existing financial resources, we will be required to seek external debt or equity financing or to defer planned expenditures. In the past, we have funded our capital requirements primarily with cash generated from our operations.

The amount of additional capital we need depends on factors including, but not limited to:

- our R&D expenses;
- our relationships with our customers and suppliers;
- our ability to control the cost and increase the sale of our products;
- sales and marketing expenses;
- enhancements to our infrastructure and systems;
- potential acquisitions of businesses and product lines; and
- general economic conditions, inflation, rising interest rates, and international conflicts and their impact on the downstream industries.

Our ability to obtain additional capital depends on factors, including, but not limited to:

- our market position and competitiveness in the industry;
- our overall financial condition, results of operations and future profitability;
- general market conditions for financing activities in China; and
- general economic and political conditions in China and internationally.

As we further grow our businesses, we expect our capital requirements to increase significantly in the future. We cannot assure you that cash generated from our operations will be sufficient to fund our future development and expansion. If we are unable to obtain financing in a timely manner or at a reasonable cost, if at all, our expansion plans may be delayed, our projects may be hindered, and our financial performance and growth prospects may be materially and adversely affected. The availability of external funding is subject to various factors, including governmental policies, market conditions, credit availability, interest rates and the performance of our operations.

We incurred debts during Track Record Period and may incur more debts in the future.

As of December 31, 2022 and 2023 and 2024, we recorded interest-bearing bank and other borrowings of RMB323.5 million, RMB383.2 million and RMB414.9 million, respectively. This in turn may require us to seek adequate financing from sources such as external debt, which may not be available on terms favorable to us or at all. Any difficulty in or failure to repay our debts and or any additional debt can materially and adversely affect our business, financial condition and prospects.

If we incur more debts in the future, an increased balance of indebtedness may require us to devote our financial resources to servicing such debt rather than funding our operating activities, which constrains our capital flexibility and may in turn adversely affect our business growth. In addition, if we incur a large balance of indebtedness, we may not be able to service our interest and principal repayments in a timely manner or at all, which could trigger cross-defaults with other debts and limit our ability to obtain further debt financing. As a result, failure to manage our debt may adversely affect our business, financial condition and prospects.

We are subject to credit risk related to delay in payment and defaults of customers, which would adversely affect our liquidity and financial condition.

We are exposed to credit risk related to delay in payment and defaults of our customers. As of December 31, 2022, 2023 and 2024, our trade and bills receivables amounted to RMB704.7 million, RMB886.7 million and RMB1,293.0 million, respectively. We may not be able to collect any, if not all, such trade and bills receivables due to a variety of factors that are beyond our control, including long payment cycle, adverse operating condition or financial condition of our customers, and our customers' inability to pay caused by their end customers' delay in payment. In such circumstances, we may have to make impairment provisions and our liquidity and financial condition will be adversely affected.

We are exposed to risks associated with our investment in wealth management products.

We had financial assets at fair value through profit or loss of RMB291.1 million as of December 31, 2024, all of which represented our investment in wealth management products issued by banks in Mainland China. We have implemented investment management policies during the Track Record Period in connection with our investment in wealth management products. See "Financial Information — Selected Balance Sheet Items — Net Current Assets/Liabilities — Financial Assets at Fair Value through Profit or Loss" for more details.

We are subject to risks associated with non-performance by the counterparties. For example, the banks and/or securities companies that issue wealth management products may fail to perform their contractual obligations in the event of bankruptcy or insolvency. Any material non-performance of our counterparties with respect to the wealth management products we invest in could materially and adversely affect our results of operations, financial position and cash flow. Furthermore, our investments in wealth management products are subject to the overall market conditions, including the capital markets, which exposes us to the risk of valuation uncertainty. We recorded fair value gains on financial assets at fair value through profit or loss of RMB3.0 million in 2024. Any volatility in the market or fluctuations in interest rates may negatively impact the fair value of these wealth management products, which may in turn have a material adverse effect on our results of operations and financial condition.

We may be subject to inventory obsolescence risk.

Our inventories were RMB355.6 million, RMB396.9 million and RMB458.6 million as of December 31, 2022, 2023 and 2024, respectively. For the same years, our inventory turnover days were 93 days, 89 days and 72 days, respectively. As our business expands, our inventory obsolescence risk may also increase with the increase in our inventories and our inventory turnover days. We cannot guarantee that we will be able to maintain proper inventory levels. If our forecast demand is higher than actual demand, we may be exposed to increased inventory risks due to the accumulation of excess inventory. Excess inventory may increase our inventory holding costs, risk of inventory obsolescence or write-offs. Conversely, if our forecast demand is lower than actual demand, we may not be able to maintain an adequate inventory level and may lose sales and market share to our competitors. Therefore, our business prospects, financial condition and results of operations may be materially and adversely affected.

In addition to the risk of inventory obsolescence, we may also suffer losses if our inventories are damaged, lost or deteriorated due to inadequate storage conditions or mishandling. Any failure to properly manage and safeguard our inventories could adversely affect our business, financial condition and results of operations.

Failure to fulfill our contractual obligations could adversely affect our liquidity and financial condition.

Our contract liabilities primarily arise from advance payments made by our customers to us before we fulfill our performance obligations. Our contract liabilities were RMB9.1 million, RMB6.3 million and RMB7.4 million as of December 31, 2022, 2023 and 2024. See "Financial Information — Selected Balance Sheet Items — Net Current Assets/Liabilities — Contract Liabilities" for more details. There is no assurance that we will be able to fulfill our obligations in respect of contract liabilities as the fulfillment of our performance obligations is subject to various factors that are beyond our control. If we are not able to fulfill our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognized as revenue and we may have to refund the advance payment made by our customers. As a result, our liquidity and financial condition may be adversely affected.

We may incur substantial depreciation expenses due to our significant investments in property, plant and equipment, which could adversely affect our financial performance.

In 2022, 2023 and 2024, we made significant capital expenditures amounting to RMB445.3 million, RMB398.0 million and RMB814.8 million, respectively, for the purchase of property, plant and equipment. In accordance with our accounting policies, these assets are depreciated on a straight-line basis over their estimated useful lives. As a result, we expect to incur additional annual depreciation expenses in the near future, which may adversely affect our financial performance. There is no assurance that our business operations will generate sufficient revenue to offset these increased depreciation expenses, which could have a material adverse effect on our business, financial condition and results of operations.

Any future occurrence of force majeure events, natural disasters, wars or public health and public security hazards may severely disrupt our business and operation.

Our business could be materially and adversely affected by natural disasters, health pandemic or other force majeure events, which may disrupt our supply chain, damage infrastructure, and hinder workforce productivity. Natural disasters such as snowstorms, earthquakes, fires, and floods can cause physical damage to our production facilities, equipment, and inventory which could result in production delays, inventory shortages and obsolete, which could increase our impairment and costs for repairs and replacements. Additionally, these events can lead to power outages, communication interruptions, and transportation disruptions, further hampering business operations.

Widespread health epidemics, such as the COVID-19 pandemic, can have a profound impact on our supply chain, particularly in terms of importing raw materials, warehousing, and delivery. Restrictions on travel and trade imposed during such events can disrupt the flow of goods and materials, leading to delays in receiving essential inputs for production. This can result in inventory shortages, production bottlenecks, and increased costs for alternative suppliers or pay higher prices for scarce materials, which may materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO CONDUCTING BUSINESS IN THE JURISDICTIONS WE OPERATE

Global economic and market uncertainty may adversely impact our business and operating results.

Uncertain global economic conditions have in the past and may in the future adversely impact our business. The current uncertainty in the worldwide economic environment together with other unfavorable changes in economic conditions, such as higher inflation and interest rate increases currently being experienced or implemented by most developed economies, as well as recessions that have affected major countries, may negatively impact consumer confidence and spending, ultimately causing our customers to postpone purchases and may ultimately impact our profitability. Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets. We could experience period-to-period fluctuations in operating results due to general industry or economic conditions and volatile or uncertain economic conditions can adversely impact our sales and profitability and make it difficult for us to accurately forecast and plan our future business activities. Furthermore, inflationary pressure and increases in interest rates may negatively impact revenue, earnings, and demand for our products. During challenging economic times, our current or potential future customers may experience cash flow problems and as a result may modify, delay, or cancel plans to purchase our products. Additionally, if our customers are not successful in generating sufficient revenue or are unable to secure financing, they may not be able to pay, or may delay payment of, accounts receivable that they owe us. Any inability of our current or potential future customers to pay us for our products may adversely affect our earnings and cash flow. Moreover, our key suppliers may reduce their output or become insolvent, thereby adversely impacting our ability to manufacture our products.

Failure to fully adapt to changes in the economic, political and social conditions, as well as government policies, laws and regulations, and industry practice guidelines in China could materially and adversely affect our business, financial condition, results of operations and prospects.

The majority of our business assets are located in China. Accordingly, our business, financial condition, results of operations and prospects are subject to the economic, political and legal conditions in China. Political and economic policies of the PRC government could affect our business and financial condition. Failure to fully adapt to these changes in political and economic policies may adversely affect our growth. In recent years, the PRC government implemented a series of laws, regulations and policies which imposed stricter standards with respect to, among other things, quality and safety control, and supervision and inspection of companies in our industry. Laws, regulations and policies related to our industries will continue to evolve and undergo changes or adjustments, compliance to which may incur additional costs for us. If we cannot fully comply with these laws, regulations and policies, our business, financial condition, results of operations and prospects may be adversely affected.

Development in the legal system of certain geographic markets in which we operate could materially and adversely affect us. The legal systems in these geographic markets vary significantly from one jurisdiction to another.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. The legal systems of some geographic markets where we operate are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have the authority to reject enforcement of foreign awards or arbitration awards in accordance with relevant legal provisions. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

Furthermore, the legal systems in the geographic markets where we operate are based in part on their respective government policies and internal interpretations. These policies or interpretive materials may be subject to periodic updates, and in certain cases, our understanding of such local government policies and internal interpretations may diverge from the regulatory authorities' interpretations or judicial rulings in analogous cases. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be prolonged due to our misunderstanding of relevant requirements, resulting in substantial costs and diversion of resources and management attention.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Failure to adapt to changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may affect our business, financial condition and results of operations.

Our business is subject to the risks associated with international operations.

Our international sales have historically constituted a substantial portion of our revenue. In 2022, 2023 and 2024, our delivery of PCBs offshore amounted to RMB1,878.1 million, RMB2,059.7 million and RMB2,682.8 million, representing approximately 82.7%, 81.2% and 77.1% of the total sales of PCBs, respectively. During the Track Record Period, we have maintained various supply chain infrastructures, such as established subsidiary and manufacturing facility in Thailand. We plan to continue to expand our footprint internationally as part of our strategy. Operating in overseas markets requires significant resources and management attention and will subject us to regulatory, economic and policy risks in addition to those we already face in China. Specifically, our overseas operations in Thailand are subject to various operational and financial risks that could adversely affect our business.

Our business operations outside China are subject to risks resulting from changes in tariffs, trade restrictions, trade agreements, international tax policies, difficulties in managing foreign operations and agents, different liability standards, issues related to compliance with anti-corruption laws, data protection, trade compliance and intellectual property laws in the respective overseas jurisdictions. The occurrence or consequences of any of these factors may restrict our ability to operate in the affected region or decrease the profitability of our operations in that region. In addition, our sales of PCB outside of China are normally settled in US dollars whilst our costs, such as labor costs, are denominated in RMB or in Thai Baht. As such, we are subject to exposure to foreign currency fluctuations. As we further expand our business internationally, we will be further exposed to increased risk related to foreign currency fluctuations.

In order to successfully construct new production facilities and increase our operations, we must efficiently manage our operations in other regions from the PRC and develop a strong local management team. If we are unable to successfully ramp up our international manufacturing capacity, including the associated increased logistics and warehousing, we may incur unanticipated costs, difficulties in making timely delivery of products or suffer other business disruptions which could adversely impact our results of operations. Furthermore, with the establishment of our Thailand subsidiary and manufacturing facilities, we are subject to the laws and regulations of Thailand, including those relating to labor, property, tax, intellectual property among others, which will require additional resources to navigate.

We are also subject to general risks inherent in international operations, such as fluctuations in exchange rates, embargoes and customs clearances, complexity in the domestic and international political environment, changes in legal and regulatory requirements, import and export restrictions and tariffs, as well as political or social unrest or economic instability in regions in which we operate. In particular, while we are expanding our global presence and established our subsidiary and manufacturing facility in Thailand, and therefore we are especially susceptible to fluctuations in economic conditions of Thailand. An economic downturn in Thailand may adversely affect our import volume and our suppliers' ability to provide us with quality products, which may, in turn, materially and adversely affect our business and results of operations. In addition, complexity in the domestic and international political environment, changes in legal and regulatory requirements, import and export restrictions and tariffs will have a material impact on our international operations. Our failure to manage any of these risks successfully could harm our international operations, and adversely affect our business, results of operations and financial condition.

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations.

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations in various jurisdictions in which we conduct activities. We have direct or indirect interactions with officials and employees of government agencies and state-owned affiliated entities in the ordinary course of business. These interactions subject us to an increased level of compliance-related concerns. We have implemented policies and procedures designed to ensure compliance by us and our Directors, officers, employees, representatives, consultants, agents and business partners with laws and regulations. However, our policies and procedures may not be sufficient, and our Directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible.

Regulations on currency exchange may limit our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your [REDACTED].

The conversion of Renminbi is subject to applicable laws and regulations in China. We cannot guarantee that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange needs. Under the current PRC foreign exchange system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the State Administration of Foreign Exchange ("**SAFE**"). We are required to present documentary evidence of such transactions and conduct such transactions at banks that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be registered in advance by the SAFE or its designated banks.

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, any change in these foreign exchange policies or 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, or to capitalize our capital expenditure plans, and even our business, results of operations and financial condition, may be affected.

Our operations are subject to Mainland China, Hong Kong and Thailand tax laws and regulations as well as those of other jurisdictions in which we operate.

As a company incorporated in China, we are subject to the PRC tax laws and regulations. We also operate in Thailand, Hong Kong, and other jurisdictions, and are subject to the tax laws and regulations of those jurisdictions. We cannot assure you that we are able to fully comply with such laws and regulations. Any violation of such laws and regulations may result in fines, other penalties, actions or proceedings that could adversely affect our business, financial condition and results of operations.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares by them. Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the dividends or gain from share transfer derived in China under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation regulations. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between the PRC and the jurisdiction in which the foreign individual or enterprise resides reduce or exempt the relevant tax obligations. Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region ("**HKSAR**") for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a resident of the HKSAR (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable by the Chinese company. If an HKSAR resident directly holds 25% or more of the equity interest in a PRC company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》) issued by the SAT effective on December 6, 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions. For non-PRC resident enterprises that do not have establishments or premises in the PRC, and for those who have establishments or premises in the PRC but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are typically subject to PRC enterprise income tax at a 10% rate. The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC 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》) issued by SAT, also stipulates that the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares shall be 10%, subject to a further reduction under a special arrangement or an applicable treaty between China and the jurisdiction of the residence of the relevant non-PRC resident enterprise. Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations are subject to the then relevant laws and regulations due to several factors, including whether the relevant preferential tax treatment will be revoked in the future such that all non-PRC resident individual holders will be subject to PRC individual income tax at a flat rate of 20%. If there is any change to applicable tax laws and rules and interpretation or application with respect to such laws and rules, the value of your **[REDACTED]** in our **[REDACTED]** may be materially affected.

You may experience difficulties in effecting service of legal process and enforcing judgments against us, our Directors and senior management.

We are a company incorporated under the PRC laws and a majority of our assets and subsidiaries are located in China. The majority of our Directors and senior management reside within China. The assets of these Directors and senior management also may be located within China. As a result, it may be difficult to effect service of process upon or to enforce judgments against us, most our Directors and senior management outside China.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to [REDACTED] and regulatory requirements of Mainland China and Hong Kong.

As we are listed on the Shenzhen Stock Exchange and will be **[REDACTED]** on the **[REDACTED]**, we will be required to comply with the applicable **[REDACTED]** rules and other regulatory regimes of both jurisdictions unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources to ensure our compliance with the **[REDACTED]** rules of both jurisdictions.

The characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the Shenzhen Stock Exchange. Following the **[REDACTED]**, our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be **[REDACTED]** on the **[REDACTED]**. Under current laws and regulations in China, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. With different **[REDACTED]** characteristics, the H Share and A Share markets have divergent **[REDACTED]** volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the **[REDACTED]** performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. Therefore, you should not place undue reliance on the trading history of our A Shares when making your **[REDACTED]** decision in our **[REDACTED]**.

There has been no prior [REDACTED] 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 and trading volume will develop and be sustained following the completion of the **[REDACTED]**. In addition, the **[REDACTED]** of our H Shares is expected to be fixed by agreement between **[REDACTED]** and us, and may not be an indication of the market price 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 market price and liquidity of our H Shares may be materially and adversely affected. The **[REDACTED]** of our H Shares may be volatile, which could lead to substantial losses to **[REDACTED]**.

The [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 securities in Hong Kong and elsewhere in the world.

The Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular listed company. The business and performance and the market price of the shares of other listed companies engaging in similar business may also affect the **[REDACTED]** of our Shares. In addition to market and industry factors beyond our control, the **[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 have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

Future sales or perceived sales of substantial amounts of our H Shares in the [REDACTED] could have a material adverse impact on the prevailing [REDACTED] of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your [REDACTED].

The market price of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the **[REDACTED]**, especially by our Directors, executive officers and Controlling Shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue Shares pursuant to any existing or future share option incentive schemes, which would further dilute our Shareholders' interests in our Company. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Certain amount of the Shares controlled by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which **[REDACTED]** in our Shares commences on the **[REDACTED]**. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the **[REDACTED]** of our Shares.

In addition, while **[REDACTED]** subscribing shares in the **[REDACTED]** are not subject to any restrictions on the disposal of the **[REDACTED]** they subscribed, they may have existing arrangements or agreement to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the **[REDACTED]** for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the **[REDACTED]**. Any sale of the **[REDACTED]** subscribed by such **[REDACTED]** pursuant to such arrangement or agreement could adversely affect the **[REDACTED]** of our H Shares and any sizeable sale could have a material and adverse effect on the **[REDACTED]** of our H Shares and could cause substantial volatility in the **[REDACTED]** of our H Shares.

The interests of our Controlling Shareholders may not be aligned with the interests of other Shareholders.

Our Controlling Shareholders have substantial influence over our business, including matters related to our management, policies and decisions regarding acquisitions, mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of directors and other significant corporate actions. Immediately following the completion of the **[REDACTED]** and assuming the **[REDACTED]** are not exercised, our Controlling Shareholders will hold approximately **[REDACTED]**% of the issued share capital of our Company. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and might reduce the **[REDACTED]** of our H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholders may exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

We have declared dividends in the past. We protect our Shareholders' interest by ensuring a consistent dividend policy. However, there is no assurance that we will be able to declare or distribute dividends of any amount in any year in the future. Under the applicable PRC laws and regulations, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under IFRS Accounting Standards. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at Shareholders' meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable PRC laws and regulations. See "Financial Information — Dividends and Dividend Policy" for more details of our dividend policy. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. However, any changes to these foreign exchange policies that prevent us from obtaining sufficient foreign currencies may affect our ability to pay dividends in foreign currencies to our Shareholders.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shenzhen Stock Exchange.

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in China. As a result, from time to time, we publicly release information relating to us on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in China, which are different from those applicable to the **[REDACTED]**. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. Therefore, prospective **[REDACTED]** in our H Shares should be reminded that, in making their **[REDACTED]** decisions as to whether to **[REDACTED]** our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to **[REDACTED]** our H Shares in the **[REDACTED]**, you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the **[REDACTED]**.

You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED] decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our Shares or the [REDACTED].

We strongly caution our **[REDACTED]** not to rely on any information contained in press articles or other media regarding us, our Shares and the **[REDACTED]**. Prior to the publication of this document, there may be press and media coverage regarding the **[REDACTED]** and us. 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. 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 our **[REDACTED]** should not rely on such information.

Certain facts, forecast and other statistics in this document obtained from publicly available sources have not been independently verified and may not be reliable.

Certain facts, forecast and other statistics in this document are derived from various government and official resources. However, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from official government sources has not been independently verified by us, the Joint Sponsors, **[REDACTED]**, or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics. Further, we cannot assure our **[REDACTED]** 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, our **[REDACTED]** should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain **[REDACTED]** information and other matters. The words "aim," "anticipate," "believe," "could," "predict," "potential," "continue," "expect," "intend," "may," "might," "plan," "seek," "will," "would," "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Consequently, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and **[REDACTED]** should not place undue reliance on them. See "Forward-looking Statements" for more details.

In preparation of the **[REDACTED]**, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

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.

Since our principal business and operations are substantially located, managed and conducted in the PRC through its PRC subsidiaries, our Directors consider that appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to or appropriate for our Group. As none of our executive Directors are ordinarily based in Hong Kong, we do not, and do not contemplate that we will in the foreseeable future, have a 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], a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. We will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and our Company:

(a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Mr. Xiao and Ms. Ho Sin Tung (何倩彤) ("**Ms. Ho**"), one of our joint company secretaries. Mr. Xiao confirms that he possesses valid travel documents and can readily travel to Hong Kong and Ms. Ho is ordinarily resident in Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone and email. Each of the authorized representatives is authorized to communicate on behalf of our Company with the Stock Exchange;

(b) all of our Directors have confirmed that they possess or can apply for and renew valid travel documents to visit Hong Kong and would be able to meet with the Stock Exchange upon reasonable notice and within a reasonable period. Each of our Directors will be readily contactable by telephone and email, and is authorized to communicate on behalf of our Company with the Stock Exchange;

(c) each of our Directors has provided his/her respective contact details, including office phone numbers, mobile phone numbers and/or email addresses, to the Stock Exchange and the authorized representatives. The authorized representatives have means to contact our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters;

(d) our Company has appointed Yue Xiu Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules who will have access at all times to the authorized representatives, our Directors and other senior management of our Company, and will act as an additional channel of communication with the Stock Exchange for the period commencing on the date of the **[REDACTED]** of our H Shares on the **[REDACTED]** and ending on the date when our Company distributes its annual report for the first full financial year in accordance with Rule 13.46 of the Listing Rules; and

(e) meetings between the Stock Exchange and our Directors can be arranged through the authorized representatives or the compliance advisor of our Company or directly with our Directors within a reasonable time frame. Our Company will inform the Stock Exchange promptly in respect of any change in the authorized representatives and/or the compliance advisor.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, our company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

The Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

In assessing "relevant experience," the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles he or she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to be the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

We have appointed Mr. Zeng Yangqing (曾楊清) ("**Mr. Zeng**") as one of our joint company secretaries. Mr. Zeng joined our Group in March 2017 and currently holds the positions of deputy general manager and secretary to the Board. He is primarily responsible for Board affairs, corporate governance, capital management, investor relations and securities affairs of our Group. Having regard to Mr. Zeng's past experience in handling corporate matters and his familiarity with our Group, we believe that the appointment of Mr. Zeng as our company secretary would be beneficial for our Group. While Mr. Zeng does not possess the requisite qualifications required by Rule 3.28 of the Listing Rules, our Company has appointed Ms. Ho, who is a Hong Kong resident and possesses relevant qualification, to be a joint company secretary to assist Mr. Zeng in the compliance matters for the **[REDACTED]** as well as other Hong Kong regulatory requirements for a period of three years commencing from the **[REDACTED]**. For the biographies of our joint company secretaries, see "Directors and Senior Management — Joint Company Secretaries" in this document. Over such three-year period, we will implement measures to assist Mr. Zeng to satisfy the requisite qualifications as prescribed in Rule 3.28 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.17 and 3.28 of the Listing Rules in relation to Mr. Zeng's appointment as a joint company secretary pursuant to Chapter 3.10 of the Guide on the following conditions:

(a) Mr. Zeng must be assisted by Ms. Ho, who possesses the qualification and experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the validity period of the waiver; and

(b) the waiver is valid for a period of three years from the **[REDACTED]** and will be revoked immediately if and when Ms. Ho ceases to provide such assistance or if there are material breaches of the Listing Rules by our Company.

Before the end of the initial three-year period, we will evaluate the then experience of Mr. Zeng in order to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied at the time and ongoing assistance would be needed. We would then endeavor to demonstrate to the satisfaction of the Stock Exchange that Mr. Zeng, having had the benefit of Ms. Ho's assistance for three years, would then have acquired the "relevant experience" within the meaning of Rule 3.28 of the Listing Rules so that a further waiver would not be necessary.

DISCLOSURE REQUIREMENTS IN RESPECT OF OUTSTANDING SHARE OPTIONS

The Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribe certain disclosure requirements in relation to the share options granted by our Company (the "**Share Option Disclosure Requirements**"):

(a) Rule 17.02(1)(b) of the Listing Rules stipulates that all material terms of a scheme must be clearly set out in this document. Our Company is also required to disclose in this document full details of all outstanding options and their potential dilution effect on the shareholdings upon **[REDACTED]** as well as the impact on the earnings per Share arising from the issue of Shares in respect of such outstanding options;

(b) Paragraph 27 of Appendix D1A to the Listing Rules requires our Company to set out in this document particulars of any capital of any member of our Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee; and

(c) Paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires our Company to disclose, amongst others, details of the number, description and amount of any Shares in or debentures of our Company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (i) the period during which it is exercisable; (ii) the price to be paid for Shares or debentures subscribed for under it; (iii) the consideration (if any) given or to be given for it or for the right to it; and (iv) the names and addresses of the persons to whom it or the right to it was given or, if given to existing Shareholders or debenture holders as such, the relevant Shares or debentures must be specified in the document.

Pursuant to paragraphs 6 to 7 of Chapter 3.6 of the Guide, the Stock Exchange would normally grant waivers from disclosing the names and addresses of certain grantees if the issuer could demonstrate that such disclosures would be irrelevant and unduly burdensome, subject to certain conditions specified therein.

As of the Latest Practicable Date, our Company had granted outstanding options under the 2024 Share Option Incentive Plan to 220 grantees, to subscribe for an aggregate of 2,935,000 A Shares. The Shares underlying the granted options represent approximately **[REDACTED]**% of the total number of Shares in our Company immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**). As of the Latest Practicable Date, among the granted options, 60,000 were held by one connected person and 2,875,000 were held by grantees who were not Directors, members of the senior management or connected persons of our Company.

We have applied to (i) the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) and paragraph 27 of Appendix D1A to the Listing Rules; and (ii) the SFC for a certificate of exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, respectively, on the ground that strict compliance with the above requirements would be unduly burdensome for our Company and the exemption would not prejudice the interests of the investing public for the following reasons:

(a) given that 219 grantees (who are not Directors, members of the senior management or connected persons of our Company) are involved for the granting of outstanding options, strict compliance with such disclosure requirements in setting out full details of all the grantees under the 2024 Share Option Incentive Plan in this document would be costly and unduly burdensome for us in light of a significant increase in cost and timing for information compilation and **[REDACTED]** preparation as our Company would need to collect and verify the addresses of a large number of grantees to meet the disclosure requirement;

(b) the grant and exercise in full of the options under the 2024 Share Option Incentive Plan will not cause any material adverse impact to the financial position of our Group. The 219 grantees who are not Directors, members of the senior management or connected persons of our Company have been granted options to acquire 2,875,000 A Shares. The Shares underlying the granted options represent approximately **[REDACTED]**% in our Company immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**), which is not material in the circumstances of our Company;

(c) there will not be any new H Shares issued under the 2024 Share Option Incentive Plan as the foregoing plan is an A-share incentive scheme;

(d) non-compliance with the above disclosure requirements would not prevent us from providing our potential **[REDACTED]** with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and

(e) material information relating to the Shares under the 2024 Share Option Incentive Plan has been disclosed in this document to provide prospective **[REDACTED]** with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the options in making their **[REDACTED]** decision, and such information includes:

    (i) a summary of the terms of the 2024 Share Option Incentive Plan;

    (ii) the aggregate number of Shares subject to the options and the percentage to our total issued share capital represented by such number of Shares;

    (iii) the dilutive effect and the impact on earnings per Share upon full exercise of the options immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**);

    (iv) full details of the options granted by our Company to Directors, members of senior management and connected persons of our Company (if any), on an individual basis, are disclosed in this document, and such details include all the particulars required under Rule 17.02(1)(b) and paragraph 27 of Appendix D1A to the Listing Rules and paragraph 10 of Part 1 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(v) in respect of the options under the 2024 Share Option Incentive Plan granted to remaining grantees (being the other grantees who are not our Directors, senior management or connected persons of our Company), disclosure will be made, on an aggregate basis, including (i) their aggregate number of grantees and number of Shares underlying the options under the 2024 Share Option Incentive Plan; (ii) the consideration (if any) paid for the grant of the options under the 2024 Share Option Incentive Plan; and (iii) the exercise period of the options and the exercise price of the options granted under the 2024 Share Option Incentive Plan; and

(vi) the particulars of the waiver and exemption granted by the Stock Exchange and the SFC, respectively.

We have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the applicable Share Option Disclosure Requirements on the conditions that:

(a) on an individual basis, full details of the options under the 2024 Share Option Incentive Plan granted by our Company to each of our Directors, members of senior management and connected persons of our Company (if any), will be disclosed in the section headed "Appendix VI — Statutory and General Information — Our Incentive Schemes" as required under Rule 17.02(1)(b) and paragraph 27 of Appendix D1A to the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) in respect of the options under the 2024 Share Option Incentive Plan granted to remaining grantees other than those referred to in sub-paragraph (a) above, disclosure will be made, on an aggregate basis, categorized into lots based on the number of Shares underlying each individual grantee, being (i) 1 to 50,000 A Shares; and (ii) 50,001 to 100,000 A Shares, and for each lots of A Shares, the following details are disclosed in this document: (i) their aggregate number of grantees and number of Shares underlying the options under the 2024 Share Option Incentive Plan; (ii) the consideration (if any) paid for the grant of the options under the 2024 Share Option Incentive Plan; and (iii) the exercise period of the options and the exercise price of the options granted under the 2024 Share Option Incentive Plan;

(c) aggregate number of Shares underlying the options granted under the 2024 Share Option Incentive Plan and the percentage to our total issued share capital represented by such number of Shares as of the Latest Practicable Date;

(d) the dilutive effect and impact on earnings per Share upon the full exercise of the options under the 2024 Share Option Incentive Plan will be disclosed in the section headed "Appendix VI — Statutory and General Information — Our Incentive Schemes";

(e) a summary of the major terms of the 2024 Share Option Incentive Plan will be disclosed in the section headed "Appendix VI — Statutory and General Information — Our Incentive Schemes";

(f) a full list of all the grantees with outstanding options under the 2024 Share Option Incentive Plan containing all the particulars as required under Rule 17.02(1)(b) and paragraph 27 of Appendix D1A to the Listing Rules be made available for public inspection in accordance with "Documents Delivered to the Registrar of Companies and Available on Display — Document Available for Inspection" in Appendix VII to this document;

(g) the grant of a certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and

(h) the particulars of the waiver will be disclosed in this document.

We have applied for, and the SFC [has granted], a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

(a) on an individual basis, full details of the options under the 2024 Share Option Incentive Plan granted by our Company to each of our Directors, members of senior management and connected persons of our Company (if any), will be disclosed in the section headed "Appendix VI — Statutory and General Information — Our Incentive Schemes" as required under Rule 17.02(1)(b) and paragraph 27 of Appendix D1A to the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) in respect of the options under the 2024 Share Option Incentive Plan granted to remaining grantees other than those referred to in sub-paragraph (a) above, disclosure will be made, on an aggregate basis, categorized into lots based on the number of Shares underlying each individual grantee, being (i) 1 to 50,000 A Shares; and (ii) 50,001 to 100,000 A Shares, and for each lots of A Shares, the following details are disclosed in this document: (i) their aggregate number of grantees and number of Shares underlying the options under the 2024 Share Option Incentive Plan; (ii) the consideration (if any) paid for the grant of the options under the 2024 Share Option Incentive Plan; and (iii) the exercise period of the options and the exercise price of the options granted under the 2024 Share Option Incentive Plan;

(c) a full list of all the grantees with outstanding options under the 2024 Share Option Incentive Plan, containing all the details as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance be made available for public inspection in accordance with "Documents Delivered to the Registrar of Companies and Available on Display — Document Available for Inspection'' in Appendix VII to this document; and

(d) the particulars of the exemption will be disclosed in this document which will be issued on or before **[REDACTED]**.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Xiao Hongxing (肖紅星)	1 of No. 2, Lane 7, Xintian East Road Daojiao Town Dongguan City Guangdong Province PRC	Chinese
Ms. Zeng Hong (曾紅)	Room 105, Block C, Building 11 255 Guantai Avenue, Nancheng District Dongguan City Guangdong Province PRC	Chinese
Mr. Peng Jinghui (彭鏡輝)	Xiagang Street Public Collective Household 1 Dongyuan 3rd Street, Huangpu District Guangzhou PRC	Chinese
Non-executive Director		
Ms. Liu Jinchan (劉錦嬋)	1 of No.1, Lane 7, Xintian East Road Daojiao Town Dongguan City Guangdong Province PRC	Chinese
Independent non-executive Directors		
Ms. Chen Limei (陳麗梅)	Room 2102, 30 Zhunan Street Dongshan District Guangzhou Guangdong Province PRC	Chinese
Ms. Li Ying (李瑩)	Room 404, Building 4 139 Zhongshan Avenue West, Tianhe District Guangzhou PRC	Chinese
Dr. Shi Ling (施淩)	Room B, 10/F, Block 6 Senior Staff Quarter HKUST Clear Water Bay Hong Kong	Chinese (Hong Kong)

Further information about our Directors are set out in "Directors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**CITIC Securities (Hong Kong) Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
	HSBC Corporate Finance (Hong Kong) Limited 1 Queen's Road Central Hong Kong

[REDACTED]

Legal Advisors to our Company	*As to Hong Kong and U.S. laws:* **Paul Hastings** 22/F, Bank of China Tower 1 Garden Road Hong Kong
	As to PRC law: **AllBright Law Offices** 21, 22, 23/F, Excellence Century Centre Fu Hua 3 Road Futian District Shenzhen PRC

Legal Advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and U.S. laws:* **Sullivan & Cromwell (Hong Kong) LLP** 20/F, Alexandra House 18 Chater Road Central Hong Kong *As to PRC law:* **Jia Yuan Law Offices** F408, Ocean Plaza 158 Fuxing Men Nei Avenue Xicheng District Beijing PRC
Auditor and Reporting Accountants	**Ernst & Young** *Certified Public Accountants* *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.** Room 2504, Wheelock Square No. 1717, West Nanjing Road Jing'an District, Shanghai PRC

[REDACTED]

Registered Office	No.22 Baoying South Road Free Trade Zone, Guangzhou PRC
Headquarters and Principal Place of Business in the PRC	No.22 Baoying South Road Free Trade Zone, Guangzhou PRC
Place of Business in Hong Kong	Room 1928, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	**www.delton.com.cn** *(The information on the website does not form part of this document)*
Joint Company Secretaries	**Mr. Zeng Yangqing (曾楊清)** No.22 Baoying South Road Free Trade Zone, Guangzhou PRC **Ms. Ho Sin Tung (何倩彤)** Room 1928, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	**Mr. Xiao Hongxing (肖紅星)** 1 of No. 2, Lane 7, Xintian East Road Daojiao Town Dongguan City Guangdong Province PRC **Ms. Ho Sin Tung (何倩彤)** Room 1928, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

Audit Committee	Ms. Chen Limei (陳麗梅) *(Chairperson)* Ms. Li Ying (李瑩) Ms. Liu Jinchan (劉錦嬋)
Remuneration and Appraisal Committee	Ms. Chen Limei (陳麗梅) *(Chairperson)* Ms. Li Ying (李瑩) Ms. Zeng Hong (曾紅)
Nomination Committee	Ms. Li Ying (李瑩) *(Chairperson)* Ms. Chen Limei (陳麗梅) Mr. Xiao Hongxing (肖紅星)
Strategy and ESG Committee	Mr. Xiao Hongxing (肖紅星) *(Chairperson)* Ms. Zeng Hong (曾紅) Ms. Li Ying (李瑩)

[REDACTED]

Compliance Advisor	**Yue Xiu Capital Limited** Rooms Nos. 4917–4937 49/F, Sun Hung Kai Centre No. 30 Harbour Road Wanchai, Hong Kong
Principal Banks	**China Merchants Bank Co., Ltd. Guangzhou Branch Development District Sub-branch** 286 Kexue Avenue, Kexuecheng Huangpu District Guangzhou PRC
	HSBC Bank (China) Company Limited 28/F, Taikoo Hui Tower 2 381 Tianhe Road, Tianhe District Guangzhou PRC

The information and statistics set out in this section and other sections of this document were extracted from the Frost & Sullivan Report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the **[REDACTED]***. The information from official government sources has not been independently verified by us, the Joint Sponsors,* **[REDACTED]***, any of their respective directors and advisers or any other persons or parties involved in the* **[REDACTED]***, and no representation is given as to its accuracy.*

SOURCE OF INFORMATION

We commissioned Frost & Sullivan, an independent market research consulting firm which is principally engaged in the provision of market research consultancy services, to conduct a detailed analysis of the global PCB industry. During the preparation of the Frost & Sullivan Report, Frost & Sullivan performed both primary and secondary research, and obtained knowledge, statistics, information and industry insights on the trends of the global PCB industry. Primary research involved discussing the status of the industry with leading industry participants and experts. Secondary research involved reviewing annual reports of companies, independent research reports and Frost & Sullivan's proprietary database. The Frost & Sullivan Report was compiled based on the following assumptions: (i) China's social, economic and political environment is likely to remain stable in the forecast period; and (ii) the related industry key drivers are likely to drive the market in the forecast period.

Frost & Sullivan is an independent global consulting firm, which was founded in New York in 1961. It offers industry research and market strategies, and provides growth consulting and corporate training. We have been contracted to pay a fee of RMB0.5 million to Frost & Sullivan in connection with the preparation of the Frost & Sullivan Report. We have extracted certain information from the Frost & Sullivan Report in this section, as well as in the sections headed "Summary," "Risk Factors," "Business," "Financial Information" and elsewhere in this document to provide our potential **[REDACTED]** with a more comprehensive presentation of the industry in which we operate.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. We confirm that after taking reasonable care, there has been no adverse change in the market information since the date of the report prepared by Frost & Sullivan which may qualify, contradict or have an impact on the information set forth in this section in any material respect.

OVERVIEW OF PRINTED CIRCUIT BOARD (PCB) INDUSTRY

Definition and Classification of PCB Industry

Classification by Product Type

PCBs are circuit boards with predefined conductive pathways formed on insulating substrates, serving as foundational components that carry and interconnect electronic components in devices, often referred to as the "mother of electronic products."

PCB can be categorized into multilayer PCBs, HDI PCBs, flex PCBs, and IC substrates:

- ***Multilayer PCBs:*** Multilayer PCBs are categorized by layer count into low-layer-count PCB (single- or double-sided), mid-low-layer-count PCB (four to six layers), and high-layer-count PCB (eight layers and above).

  Single-sided PCBs feature circuits on one side of the substrate, commonly used in simple electronics like small appliances, remote controls, and fax machines. Double-sided PCBs have circuits on both sides, interconnected via plated through-holes, which accommodate moderately complex circuits and are widely used in computers, televisions, and automotive electronics.

  Mid-low-layer-count PCBs and high-layer-count PCBs incorporate multiple conductive layers separated by insulating materials, with circuits interconnected through interlayer connections. PCBs with four or more layers provide increased routing space and higher circuit density for enhanced functionality and more components in constrained space. High-layer-count PCBs, leveraging advantages like high speed signal transmission, superior integration, and robust reliability, are particularly critical in high performance fields including servers, network switches, and 5G infrastructure.

- ***HDI PCBs:*** HDI PCBs utilize blind/buried vias to maximize wiring density, enabling higher component integration in compact spaces while reducing signal interference and loss.

  HDI PCBs are categorized into low-level HDI, high-level HDI, and anylayer HDI, depending on their build-up layers and process complexity. Low-level HDI includes 1+ HDI ("1+N+1" structure, comprising one additional build-up layer on each side of a standard PCB) and 2+ HDI ("2+N+2" structure, comprising two additional build-up layers on each side of a standard PCB), while high-level HDI refers to 3+ HDI and above ("3+N+3" or above structure, comprising three or more additional build-up layers on each side of a standard PCB). The letter "N" denotes the layer count of the standard through-hole PCB, and the prefix numbers (1/2/3) indicate the additional build-up layers. Anylayer HDI, the most advanced tier, enables direct interconnection between any adjacent layers via micro-blind vias, eliminating intermediate layer constraints. High-level HDI and anylayer HDI deliver high-density routing, high-frequency signal handling, and high-speed performance. These capabilities make it critical for servers, 5G infrastructure, automotive electronics, and smart devices requiring extreme miniaturization and signal integrity.

- ***Flex PCBs:*** Fabricated from flex substrates or hybrid rigid-flex materials, these offer lightweight, bendable designs that optimize space utilization. Flex PCBs and rigid-flex PCBs are widely adopted in high-end electronic products with compact interior space, such as smartphones, tablets, and wearables.

- ***IC Substrates:*** Evolved from HDI technology, IC substrates feature higher precision and more complex structures, which apply to packaging and fixing of integrated circuits such as processor chips, memory chips, MEMS devices, and RF modules.

Classification by Downstream Applications

PCBs are core components in the electronics industry, with its technological evolution deeply intertwined with downstream application demands. As electronic products advance toward high performance, miniaturization, and intelligence, the PCB industry has developed distinct characteristics of technical stratification and scenario-specific segmentation. Different application scenarios impose varying requirements on material selection, layer design, and process standards. Downstream applications can be broadly categorized into (i) computing application, (ii) industrial application, and (iii) consumer application.

- ***Computing application PCBs.*** Computing application PCBs primarily include those designed for high performance servers and datacenter switches. These PCBs typically have high layer counts and use high speed materials, which are critical for meeting stringent requirements for signal integrity and thermal management in CPUs, GPUs, and storage devices, thereby ensuring stability and efficiency of servers under heavy workloads. Due to the complexity of these technical requirements, computing application PCBs generally carry high added value.

- ***Industrial application PCBs.*** Industrial application PCBs primarily include those designed for wired and wireless infrastructure, automotive electronics, industrial control, medical devices and aerospace. These applications emphasize high reliability and environmental adaptability.

- ***Consumer application PCBs.*** Consumer application PCBs primarily include those designed for smartphones, computers, wearable devices, home applications and others. As consumer electronics evolve toward thinner profiles, miniaturization, diversification, and enhanced performance, demand for HDI PCBs and flex PCBs continues to grow.

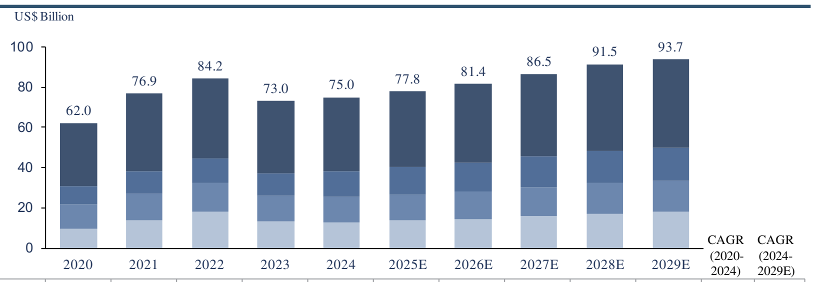
Market Size of Global PCB Industry

In terms of sales revenue, the global PCB market has shown steady growth, expanding from US$62.0 billion in 2020 to US$75.0 billion in 2024, with a CAGR of 4.9% during this period. Moving forward, driven by global macroeconomic recovery and emerging applications such as datacenters, AI, autonomous driving, and AR/VR, the global PCB market is expected to maintain stable growth from 2024 to 2029, with a CAGR of 4.5%.

Breakdown by Products

From product perspective, multilayer PCBs hold the highest share in the global PCB market. In 2024, the market size of global multilayer PCBs reached US$36.7 billion, accounting for 48.9% of the total market. With rising global demand for computing power, high-layer-count multilayer PCBs and HDI PCBs are expected to become the optimal solutions for modern servers' complex computational needs due to their advantages in high density interconnect, high performance data transmission, superior heat dissipation, reliability, and stability. The market size of multilayer PCBs and HDI PCBs is projected to reach US$43.6 billion and US$16.9 billion, respectively, by 2029, with CAGRs of 3.5% and 5.7% from 2024 to 2029.

Total Revenue of PCB Market (by product), Global, 2020-2029E

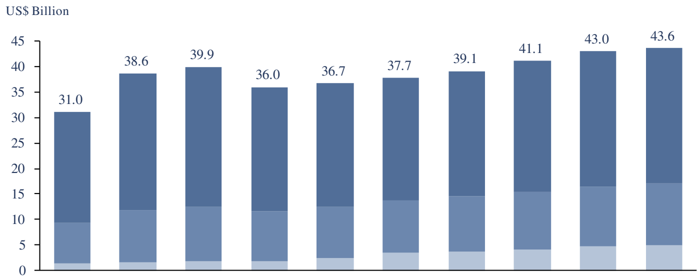


	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	CAGR (2020-2024)	CAGR (2024-2029E)
Multilayer	31.0	38.6	39.9	36.0	36.7	37.7	39.1	41.1	43.0	43.6	4.3%	3.5%
HDI	9.4	11.3	12.1	11.1	12.8	13.7	14.4	15.4	16.4	16.9	8.0%	5.7%
Flex	11.9	13.4	14.3	12.8	12.8	12.8	13.4	14.3	15.1	15.5	1.8%	3.9%
IC Substrates	9.7	13.6	17.9	13.1	12.9	13.6	14.5	15.8	17.0	17.8	7.3%	6.7%
Total	**62.0**	**76.9**	**84.2**	**73.0**	**75.0**	**77.8**	**81.4**	**86.5**	**91.5**	**93.7**	**4.9%**	**4.5%**

Source: Frost & Sullivan

Within the multilayer PCBs market, boards with different layer counts exhibit significant differences in technology and applications. In 2024, the revenue of multilayer PCBs with six and below layers reached US$24.2 billion, accounting for approximately 65.9% of the total revenue of multilayer PCBs. Multilayer PCBs with eight to 16 layers are primarily employed in communication equipment, high performance servers, and high-end automotive electronics, with revenue reached US$10.0 billion in 2024, representing 27.4% of the total revenue of multilayer PCBs. Multilayer PCBs with 18 and above layers are currently in the technological development phase and are mainly used in emerging fields such as AI servers and high speed network communication. The revenue of multilayer PCBs with 18 and above layers reached US$2.5 billion in 2024 and is projected to grow to US$5.0 billion by 2029, achieving a CAGR of 15.0% during this period, making it the fastest-growing market segment.

Total Revenue of Multilayer PCB Market (by product), Global, 2020-2029E



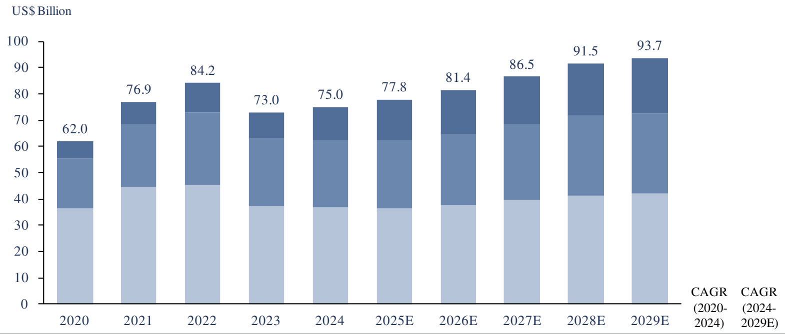
	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	CAGR (2020-2024)	CAGR (2024-2029E)
Six and below layers	21.7	26.8	27.5	24.4	24.2	24.0	24.6	25.6	26.5	26.5	2.7%	1.9%
Eight to 16 layers	8.0	10.2	10.6	9.8	10.0	10.3	10.7	11.3	11.9	12.1	5.8%	3.8%
18 and above layers	1.3	1.6	1.8	1.8	2.5	3.4	3.7	4.2	4.6	5.0	16.7%	15.0%
Total	**31.0**	**38.6**	**39.9**	**36.0**	**36.7**	**37.7**	**39.1**	**41.1**	**43.0**	**43.6**	**4.3%**	**3.5%**

Source: Frost & Sullivan

Breakdown by Downstream Applications

From the perspective of downstream applications, the market size of computing application PCBs was US$12.5 billion in 2024 and is expected to grow to US$21.0 billion by 2029, representing the fastest-growing segment with a CAGR of 10.9%. The market size of industrial application PCBs was US$25.9 billion in 2024 and is projected to rise to US$30.8 billion by 2029, achieving a CAGR of 3.5%. The market size of consumer application PCBs is expected to increase from US$36.7 billion in 2024 to US$41.9 billion in 2029, with a CAGR of 2.7%.

Total Revenue of PCB Market (by downstream application), Global, 2020-2029E



	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	CAGR (2020-2024)	CAGR (2024-2029E)
Computing Application PCBs	6.4	8.3	11.3	9.9	12.5	15.4	16.7	18.3	19.9	21.0	18.2%	10.9%
Industrial Application PCBs	18.9	23.8	27.7	26.1	25.9	26.0	27.1	28.7	30.2	30.8	8.1%	3.5%
Consumer Application PCBs	36.6	44.7	45.2	37.0	36.7	36.3	37.6	39.5	41.4	41.9	0.0%	2.7%
Total	**62.0**	**76.9**	**84.2**	**73.0**	**75.0**	**77.8**	**81.4**	**86.5**	**91.5**	**93.7**	**4.9%**	**4.5%**

Source: Frost & Sullivan

Market Drivers of Global PCB Industry

- ***Demand-Side Drivers.*** The global PCB industry continues to experience growing demand, driven by the diversification of downstream applications and the adoption of emerging technologies. Rapid advancements in sectors such as telecommunications (5G/6G), datacenters, artificial intelligence, IoT, and automotive electronics (smart driving, electrification) are fueling the need for high performance, high density PCBs. Additionally, expansions in industrial automation and medical electronics provide long-term growth momentum for the PCB industry.

- ***Product and Technology Innovation.*** Technological evolution remains a core driver of the PCB industry. Rising demand for advanced products like high-layer-count PCBs, HDI PCBs, flex boards, and IC substrates caters to requirements for high performance computing and advanced packaging. Breakthroughs in new materials and cutting-edge manufacturing processes further propel industry upgrades, enhancing the competitiveness of PCB manufacturers.

- ***Favorable Policy Support.*** Governments worldwide recognize PCB as a critical component of electronics manufacturing and are driving industry growth through funding, tax incentives, and supply chain integration. For example, China's "14th Five-Year Plan for Digital Economy Development" proposes to enhance the supply capacity of basic software and hardware, core electronic components, key basic materials, and production equipment, and strengthen the self-sufficiency capabilities of critical products.

Development Trends of Global PCB Industry

- ***High Performance Advancement.*** High performance development focuses on improving PCB reliability through enhanced impedance control and thermal management. PCBs with more layers, shorter wiring routes, and lower circuit impedance enable end products to achieve high speed/high-frequency operation, stable performance, and support more complex functionalities. The improvement of PCB impedance characteristics is particularly prominent in server motherboards, where optimized materials and interlayer structures ensure stability during high speed data processing in servers. Communication equipment demands exceptionally high requirements for PCB's high-frequency stability. Such PCBs employ specialized high frequency materials combined with high precision machining technologies to guarantee complete signal transmission in millimeter-wave frequency bands. Highspeed/high-frequency terminal applications also impose stringent requirements on PCB heat dissipation performance. For applications like computing power, servers, and automotive electronics, the PCB industry is innovating advanced thermal solutions to address heat dissipation challenges from increasing power density.

- ***High-Density Evolution.*** Rapid iteration of electronic products, particularly the miniaturization trend in next-generation devices, is driving PCB development toward higher density. The trend towards mini-densification imposes stringent requirements on PCB parameters including aperture size, trace width, and layer count. As an embodiment of advanced PCB technologies, HDI technology is evolving from conventional implementations to more sophisticated anylayer interconnection architectures. This technological progression aims to address the growing market demands for compact form factors and enhanced integration density in consumer electronics such as smartphones and wearable devices. High density requirements challenge circuit boards in terms of aperture size, trace width, layer count, and other parameters. HDI technology meets the demand for smaller form factors and greater integration in consumer electronics like smartphones and wearables. Finer blind/buried via designs and micro via technology significantly enhance PCB wiring density.

- ***Green Transformation.*** Tightening global environmental regulations and carbon neutrality goals are accelerating the PCB industry's shift toward low-carbon, sustainable manufacturing. Eco-friendly materials are replacing traditional processes to minimize toxic emissions at the source. Breakthroughs in bio-based resins and biodegradable materials provide technical foundations for green PCB lifecycle management. Concurrently, circular economy principles drive innovations in closed-loop processes, such as metal recovery from waste boards and recycled copper foil, forming an eco-chain of "production-application-recycling." Green practices are becoming a core differentiated competitiveness for PCB manufacturers.

- ***Regionalized Supply Chain Restructuring.*** Geopolitical shifts and supply chain security concerns are reshaping global PCB production into a multi-polar, regionally focused landscape. Southeast Asia, leveraging labor cost advantages and policy incentives, is absorbing capacity transfers and forming scaled manufacturing clusters. As the world's largest manufacturing base, China is leveraging its advanced industrial clusters in coastal regions to accelerate technological upgrading towards high value-added products such as high-frequency/high speed PCBs and HDI PCBs, progressively achieving import substitution. Concurrently, the industry is initiating phased capacity transfers to Southeast Asian countries like Thailand, while deepening regional collaboration in industrial chain coordination and optimizing cross-border production networks to establish a more resilient global supply chain ecosystem.

Background of Global AI Industry

Cloud Computing

With the acceleration of digital transformation, cloud computing as a core model for delivering on-demand computing resources via the internet has positioned cloud services as a critical enabler for enterprises to achieve digital transformation and business innovation. Its essence lies in dynamically allocating computing power, storage, and network capabilities from shared resource pools, allowing businesses to flexibly access resources without building their infrastructure. The widespread adoption of cloud services has accelerated enterprise migration to the cloud, driving the construction of large-scale datacenters. General-purpose servers, as key carriers of foundational computing power, underpin cloud services, leading to sustained global demand for such servers. Meanwhile, the rise of artificial intelligence and big data analytics demands higher computational capabilities. Cloud computing addresses sudden surges in computing needs through elastic scalability and high-availability designs without hardware upgrades, while general-purpose servers meet high performance computing requirements through optimized architectures and enhanced parallel computing capabilities. Additionally, the growth of IoT devices has spurred demand for the convergence of edge computing and cloud computing, further propelling the development of the general-purpose server market.

Artificial Intelligence

AI refers to technologies and methods that simulate and extend human intelligence, enabling computers or machines to perform cognitive and reasoning activities such as perception, learning, decision-making, and adaptation. Rooted in interdisciplinary research spanning mathematics, statistics, computer science, and neuroscience, AI combines algorithms and data to equip machines with human-like or superior intelligence and learning capabilities for specific tasks.

AI applications are vast, with current development priorities including large-scale models, industry-specific AI solutions, digital twins, and the metaverse. Large-scale models are highly versatile AI models trained on massive datasets, leveraging "big data + massive computing power + robust algorithms" to achieve cross-domain generalization. These models enable applications like natural language processing and image generation, already penetrating fields such as medical diagnosis, financial risk control, and smart transportation. Industry-specific AI solutions focus on vertical applications, spanning intelligent manufacturing, intelligent finance, and intelligent healthcare. Successful implementations include enhancing manufacturing quality, inspection efficiency, and intelligent financial risk control. Digital twins and the metaverse represent the cutting-edge direction of the integration of the virtual and the real. Digital twins create real-time digital replicas of physical systems for precision simulation and optimization in industrial manufacturing and smart cities. The metaverse emphasizes immersive virtual environments powered by VR/AR and AI interaction technologies, applied in social and entertainment scenarios.

GLOBAL HIGH PERFORMANCE SERVER PCB INDUSTRY OVERVIEW

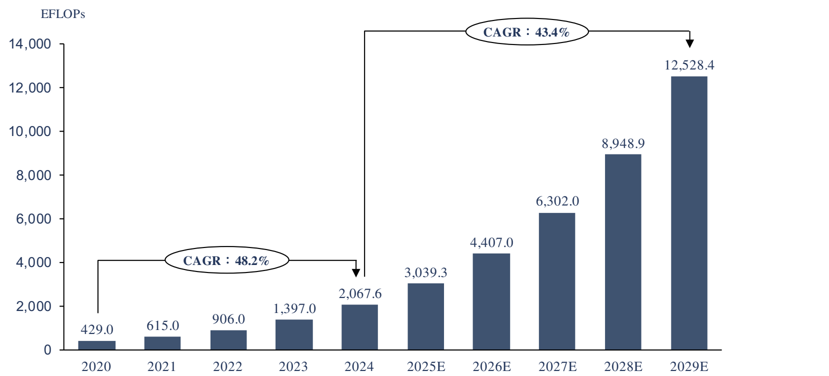
Background of Global Computing Power Industry

Market Size of Computing Power

The rapid development of technologies such as AI, big data, cloud services, IoT, and edge computing has collectively driven explosive growth in global computing power demand. As the core productivity of the digital era, computing power fundamentally represents a system's ability to process complex tasks, directly determining the efficiency of converting data into value. First, AI, as the primary driver, has seen surging demand for computing power due to the rise of large-scale model training and applications, particularly the proliferation of generative AI, which requires processing massive datasets and complex computations. Second, the exponential growth of IoT devices has led to a geometric increase in data volume, with real-time processing and analysis of this data further elevating demand for edge and cloud computing capabilities. Additionally, the widespread adoption of cloud services enables flexible and efficient access to computational resources for enterprises, but also drives a surge in datacenter computing power requirements.

Global computing power scale has grown from 429.0 EFLOPs in 2020 to 2,067.6 EFLOPs in 2024, achieving a CAGR of 48.2% during this period. It is projected to reach 12,528.4 EFLOPs by 2029, with a CAGR of 43.4% from 2024 to 2029.

Market Size of Computing Power, Global, 2020-2029E



Source: Frost & Sullivan

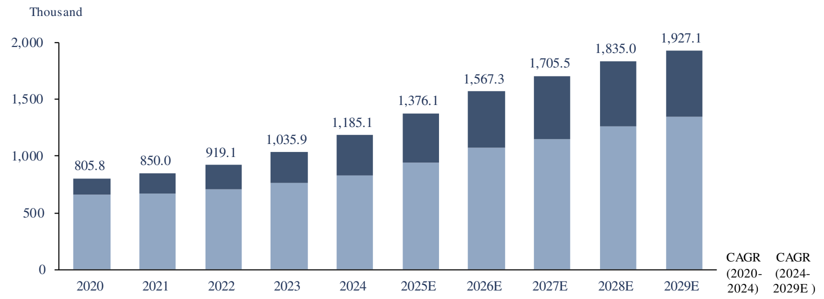
Market Size of Datacenter

Datacenters, as the primary carriers of computing power demand growth, are also accelerating their construction. Datacenters are centralized facilities for processing, storing, and transmitting data, comprising hardware equipment (e.g. servers, storage devices, networking devices) and infrastructure (power supply, cooling, security systems).

Based on differences in application scenarios, hardware configurations, and network architectures, datacenters can be further categorized into AI datacenters ("**AIDC**") and non-AI datacenters ("**non-AIDC**"). Non-AI datacenters primarily handle general computing tasks, addressing broader IT service needs. AI datacenters are specifically designed to support AI computing tasks such as machine learning, deep learning, and large-scale model training and inference. Their core functions include providing high performance computing resources, large-scale data processing, and intelligent decision-making support.

The number of newly added global datacenter cabinet units grew from 805.8 thousand in 2020 to 1,185.1 thousand in 2024, achieving a CAGR of 10.1% during this period. It is projected to reach 1,927.1 thousand by 2029, with a CAGR of 10.2% from 2024 to 2029. Notably, AIDCs differ significantly from non-AIDCs, with AIDC designed for high performance computing, focusing on complex tasks like autonomous driving algorithms, large-scale model training, and generative AI language models, whereas non-AIDCs rely on low-power CPUs to handle basic demands such as daily data storage and web services. With the rise of AI, the number of newly added AIDC cabinet units is expected to grow from 351.0 thousand in 2024 to 585.7 thousand by 2029, achieving a CAGR of 10.8% during this period.

Number of New Cabinets of Datacenters (by unit), Global, 2020-2029E



	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	CAGR (2020-2024)	CAGR (2024-2029E)
AIDC	143.0	176.6	211.1	271.9	351.0	435.8	495.3	556.9	571.5	585.7	25.2%	10.8%
Non-AIDC	662.8	673.4	708.0	764.0	834.1	940.3	1,072.0	1,148.5	1,263.5	1,341.4	5.9%	10.0%
Total	**805.8**	**850.0**	**919.1**	**1,035.9**	**1,185.1**	**1,376.1**	**1,567.3**	**1,705.5**	**1,835.0**	**1,927.1**	**10.1%**	**10.2%**

Source: Frost & Sullivan

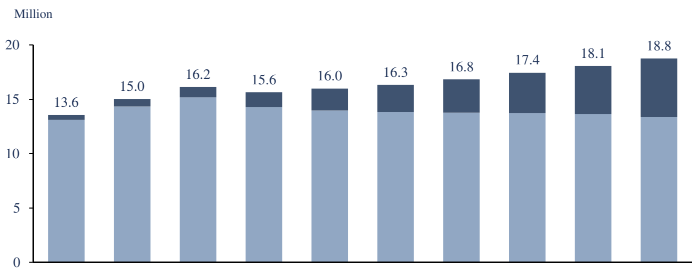
Market Size of High Performance Server

In datacenters, high performance servers undertake core computing tasks and are specifically designed for compute-intensive tasks, with their core function being the efficient processing of large-scale data, complex algorithms, and compute-intensive operations.

Based on differences in hardware architecture, task scenarios, and performance requirements, high performance servers can be further categorized into AI servers and general-purpose servers. General-purpose servers, built on multi-core CPUs, support basic data processing and are typically used for routine computing. AI servers leverage heterogeneous architectures (e.g., CPU+GPU/TPU) to accelerate intelligent tasks such as machine learning and model training, handling massive datasets and complex algorithms for AI-specific computations.

Global high performance server shipments grew from 13.6 million units in 2020 to 16.0 million units in 2024, with a CAGR of 4.2% during this period. They are projected to reach 18.8 million units by 2029, achieving a CAGR of 3.2% from 2024 to 2029. To meet AI demands, high performance servers are rapidly evolving, AI servers typically integrate multiple high performance GPUs, high speed memory, and liquid cooling systems. Global AI server shipments are expected to grow from 2.0 million units in 2024 to 5.4 million units by 2029, with a CAGR of 21.7% during this period.

High Performance Server Shipments (by unit), Global, 2020-2029E



	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	CAGR (2020-2024)	CAGR (2024-2029E)
AI Server	0.5	0.7	1.0	1.4	2.0	2.5	3.1	3.7	4.4	5.4	45.2%	21.7%
General-purpose Server	13.1	14.3	15.2	14.3	14.0	13.8	13.8	13.7	13.6	13.4	1.6%	-0.9%
Total	**13.6**	**15.0**	**16.2**	**15.6**	**16.0**	**16.3**	**16.8**	**17.4**	**18.1**	**18.8**	**4.2%**	**3.2%**

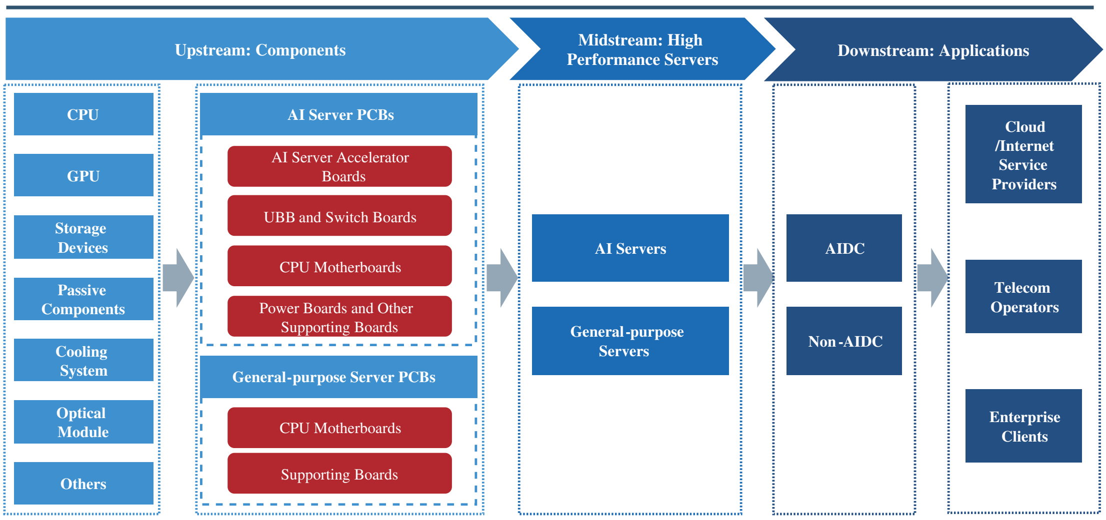
Source: Frost & Sullivan

Industry Chain of High Performance Server

The upstream of the high performance server industry chain includes components such as CPUs, GPUs, storage devices, passive components, cooling systems, optical modules, and PCBs. Among these, PCBs, as critical foundational materials, are widely used and integrated throughout the entire computing hardware ecosystem. High performance PCBs include AI server accelerator boards, UBB and switch boards, CPU motherboards, as well as supporting boards.

The midstream comprises servers, the primary carriers of computing power, categorized into AI servers and general-purpose servers. AI servers are specialized for artificial intelligence applications, designed to handle complex computational tasks such as deep learning training, inference, natural language processing, and computer vision. The downstream involves datacenters, the infrastructure for computing services, including AIDC and Non-AIDC. The end-user primarily includes internet service providers, cloud service providers, telecom operators, and enterprise clients.

Value Chain of High Performance Servers



Source: Frost & Sullivan

Definition and Classification of High Performance Server PCB

High performance server PCBs, as the physical carrier and signal hub of computing infrastructure, have evolved from basic circuit connections to a core technological platform supporting high performance computing. First, PCBs provide a physical mounting platform for critical components such as CPU, GPU, memory, network interface, and power, enabling mechanical fixation and electrical connectivity between components through conductive traces and solder pads. Second, as signal transmission channels, PCBs facilitate high speed data exchange via precision routing design. Their conductive traces and interlayer connection technologies ensure low-latency, high-bandwidth communication between chips, memory, and storage devices while minimizing signal interference and loss. High performance server PCBs mainly include AI server accelerator boards, UBB and switch boards, CPU motherboards, as well as storage boards, memory boards, network interface boards, and etc.

The CPU motherboard, as the core hub, coordinates the efficient operation of all components. It adopts multilayer routing in its design to ensure signal stability and handle complex tasks. CPU motherboards maintain stable performance even under high workloads, ensuring the server's reliability. With continuous iterations of server chip platforms, the manufacturing processes and material technologies of CPU motherboards have undergone significant upgrades to meet demands for higher signal transmission speeds, lower data transmission loss, and more complex routing density. Consequently, the unit price of CPU motherboards gradually increases as their processes and materials advance. The product specifications for CPU motherboards across different chip platforms are as follows:

Instruction Set Architecture	Server Chip Platform	Unit Price of CPU Motherboard (US$/Square Meter)	Layer	Signal Requirement Transmission Rate	Mass Production Start Date
Intel X86 Architecture. . . .	Purley	Around 280	10-12L	PCIe3.0	2018-2019
	Whitley	Around 700	12-18L	PCIe4.0	2022
	Eagle Stream	Around 1,250	14-20L	PCIe5.0	2023
	Birch Stream	Around 1,400	14-20L	PCIe5.0	2024
	Oak Stream	N/A	22L	PCIe6.0	N/A
AMD X86 Architecture . . .	Rome	Around 350	12-14L	PCIe4.0	2020-2021
	Milan	Around 835	14-16L	PCIe4.0	2022
	Genoa	Around 2,100	14-18L	PCIe5.0	2023
	Turin	Around 2,785	14-18L	PCIe5.0	2024
	Venice	N/A	22-24L	PCIe6.0	N/A
AWS ARM Architecture . . .	Graviton3.0	N/A	20L	PCIe5.0	2023
	Graviton4.0	N/A	16L	PCIe5.0	2024
	Graviton5.0	N/A	20L	PCIe5.0	N/A

Source: Frost & Sullivan

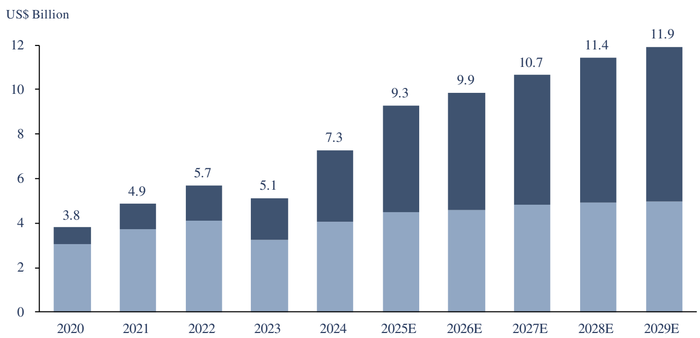
The rapid advancement of AI technologies and escalating compute power demands have positioned server upgrades as the primary driver behind surging requirements for high-layer count PCBs and advanced HDI PCBs. On one hand, evolving server platforms demand CPUs/GPUs with higher performance and integration, requiring high-layer count PCBs to support the complex circuit layout and high speed signal transmission, thereby driving significant demand growth for high-layer count PCBs. On the other hand, AI servers' stringent requirements for ultra-dense interconnects, thermal management efficiency, and space optimization outstrip the capabilities of conventional through-hole boards. Advanced HDI, leveraging microvias, superior routing density, and signal integrity, has become the primary solution for critical components such as AI accelerator modules, further fueling its rapid adoption across compute infrastructure.

Market Size of High Performance Server PCB Market

By sales revenue, the global high performance server PCB market grew from US$3.8 billion in 2020 to US$7.3 billion in 2024, achieving a CAGR of 17.7% during this period. It is projected to reach US$11.9 billion by 2029, with a CAGR of 10.4% from 2024 to 2029.

By high performance server type, the global AI server PCB and general-purpose server PCB markets in 2024 were US$3.2 billion and US$4.0 billion, respectively. Moving forward, the core growth in high performance server PCBs is expected to concentrate on AI server PCBs. The primary driver is that, compared to general-purpose servers, AI servers incorporate additional accelerator boards and UBB and switch boards, significantly elevating the technical barriers and per-unit value of their PCB products above traditional general-purpose servers. Consequently, driven by the AI server market, the AI server PCB market is anticipated to grow at a higher rate, reaching US$7.0 billion by 2029, with a CAGR of 16.5% from 2024 to 2029.

Total Revenue of High Performance Server PCB Market (by server type), Global, 2020-2029E

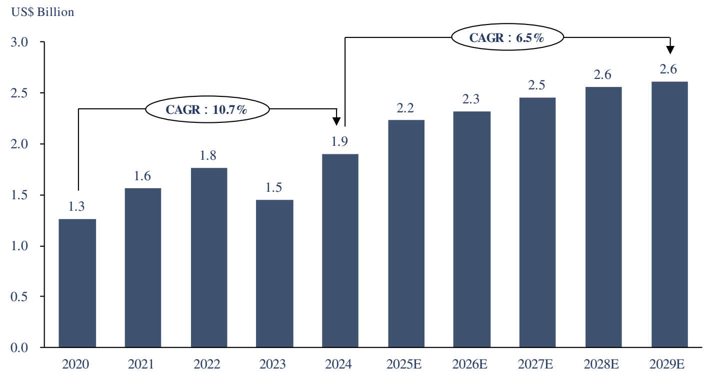


	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	CAGR (2020-2024)	CAGR (2024-2029E)
AI Server	0.7	1.2	1.6	1.9	3.2	4.8	5.3	5.8	6.5	7.0	44.8%	16.5%
General-purpose Server	3.1	3.7	4.1	3.2	4.0	4.5	4.6	4.8	4.9	5.0	7.2%	4.2%
Total	**3.8**	**4.9**	**5.7**	**5.1**	**7.3**	**9.3**	**9.9**	**10.7**	**11.4**	**11.9**	**17.7%**	**10.4%**

Source: Frost & Sullivan

In the high performance server PCB market, CPU motherboards are one of the core products, with global revenue reaching US$1.9 billion in 2024. Driven by the steady growth of the high performance server market, the market size of CPU motherboards is expected to grow at a CAGR of 6.5%, projected to reach US$2.6 billion by 2029.

The Market Size of CPU Motherboards of High Performance Server (by Revenue), Global, 2020-2029E



Source: Frost & Sullivan

Market Drivers of Global High Performance Server PCB Industry

- ***Datacenter Expansion Drives Demand Growth.*** Accelerated global digital transformation has propelled datacenter construction into a period of rapid growth. The widespread adoption of cloud computing, big data, IoT, and AI applications has increased demand for data processing. Servers, as the core carriers of data storage and processing, continue to advance in deployment density and performance standards, driving increased usage of PCBs as critical interconnect components. Simultaneously, green and low-carbon policies push for datacenter energy efficiency upgrades, boosting demand for high-density, high-thermal-performance PCBs.

- ***Server Platform Iteration Fuels Technological Advancements.*** The adoption of next-generation PCIe 5.0/6.0 protocols and high speed communication standards imposes stricter requirements on PCB signal integrity. The evolution of server architectures from CPU-centric designs to CPU+GPU heterogeneous computing necessitates multilayer stacking designs to achieve high speed inter-chip connectivity, alongside ultra-low-loss materials to minimize high-frequency signal attenuation. Additionally, components like AI server accelerator boards and switch boards drive the adoption of advanced PCB manufacturing techniques, including high aspect ratios and microvia interconnects.

- ***Localization Accelerates the Rise of Domestic Supply Chains.*** Driven by global supply chain security concerns and breakthroughs in domestic technologies, Chinese PCB manufacturers are rapidly capturing high-end markets. The emergence of domestic computing power chips has spurred the localization of supporting PCB supply chains. Through material formula improvements, optimized processing techniques, and smart production lines, domestic companies enhance mass production capabilities for high-layer-count server PCBs, breaking foreign monopolies in ultra-high-layer boards. Cost advantages further drive the scalable adoption of high performance server PCBs.

Development Trends of Global High Performance Server PCB Industry

- ***Continuous Product Iteration and High-end Development.*** The explosion of AI computing power demand is driving PCB technology toward accelerated evolution in high frequency, high speed, and high density directions. AI servers impose significantly higher requirements on PCB layer counts, signal transmission rates, and thermal performance. Compared to traditional servers, mainstream AI server PCBs feature substantially increased layers, support for PCIe 5.0/6.0 interfaces with markedly improved transmission rates, and adoption of ultra-low-loss materials to reduce dielectric constants and signal attenuation. PCBs are advancing toward ultra-high layer counts and miniaturized routing, further enhancing signal integrity and power delivery efficiency.

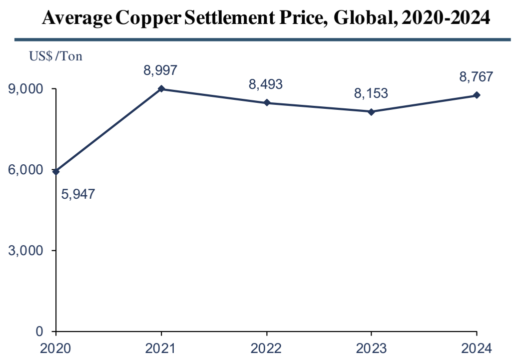
- ***Global Expansion and Capacity Relocation of Domestic Enterprises.*** Under geopolitical pressures and cost drivers, Chinese PCB companies are accelerating global production capacity layouts. To bypass trade barriers and reduce manufacturing costs, many PCB firms are establishing bases in Vietnam and Thailand, forming a “domestic R&D + overseas manufacturing” dual-cycle model. Concurrently, domestic enterprises are relocating production overseas.

- ***Further Market Consolidation.*** The industry is rapidly consolidating around leading players with high technical barriers and mass-production capabilities. Some domestic manufacturers have broken through advanced PCB technologies such as HDI and advanced packaging substrates, gradually replacing the market shares of European, American, and Japanese competitors. Additionally, the “winner-takes-all” effect intensifies, the high technical thresholds of AI server PCBs squeeze the survival space for small and medium-sized manufacturers, while industry leaders dominate the market through technological expertise, customer partnerships, and production scale advantages.

- ***Intelligent Manufacturing and Process Innovation.*** High performance server PCB production is evolving toward fully intelligent workflows and deep process innovation. With the integration of AI algorithms, PCB manufacturers are leveraging machine learning to optimize routing designs. Smart production line upgrades enhance precision manufacturing capabilities, utilizing visual inspection systems to monitor critical parameters like microvia accuracy and interlayer alignment in real time, ensuring stable yields for ultra-high-layer boards. Meanwhile, process innovations focus on ultra-thin core lamination and high-aspect-ratio drilling, breaking traditional multilayer PCBs' physical limits to provide reliable substrate solutions for next-generation computing hardware.

Raw Material Price Analysis of PCB Market

The core raw material for PCB is CCL, and the primary raw materials for CCL are copper foil, resin, and glass fiber cloth. The price of copper foil is directly influenced by fluctuations in international copper prices, meaning rising copper costs are transmitted layer by layer to CCL and PCB production costs. Based on annual average spot settlement prices, copper prices increased from US$5,947 per ton in 2020 to US$8,997 per ton in 2021. In recent years, prices have remained relatively stable, with copper priced at US$8,767 per ton in 2024.



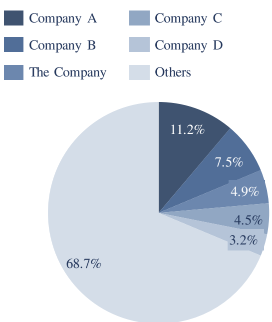
Source: Frost & Sullivan

Competitive Analysis of Global High Performance Server PCB Market

Chinese high performance server PCB manufacturers are accelerating their global expansion. From a regional perspective, manufacturers from Taiwan and Mainland China occupy the leading position in the global high performance server PCB. As the products of Mainland China's high performance server PCB manufacturers are recognized by overseas customers, their market share is expected to rise steadily. In recent years, the market concentration of the top five high performance server PCB companies in the world has continued to increase, from 28.9% in 2022 to 31.6% in 2024.

The top five companies in the global high performance server PCB market have a market share of 31.3%, among which Chinese companies occupy an absolute dominant position. According to the cumulative revenue of global high performance server PCB from 2022 to 2024, the Company ranks third in the world and first among high performance server PCB companies headquartered in Mainland China with cumulative revenue of US$882.4 million, with a market share of approximately 4.9%. From 2022 to 2024, based on the cumulative revenue of global high performance server PCB, Company A ranks first in the world with cumulative revenue of US$2,034.8 million. From 2022 to 2024, based on the cumulative revenue of global high performance server PCB, Company B ranks second in the world with cumulative revenue of US$1,357.9 million.

Ranking and Market Share of High Performance Server PCB , Global, 2022-2024



Rank	Company Name	Headquarter	Cumulative Revenue (US$ Million)	Market Share
1	Company A	Taiwan	2,034.8	11.2%
2	Company B	Taiwan	1,357.9	7.5%
3	**The Company**	**Mainland China**	**882.4**	**4.9%**
4	Company C	Mainland China	806.6	4.5%
5	Company D	Mainland China	582.6	3.2%
	Others		12,425.7	68.7%
	Total		**18,090.0**	**100.0%**

Note:

The conversion of revenue into U.S. dollars is calculated based on the average annual exchange rate for each year.

Company A established in 1981 is a company listed on TWSE and headquartered in Taiwan and manufacture and distribute printed circuit board for servers, workstations, telecommunication, computers, etc.

Company B established in 1991 is a company listed on TWSE and headquartered in Taiwan, and manufacturing electronic products back-end equipment, offering cost-effective, high-quality PCB solutions that enable sustainable, long-term growth.

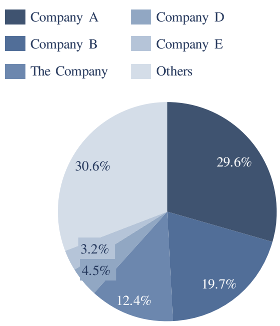
Company C established in 1992 is a company listed on SZSE and headquartered in Jiangsu, China, focusing on the R&D and production of Printed Circuit Board, with its key products widely being used in various fields.

Company D established in 1984 is a company listed on SZSE and headquartered in Guangdong, China, providing printed circuit boards and packaging substrate solutions.

Source: Interviews with Industry Experts, Public Information, Frost & Sullivan

The top five companies in the global high performance server CPU motherboards (comprising CPU motherboards of AI and general-purpose servers) PCB market had a market share of 69.4% in 2022 to 2024, among which Chinese companies occupy an absolute dominant position. Compared with other high performance server PCBs, CPU motherboards PCB face relatively higher technical barriers, resulting in relatively higher market concentration. In terms of the global high performance server CPU motherboards PCB cumulative revenue in 2022 to 2024, the Company ranks third in the world and first among high performance server PCB companies headquartered in Mainland China with cumulative revenue of US$639.2 million, with a market share of approximately 12.4%. In terms of the global high performance server CPU motherboards PCB cumulative revenue in 2022 to 2024, Company A ranks first in the world with cumulative revenue of US$1,522.4 million, with a market share of approximately 29.6%. According to the global high performance server CPU motherboard PCB cumulative revenue in 2022 to 2024, Company B ranks second in the world with cumulative revenue of US$1,011.6 million, with a market share of approximately 19.7%.

Ranking and Market Share of High Performance Server CPU Motherboard PCB, Global, 2022-2024



Rank	Company Name	Headquarter	Cumulative Revenue (US$ Million)	Market Share
1	Company A	Taiwan	1,522.4	29.6%
2	Company B	Taiwan	1,011.6	19.7%
3	**The Company**	**Mainland China**	**639.2**	**12.4%**
4	Company D	Mainland China	233.0	4.5%
5	Company E	Mainland China	163.2	3.2%
	Others		1,575.9	30.6%
	Total		**5,145.4**	**100.0%**

Note:

The conversion of revenue into U.S. dollars is calculated based on the average annual exchange rate for each year.

Company E established in 2006 is a company listed on SZSE and headquartered in Guangdong, China, specializing in the R&D, production and sales of high-precision multilayer PCBs, HDl, FPC and Rigid-Flex PCBs.

Source: Interviews with Industry Experts, Public Information, Frost & Sullivan

ANALYSIS OF OTHER PCB MARKETS

Other PCB applications mainly cover industrial and consumer scenarios. Industrial application PCBs stress high reliability, heat resistance, and long life for harsh environments, while consumer application PCBs focus on cost, lightness, and mass production, suiting short lifecycle products such as mobile phones.

Industrial Application PCB Market

The industrial application PCB market includes wired and wireless infrastructure, automotive electronics, industrial control systems, medical equipment, and aerospace domains. Globally, from 2020 to 2024, the industrial application PCB market by sales revenue grew from US$18.9 billion in 2020 to US$25.9 billion in 2024, reflecting a CAGR of 8.1%. It is projected to reach US$30.8 billion by 2029, with a CAGR of 3.5% from 2024 to 2029.

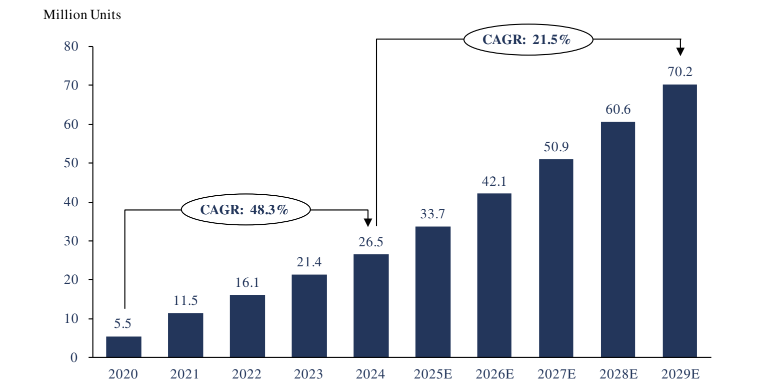
Automotive Electronics PCB Market

As a key application in the industrial sector, automotive electronics has seen a consistent rise in PCB demand in recent years. With the advancement of electrification, intelligence, and connectivity, PCBs are being increasingly applied in automobiles across areas such as power systems, intelligent driving, and in-vehicle infotainment.

In automotive power control systems, PCBs are primarily used in battery management systems ("**BMS**"), motor controllers, and vehicle control units. These systems employ multilayer thick copper boards, ceramic substrates and high-reliability multilayer boards to monitor battery capacity, handle high-voltage/high-current demands, and coordinate overall vehicle dynamics. In intelligent driving systems, PCBs are widely applied in domain controllers, radar modules, and camera modules. Domain controllers integrate sensor data via multilayer HDI PCBs, LiDAR modules leverage high frequency substrates to enhance accuracy, and camera systems incorporate low-noise PCB designs to ensure precise image recognition. For automotive electronics, PCBs are utilized in various modules such as lighting control units, airbag systems, and door/seat control units. Lighting control boards adopt aluminum-based substrates to improve thermal management, airbag systems rely on high-reliability multilayer boards to ensure rapid response, and door/seat controls use flexible circuit boards to accommodate complex structural layouts. In in-vehicle infotainment systems, PCBs focus on driving high-resolution displays, enhancing signal stability, and ensuring long-term reliable operation of the system.

Global sales volume of new energy vehicles increased from 5.5 million in 2020 to 26.5 million in 2024, with a CAGR of 48.3%, and are expected to further increase to 70.2 million by 2029, with a CAGR of 21.5%. This growth is mainly driven by technological progress and innovation in the new energy vehicle industry, further improvements in the industry chain, favorable policies, and the ongoing transition from fossil fuel energy to renewable energy.

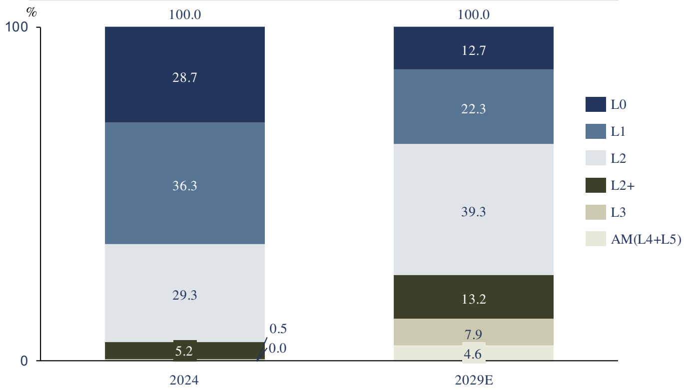
Sales Volume of EVs, Global, 2020-2029E



Source: Statistics Bureau of other major countries, Frost & Sullivan

At present, autonomous driving has achieved full-scenario automation of steering and braking, significantly improving driving safety and convenience. The intelligent cockpit integrates AI big models to achieve more natural human-computer interaction; OTA supports continuous system upgrades to enhance the evolution of the entire vehicle. It is expected that by 2029, L2/L2+ will become the mainstream, and the development trend of L3 will gradually emerge.

Autonomous Driving Penetration Rate, Global, 2024&2029E



Source: Frost & Sullivan

As the penetration rate of EVs and autonomous driving technologies rises, demand for automotive PCBs is expected to increase. By sales revenue, the global automotive PCB market increased from US$6.1 billion in 2020 to US$9.4 billion in 2024, with a CAGR of 11.2%, and is forecasted to reach US$11.1 billion by 2029, reflecting a CAGR of 3.4% from 2024 to 2029.

Market Drivers of Global Automotive PCB Market

- ***Localization of Automotive Industry Chain:*** The localization trend of the automotive industry chain has been one of the topics of development of China's automotive industry in recent years, mainly due to policy guidance and technological breakthroughs. In recent years, the localization of China's automotive industry chain has moved from replacing imports to a new stage of defining standards, but it still needs to break through the technological gap and industrial inertia in the intelligent and global competition. In the future, through policy guidance, industrial chain collaboration and open innovation, it is expected to take the lead in achieving full-chain autonomy and control in the field of new energy vehicles, and reversely empower the transformation of the global automotive industry.

- ***Intelligent Evolution of Automotive Driving Systems:*** Advances in AI are key drivers of automotive intelligence, enabling Advanced Driver Assistance Systems and autonomous driving. AI processes real-time data from sensors like cameras, LiDAR, and radar to improve safety through features such as collision avoidance and adaptive cruise control. Personalized infotainment systems and predictive maintenance further optimize user experiences. The growing deployment of autonomous perception hardware (e.g., sensors, processors) continues to increase demand for in-vehicle PCBs.

- ***Battery Performance Breakthroughs Elevate Electronic System Complexity:*** Declining costs and rising energy density of lithium-ion batteries are accelerating EV adoption, driving the need for highly integrated electronic systems. BMS require multilayer PCBs and high-precision sensors to monitor high-energy-density battery cells in real time. Meanwhile, the high-voltage, high-current environments of motor

Communication PCB Market

In addition, communication is a critical domain for industrial application PCBs, with main applications in wired communication, wireless communication, and satellite communication.

In wireless communication, PCBs are primarily deployed in base stations, terminals devices, and IoT devices. Base stations utilize high-frequency multilayer boards to support 5G/6G signal processing, smartphones integrate RF functionality via HDI PCBs, and IoT devices rely on FR4 boards for reliable connectivity. In wired communication, PCBs are widely applied in optical modules, switches, and routers. Optical modules leverage low-loss materials for high speed data transmission, switches employ multilayer high-density boards to handle massive data traffic, and routers ensure signal stability through precision impedance control technology. In satellite communication, PCBs are used in phased array antennas, onboard satellite computers, and ground terminals. Antennas adopt high-frequency materials for signal transmission/reception, onboard systems ensure stable operation with radiation-resistant PCBs, and ground terminals incorporate weather-resistant designs to withstand harsh environmental conditions. As communication technologies evolve toward 5G Advanced and 6G, the PCB industry will face broader growth opportunities alongside stricter technical challenges.

Driven by rapid advancements in global communication technologies, the communication PCB market is projected to expand. By sales revenue, the communication PCB market grew from US$7.3 billion in 2020 to US$9.5 billion in 2024, achieving a CAGR of 6.7%, and is expected to reach US$11.8 billion by 2029, with a CAGR of 4.5% from 2024 to 2029.

Market Drivers of Global Communication PCB Market

- ***Accelerated Deployment of 6G Communication Base Stations:*** The transition to 6G technology is driving communication PCBs toward higher frequencies and faster signal processing. The rising number of 6G base stations and the increased PCB quantity per base station are boosting demand for base station PCBs. Due to high-frequency signal attenuation, operators must deploy base stations with higher density, incorporating complex architectures like high-frequency antennas, fiber routing, and server systems, which elevate both the PCB usage and technical complexity. Additionally, PCB usage per device increases with the enlarged PCB in size for high-frequency modules and antenna arrays. The dual growth in base station quantity and PCB value per station act as a core driver of the communication PCB market.

- ***IoT Deployment Drives High-Integration PCB Evolution:*** The explosive growth of IoT devices, including smart sensors and industrial gateways, is pushing communication PCBs toward miniaturization and high integration. To meet the demands for low power consumption and wide usage coverage, PCBs must integrate RF modules and adopt HDI technology to restrain size and flexible PCBs to enable curved wiring for wearables. IoT's proliferation across scenarios continues to drive the growth for communication PCB market.

- ***Low-Earth Orbit Satellite Constellations Fuel New Demand:*** The rapid construction of low-Earth orbit ("**LEO**") satellite constellations creates urgent demand for high-reliability satellite communication PCBs. LEO satellites' low-latency advantages and limited individual coverage drive massive demand for satellites and supporting ground equipment. With the launch of 6G R&D and advancements in Space-Air-Ground Integrated Network (SAGINs) architectures, aerospace grade PCB continues to broaden its applications in communications, remote sensing, and beyond, becoming a new engine for industry growth.

Consumer Application PCB Market

Consumer application PCB products primarily include AI personal computer, laptops, wearable devices, and smart home appliances. In AI PCs, PCBs are critical for enabling AI computing, multi-sensor integration, and thermal management. Through high-density designs, flexible interconnections, and multi-material integration, PCBs ensure system performance and stability. By sales revenue, the global consumer application PCB market grew from US$36.6 billion in 2020 to US$36.7 billion in 2024, and is projected to reach US$41.9 billion by 2029, reflecting a CAGR of 2.7% from 2024 to 2029.

Consumer Electronics PCB Market

The application of consumer application PCB is dominated by consumer electronics. In laptops, PCBs are used to achieve high speed motherboard connectivity, high performance GPU support, and efficient thermal management, enhancing overall capabilities in computing, graphics processing, and charging. In wearable devices, PCBs enable miniaturized designs. For example, smartwatches and earbuds adopt rigid-flex PCB technology for compact layouts; AR glasses utilize ultra-thin substrates for lightweight designs; TWS earbuds feature highly integrated motherboards; smartwatches incorporate sensors to improve health monitoring accuracy. In smart home systems, PCBs drive smart lighting, support Wi-Fi/Bluetooth connectivity, integrate sensing and control functions, and enhance charging efficiency through optimized power designs. The proliferation of AI personal computer, AI smartphones, wearables, and smart home devices unlocks growth opportunities for the PCB industry.

The global AI personal computer market has experienced explosive growth, with shipments surging from 2.2 million units in 2020 to 48.0 million units in 2024, achieving a CAGR of 115.2%. While growth is projected to moderate slightly, it will remain robust, with shipments expected to rise to 215.3 million units by 2029 at a CAGR of 35.0% from 2024 to 2029.

Market Drivers of Global Consumer Electronics PCB Market

- ***Rising Demand for Immersive Experiences:*** Consumers' increasing expectations for seamless interaction, immersive experiences, and high-efficiency performance are driving PCBs toward higher density and enhanced reliability. High-Density Interconnect (HDI) and Flexible Printed Circuits (FPC) optimize signal transmission paths, improve thermal management, and reduce physical size, enabling sleek, multifunctional designs in smartphones, AR/VR and other devices. The pursuit of superior user experiences directly fuels demand for advanced PCBs in consumer electronics.

- ***AI and 5G Devices Becoming Mainstream:*** With advancements in cloud computing and big data, AI smartphones are revitalizing the consumer electronics sector, spurring demand for high performance PCBs to support advanced AI features, 5G connectivity, and compact designs. Integrated AI-driven applications and large-scale models accelerate the need for innovative PCB solutions, positioning them as a key growth driver for high-end circuit board manufacturing.

- ***Accelerated Consumer Electronics Innovation Cycles:*** The consumer electronics industry, characterized by diverse applications, rapid demand shifts, frequent product iterations, and continuous innovation, is driving upgrades in both functional and form while boosting PCB demand. At present, AI, IoT, and smart home technologies are deeply integrated, their applications are penetrating fields like health management, home security, and other scenarios. Playing a critical role in hardware, PCBs are required adopt high-density layouts, low-power consumption, and other technological innovations to meet demands for miniaturization and high performance, sustaining industry growth.

THE PRC LAWS, REGULATIONS AND POLICIES

This section sets out summaries of certain aspects of PRC laws, regulations and policies, which are relevant to business operations of our Company.

LAWS AND REGULATIONS ON CORPORATION

According to The PRC Company Law (《中華人民共和國公司法》) (the "**Company Law**"), which was promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on December 29, 1993 and implemented on July 1, 1994, and latest revised on December 29, 2023, which came into effect on July 1, 2024, companies are generally classified into two categories, namely, limited liability companies and joint stock limited companies. The Company Law also applies to foreign-invested enterprises, unless where laws on foreign investment have other stipulations, such stipulations shall prevail. The Company Law includes improving the company establishment and exit regime, optimizing the organizational structures of companies, improving the capital system of companies, strengthening the responsibilities of controlling shareholder and management, and reinforcing the social responsibilities of companies, among others.

LAWS, REGULATIONS AND POLICIES RELATING TO THE PRINTED CIRCUIT BOARD

From 2009 to 2021, the State Council has issued a series of regulations aimed at promoting the development of the printed circuit board, which includes the Adjustment and Revitalization Plan for the Electronics and Information Industry (《電子信息產業調整和振興規劃》), the Notice of the State Council on the "13th Five-Year Plan" for the Development of National Strategic Emerging Industries (《國務院關於印發「十三五」國家戰略性新興產業發展規劃的通知》), the Notice of the State Council on the "14th Five-Year Plan" for the Development of Digital Economy (《國務院關於印發「十四五」數字經濟發展規劃的通知》). On February 27, 2023, The Communist Party of China Central Committee and the State Council have issued the Overall Layout Plan for the Construction of Digital China (《數字中國建設整體佈局規劃》).

From 2012 to 2021, the Ministry of Industry and Information Technology (the "**MIIT**") has promulgated a series of regulations, which includes the "12th Five-Year Plan" for Electronic Basic Materials and Key Components (《電子基礎材料和關鍵元器件「十二五」規劃》), the Notice of the Ministry of Industry and Information Technology on Promoting the Accelerated Development of 5G (《工業和信息化部關於推動5G加快發展的通知》), the Notice of the Ministry of Industry and Information Technology on Action Plan for the Development of Basic Electronic Components Industry (2021–2023) (《工業和信息化部關於印發基礎電子元器件產業發展行動計畫(2021–2023年)的通知》), the Notice of the Ministry of Industry and Information Technology on the Development Plan for the Information and Communication Industry During the 14th Five-Year Plan Period (《工業和信息化部關於印發「十四五」信息通信行業發展規劃的通知》).

On December 28, 2018, the MIIT promulgated Normative Conditions for the Printed Circuit Board Industry (《印製電路板行業規範條件》) and Interim Measures for the Administration of Announcement of Normative Conditions for the Printed Circuit Board Industry (《印製電路板行業規範公告管理暫行辦法》), and became effective on February 1, 2019.

On September 9, 2016, the National Development and Reform Commission (the "**NDRC**"), the Ministry of Finance (the "**MOF**"), the Ministry of Commerce (the "**MOFCOM**") jointly promulgated the Notice of the Catalogue of Encouraged Imported Technologies and Products (2016 version) (《關於印發鼓勵進口技術和產品目錄(2016年版)的通知》). On January 25, 2017, the NDRC promulgated Strategic Emerging Industries Key Products and Services Guidance Catalog (2016 version) (《戰略性新興產業重點產品和服務指導目錄(2016版)》), and became effective on the same day. On December 27, 2023, the NDRC promulgated the Adjustment of Industrial Structure Guidance Catalog (2024 version) (《產業結構調整指導目錄(2024年本)》), and became effective on February 1, 2024.

Pursuant to the Announcement of the MOF and the State Taxation Administration (the "**STA**") on the Weighted VAT Deduction Policy for Advanced Manufacturing Enterprises (《財政部、稅務總局關於先進製造業企業增值稅加計抵減政策的公告》), which was promulgated on September 3, 2023, 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 VAT payable.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

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

On September 6, 2024, The Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**2024 Negative List**") is issued jointly by the NDRC and the MOFCOM to replace the previous encouraging catalog and negative list thereunder. Pursuant to the Foreign Investment Law, the Implementation Regulations and the 2024 Negative List, foreign investors shall not make investments in prohibited industries as specified in the negative list, while foreign investments must satisfy certain conditions stipulated in the negative list for investment in restricted industries. Industries not listed in the negative list are generally deemed "permitted" for foreign investments.

REGULATIONS IN RELATION TO OVERSEAS INVESTMENT

On September 6, 2014, The Measures for the Administration of Overseas Investments (《境外投資管理辦法》) were issued by the MOFCOM and implemented on October 6, 2014. The Measures for the Administration of Enterprises' Overseas Investments (《企業境外投資管理辦法》) were issued by the NDRC on December 26, 2017, and implemented on March 1, 2018. The NDRC promulgated the Catalogue of Sensitive Industries for Outbound Investment (Edition 2018) (《境外投資敏感行業目錄(2018年版)》), effective on March 1, 2018 to list the current sensitive industries in detail.

According to these regulations, overseas investment refers to investment activities by domestic enterprises, directly or through their controlled overseas enterprises, by injecting assets, equity, providing financing, guarantees, etc., to acquire ownership, control rights, management rights and other relevant rights abroad. The scope of approval management includes sensitive projects undertaken directly or through their controlled overseas enterprises of the investing entities. Enterprises' overseas investments involving sensitive countries and regions or sensitive industries, are subject to approval management by the NDRC. Other overseas investments by enterprises are subject to filing management. The MOFCOM and the commerce departments at provincial levels are responsible for the administration and supervision of overseas investments through the "Overseas Investment Management System" and issue the Certificate of Overseas Investment by Enterprises to enterprises that have obtained filing or approval.

On February 13, 2015, the State Administration of Foreign Exchange (the "**SAFE**") issued the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to 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》), abolishing the verification and approval of foreign exchange registration of overseas direct investment. The banks shall directly examine and handle foreign exchange registration of overseas direct investment. SAFE and its branches shall conduct indirect regulation of foreign exchange registration of overseas direct investment via banks.

LAWS AND REGULATIONS ON ENVIRONMENTAL PROTECTION AND FIRE SAFETY

Regulations on Environmental Protection

The PRC laws and regulations relating to environmental protection mainly include: the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (the "**Environmental Protection Law**") (revised on April 24, 2014 and implemented on January 1, 2015), Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》) (revised on June 27, 2017 and implemented on January 1, 2018), Atmospheric Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染防治法》) (revised and implemented on October 26, 2018), 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》) (revised on April 29, 2020 and implemented on September 1, 2020), Environmental Protection Tax Law of the PRC (《中華人民共和國環境保護稅法》) (revised and implemented on October 26, 2018), Implementation Regulation on the Environmental Protection Tax Law of the PRC (《中華人民共和國環境保護稅法實施條例》) (revised on December 25, 2017 and implemented on January 1, 2018), Measures for Pollutant Discharge Permitting Administration (《排污許可管理辦法》) (revised on December 25, 2023 and implemented on July 1, 2024), and Law of the PRC on Noise Pollution Prevention and Control (《中華人民共和國噪聲污染防治法》) which became effective on June 5, 2022.

Pursuant to the aforesaid laws and regulations, enterprises that discharge and dispose of toxic and dangerous substances such as wastewater and waste gas shall comply with the national and local standards of usage and shall declare to and register with the relevant environmental protection administration authorities and pay environmental protection tax according to law where applicable.

Pursuant to the Law on Environmental Impact Assessment of the PRC (《中華人民共和國環境影響評價法》), which came into effect on September 1, 2003 and was amended on July 2, 2016 and December 29, 2018 respectively, construction entities should prepare or fill in the environment impact reports, reporting forms or registration forms of the environment impact according to the degree of environmental impact caused by the construction projects as follows: (i) if the environmental impact may be significant, an environmental impact report shall be required, which shall thoroughly appraise the potential environmental impact; (ii) if the environmental impact may be gentle, an environmental impact report form of analyzing or appraising the specific potential environmental impact shall be required; and (iii) if the environmental impact may be so slight that it is unnecessary to conduct an appraisal of the environmental impacts, an environmental impact registration form shall be filled in and submitted.

Pursuant to the Interim Measures for Environmental Protection Acceptance of Completed Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) effective as of November 20, 2017 and the Regulations on the Administration Construction Project Environmental Protection (《建設項目環境保護管理條例》), which was revised on July 16, 2017 and implemented on October 1, 2017, after the completion of a construction project for which an environmental impact report or an environmental impact report form is required, the construction entity shall, according to standards and procedures prescribed by the environmental protection administrative authorities, conduct environmental protection completion acceptance check and compile an acceptance check report. A construction project for which an environmental impact report or an environmental impact report form is required shall not be put into production or use until the environmental protection completion acceptance check has been passed.

Pursuant to the Administrative Measures for the Licensing of Discharge of Urban Sewage into the Drainage Network (《城鎮污水排入排水管網許可管理辦法》) which was promulgated by the Ministry of Housing and Urban-Rural Development on January 22, 2015, last revised on December 1, 2022 and came into effect on February 1, 2023, enterprises, public institutions and individual industrial and commercial households engaging in manufacturing, construction, catering and medical activities must apply for a drainage license before discharging sewage into urban facilities.

Regulations on Fire Safety

According to the Fire Prevention Law of the PRC (《中華人民共和國消防法》), which was promulgated on April 29, 1998 and last amended on April 29, 2021, the construction entities shall apply to the administrative authority of housing and urban-rural construction for fire protection acceptance check upon completion of the construction projects that are subject to fire protection acceptance check as stipulated by the administrative authority of housing and urban-rural construction of the State Council. For other construction projects, the construction entities shall file with the administrative authority of housing and urban-rural construction after the acceptance, and the administrative authority of housing and urban-rural construction shall conduct random inspection.

LAWS AND REGULATIONS RELATING TO CYBERSECURITY AND DATA SECURITY

On July 1, 2015, the SCNPC promulgated the State Security Law of the PRC (《中華人民共和國國家安全法》), which became effective on the same day, pursuant to which the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, projects relating to national security matters and other important activities that are likely to impact national security of China. According to the State Security Law of the PRC, national security refers to a status in which the regime, sovereignty, unity, territorial integrity, welfare of the people, sustainable economic and social development, and other vital interests of the state, and the capability to maintain a sustained security status are not faced with any danger and not threatened internally or externally.

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), which became effective on June 1, 2017. According to the Cybersecurity Law, network operators must comply with applicable laws and regulations and fulfill their obligations to safeguard cybersecurity in conducting business and providing services. For the construction and operation of the network or the provision of services through the network, technical and other necessary measures shall be taken as required by law and the compulsory requirements of national standards to ensure the safe and stable operation of the network, respond to cybersecurity incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data.

The SCNPC promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》) on June 10, 2021, which became effective on September 1, 2021, for the establishment of a data classification and hierarchical protection system to conduct classified and hierarchical protection of data. Entities carrying out data processing activities shall establish a sound data security management system throughout the whole process, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security, in accordance with the provisions of laws and regulations.

On December 28, 2021, the Cyberspace Administration of China (the "**CAC**") and certain other PRC regulatory authorities published the Cybersecurity Review Measures (《網絡安全審查辦法》), which became effective on February 15, 2022. Pursuant to the measures, critical information infrastructure operators that purchase network products and services and network platform operators engaging in data processing activities that affect or may affect national security must be subject to the Cybersecurity Review.

The Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》) (the "**Cyber Data Security Regulations**") promulgated by the State Council on September 24, 2024, which became effective on January 1, 2025, stipulate that where network data handlers carry out network data processing activities that affect or may affect national security, they shall undergo a national security review in accordance with relevant national regulations. The Cyber Data Security Regulations optimize regulations for cross-border data security management, specifying conditions under which network data processors may provide personal information abroad in accordance with international treaties or agreements. The regulations clarify that data not identified or publicly disclosed as important data by relevant regions or departments need not undergo cross-border security assessments for important data. Further, the Cyber Data Security Regulations set forth network data security protection requirements for network platform service providers, third-party product and service providers, and other relevant entities.

The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the "**PIPL**") was promulgated by the SCNPC on August 20, 2021 and became effective on November 1, 2021. The PIPL stipulates the scope of personal information and the ways of processing personal information, establishes rules for processing personal information and for providing personal information to overseas recipients, and clarifies the individual's rights and the processor's obligations in the process of personal information processing. The CAC promulgated the Security Assessment Measures for Data Provision Abroad (《數據出境安全評估辦法》) (the "**Security Assessment Measures**"), which came into effect on September 1, 2022. The Security Assessment Measures specifies the circumstances where a cross-border data transfer is subject to security assessment.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) (the "**Patent Law**"), promulgated by the NPCSC on March 12, 1984 and amended on September 4, 1992, August 25, 2000, December 27, 2008, and October 17, 2020, respectively, with the latest amendment taking effect on June 1, 2021, and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) (the "**Implementation Rules of the Patent Law**"), promulgated by the State Council on January 19, 1985, and amended on December 21, 1992, June 15, 2001, December 28, 2002, January 9, 2010, and December 11, 2023, respectively, with the latest amendment taking effect on January 20, 2024, the patent administrative department under the State Council is responsible for the administration of patent-related work nationwide and the patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within the respective administrative areas. The Patent Law and Implementation Rules of the Patent Law provide three types of patents, namely "inventions," "utility models" and "designs." Invention patents are valid for twenty years, utility model patents are valid for ten years, and since June 1, 2021, the validation period for design patents whose application date is after June 1, 2021 has been extended to fifteen years in each case from the date of application. The Chinese patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, utility model or design, a patent will be granted to the person who files the application first. An invention or a utility model must possess novelty, inventiveness and practical applicability to be patentable. Third Parties must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the unauthorized use constitutes an infringement on the patent rights.

Trademark

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982 and latest amended 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》) promulgated by the State Council on August 3, 2002 and latest amended on April 29, 2014 and came into effect on May 1, 2014, trademarks approved and registered by the Trademark Bureau are registered trademarks, including commodity trademarks, service marks and collective trademarks, certification marks; trademark registrants enjoy exclusive rights to use trademark and are protected by the law. The Trademark Bureau is responsible for trademark registration and administration nationwide and grants a term of 10 years to registered trademarks, commencing from the date of registration. Upon expiry of the validity period of a registered trademark, where the trademark registrant intends to continue using the trademark, it shall complete renewal formalities pursuant to the provisions within the 12-month period before the expiry date; where renewal formalities are not completed within the stipulated period, a six-month extension may be allowed. The validity period of each renewal shall be 10 years, commencing from the date following expiry of the preceding validity period of the said trademark. Where renewal formalities are not completed upon expiry of the validity period, the registered trademark shall be cancelled.

Copyright

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC, which was latest amended on November 11, 2020, and the Implementation Regulations of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) promulgated by the State Council, which was latest amended on January 30, 2013, Chinese citizens, legal persons or organizations without legal personality enjoy copyright over their works, whether published or not. Works refer to original intellectual achievements in the fields of literature, art and science which can be expressed in a certain form, including written works, oral works, musical, dramatic, opera, dance, acrobatic artistic works, fine arts, architectural works, photographic works, audio-visual works, graphic works and model works, such as engineering design plan, product design plan, map, schematic diagram, etc., computer software and any other intellectual achievements which comply with the characteristics of the works. Copyright owners of protected works enjoy personal rights and property rights with respect to publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, production, adaptation, translation, compilation, and other rights shall be enjoyed by the copyright owners.

Pursuant to the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991, and amended on December 20, 2001, January 30, 2013 and became effective on March 1, 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002, "computer software" (the "**software**") refers to computer programs and related files. Chinese citizens, legal persons or other organizations enjoy the copyright of the software he/it has developed, whether the software is released publicly or not. Software copyright commences from the date on which the development of the software is completed. The protection period for software copyright of a legal person or other organization shall be 50 years, concluding on December 31 of the 50th year after the software's initial release. But if the software has not been released within 50 years from the date on which the software development is completed, it shall no longer receive protection.

Domain Name

Pursuant to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), promulgated on August 24, 2017 and came into effect on November 1, 2017, the principle of "first to file" is adopted for domain name registration services. The applicant for domain name registration shall provide the agency of domain name registration with true, accurate and complete information about the domain name holder's identity for registration purpose and enter registration agreements with domain name registration service providers. Upon the completion of the registration process, the applicant will become the holder of the relevant domain name.

LAWS AND REGULATIONS ON REAL ESTATE, PLANNING AND CONSTRUCTION

Real Estate

The Civil Code of the People's Republic of China (《中華人民共和國民法典》) (the "**Civil Code**") was promulgated by the NPC on May 28, 2020, and implemented on January 1, 2021. According to the Civil Code, the establishment, modification, assignment and extinguishment of real estate property rights are effective upon registration in accordance with the law; unless the law stipulates otherwise, such establishment, modification, assignment and extinguishment shall be ineffective without registration. Real estate registration shall be handled by the registration authority at the location of the property.

The Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法》) (the "**Land Administration Law**") was first issued by the SCNPC on June 25, 1986, most recently revised and issued on August 26, 2019, and implemented on January 1, 2020. Pursuant to the Land Administration Law, construction entities that have obtained state-owned land use rights through paid leasing must pay the land use right leasing fees and other fees and expenses in accordance with the standards and methods prescribed by the State Council before they can use the land. Construction entities using state-owned land must use the land in accordance with the provisions of the contract for paid use of leased land use right or according to the provisions of the documents of approval concerning the allocation of land use right. For urban planned areas, changing land use requires prior consent from the relevant urban planning administrative department before seeking approval.

According to the Interim Regulations on Real Estate Registration (《不動產登記暫行條例》), promulgated on November 24, 2014 and last amended on March 10, 2024 and brought into effect on May 1, 2024, the real estate registration shall be conducted by the real estate registration authorities of the people's government at or above the county level. The Interim Regulations on Real Estate Registration and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated on January 1, 2016 and last amended on May 9, 2024 and brought into effect on May 9, 2024 provide that the State implements a uniform real estate registration system and the registration of real estate shall be strictly administered and carried out in a stable and continuous manner that provides convenience for people.

The Interim Regulations on the Granting and Assignment of Urban State-Owned Land Use Rights of the People's Republic of China (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》) were first issued by the State Council on May 19, 1990, and most recently revised and implemented on November 29, 2020. According to these regulations, the assignment of land use rights refers to the act of the state, in its capacity as the landowner, assigns the land use right for a certain period to land users, who in turn pay fees for the assignment thereof to the state. An assignment contract must be signed for assigning the land use rights. Land users shall develop, utilize and manage the land in accordance with the provisions of the contract for the assignment of land use right and the requirements of urban planning. If the land is not developed and used within the period and conditions as stipulated in the contract, the land administration departments under the people's governments at the municipal and county levels shall rectify the purpose of the situation and may impose penalties, including warnings, fines or the uncompensated reclamation of land use rights, depending on the circumstances.

Planning

According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) promulgated by the SCNPC on October 28, 2007, latest amended and became effective on April 23, 2019, if the construction of buildings, structures, roads, pipelines and other projects is carried out in the planned area of a city or a town, the construction entity or individual shall apply to the competent authority of urban and rural planning of the people's government of the city or county or the people's government of the town as determined by the people's government of the province, autonomous region or municipality directly under the Central Government for a construction project planning permit.

Construction

According to the Construction Law of the PRC (《中華人民共和國建築法》) promulgated by the SCNPC on November 1, 1997, latest amended and became effective on April 23, 2019, prior to the commencement of construction work, the construction entity shall apply to the competent construction administrative authority of the people's government at or above the county level where the project is located for a construction permit in accordance with the relevant provisions of the State, except for small-scale projects under the quota as determined by the construction administrative authority under the State Council. A construction project shall be delivered for use only after it has passed the acceptance examination. A construction project shall not be delivered for use without conducting or passing the acceptance examination.

According to the Regulations on the Administration of Construction Quality (《建設工程質量管理條例》) promulgated and implemented by the State Council on January 30, 2000 and amended on April 23, 2019, a construction entity commencing the project without obtaining the construction work commencement permit or approvals for its construction commencement report, shall be ordered to terminate the construction work, carry out remedial actions within a prescribed time limit and pay a fine of no less than 1% but not exceeding 2% of the contractual project price.

According to the Regulations on the Administration of Construction Quality (《建設工程質量管理條例》) and the Administrative Measures for Recording of the Inspection and Acceptance on Construction Completion of Buildings and Municipal Infrastructures (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated and implemented by the former Ministry of Construction on April 7, 2000 and amended on October 19, 2009, a construction project shall not be delivered for use unless it has passed the acceptance checks. The construction entity should file a record to a competent construction administrative department of the people's government at or above the county level of the place where the project is located within 15 days from the day when the construction project passes the acceptance checks.

Where a construction entity illegally delivers the construction project for use without obtaining the acceptance checks or in circumstances where it failed to pass the acceptance checks or checks and accepts a substandard construction project as one which is up to standard, it shall be ordered to carry out remedial actions and also pay a fine of not less than 2% but not exceeding 4% of the contractual project price, and shall be obliged to pay compensation according to law if any losses have been caused. If the construction entity fails to file a record of passing the acceptance checks in respect of the project within 15 days from the day when the construction project passes such checks, it shall be ordered by the archiving organ to carry out remedial actions within a prescribed time limit and pay a fine of no less than RMB200,000 but not exceeding RMB500,000.

LAWS AND REGULATIONS ON PROPERTY LEASING

According to the Civil Code, a lease contract is a contract whereby the lessor delivers to the lessee the item for the latter's use or benefit therefrom, and the lessee pays the lease expense. The contents of a lease contract generally include terms such as the name, quantity and purpose of the leased property, lease term, lease expense as well as time limit and method for its payment, and maintenance of the leased property. If the parties to a lease contract fail to go through the formalities of registration of such contract in accordance with the provisions of laws and administrative regulations, the validity of the contract shall not be affected.

Pursuant to the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》) promulgated by the SCNPC on July 5, 1994, latest amended on August 26, 2019, and became effective on January 1, 2020, the lessor and the lessee shall enter into a written lease contract for leasing of building to stipulate the term of lease, purpose of the lease, lease price, maintenance and repair liability etc., and any other rights and obligations of both parties; the lease contract shall be registered and filed with the real estate administration authorities.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed.

REGULATIONS RELATING TO WORK SAFETY

Pursuant to the Work Safety Law of the PRC (《中華人民共和國安全生產法》) promulgated on June 29, 2002, last amended on June 10, 2021 with effect on September 1, 2021, business entities must comply with this Law and other laws and regulations related to work safety, strengthen work safety management, establish and improve a work safety responsibility system and work safety rules and systems for all employees, increase efforts to guarantee the input of funds, materials, technology, and personnel in work safety, improve work safety conditions, strengthen standardization and informatization of work safety, construct a dual prevention mechanism consisting of graded management and control of safety risks and examination and control of potential risks, improve the risk prevention and resolution mechanism, raise work safety levels, and ensure work safety. The main responsible person of a production and operation entity, as the primary person responsible for the work safety of the entity, shall be fully responsible for the work safety of the entity. Any other person in charge shall be responsible for the work safety within the scope of his or her duties. Violation of the Production Safety Law may result in imposition of fines and penalties, suspension of operation, an order to cease operation, or even criminal liability in severe cases.

REGULATIONS RELATING TO 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》) promulgated on January 29, 1996 and amended on January 14, 1997 and August 5, 2008, the RMB is generally freely convertible for current account items, including the distribution of dividends, trade and service related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC, unless the prior approval of the SAFE or its designated banks is obtained.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) promulgated on June 9, 2016, the settlement of foreign exchange receipts under the capital account (including but not limited to foreign exchange capital and external debts and funds recovered from overseas listing) may convert from foreign currency into RMB on a self-discretionary basis. The ratio of the discretionary exchange rate of foreign exchange receipts under the domestic capital account is tentatively set at 100%. The SAFE may adjust the above ratio in due course according to the balance of payment status.

In accordance with the Notice on Further Deepening Reforms to Facilitate Cross-Border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) issued by the SAFE on December 4, 2023, the negative list management for the use of capital project funds shall be improved. The use of foreign exchange income from capital and foreign debt, as well as the RMB funds obtained from the settlement of such income by non-financial enterprises, must adhere to the principles of authenticity and self-use. These funds shall not be used directly or indirectly for expenditures prohibited by national laws and regulations.

LAWS AND REGULATIONS ON PRODUCT QUALITY

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the "**Product Quality Law**") promulgated by the SCNPC on February 22, 1993 and latest amended on December 29, 2018, producers and sellers shall establish a sound internal product quality control system, strictly adhere to a job responsibility system in relation to quality standards and quality liabilities, and implement corresponding examination and inspection measures. Any manufacturer or seller who violates the Product Quality Law may be subject to (i) administrative penalties, including suspension of production or sale, ordered correction of illegal activities, confiscation of products subject to illegal production or sale, imposition of fines, confiscation of illegal gains and, in severe cases, revocation of business license; and (ii) criminal liability if the illegal activity constitutes a crime.

LAWS AND REGULATIONS RELATING TO IMPORT AND EXPORT TRADE

Pursuant to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC on May 12, 1994, and latest amended on December 30, 2022 and the Regulations on the PRC on the Administration of the Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) issued by the State Council of the PRC on December 10, 2001, became effective on January 1, 2002, and last amended on March 10, 2024, the State Council of the PRC shall allow free importation and exportation of goods, and maintain fair and orderly import and export trade in goods except for the goods which are explicitly prohibited or restricted by laws or administrative regulations.

According to the Notice of 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》) which was promulgated on January 3, 2023 and came into effect on the same day, and the Provisions on the 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》) which was promulgated by the General Administration of Customs of the PRC on November 19, 2021 and came into effect on January 1, 2022, since January 3, 2023, a consignee or consignor of imported or exported goods who applies for recordation shall be qualified as a market entity and is not required to be filed as a foreign trade business.

According to the Customs Law of the PRC, promulgated by the SCNPC on April 29, 2021, and the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC on May 12, 1994, and latest amended on December 30, 2022, the requirements for foreign trade operators engaging in goods or technology import and export to go through the record-filing registration with the foreign trade department of the State Council or its authorized agencies have been abolished.

Pursuant to the Customs Duties Law of the PRC (《中華人民共和國關稅法》), issued by SCNPC on April 26, 2024 and took effect on December 1, 2024, consignors of exports are withholding obligors for customs duties. Export tariff is set at an export tariff rate. Provisional tariff rates may apply to exports within a certain period of time. According to the Administrative Measures of the Customs of the PRC for the Levying of Duties on Imports and Exports (《中華人民共和國海關進出口貨物徵稅管理辦法》) which was promulgated by the General Administration of Customs on October 28, 2024, and came into effect on December 1, 2024, tariff rates applicable to exported goods shall be determined in accordance with the provisions of the Tariff Law governing the most-favored-nation tariff rate, conventional tariff rate, preferential tariff rate, general tariff rate, export tariff rate, tariff quota and tariff rate or provisional tariff rate.

Pursuant to the Export Control Law of the PRC (《中華人民共和國出口管制法》) issued by SCNPC on October 17, 2020, the State adopts a unified export control system, which is subject to administration through the formulation of a control list, directory or catalogue, the implementation of export permission, or otherwise. The State adopts a licensing system for the export of controlled items.

REGULATIONS ON EMPLOYMENT, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

Employment

The major PRC laws and regulations that govern employment relationships are the PRC Labor Law (《中華人民共和國勞動法》), the PRC Labor Contract Law (《中華人民共和國勞動合同法》) (the "**Labor Contract Law**") and its implementation, which impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

The Labor Contract Law, which was promulgated on June 29, 2007, and last amended on December 28, 2012, primarily aims at regulating rights and obligations of employment relationships, including the establishment, performance, and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts must be executed in writing if labor relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

The Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) promulgated by the Ministry of Human Resources and Social Security and came into effect on March 1, 2014, the number of dispatched workers hired by an employer may not exceed 10% of the total number of its employees. Where rectification is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold.

Social Insurance

The PRC Social Insurance Law (《中華人民共和國社會保險法》) (the "**Social Insurance Law**") issued by the SCNPC on October 28, 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 with local social insurance 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 and be subject to a late fee. 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 Fund

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, enforcement by the people's court will be applied.

In case of failure to register and open accounts for depositing employees' housing provident funds, the housing fund management center shall order employers to go through the formalities within a specified period, If employers fail to do such formalities within the prescribed time, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

REGULATIONS IN RELATION TO TAX

Enterprise Income Tax

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "**EIT Law**"), which became effective on January 1, 2008 and was last amended on December 29, 2018, and the Regulations on the Implementation of EIT Law (《中華人民共和國企業所得稅法實施條例》) which was promulgated by the State Council on December 6, 2007, came into effect on January 1, 2008 and was last amended on December 6, 2024, enterprises are classified as resident enterprises and non-resident enterprises. Enterprises which are established in China in accordance with PRC laws or established pursuant to foreign laws with their "de facto management bodies" located in the PRC are deemed a "resident enterprise" and subject to an enterprise income tax rate of 25% on their global income. Non-resident enterprises are subject to (i) an enterprise income tax rate of 25% on their income generated by their establishments or places of business in the PRC and their income derived outside the PRC which are effectively connected with their establishments or places of business in the PRC; and (ii) an enterprise income tax rate of 10% on their income derived from the PRC but not connected with their establishments or places of business located in the PRC. Non-resident enterprises without establishment or place of business in the PRC are subject to an enterprise income tax of 10% on their income derived from the PRC. High and new technology enterprises are entitled to enjoy the reduced enterprise income tax rate of 15%.

Transfer Pricing

Pursuant to the EIT Law and its implement rules and the Law of the People's Republic of China on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》), which was first promulgated on September 4, 1992 by the SCNPC and amended on February 28, 1995, April 28, 2001, June 29, 2013 and April 24, 2015, related party transactions should comply with the arm's length principle. In the event that the related party transactions fail to comply with the arm's length principle resulting in the reduction of the enterprise's taxable income, the tax authority has power to make adjustments with reasonable methods within ten years from the tax paying year that the non-compliant related party transaction had occurred. Pursuant to such laws and regulations, any company entering into related party transactions with another company shall submit an annual related party transactions reporting form (年度關聯業務往來報告表) to the tax authority.

Based on the Announcement of the State Administration of Taxation on Matters Relating to the Improvement of Affiliated Declaration and Contemporaneous Document Management (《國家稅務總局關於完善關聯申報和同期資料管理有關事項的公告》) promulgated and became effective on June 29, 2016, enterprises which have related-party transactions shall prepare their contemporaneous documentation of related-party transactions (同期資料) per tax year and submit to the tax authority if required by the same. Contemporaneous documentation includes the master file (主體文檔), local file (本地文檔) and special issue file (特殊事項文檔), each of which is applied to different circumstances in relation to the related-party transactions of the PRC company. According to the Announcement of the State Administration of Taxation on Promulgating the Administrative Measures for Special Tax Investigation Adjustments and Mutual Agreement Procedures (《國家稅務總局關於發佈特別納稅調查調整及相互協商程序管理辦法的公告》) which partially repealed the Implementation Regulations for Special Tax Adjustments (Trial) (《特別納稅調整實施辦法(試行)》), and was issued on March 17, 2017 and became effective on May 1, 2017 and was partially repealed on June 15, 2018, if an enterprise receives a special tax adjustment risk warning from tax authorities or detects in itself any special tax adjustment risk, the enterprise may carry out voluntary adjustments regarding tax payment matters and the relevant tax authority may still proceed with special tax investigation adjustment procedures according to the relevant provisions.

Value-added Tax ("VAT")

According to the Provisional Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which was promulgated on December 13, 1993 and last amended on November 19, 2017, together with the Detailed Rules for the Implementation of 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 on December 25, 1993, came into effect on the same day and was amended on December 15, 2008 and October 28, 2011 with effect from November 1, 2011, entities and individuals engaged in selling goods or labor services of processing, repair or maintenance, selling services, intangible assets or immovables within the PRC or importing goods to the PRC are subject to the payment of value-added tax.

Pursuant to the Notice of the MOF and the SAT on Adjusting Value-Added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) effective on May 1, 2018, a taxpayer who was previously subject to a 17% tax rate on VAT-taxable sales activities shall have the applicable tax rate adjusted to 16%. According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》), which came into effect on April 1, 2019, for VAT-taxable sales or imported goods of a VAT general taxpayer previously subject to VAT tax rate of 16%, the tax rate shall be adjusted to 13%.

Dividend Withholding Tax

Pursuant to the EIT Law and related implementation regulations, dividends declared to non-PRC resident investors who do not have an establishment or place of business in China, or who have such an establishment or place of business but whose relevant income has no actual connection with that establishment or place of business, are generally subject to a 10% income tax rate, as long as the dividends are derived from sources within China.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "**Double Taxation Avoidance Arrangement**") and other applicable laws of the People's Republic of China, if a Hong Kong resident enterprise is recognized by the competent tax authorities of the People's Republic of China as meeting the relevant conditions and requirements of the aforementioned Double Taxation Avoidance Arrangement and other applicable laws, the 10% withholding tax on dividends received by the Hong Kong resident enterprise from a resident enterprise of the People's Republic of China can be reduced to 5%. However, pursuant to the Notice of the State Administration of Taxation on Issues Concerning the Implementation of the Dividend Clause of Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) issued by the SAT on February 20, 2009, if the relevant Chinese tax authorities determine, at their discretion, that the company enjoys the reduced income tax rate mainly due to its tax-driven structure or arrangement, the Chinese tax authorities may adjust the preferential tax treatment. According to the Announcement of the State Administration of Taxation on Issues Concerning "Beneficial Owners" in Tax Treaties (《國家稅務總局關於稅收協定中「受益所有人」有關問題的公告》) issued by the SAT on February 3, 2018, and implemented on April 1, 2018, when determining the "beneficial owner" identification of an applicant for tax treaty benefits related to dividends, interest, or royalties, several factors, including but not limited to (i) whether the applicant is obliged to pay to residents of a third country (region) 50% of the income or more within 12 months after receipt of the income; (ii) whether the business activities conducted by the applicant do not constitute substantive business activities; and (iii) the other contracting country (region) does not impose any tax on or exempts tax from the relevant income, or imposes tax on the relevant income but the actual tax rate is extremely low, will be considered, and a comprehensive analysis will be conducted in light of the actual circumstances of the specific cases. This announcement stipulates further that pursuant to the Announcement of State Administration of Taxation on Issuing the Measures for the Administration of Non-Resident Taxpayers' Enjoyment of the Treatment under Tax Agreements (《國家稅務總局關於發佈〈非居民納稅人享受協定待遇管理辦法〉的公告》) issued by the SAT on October 14, 2019 and taking effect on January 1, 2020, where non-resident taxpayers enjoy the benefits under the articles on dividends, interest and royalties of the treaties, the relevant materials proving the identity as "beneficial owners" shall be retained.

LAWS AND REGULATIONS RELATING TO OVERSEAS SECURITIES OFFERING AND LISTING BY DOMESTIC COMPANIES

Securities Laws and Regulations

The Securities Law of the RRC (《中華人民共和國證券法》) (the "**Securities Law**"), promulgated by the SCNPC on December 29, 1998, latest amended on December 28, 2019 and came into effect on March 1, 2020, comprehensively regulates activities in the Mainland China securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas Listings

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and relevant guidelines promulgated by the CSRC on February 17, 2023 and effective on March 31, 2023 (the "**Trial Measures**"), a domestic company that seeks to offer and list securities in overseas markets shall fulfill the filing procedure with the CSRC as per requirement of the Trial Measures. Initial public offerings or listings in overseas markets shall be filed with the CSRC within 3 working days after the relevant application is submitted overseas.

According to Provisions on Strengthening Confidentiality and Archives Administration in Respect of Overseas Issuance and Listing of Securities by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Provisions on Strengthening Confidentiality and Archives Administration**") jointly issued by the CSRC and other relevant departments on February 24, 2023 and effective on March 31, 2023, in the course of overseas issuance and listing of domestic enterprises, domestic enterprises and securities companies and securities service agencies which provide the corresponding services shall strictly comply with the relevant laws and regulations of the PRC and the requirements of the Provisions on Strengthening Confidentiality and Archives Administration, strengthen legal awareness of confidentiality of State secrets and archives administration, establish a sound system for confidentiality and archives work, adopt the requisite measures to perform the responsibilities of confidentiality and archives administration, and shall not divulge State secrets and work secrets of State agencies or harm State and public interests. To provide or publicly disclose to the relevant securities companies, securities service agencies, overseas regulatory authorities and other entities and individuals, or to provide or publicly disclose, through its overseas listing entities, any document or material involving State secrets or work secrets of State agencies, a domestic enterprise shall apply to the competent department with examination and approval authority for approval in accordance with the law, and file the same with the secrecy administration at the same level for the record. To provide or publicly disclose to the relevant securities companies, securities service agencies, overseas regulatory authorities and other entities and individuals, or to provide or publicly disclose, through its overseas listing subjects, other documents and materials, the disclosure of which will cause adverse impact on the national security or public interests, a domestic enterprise shall strictly go through the corresponding procedures pursuant to the relevant provisions of the State.

THAILAND REGULATORY OVERVIEW

Below sets out a summary of certain aspects of laws and regulations of Thailand, which are relevant to the Group's Thai subsidiaries.

Laws and Regulations in relation to International Trade Matters

The importation of goods into Thailand is subject to compliance with Thai customs procedures, including goods declaration and the payment of customs duties. These processes are administered and overseen by the Thai Customs Department. The procedures may vary depending on the type of goods being imported. Certain categories of goods may require import licenses, while others may be classified as controlled goods, in which case additional regulatory oversight by other governmental agencies is required, pursuant to the relevant specific legislation.

Importation of Goods into Thailand

The importation of goods into Thailand is governed by customs procedures administered by the Thai Customs Department. Importers are required to comply with relevant regulations concerning goods declaration, customs valuation, and the payment of applicable duties and taxes. In addition, certain types of goods may be subject to licensing requirements or specific regulatory controls imposed by relevant governmental authorities, depending on the nature of the goods. Such regulations may derive from sector-specific legislation and often involve oversight from agencies other than the Customs Department. Overall, import activities must be conducted in accordance with both general customs law and any applicable special laws to ensure full compliance.

Tariffs

When goods are imported into Thailand, they are subject to several types of taxes and duties in accordance with Thai laws and regulations. These include:

- ***Import Duty.*** This is a tariff levied on imported goods based on their classification under the Harmonized System (HS) tariff schedule. The applicable rates vary depending on the type of goods and can range from 0% to 80%.

- ***VAT.*** VAT is imposed at a standard rate of 7% on the total value of the imported goods. The taxable base includes the cost of the goods, insurance, freight (CIF value), and any applicable import duty or excise tax.

- ***Excise Tax (on specific goods only).*** This tax applies to specific categories of products such as alcoholic beverages, tobacco, oil, perfumes, and motor vehicles. The rates are determined based on the product type and are regulated under Thailand's Excise Act.

- ***Interior Tax (where applicable).*** In some cases, a local tax of 10% of the excise tax amount is also levied, particularly on excisable goods. This is collected in addition to the excise tax.

- ***Customs Fees and Charges.*** These may include fees for customs clearance and other administrative services. While typically modest in amount, they are part of the total cost of importing goods.

Additionally, goods imported under Free Trade Agreements to which Thailand is a party (e.g., ASEAN) may be eligible for preferential tariff rates, including full exemptions, provided that a valid Certificate of Origin is submitted. Certain goods imported under investment promotion schemes (such as those approved by the Board of Investment (the "**BOI**") may be granted duty exemptions or reductions. All imported goods, regardless of whether they are intended for sale, personal use, or distribution, are subject to the above taxes unless explicitly exempted by law.

Import Structure in Thailand

The importation of goods into Thailand is subject to customs procedures under the supervision of the Thai Customs Department. Importers intending to bring goods into the country are required to register and operate via the electronic customs system (the "**e-Customs**") and must be either a licensed customs broker or utilize an authorized customs clearance agent.

The standard import process includes the following steps:

- Preparation of Import Documentation, such as the Bill of Lading, Commercial Invoice, Packing List, and, where applicable, an Import Permit issued by the relevant authority.

- Electronic Import Declaration through the e-Customs system, whereby the importer is obligated to accurately declare the type and value of goods in accordance with the applicable customs tariff classification and to indicate the origin of the goods to determine eligibility for preferential tariff treatment (e.g., under Free Trade Agreements).

- Payment of Duties and Taxes, which generally comprise import duty, VAT, excise tax (for certain types of goods), and other statutory fees as prescribed by law.

Goods Release Procedures, during which customs officials may inspect documents and, where deemed necessary, physically examine the imported goods prior to granting release from the customs bonded area.

Certain categories of goods may be designated as "controlled goods" and require prior approval or licensing from competent regulatory bodies, such as the Food and Drug Administration, Department of Industrial Works, or Thai Industrial Standards Institute, depending on the nature of the goods.

Furthermore, cross-border remittances and the physical transport of currency or goods out of the country are subject to foreign exchange control regulations under the Exchange Control Act, as well as laws relating to anti-money laundering and counter-terrorism financing, which may require declaration to customs or reporting to the relevant authorities.

Laws and Regulations in relation to Labor and Employment Matters

Employment in Thailand is primarily governed by the Labour Protection Act B.E. 2541 (1998) and the Labour Relations Act B.E. 2518 (1975), along with other supplementary regulations. Employment relationships are generally formalized through written contracts, although such contracts are not mandatory by law if the elements of employment, such as subordination, remuneration, and continuity are present.

Any changes in the corporate legal structure, such as shareholding or ownership, do not affect the validity of existing employment agreements or the acquired rights of employees. In the case of mergers, acquisitions, or asset transfers, the successor entity typically assumes the rights and obligations of the former employer.

Under Thai law, employees have the right to establish or join labor unions. Employment contracts may be terminated either by the employer or the employee, with or without cause, subject to statutory requirements. Where termination is without cause, the employer must compensate the employee in accordance with the law, including notice pay, unused annual leave, severance pay based on years of service, and other entitlements. Employees who resign voluntarily are also entitled to outstanding salary and payment for unused leave but are generally not entitled to severance pay or notice compensation.

Laws and Regulations in Relation to Intellectual Property Matters

In Thailand, the protection of intellectual property (IP) rights is governed by a series of specific statutes, depending on the type of IP involved. The primary regulatory authority is the Department of Intellectual Property (DIP), Ministry of Commerce, in coordination with other competent authorities depending on the nature of the rights. The legal framework encompasses patents, trademarks, copyrights, designs, trade secrets, and plant variety rights.

1. Patents

Patents are governed by the Patent Act B.E. 2522 (1979), as amended. The Act provides protection for three types of patents:

- **Invention patents**, with a term of protection of 20 years from the filing date;
- **Petty patents**, valid for 6 years and renewable twice for a term of 2 years each, up to a total of 10 years; and
- **Design patents**, protected for 10 years.

Patent rights are granted upon application, substantive examination, and registration with the Department of Intellectual Property. Eligible subject matter must meet the criteria of novelty, inventive step, and industrial applicability.

2. Trademarks

Trademark protection is provided under the Trademark Act B.E. 2534 (1991), as amended (most recently in 2016). It governs trademarks, service marks, certification marks, and collective marks.

Trademark rights are acquired through registration with the DIP. Once granted, a trademark is protected for a renewable term of 10 years per registration.

3. Copyrights

Copyright is governed by the Copyright Act B.E. 2537 (1994), as amended (notably in 2015 and 2022). It protects literary, artistic, musical, audiovisual, and computer software works, among others.

Copyright protection arises automatically upon creation without the requirement for registration. The duration of protection generally extends throughout the life of the author and 50 years after their death, subject to specific provisions depending on the type of work and ownership.

4. Trade Secrets

Trade secrets are protected under the Trade Secrets Act B.E. 2545 (2002). A trade secret refers to information that is not publicly known, has commercial value, and is subject to reasonable measures to maintain secrecy. Legal remedies are available against misappropriation or unauthorized disclosure.

5. Trade Names

Trade names may be protected under general principles of civil and commercial law and through registration with the Department of Business Development (DBD), Ministry of Commerce. In certain cases, long-standing use of a trade name may also afford protection under trademark or unfair competition laws.

6. International Treaties

Thailand is a party to several key international treaties on intellectual property, including:

- the Paris Convention for the Protection of Industrial Property;
- the Berne Convention for the Protection of Literary and Artistic Works;
- the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS); and
- the Madrid Protocol concerning the international registration of trademarks.

In summary, Thailand maintains a comprehensive legal framework for the protection of intellectual property rights, encompassing patents, trademarks, copyrights, trade secrets, and other forms of IP. These laws align with international standards and aim to ensure the protection and promotion of innovation and creativity within the country.

Laws and Regulations in Relation to Data Protection and Privacy Matters

Data protection and privacy in Thailand are governed by the Personal Data Protection Act B.E. 2562 (2019) ("**PDPA**"), which came into full effect on 1 June 2022. The PDPA serves as the primary legal framework for regulating the collection, use, and disclosure of personal data by data controllers and data processors in both the public and private sectors.

The scope of the PDPA extends to any individual or juristic person who collects, uses, or discloses personal data within the Kingdom of Thailand, as well as those located outside the country who offer goods or services to, or monitor the behavior of, data subjects in Thailand. The PDPA establishes legal bases for data processing, such as the data subject's consent, contractual necessity, legal obligations, vital interests, public task, or legitimate interest of the data controller or third parties.

Under the PDPA, data subjects are entitled to a number of rights, including the right to access their personal data, the right to rectification, the right to erasure, the right to data portability, the right to object to data processing, and the right to withdraw consent at any time. Data controllers are obligated to notify data subjects of the purposes for which their data is processed and to ensure appropriate security measures are in place to protect such data.

Non-compliance with the PDPA may lead to administrative, civil, and criminal penalties. Administrative fines may reach up to THB five million per violation, and certain violations may result in criminal sanctions, including imprisonment. The Personal Data Protection Committee (PDPC) is the regulatory authority established under the PDPA to oversee its enforcement and issue subordinate legislation and guidance.

Laws and Regulations in Relation to Tax Matters

Thailand's tax system is primarily governed by the Revenue Code, which provides the legal basis for the imposition of taxes at the national level. The Thai tax structure is centralised and administered by the Revenue Department under the Ministry of Finance. The main types of taxes applicable to businesses include corporate income tax, VAT, specific business tax, stamp duty, and withholding tax:

- Corporate income tax is levied on both Thai and foreign companies operating in Thailand. Resident companies are taxed on their worldwide income, while non-resident companies are taxed only on income derived from sources within Thailand. Reductions or exemptions may be available under investment promotion schemes regulated by the BOI or through double taxation agreements (DTAs).

- Value-added tax (VAT) is a consumption tax imposed at each stage of the production and distribution process. The standard VAT rate is 7%, although certain goods and services may be exempt or zero-rated, such as exports or basic necessities.

- Withholding tax is applicable to certain types of payments made to both resident and non-resident entities, including interest, dividends, royalties, and service fees. The applicable rates vary depending on the nature of the payment and may be reduced under applicable DTAs.

- Specific business tax (SBT) applies to businesses engaged in specific activities not subject to VAT, such as banking, financial institutions, and real estate. The tax rate varies based on the business type.

- Stamp duty is imposed on legal instruments such as contracts, leases, and certain financial transactions. The rates vary depending on the document type and transaction value.

Laws and Regulations in relation to Foreign Capital Matters

In Thailand, foreign investment is primarily governed by the Foreign Business Act B.E. 2542 (1999) ("**FBA**"), which outlines specific restrictions and conditions on foreign participation in various business sectors. Under the FBA, a foreigner — defined as a non-Thai individual or entity, or a Thai entity with foreign ownership exceeding 50% — is generally prohibited from engaging in certain restricted businesses unless a Foreign Business License (FBL) or other relevant exemption is granted, such as those under investment promotion schemes.

Additionally, the Bank of Thailand ("**BOT**") and the Ministry of Finance regulate foreign exchange controls and capital flows through the Exchange Control Act B.E. 2485 (1942) and related ministerial notifications. Foreign capital brought into Thailand must be reported to authorized financial institutions, especially when involving remittances, loans, or capital injections. Proper documentation and remittance purpose codes are required for the repatriation of profits, dividends, loan repayments, and disinvestment.

Foreign investors seeking to repatriate funds from Thailand must ensure that the initial capital inflows were properly recorded and that transactions are conducted through authorized banks in compliance with BOT reporting requirements. Failure to comply with the relevant registration or reporting obligations may result in restrictions or penalties under Thai law.

Thailand also provides certain incentives for foreign investors under the Investment Promotion Act B.E. 2520 (1977), administered by the BOI, including relaxed foreign ownership rules, tax privileges, and streamlined foreign exchange procedures, subject to specific project approval and compliance conditions.

Laws and Regulations in relation to Anti-Corruption Matters

Thailand has established a legal framework to address corruption, bribery, and related misconduct, primarily through the Organic Act on Anti-Corruption B.E. 2561 (2018). This law imposes both criminal and civil liability on public officials, private individuals, and legal entities engaged in corrupt practices, particularly in dealings with public agencies or officials.

Under this Act, both active and passive bribery are criminalized, and jurisdiction extends to both domestic and foreign bribery involving Thai officials. Companies can be held liable for acts of bribery committed by their employees or associated persons if such acts were done for the benefit of the legal entity, unless the company can prove it had implemented adequate internal control measures or compliance programs.

In addition, Thailand is a party to several international anti-corruption conventions, such as the United Nations Convention against Corruption. This commitment is reflected in the activities of the National Anti-Corruption Commission, which is empowered to investigate, adjudicate, and enforce anti-corruption regulations.

Laws and Regulations in Relation to Environmental Matters

Thailand has established a comprehensive legal framework for environmental protection through various statutes, sub-regulations, and administrative measures at both national and local levels. The primary legislation governing environmental matters is the Enhancement and Conservation of National Environmental Quality Act B.E. 2535 (1992), as amended, which sets out the responsibilities of government agencies and the private sector in the protection and management of the environment.

This Act mandates the requirement for Environmental Impact Assessments (EIAs) for specific categories of projects, particularly those that may pose significant environmental risks. It also authorizes the Ministry of Natural Resources and Environment (MNRE), along with other relevant agencies such as the Pollution Control Department (PCD), to issue regulations, set environmental standards, and enforce compliance through inspections, penalties, and administrative orders.

In addition to the main act, other relevant legislation includes the Factory Act B.E. 2535 (1992), governing industrial operations and pollution control; Public Health Act B.E. 2535 (1992), dealing with waste and sanitary management; Hazardous Substances Act B.E. 2535 (1992), regulating hazardous materials and chemicals; Water Resources Act B.E. 2561 (2018), managing water quality and usage; and Wildlife Preservation and Protection Act B.E. 2562 (2019), protecting biodiversity and ecosystems.

Legal liability in environmental matters may arise in three forms: (i) Administrative liability, such as fines, license suspension, or revocation; (ii) Civil liability, which includes compensation for damages caused to affected parties or the environment; and (iii) Criminal liability, which may be imposed on individuals or corporate officers for serious violations.

OVERVIEW

Our history began in June 2002, when our predecessor, Delton Technology (Guangzhou) Co., Ltd. (廣合科技(廣州)有限公司), was established in the PRC by DELTON HOLDINGS LIMITED (currently known as Broad Technology Inc., "**BTI**"). Subsequently, in May 2013, Mr. Xiao (an executive Director, the chairman of the Board, Ms. Liu's spouse and a member of our Controlling Shareholders Group), together with Ms. Liu (a non-executive Director, Mr. Xiao's spouse and a member of our Controlling Shareholders Group) acquired 92.50% equity interest in our predecessor at the relevant time. Leveraging his expertise and extensive industry experience, Mr. Xiao has led us in the research and development of PCBs. For details of the background of Mr. Xiao and Ms. Liu, see "Directors and Senior Management — Directors" in this document.

Over the years, our Group has evolved into a global leader in manufacturing PCBs, critical components for high performance servers, and is committed to the development, manufacture and sales of customized PCBs for high performance servers and other computing applications, covering application scenarios including cloud computing and datacenters, telecommunications, automotive electronics, consumer electronics and other industries. According to Frost & Sullivan, we ranked (i) first among high performance server PCB manufacturers headquartered in Mainland China, and (ii) third among high performance server PCB manufacturers globally, in each case in terms of cumulative revenue from 2022 to 2024, representing a global market share of 4.9%.

In June 2020, our Company was converted into a joint stock limited company from a limited liability company. In April 2024, our A Shares were listed on the main board of the Shenzhen Stock Exchange (stock code: 001389).

BUSINESS MILESTONES

The following is a summary of our key business development milestones.

Year	Event
2002	Our predecessor was established in the PRC by BTI, a subsidiary of First International Computer Inc. (an automative design solution provider and system integrator founded in Taiwan and a company listed on the Taiwan Stock Exchange (stock code: 3701)).
2013	Mr. Xiao and Ms. Liu acquired 92.50% equity interest in our predecessor.
2015	We were recognized as one of "China's Top 100 Electronic Circuit Companies" (中國電子電路行業百強) by China Printed Circuit Association.
2020	We were converted into a joint stock limited company.

Year	Event
2022	Our CPU motherboards were selected among the seventh batch of "National Manufacturing Single Champion Products (製造業單項冠軍產品)" in 2022, organized jointly by the Ministry of Industry and Information Technology ("**MIIT**") (國家工業和信息化部辦公廳) and the China Federation of Industrial Economics (中國工業經濟聯合會).
2023	We further expanded our international business and outreach through the launch of our "multi-layer high-density PCB project" (多高層精密線路板項目) by Thailand Delton (our wholly-owned subsidiary), which comprised establishment of large-scale production facilities and local business cooperation initiatives in Thailand.
	We were awarded the "Guangdong Science and Technology Progress Award" (廣東省科技進步獎) by the Department of Science and Technology of Guangdong Province.
2024	We were listed on the main board of the Shenzhen Stock Exchange (stock code: 001389).
	We were recognized as one of the "2024 National Green Factories" (2024年度國家級綠色工廠) by the MIIT and one of the "2024 Service-Oriented Manufacturing Demonstration Projects of Guangdong Province" (2024年廣東省服務型製造示範公告名單) by the Department of Industry and Information Technology of Guangdong Province.

OUR SUBSIDIARIES

The following sets out the principal business activities, place of establishment and date of establishment and commencement of business of our subsidiaries, all of which are wholly-owned subsidiaries of our Company:

Name of subsidiary	Place of establishment/ incorporation	Date of establishment/ incorporation	Principal business activities
Delton International	Hong Kong	January 3, 2019	Sales of PCBs
Huangshi Delton	PRC	September 9, 2019	Research, development, manufacture and sales of PCBs
Dongguan Delton	PRC	January 28, 2021	Manufacture and processing of PCB accessories
Delton Investment	BVI	April 4, 2023	Investment holding
Thailand Delton	Thailand	May 19, 2023	Manufacture and sales of PCBs
Delton Technology Inc . .	U.S.	April 1, 2025	Research, development and distribution of PCBs

For details of changes in the registered capital of our subsidiaries, see "Statutory and General Information — A. Further Information about Our Group — 3. Changes in the Share Capital of Our Subsidiaries" as set out in Appendix VI to this document.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

1. Establishment and Early Development

In June 2002, our predecessor, Delton Technology (Guangzhou) Co., Ltd. (廣合科技(廣州)有限公司), was established under the laws of the PRC as a limited liability company by BTI, the sole shareholder thereof at the relevant time, with an initial registered share capital of USD11.6 million. Our total registered share capital was further increased to USD27.6 million following the completion of a capital injection by BTI in October 2003.

2. Acquisition of Equity Interest by Our Controlling Shareholders in 2013

In May 2013, Mr. Xiao and Ms. Liu acquired 92.50% equity interest in our predecessor from BTI. Immediately upon completion of the above equity transfer, our predecessor was held as to 92.5% by Dongguan Guanghua Industrial Investment Co., Ltd. (東莞市廣華實業投資有限公司, "**Guanghua Investment**") and 7.5% by BTI.

3. Equity Transfers and Establishment of Employee Incentive Platforms in 2016

In December 2016, for the purposes of internal shareholding restructuring and establishment of employee incentive platforms, Guanghua Investment transferred its entire 92.50% equity interest in our predecessor to the following parties, comprising: (i) 57.50% equity interest to Zhenyun Investment; (ii) 10.00% equity interest to Guangsheng Investment; (iii) 10.00% equity interest to Guangcai Investment; and (iv) 15.00% equity interest to Guangxie Investment, respectively. Each of Guangsheng Investment, Guangcai Investment and Guangxie Investment is an employee incentive platform of our Company established in November 2016.

4. Equity Transfers and Capital Injections between 2016 and 2020

Upon the completion of several rounds of equity transfers and capital injections between 2016 and 2020, our total issued share capital was further increased to RMB276,380,947 in April 2020, and our shareholding structure was as follows:

Shareholder	Number of Shares	Shareholding Percentage
Zhenyun Investment	135,144,640	48.90%
Guangxie Investment	34,152,077	12.36%
Guangsheng Investment	22,768,052	8.24%
Guangcai Investment	22,768,052	8.24%
Other Shareholders(1)	61,548,126	22.26%
Total	**276,380,947**	**100.00%**

Note:

(1) Such 61,548,126 Shares were held by 11 Shareholders, among which, save for Xinyu Senze Mergers and Acquisitions Investment Management Partnership (Limited Partnership) (新餘森澤併購投資管理合夥企業(有限合夥)) which held approximately 6.90% equity interest in our predecessor, each of the remaining 10 Shareholders held less than 5% equity interest in our predecessor. To the best knowledge of our Directors, each of such 11 Shareholders was an Independent Third Party.

5. Conversion into Joint Stock Limited Company

On June 22, 2020, we were converted from a limited liability company to a joint stock limited company (the "**Conversion**") and renamed as Delton Technology (Guangzhou) Inc. (廣州廣合科技股份有限公司). Immediately upon completion of the Conversion, our Company had a total issued share capital of RMB350,000,000 with a nominal value of RMB1 per Share.

Subsequent to the Conversion and upon completion of an equity transfer and a capital injection between 2020 and 2021, our total issued share capital was further increased to RMB380,000,000, comprising a total of 380,000,000 Shares, in July 2021.

6. Listing on the Shenzhen Stock Exchange

On April 2, 2024, our A Shares were listed on main board of the Shenzhen Stock Exchange (the "**A Share Listing**"). In connection with the A Share Listing, we issued an aggregate of 42,300,000 A Shares (representing approximately 10.02% of our total issued share capital immediately following the completion of the A Share Listing) and raised net proceeds of approximately RMB653.46 million. Our shareholding structure immediately following the completion of the A Share Listing was as follows:

Shareholder	Number of A Shares	Shareholding Percentage
Zhenyun Investment	171,142,853	40.53%
Guangxie Investment	43,249,099	10.24%
Guangsheng Investment	28,832,734	6.83%
Guangcai Investment	28,832,734	6.83%
Other A Shareholders	150,242,580	35.57%
Total	**422,300,000**	**100.00%**

In connection with our A Share Listing, (i) the 171,142,853 A Shares held by Zhenyun Investment, (ii) the 43,249,099 A Shares held by Guangxie Investment, (iii) the 28,832,734 A Shares held by Guangsheng Investment and (iv) the 28,832,734 A Shares held by Guangcai Investment are subject to a lock-up period of 36 months since the listing date of our A Shares (i.e. up until April 1, 2027). Save as disclosed above, no other A Shares of our Company were subject to any lock-up arrangements in connection with our A Share Listing as of the Latest Practicable Date.

For details of the changes to the share capital of our Company after the A Share Listing and up to the Latest Practicable Date, see "Statutory and General Information — A. Further Information about Our Group — 2. Changes in the Share Capital of Our Company" as set out in Appendix VI to this document.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Throughout the Track Record Period and as of the Latest Practicable Date, we had not conducted any major acquisitions, disposals or mergers.

OUR A SHARE LISTING AND REASONS FOR THE [REDACTED]

Since April 2024, our A Shares have been listed on the Shenzhen Stock Exchange. Our Directors confirm that, since our A Share Listing and up to the Latest Practicable Date, there had been no instance of any material non-compliance with the applicable rules of the Shenzhen Stock Exchange and other applicable PRC securities laws and regulations. To the best knowledge of our Directors, there are no material matters in relation to our compliance record on the Shenzhen Stock Exchange that should be brought to the attention of the Stock Exchange or potential **[REDACTED]** of the **[REDACTED]**. Our PRC Legal Advisor is of the view that, since our A Share Listing and up to the Latest Practicable Date, there had been no instance of any material non-compliance with the applicable rules of the Shenzhen Stock Exchange and other applicable PRC securities laws and regulations.

Based on the independent due diligence conducted by the Joint Sponsors and our PRC Legal Advisor's view as disclosed above, no material matter has come to the Joint Sponsors' attention that would cause them to disagree with our Directors' confirmation with regard to the compliance record of our Company on the Shenzhen Stock Exchange.

We seek to **[REDACTED]** our H Shares on the **[REDACTED]** to establish an international capital operation platform, advance our brand awareness on global scale, reinforce our industry standing and enhance our competitiveness to support sustainable development and governance. For details, see "Business — Our Strategies" and "Future Plans and Use of **[REDACTED]**" in this document.

PREVIOUS STAR LISTING APPLICATION

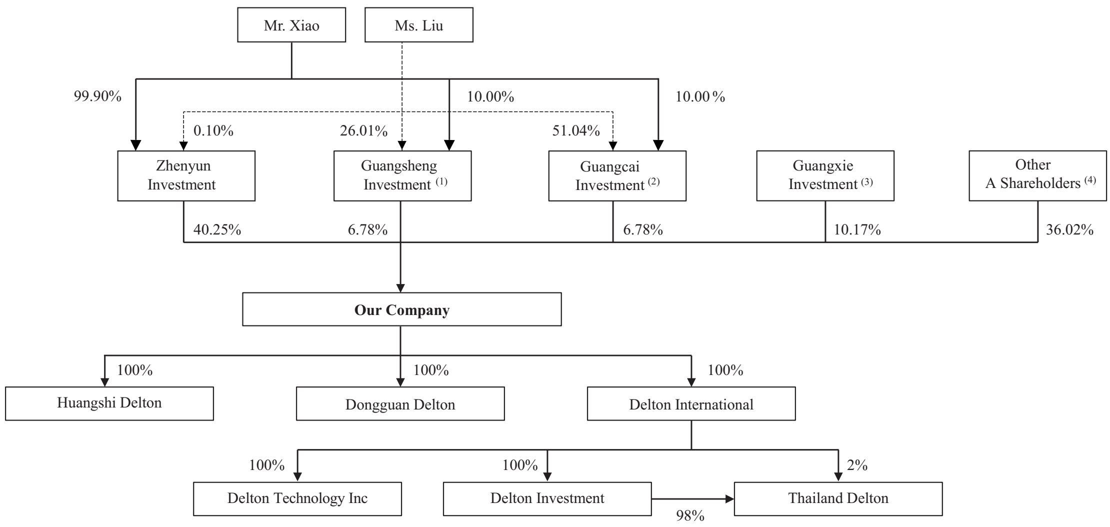
We had previously considered the possibility of seeking an initial public offering on the Science and Technology Innovation Board of Shanghai Stock Exchange ("**STAR**") and had applied for listing of our Shares on STAR (the "**STAR Application**") in December 2020. We voluntarily withdrew the STAR Application in March 2021 and opted for application for listing of our Shares on the main board of the Shenzhen Stock Exchange, having regard to our business development strategy and availability of capital raising platform, in November 2021. We completed our A Share Listing in April 2024.

Our Directors are of the view, and the Joint Sponsors concur, that there are no material matters in relation to the STAR Application that need to be brought to the attention of the Stock Exchange and potential **[REDACTED]**.

CORPORATE STRUCTURE

Corporate Structure Immediately Before the [REDACTED]

The following chart sets forth the simplified shareholding and corporate structure of our Group immediately before the **[REDACTED]**.



Notes:

(1) As of the Latest Practicable Date, Guangsheng Investment was held as to: (i) 10.00% by Mr. Xiao as the sole general partner thereof; (ii) approximately 26.01% by Ms. Liu as a limited partner thereof; (iii) approximately 25.09% by Mr. Guan Shuchun (管術春), our deputy general manager, as a limited partner thereof; (iv) approximately 5.02% by Mr. Zeng Yangqing (曾楊清), our deputy general manager and secretary to the Board, as a limited partner thereof; (v) approximately 2.81% by Ms. He Jianqing (賀劍青), our chief financial officer, as a limited partner thereof; and (vi) approximately 31.07% by the remaining 28 limited partners, each of whom was an employee of our Company and an Independent Third Party, holding less than 5% partnership interest in Guangsheng Investment.

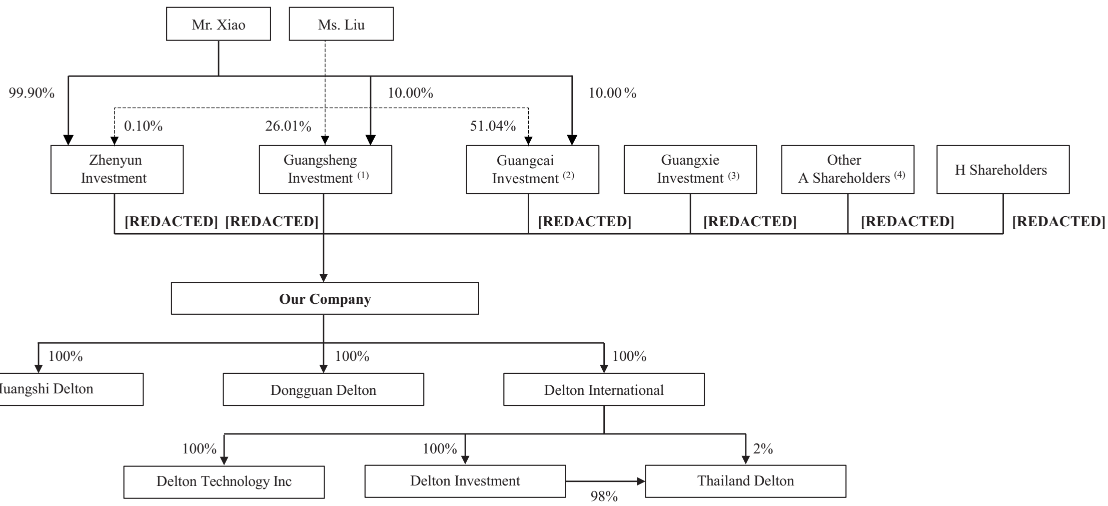
(2) As of the Latest Practicable Date, Guangcai Investment was held as to: (i) 10.00% by Mr. Xiao as the sole general partner thereof; (ii) approximately 51.04% by Ms. Liu as a limited partner thereof; (iii) approximately 5.50% by Mr. Zeng Yangqing as a limited partner thereof; (iv) approximately 2.01% by Mr. Peng Jinghui (彭鏡輝), our executive Director and employee representative Director; and (v) approximately 31.45% by the remaining 31 limited partners, each of whom was an employee of our Company and an Independent Third Party, holding less than 5% partnership interest in Guangcai Investment, save and except for one participant who held approximately 5.49% partnership interest therein as an Independent Third Party.

(3) As of the Latest Practicable Date, Guangxie Investment was held as to (i) approximately 66.67% by Ms. Zeng Hong (曾紅), our executive Director and our general manager, as the sole general partner thereof; (ii) 20.00% by Mr. Wang Jun (王峻), our deputy general manager, as a limited partner thereof; and (iii) approximately 13.33% by Mr. Li Qinyuang (黎欽源), our deputy general manager and chief engineer, as a limited partner thereof.

(4) As part of our A Share Listing, we conducted a strategic placing through which a total of 4,230,000 A Shares (representing approximately 1.00% of our total issued share capital immediately following the completion of the A Share Listing) were allocated to Minsheng Securities Delton Technology Strategic Placing No. 1 Collective Asset Management Scheme (民生証券廣合科技戰略配售1號集合資產管理計劃), a collective asset management scheme (the "**Collective Asset Management Scheme**") established in January 2024 for employee subscription in our A Share Listing. As of the Latest Practicable Date, among such other A Shareholders, Minsheng Securities Co., Ltd. (民生證券股份有限公司, "**Minsheng Securities**"), the asset manager of the Collective Asset Management Scheme and an Independent Third Party, directly held a total of 4,230,000 A Shares (representing approximately 0.99% of our total issued share capital) for the economic benefit of our certain Directors, senior management members and employees, including approximately: (i) 35.38% for Mr. Xiao; (ii) 4.72% for Ms. Zeng Hong; (iii) 4.72% for Mr. Wang Jun; (iv) 2.71% for Mr. Li Qinyuang; (v) 2.36% for Ms. He Jianqing; (vi) 2.00% by Mr. Peng Jinghui; and (vii) less than 5% for each of the remaining 19 subscribers, being employees of our Company and each an Independent Third Party. The Collective Asset Management Scheme is managed and controlled by its asset manager, Minsheng Securities, thus none of the subscribers (including Mr. Xiao) controls the voting rights held by the Collective Asset Management Scheme in our Company.

Corporate Structure Immediately After the [REDACTED]

The following chart sets forth the simplified shareholding and corporate structure of our Group immediately after the completion the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**).



Notes (1) to (4): please refer to the details contained in the preceding page.

[REDACTED]

OUR MISSION

Empowering the future of digital intelligence and interconnection through innovative products.

OUR VISION

Synthesizing wisdom and nurturing innovation, we strive to foster global leadership in intelligent interconnection with quality products and services.

OVERVIEW

Who We Are

We are a global leader in manufacturing PCBs, critical components for high performance servers. We develop, manufacture and sell customized PCBs for high performance servers and other computing applications. According to Frost & Sullivan:

- we ranked (i) first among high performance server PCB manufacturers headquartered in Mainland China, and (ii) third among high performance server PCB manufacturers globally, in each case in terms of cumulative revenue form 2022 to 2024, representing a global market share of 4.9%; and

- we ranked (i) first among CPU motherboard PCB (for high performance servers) manufacturers headquartered in Mainland China, and (ii) third among CPU motherboard PCB (high performance servers) manufacturers globally, in each case in terms of cumulative revenue from 2022 to 2024, representing a global market share of 12.4%.

PCBs serve as critical components that support and connect electronic parts within electronic devices. In high performance servers, PCBs primarily facilitate data transmission and heat dissipation among server chips, memory modules and other critical components. According to Frost & Sullivan, as global demand for computing power continues to rise, high performance PCBs become indispensable for the effective operation of high performance servers. During the Track Record Period, we provided PCBs to globally leading high performance server manufacturers and EMS providers, continually achieving technological breakthroughs in the key areas of advanced PCB materials, manufacturing processes, and new product development.

With our core focus on high performance server and other computing application PCBs, we also strategically expand our product offerings. As of December 31, 2024, our PCB products covered (i) computing application, (ii) industrial application, and (iii) consumer application:

- ***Computing application PCBs.*** Our computing application PCBs serve as our primary focus and core business, which mainly include (i) high performance PCBs, such as AI server PCBs and general-purpose server PCBs, and (ii) datacenter switch PCBs;

  According to Frost & Sullivan, computing applications typically require PCBs with superior signal transmission performance, high speed data processing, and effective heat dissipation capabilities compared to other applications, thereby ensuring the reliable operation of servers and datacenters under high load and complex computing conditions.

- ***Industrial application PCBs.*** Our industrial application PCBs target sophisticated, technology intensive segment of industrial applications, which mainly include (i) industrial control PCBs used in equipment such as industrial robots, industrial cameras and other industrial automation equipment, (ii) automotive PCBs, which include applications such as central control units, and (iii) communication PCBs, which include applications such as telecom switch and communication base stations.

  Industrial applications typically place strict requirements on PCBs for long-term reliability, environmental adaptability and quality stability. This is to facilitate the safe and stable operation of industrial equipment under various working conditions; and

- ***Consumer application PCBs.*** Our consumer application PCBs primarily serve premium market appliances, which mainly include (i) consumer electronics PCBs, used in products such as printers, laptops, wearable devices and emerging display devices (including mini and micro LED displays), and (ii) security electronics PCBs;

  Consumer application PCBs typically focus on large scale production capabilities, thin and lightweight form, and diverse product design features. This is to facilitate rapid iteration and product diversification to meet evolving market trends.

Set forth below are our ranking and business highlights:

No.1[1] Headquartered in Mainland China / **No.3**[1] globally among high performance server PCB manufacturers	**Over 70%**[4] Proportion of offshore revenue in 2024	**RMB3.7 billion** Revenue in 2024 / **39.4%** YOY increase Revenue growth for seven consecutive years from 2017 to 2024
Serve **8** out of the world's top **10**[2] server manufacturers	**MIIT-recognized** Smart Manufacturing **Demonstration Factory** for High-end Server PCBs	**RMB676.1 million** Net profit in 2024 / **18.1%** Net profit margin in 2024
12.4%[3] Global Market Share Market share of CPU motherboard PCBs for high performance servers	**Fully engage** in the preliminary research and validation testing stages for leading server manufacturers[5]	**27.6%**[6] Return on equity in 2024

Notes:

(1) We ranked third among high performance server PCB manufacturers globally, and ranked first among high performance server PCB manufacturers headquarterd in Mainland China based on the cumulative revenue from high performance server PCBs from 2022 to 2024.

(2) Based on their respective revenue in 2024 according to Frost & Sullivan.

(3) Based on cumulative revenue from CPU motherboard PCB for high performance servers (including AI server CPU motherboards and general-purpose server CPU motherboards) from 2022 to 2024. Our market share of CPU motherboard PCB for high performance servers continued to increase from 2022 to 2024.

(4) Based on our revenue from PCBs in 2024 by offshore delivery destinations.

(5) We fully engage in the preliminary research and validation testing stages for our customers' new products, encompassing engineering validation test stage, design validation test stage, production validation test stage, and the final mass production stage. For further details, see "— Our Strengths — Rapid and Customized Product Delivery Capabilities Through Joint Design Manufacturing."

(6) Return on equity equals net profit divided by the arithmetic mean of the opening and closing balances of total equity for the relevant year, and multiplied by 100%.

Our Technological Capabilities

We continue to build our technological strengths in computing application PCBs. Under the leadership of our Chairman Mr. Xiao Hongxing, our founding team realized early the significant market potential for high performance PCBs since 2002. According to Frost & Sullivan, prior to 2016, the PCB market largely focused on traditional consumer and communication applications, while the market for high performance server PCBs remained relatively small and under development.

Considering the long R&D cycles, technological complexity, and lengthy customer certification periods required for high performance server PCBs, we believe early strategic deployment is crucial to our competitive advantages. We therefore dedicated resources and established high speed PCB materials and technologies related to cloud computing as our core R&D initiatives as early as 2016, and have since carried out a series of research across materials, manufacturing processes, and product development:

- ***Materials.*** We have built a comprehensive database and certification system for high speed materials. This allows us to select, validate and apply optimal PCB materials based on nuanced customer specifications, which could reduce our response times thereby capturing emerging market opportunities in an efficient manner. As of December 31, 2024, we have completed electrical and thermal performance validations for high speed materials spanning M6 to M8 grades (with higher-numbered grades representing materials with incrementally superior electrical properties and greater thermal stability) and are in the process of conducting validations for materials on M9 grades. These are essential for stable and low-loss data transmission in advanced computing applications. Furthermore, we have completed testing on the reliability of these materials under demanding operational conditions, including conductive anodic filament testing and thermal cycling, validating robustness and long-term reliability of these materials, which enables us to proactively meet advanced technological demands from leading global customers;

- ***Manufacturing processes.*** We have developed manufacturing processes tailored to high performance server PCBs, with continual refinements to satisfy evolving and customized market demands. In the AI server PCB segment, for example, we actively advance high-layer-count PCBs and high-level HDI PCB manufacturing processes. As of the Latest Practicable Date, we have successfully developed 40-layer AI server PCBs and completed validation for the manufacturing processes of HDI PCBs of up to 7+. Additionally, we developed a pulsed plasma cleaning process and high-aspect-ratio through-hole plating technology, increasing the deep plating capability to 80% and controlling heavy copper uniformity errors within 5% tolerance. Together with our other advances in manufacturing processes, we have reduced the failure detection time, production efficiency; in parallel, we are advancing research in critical areas such as high-layer-count alignment accuracy, high-aspect-ratio drilling, deep back-drill residue control, back drilling alignment accuracy impedance stability, and loss performance. We are also enhancing our capabilities in high flatness production and specialized production technique, including stepping and heavy copper technique. These innovations contribute to the development of a comprehensive set of production technique for high performance server PCBs, creating a solid foundation for future product development; and

- ***Product development.*** We have adopted a joint design manufacturing (the "**JDM**") model that allows us to closely collaborate with global leading server manufacturer customers throughout their product development process. Starting from the initial design stage of our key customers, we conduct simulations on their reference design boards to ensure that our completed design aligns their specifications and reliability requirements. This proactive approach enables a smoother transition through subsequent validation stages, including engineering validation test stage, design validation test stage, and production validation test stage, where we further optimize PCB stack-up designs, perform material comparisons, test reliability, and address design or production issues. In the mass production stage, such product development approach enables us to achieve consistent quality controls and reliable delivery.

Our Market Opportunities

According to Frost & Sullivan, the global demand for high performance electronic devices continues to rise, driven by the growing adoption of AI and the expansion of datacenters, Internet of Vehicles, robotics, and IoT applications. As critical components in electronic products, PCBs have substantial growth opportunities. The global PCB market increased from US$62.0 billion in 2020 to US$75.0 billion in 2024, representing a CAGR of 4.9%, and is expected to further increase to US$93.7 billion by 2029, with a CAGR of 4.5%. Such market growth is primarily driven by the following factors:

- ***Growing global demand for computing power drives the market for computing application PCBs.*** According to Frost & Sullivan, rapid advances in emerging technologies, particularly AI, have significantly increased global computing power. According to Frost & Sullivan, global computing power scale increased from 429.0 EFLOPs in 2020 to 2,067.6 EFLOPs in 2024, with a CAGR of 48.2%, and is expected to further increase to 12,528.4 EFLOPs in 2029, with a CAGR of 43.4%.

This growth increases the demand for computing application PCBs, especially high performance server PCBs. According to Frost & Sullivan, the high performance server PCB market expects to increase from US$7.3 billion in 2024 to US$11.9 billion in 2029, with a CAGR of 10.4%, with the AI server PCB segment expected to grow even faster from US$3.2 billion in 2024 to US$7.0 billion in 2029, with a CAGR of 16.5%. Under this trend, our AI server accelerator boards, UBB and switch boards and other related products will continue to benefit from such rising;

- ***Development in industrial control and automotive electronics steadily increases demand for industrial application PCBs.*** According to Frost & Sullivan, advancements in industrial control, automotive electronics and other intelligent manufacturing devices have raised requirements for reliable and stable industrial application PCBs. The global industrial application PCB market is expected to increase from US$25.9 billion in 2024 to US$30.8 billion in 2029, with a CAGR of 3.5%. Well-positioned within this trend, we offer industrial application PCBs such as rigid-flex PCBs, millimeter radar boards, and 5.5G base station communication boards, enabling us to capitalize on ongoing market opportunities; and

- ***Upgrade and continual innovation in consumer electronics support stable consumer application PCB market.*** According to Frost & Sullivan, consumers' growing demand for immersive experiences has driven continual product innovation and shifted consumer application PCBs toward higher density and greater reliability. With the ongoing evolution of devices such as wearables, and laptops (including AI personal computer), demand for high performance PCBs in the consumer applications remains robust. According to Frost & Sullivan, the global consumer application PCB market is expected to increase from US$36.7 billion in 2024 to US$41.9 billion in 2029, representing a CAGR of 2.7%. We believe our strategic presence in consumer electronics PCBs positions us to leverage continued market growth.

Our Financial Performance

During the Track Record Period, we achieved sustained growth in revenue and net profit margin. In 2022, 2023 and 2024, our revenue amounted to RMB2,412.4 million, RMB2,678.3 million, and RMB3,734.3 million, respectively, with a net profit margin of 11.6%, 15.5%, and 18.1% in the same periods, respectively. In 2022, 2023 and 2024 our return on equity reached 22.1%, 25.6% and 27.6% respectively, which positions us at a leading level among listed companies in our industry, according to Frost & Sullivan.

OUR STRENGTHS

A Globally Leading Manufacturer of Critical Components for High Performance Servers, Positioned to Benefit from Robust Growth Driven by the AI Era

We are a global leader in manufacturing critical components for high performance servers. According to Frost & Sullivan, we ranked (i) first among high performance server PCB manufacturers headquartered in Mainland China, and (ii) third among high performance server PCB manufacturers globally, in each case in terms of cumulative revenue from 2022 to 2024, representing a global market share of 4.9%. According to Frost & Sullivan, we ranked third among high performance server CPU motherboards (including AI server CPU motherboards and general-purpose server CPU motherboards) PCB manufacturers globally, in terms of cumulative revenue from 2022 to 2024, representing a global market share of 12.4%. These demonstrate our remarkable operational scale and competitive product portfolio.

With over 20 years of industry experience, we have consistently achieved significant milestones, which underscore our technological innovation and strong industry reputation, including but not limited to:

- Recognition of our CPU motherboards as part of the seventh batch of "National Manufacturing Single Champion Products (製造業單項冠軍產品)" in 2022, jointly awarded by the Ministry of Industry and Information Technology (the "**MIIT**") (國家工業和信息化部辦公廳) and the China Federation of Industrial Economics (中國工業經濟聯合會);

- Receipt of the Second Prize in the "2023 Guangdong Provincial Science and Technology Progress Award (2023年廣東省科技進步二等獎)" from the People's Government of Guangdong Province for our project titled "Key Technologies and Industrialization of High Speed, High Layer PCBs for Big Data Server Motherboards (大數據服務器主板用高速高多層PCB關鍵技術及產業化)";

- Certification of several of our products and related technologies – including AI server PCBs, datacenter switch PCBs (such as optical module PCBs), and consumer electronics PCBs (such as direct-view stepped PCBs) – as "Guangdong High Quality and High Tech Products (廣東省名優高新技術產品)"; and

- Recognition by the MIIT as a "Smart Manufacturing Demonstration Factory for High-end Server PCBs (高端服務器用PCB智能製造示範工廠)" and recognized by the National Development and Reform Commission as a "National Enterprise Technology Center (國家企業技術中心)."

According to Frost & Sullivan, driven by accelerating demand for computing power arising from the expansion of AI and cloud computing, the global high performance server PCB market is expected to increase from US$7.3 billion in 2024 to US$11.9 billion in 2029, representing a CAGR of 10.4%. The AI server PCB segment is expected to grow even faster, increasing from US$3.2 billion in 2024 to US$7.0 billion in 2029, representing a CAGR of 16.5%. At the same time, iterative upgrades of server chip platforms drive demands for multilayer PCBs (especially high-layer-count PCBs with 18 layers and above), which are commonly used in AI servers and high speed computing. According to Frost & Sullivan, the market of multilayer PCBs with 18 layers and above expects to increase from US$2.5 billion in 2024 to US$5.0 billion in 2029, representing a CAGR of 15.0%.

As a market leader with an established track record, specialized technology capabilities, and a strategic focus on high-layer-count and high performance PCBs, we believe we are well positioned to capitalize on these significant growth opportunities.

Long-term Partnerships with Leading Global Downstream Customers

Our industry position is supported by our long-term relationships with prominent downstream customers. During the Track Record Period, our customers in the performance server segment included eight out of the top ten global server manufacturers by 2024 revenue, according to Frost & Sullivan. As of December 31, 2024, our collaboration with several of these leading global server manufacturers exceeds ten years.

In the computing application, specifically, our core customers comprise prominent global server brands in terms of market share, leading cloud computing and datacenter equipment OEMs, globally recognized ODMs, and major EMS providers providing specialized manufacturing services for mainstream server and enterprises. For instance:

- We have a long-standing business relationship with Customer A, the world's top-ranked server manufacturer. We have been ranked as Customer A's top Supplier for 27 times from 2017 to 2024 and were honored with the Supplier of the Year Award in 2021. Customer A has consistently been one of our top five customers from 2022 to 2024, contributing 26.5%, 26.6% and 24.6% to our total revenue, respectively; and

- Similarly, we have a long-term business partnership with Customer B, one of the world's largest server and cloud computing equipment OEMs, and its subsidiaries. We have been recognized with its Outstanding Supplier in 2021 and Best Strategic Supplier awards ("永續獎"). Customer B has also been among our top five customers from 2022 to 2024, contributing 16.5%, 20.0% and 16.3% to our total revenue, respectively.

In industrial and consumer applications, our customers included globally renowned brands in personal computers and printers, leading manufacturers of consumer electronics and smart home devices, producers of industrial automation systems and automotive electronics and major global telecommunications.

According to Frost & Sullivan, relationship between leading server manufacturers and EMS providers and their PCB suppliers is typically characterized by rigorous initial assessments and continual collaboration:

- ***Initial assessments.*** On one hand, leading global server manufacturers and EMS providers generally implement comprehensive assessments of their PCB suppliers, evaluating key areas such as R&D capabilities, process technologies, operational management, reliability of product delivery, quality control system, environmental compliance and sustainability practices. This certification period typically spans one to two years, with incremental increases in order volume to thoroughly evaluate their suppliers' production capacities and reliability; and

- ***Continual collaboration.*** On the other hand, following qualification, such manufacturers maintain stable and continual relationships with certified PCB suppliers to ensure consistent product stability, reliability and ongoing product iteration of their offerings.

Robust R&D Capabilities and Proven Technological Innovation

We believe that strong R&D capabilities and consistent technological innovation are crucial to achieve sustained industry leadership. These mainly include:

- ***Comprehensive and agile R&D organization.*** We maintain a structured R&D framework covering research across materials, manufacturing processes and product development. Our specialized R&D teams include dedicated units for cloud computing products, telecommunications applications, terminal device applications and materials science. By closely tracking industry trends and evolving customer needs, we swiftly assemble cross-functional teams for preliminary research on emerging PCB technologies. We believe this structure significantly enhances our ability to meet diverse customization requirements and shortens product development cycles;

- ***Expertise in high speed and high-layer-count PCBs.*** Since 2016, we have strategically positioned high speed PCB materials and technologies related to cloud computing as our core R&D initiatives, building upon our extensive expertise in PCB materials, processes, and iterative product development. Leveraging advanced multilayer and high-density interconnect HDI PCB technologies, we have effectively served the rapidly evolving needs of AI servers and high performance computing, earning widespread customer recognition;

- ***Early and comprehensive involvement in customer product development.*** According to Frost & Sullivan, high performance server PCBs typically iterate in synchronization with server chips, featuring product lifecycles of approximately three to five years, with maturity periods around two to three years. Leveraging close relationships with global leading chip and server manufacturers, our R&D teams proactively engage customers from the early development stages to precisely define PCB design solutions. This involvement enables early issue detection and supports smooth transition into subsequent validation and mass production stages;

- ***Systematic talent development and team building.*** We prioritize talent acquisition and training, enhancing our team's capabilities through external recruitment, university-to-industry collaborations, and comprehensive internal training programs. Our structured talent development system includes regular professional training, pre-employment orientation, academic exchanges, and peer learning opportunities, fostering a highly competent R&D team equipped with both theoretical foundations and practical expertise; and

- ***National-level R&D platforms and leadership in industry technical standards.*** We hold multiple prestigious national and provincial technical certifications, including recognition as a national enterprise technology center and CNAS laboratory accreditation, as well as provincial certifications such as the Guangdong provincial high frequency and high speed PCB engineering technology research center, the Guangdong provincial industrial design center for high frequency and high speed PCBs and the Guangzhou Postdoctoral Innovation Practice Base. These collectively support our ongoing innovation and validate our technological leadership. Additionally, during the Track Record Period, we continually served as a governing member of the China Printed Circuit Association. We also actively lead and participate in the formulation of industry standards, contributing to 13 standards projects as of December 31, 2024.

Rapid and Customized Product Delivery Capabilities Through Joint Design Manufacturing

With growing demand for customized high performance server PCBs, traditional standardized products and fragmented supply chains are no longer sufficient to meet the stringent market performance and reliability requirements. In response, we have formed a JDM model. Together with our integration of advanced digital management systems, automated production equipment, and intelligent logistics management, we achieve seamless alignment of client requirements from early product concept to subsequent validation testing and mass production.

Under our JDM model, we systemically engage with customers throughout their product development process:

Early development and pre-validation

- Confirming requirements
- Forming technology roadmap
- Initial feasibility test

We conduct feasibility studies on the application and front-end design of PCB materials, to assist our customers in their server development process. This is to ensure compatibility with the new chip specifications, during the initial phase of computing chip development by chip manufacturers.

Engineering validation test

- Validating design feasibility
- Identifying engineering issues
- Ensuring specifications coverage

We work with our customers to further refine our products and design plans. Together, we identify any potential difficulties for mass production to further validate the feasibility of the design. We also validate the specifications and electrical performance of our products.

Design validation test

- Ensuring that requirements are satisfied by design
- Ensuring that mass production is feasible
- Validating reliability and legal compliance

Based the results of validation, we further improve the design. Our active engagement with our customers ensures early identification and rapid resolution of potential issues, significantly improving product stability and performance reliability.

Production validation test

- Validating mass production process
- Validating stability of supply chain

We leverage a digital manufacturing execution system to ensure robust process oversight, including real-time parameter optimization for critical processes such as lamination and drilling, and validation of batch consistency.

Mass production

- Mass production and delivery
- Continued refinement

We enforce stringent process controls, including a dual-supply chain assurance mechanism (strategic inventory reserves for critical materials and dual-supplier management), real-time production monitoring, proactive equipment maintenance, and a comprehensive quality traceability system.

We provide customers with monthly yield analysis reports to drive continuous improvements in production efficiency and product quality. We also develop cost optimization plans to help customers reduce production costs.

To further enhance seamless delivery and customer satisfaction, we station experienced technical personnel at customers' production sites for immediate technical and quality support. We believe this deep integration throughout the product lifecycle under our JDM model ensures transparent and efficient collaboration with customers, enhances strategic partnerships, and reinforces our competitive market position.

Experienced and Visionary Management Team

Our core management team brings over 20 years of extensive experience in the electron circuit and PCB industries, demonstrating deep market insight and strong execution capabilities. Our management team effectively identify industry trends and lead strategic initiatives that drive our steady growth.

Our founder, Mr. Xiao Hongxing, has nearly 30 years of electronics technology industry experience. In 2013, he strategically assembled an experienced management team and has since led the Company to consistent profitability and growth. With keen market foresight, he initiated the early deployment of high speed PCB materials in cloud computing applications as early as 2016, enabling us to secure a first-mover advantage in the computing application PCBs. Our general manager, Ms. Zeng Hong, also has more than 30 years of experience in the PCB industry and is a widely recognized industry expert. She holds prominent roles including but not limited to vice president of the Scientific and Technological Committee of the China Electronic Circuit Industry Association (中國電子電路行業協會科學技術委員會), as deputy director of the National Printed Circuit Standards Committee under the China Electronics Society's Electronics Manufacturing and Packaging Technology Branch (中國電子學會電子製造與封裝技術分會全國印製電路專委會). Our deputy general manager and chief engineer, Mr. Li Qinyuan, with more than 30 years of PCB industry experience, has been focusing on PCB process engineering and product development for over 20 years. He received the Third Prize for Scientific and Technological Progress by the China Institute of Electronics in 2021 and was recognized as a "PCB Industry Technology Star (PCB行業科技之星)" by the Guangdong Printed Circuit Industry Association in 2022. Mr. Li is also a principal drafter of four industry standards and holds 29 invention patents.

Guided by the strategic foresight and leadership of our management team, we have consistently achieved strong growth and profitability in a highly competitive industry. With their acute market insight and commitment to intelligent and refined operations, we believe we are well positioned to continue creating exceptional value.

OUR STRATEGIES

We strategically integrate market expansion, operational excellence, and talent development initiatives to solidify our leadership in PCB frontiers, continually enhancing our competitive advantages and industry presence both domestically and internationally.

Market Strategy: Expanding and Deepening our Global Presence

We plan to strategically expand our international presence and enhance our global market position through targeted customer collaborations and localized operations:

- ***Expanding strategic partnerships globally.*** Leveraging our established JDM model, we aim to deepen collaborations with leading global server manufacturers. By actively participating throughout their product development cycles, starting from early conceptual design through to mass production, we provide consistent technical and manufacturing support that precisely addresses customers' evolving requirements. This collaborative approach will enable us to continue to grow our international customer base and reinforce our global market position; and

- ***Strengthening localized operations.*** We place strong strategic emphasis on the international market layout and are actively executing our global business expansion initiatives. We have established Phase I of Thai Base, primarily focusing on the production of high value-added PCB products for high performance servers, thereby increasing our share in the global market. At the same time, we are advancing the construction of our Phase II of the Thai Base which is expected to commence in 2026. We believe such expansion will further increase production capacity, enhance our technical reserves, and enable us to meet the rapidly growing demands of global leading customers. In addition, we plan to expand our footprint into mature markets internationally by establishing local sales and service teams. This localized presence will enable more efficient customer interaction and communication, strengthen regional market penetration, lift brand awareness, and improve customer satisfaction.

Operation Strategy: Expanding High-value Added Product Portfolio and Enhancing Intelligent Manufacturing

We aim to expand our portfolio of high-value-added products and advance our intelligent manufacturing capabilities, which we believe will position us strongly in the fast-growing markets:

- ***Optimizing our high-value product portfolio.*** We will continue to optimize our product portfolio and intensify R&D investments in high-value, technologically advanced PCBs. By increasing the proportion of sophisticated products — such as high-layer-count CPU motherboards for AI servers, ultra-high-layer-count UBB and switch boards, and advanced HDI PCBs — we aim to drive profitability and strengthen our competitive edge. Additionally, we will closely monitor emerging market trends to identify new opportunities for further expanding our range of high-value product offering;

- ***Strengthening technological leadership through focused R&D.*** We plan to further solidify our technological leadership by increasing R&D investment in high-growth product segments. These include computing application sectors, and other emerging fields such as AI personal computers, advanced displays, low-Earth orbit satellites and the low-attitude economy. To support these advanced products, we will continually enhance critical technologies, ensuring the stability and efficiency of high speed signals, improve precision manufacturing capabilities, and elevate overall product quality; and

- ***Comprehensive Advancement of Intelligent Manufacturing Systems.*** We are committed to achieving digital transformation and implementing intelligent manufacturing systems across our facilities to enhance efficiency, reduce costs, and improve product yields. At our Guangzhou base, we have deployed an integrated intelligent system leveraging big data analytics and AI algorithms. This system automates and optimizes critical manufacturing parameters in real-time, supported by automated equipment and advanced automated guided vehicle logistics systems, which could enhance productivity and product consistency for our high performance server PCBs. At our Huangshi base, we have also introduced advanced intelligent visual inspection systems. We expect to further optimize and upgrade our intelligent manufacturing systems and also equip our Thai Base with fully automated production lines. Collectively, we believe these enhancements will ensure our global manufacturing network achieves consistently high standards of efficiency, responsiveness, and quality.

Talent Strategy: Building a Tiered Talent Pipeline

We are committed to developing a diverse, professional, and globally oriented workforce, creating a robust pipeline of high-caliber to support our long-term growth:

- ***Structured talent development.*** We have established a structured and comprehensive talent development framework designed to systematically enhance the professional skills and competencies of our workforce. This framework includes ongoing internal training programs, targeted mentorship, self-directed learning initiatives, and collaborative projects that integrate industry, academia, and research partners, ensuring sustainable internal growth momentum;

- ***Diversified talent team construction.*** We will actively enhance our recruitment of experienced professionals across key functional areas, including R&D, manufacturing, marketing, and supply chain management. Leveraging both domestic and international recruitment channels, especially from within the PCB and related industries, we aim to build a cross-regional, multi-disciplinary talent base. This approach aligns directly with our global growth strategy, enabling us to effectively support the rapid expansion of our international business operations and strengthen our competitive advantage; and

- ***Strong focus on academic collaboration and high-caliber talent reserves.*** We continue to deepen strategic partnerships with leading universities and research institutions, fostering talent development through joint laboratories, research initiatives, and structured academic collaboration programs. These initiatives enable us to build a high-quality pipeline of technically skilled and managerially capable professionals. Going forward, we will further expand our collaboration with additional top-tier academic institutions, continually enhancing our talent reserves and strengthening the depth and quality of our multi-tiered talent pipeline.

OUR PRODUCTS

Overview

During the Track Record Period, we primarily generated revenue from the sales of PCBs. As the essential components used in electronic products, PCBs are flat boards made from insulating material with thin layers of copper tracks, which form pathways that connect various electronic components, such as integrated circuits, chips, resistors, capacitors and connectors.

The PCBs we sell (i) computing application PCBs, (ii) industrial application PCBs and (iii) consumer application PCBs. We primarily focus on computing application PCBs. In 2022, 2023 and 2024, our revenue from computing application PCBs was RMB1,635.3 million, RMB1,858.2 million and RMB2,705.6 million, representing 67.8%, 69.4% and 72.5% of our total revenue, respectively.

The table below sets out a breakdown of our revenue by application of PCBs for the periods indicated:

	Year ended December 31					
	2022		**2023**		**2024**	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
PCBs						
Computing application PCBs	1,635,289	67.8	1,858,189	69.4	2,705,557	72.5
Industrial application PCBs	290,697	12.1	260,785	9.7	280,768	7.5
Consumer application PCBs	345,800	14.3	418,162	15.6	493,055	13.2
Subtotal	**2,271,786**	**94.2**	**2,537,136**	**94.7**	**3,479,380**	**93.2**
Other Products(1)	**140,601**	**5.8**	**141,134**	**5.3**	**254,905**	**6.8**
Total	**2,412,387**	**100.0**	**2,678,270**	**100.0**	**3,734,285**	**100.0**

Note:

(1) Other products primarily include recyclable materials such as etching liquids, lamination frames and other production residues.

Our PCBs can be categorized by manufacturing technology into multilayer PCBs and HDI PCBs:

- ***Multilayer PCBs.*** Multilayer PCBs are classified by layer count. Besides single-sided PCBs, layer count of our multilayer PCBs features an even number as each layer has a top and a bottom side. These PCBs are produced by stacking multiple layers of conductive circuits together within a fixed thickness, enabling more complex designs and providing higher performance. Multilayer PCBs with eight or more layers, particularly those with 18 layers and above, are commonly used in applications requiring advanced electrical performance, such as CPU motherboards under AI server PCBs, datacenter switch PCBs and communication PCBs.

- ***HDI PCBs.*** HDI PCBs are classified by level, which refers to the number of microvia layers. These PCBs use specialized manufacturing techniques, including blind and buried vias, to expand the available wiring area, thereby allowing denser circuit connections within a smaller board area. As a result, HDI PCBs are often used in compact, high-density electronic products, such as AI server accelerator boards, other miniatured, high performance products.

In 2022, 2023 and 2024, 63.1%, 65.7% and 66.9% of our revenue was from sales of multilayer PCBs with eight or more layers, respectively, and 8.1%, 6.6% and 9.2% of our revenue was from sales of HDI PCBs, respectively, both of which represent PCBs used in advanced applications such as AI servers, datacenters or communication equipment that require higher transmission speed, greater wiring density, location accuracy and/or thermal stability according to Frost & Sullivan.

The table below sets out a breakdown of our revenue from PCBs by product category for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
PCBs						
Multilayer PCBs						
Six and below layers	553,877	23.0	599,595	22.4	638,373	17.1
Eight to 16 layers	1,458,483	60.4	1,589,579	59.3	2,107,255	56.4
18 and above layers	64,896	2.7	172,208	6.4	391,033	10.5
Subtotal	**2,077,256**	**86.1**	**2,361,382**	**88.1**	**3,136,661**	**84.0**
HDI PCBs	**194,530**	**8.1**	**175,754**	**6.6**	**342,719**	**9.2**
Subtotal	**2,271,786**	**94.2**	**2,537,136**	**94.7**	**3,479,380**	**93.2**
Other Products	**140,601**	**5.8**	**141,134**	**5.3**	**254,905**	**6.8**
Total	**2,412,387**	**100.0**	**2,678,270**	**100.0**	**3,734,285**	**100.0**

The table below sets forth a breakdown of sales volume of our PCBs by product category for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	(sq. m.)	*(%)*	*(sq. m.)*	*(%)*	*(sq. m.)*	*(%)*
Multilayer PCBs						
Six and below layers	553,729	47.4	703,845	57.1	760,908	51.0
Eight to 16 layers	540,267	46.2	454,826	36.9	592,995	39.8
18 and above layers	8,315	0.7	18,009	1.5	37,878	2.5
Subtotal	**1,102,311**	**94.3**	**1,176,680**	**95.5**	**1,391,781**	**93.3**
HDI PCBs	**66,417**	**5.7**	**55,218**	**4.5**	**99,807**	**6.7**
Total	**1,168,727**	**100.0**	**1,231,898**	**100.0**	**1,491,588**	**100.0**

The table below sets forth the details of our key products as of the Latest Practicable Date:

Key Products		Design	Features
Computing application PCBs			
High performance server PCBs			
AI server PCBs	AI server accelerator boards	Multilayer PCBs (12 to 22 layers); or HDI PCBs (3+ to 7+)	• High speed signal transmission, single rate up to 112 Gb/s • Excellent signal integrity by precise impedance and insertion loss control • Manufactured with ultra low loss CCL
	UBB and switch boards	Multilayer PCBs (22 to 46 layers)	• High speed transmission at a rate of 32 Gb/s to 112 Gb/s • Excellent signal integrity by precise impedance and insertion loss control • Manufactured with ultra low-loss CCL • High-precision back drilling and POFV design
	CPU motherboards	Multilayer PCBs (14 to 24 layers)	• High-speed signal transmission supporting PCIe 5.0 transmission rate up to 32 Gb/s • Excellent signal integrity by precise impedance and insertion loss control • Manufactured with very low-loss CCL • High-precision back drilling and POFV design
	Power boards and other supporting boards	Multilayer PCBs (four to 18 layers); or HDI PCBs (2+ to 4+)	• Copper thickness up to 4 oz • Partial gold finger design
General-purpose server PCBs	CPU motherboards Supporting boards	Multilayer PCBs (12 to 22 layers) Multilayer PCBs (four to 12 layers)	• High-speed signal transmission • Excellent signal integrity by precise impedance and insertion loss control • Manufactured with very low-loss CCL • High-precision back drilling and POFV design
Datacenter switch PCBs		Multilayer PCBs (16 to 46 layers)	• High-speed transmission at a rate of 56 Gb/s to 224 Gb/s • Excellent signal integrity by precise impedance and insertion loss control • Manufactured with ultra low-loss CCL • High-precision back drilling and POFV design • Frequency up to 53 GHz

Key Products		Design	Features
Industrial application PCBs			
Industrial control PCBs		Multilayer PCBs (four to 24 layers)	• High reliability and harsh environmental resistance • Manufactured with high thermal resistance CCL
Automotive PCBs		Multilayer PCBs (two to 12 layers)	• Conductive anodic filament resistance • High reliability and harsh environmental resistance • Manufactured with high thermal resistance CCL
Communication PCBs	Telecom switch PCBs	Multilayer PCBs (10 to 24 layers)	• High-speed transmission at a rate of 56 Gb/s to 112 Gb/s • Excellent signal integrity by precise impedance and insertion loss control • Manufactured with ultra low-loss CCL • High-precision back drilling and POFV design
	5G base station PCBs	Multilayer PCBs (ten to 18 layers)	• Conductive anodic filament resistance • High reliability and harsh environmental resistance • Buried copper design to improve heat dissipation efficiency • Manufactured with high thermal resistance CCL
Consumer application PCBs			
Consumer electronics PCBs		Multilayer PCBs (six to 14 layers); or HDI PCBs (2+ to 4+)	• Compact and thin design • Utilizing halogen-free materials
Security electronics PCBs		Multilayer PCBs (six to ten layers); or HDI PCBs (2+ to 3+)	• High reliability and harsh environmental resistance • Manufactured with high thermal resistance CCL

PCBs

Computing Application PCBs

Our computing application PCBs are dense multilayer PCBs designed for computing and data management equipment used in high performance servers and AI training. During the Track Record Period, our computing application PCBs included (i) high performance server PCBs and (ii) datacenter switch PCBs.

High Performance Server PCBs

Our high performance server PCBs are designed to fulfill the performance, reliability and integration requirements of advanced datacenters and intelligent computing infrastructure. According to Frost & Sullivan, high performance server PCBs form the foundation for high performance servers. Our high performance server PCBs are categorized into (i) AI server PCBs and (ii) general-purpose server PCBs.

AI server PCBs

Our AI server PCBs are specialized server PCBs optimized for AI computing systems. These PCBs typically feature advanced capabilities, including dense multilayer structures and rapid signal transmission, which are essential for AI workloads such as machine learning training, inference tasks and intensive parallel data processing. As of the Latest Practicable Date, we provided AI server PCBs with multilayer design ranging from four to 46 layers or HDI design of 2+ to 7+.

Set forth below are key product lines under our AI server PCBs as of the Latest Practicable Date:

- ***AI server accelerator boards.*** These PCBs serve as interface carriers for GPU accelerator modules in AI servers and are designed to meet the demands of deep learning and other compute-intensive AI applications for stable and efficient data transmission. By adopting high-layer-count and HDI designs, combined with ultra-low loss laminates and ultra-low profile copper foils, we precisely control signal integrity to deliver optimal performance. Our AI accelerator boards featured multilayer design with 12 to 22 layers or HDI design of 3+ to 7+, and minimum conductor width/spacing of 50μm, allowing high transmission speed and optimal signal integrity.

- ***UBB and switch boards.*** These PCBs are specifically designed to support high performance chips such as GPUs. Their primary function is to interconnect multiple accelerator modules and maximize computing power, commonly featuring architectures where eight GPUs are interconnected, either through high speed connectors or SMT mounting onto a UBB. Our UBB and switch boards are characterized by high layer counts of 22 to 46 layers, high aspect ratios, and the use of ultra-low loss and ultra-low profile copper foils to ensure signal integrity.

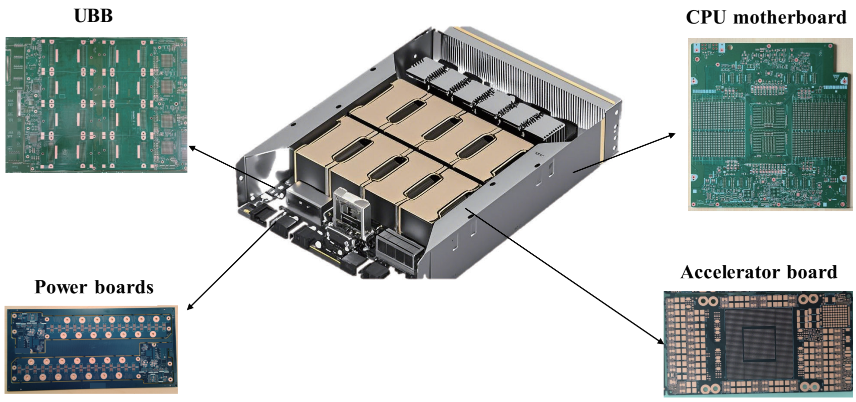
- ***CPU motherboards.*** These PCBs provide the central computing platform for AI servers, supporting intensive data processing and logistics computing tasks. Our CPU motherboards featured high-layer-count design with 14 to 24 layers. Unlike general-purpose server motherboards, which typically use a two-socket design, our CPU motherboards employ a single-route design, resulting in shorter signal paths and enabling lower latency signal transmission.

- ***Power boards and other supporting boards.*** Theses PCBs includes power boards, fan control boards, riser cards, I/O modules, and hard disk backboards, each serving distinct functional purposes within the system. For instance, Power boards provide essential support functions such as power distribution and component connectivity specifically optimized for AI server workloads. They are designed to handle high current loads with strong power management features to ensure system reliability in AI processing environments. Our power boards featured multilayer designs with four to 18 layers or HDI design of 2+ to 4+, allowing high transmission speed and thermal stability.

The following table sets forth the product characteristics and capabilities of our typical AI server PCBs as of the Latest Practicable Date:

Product Characteristics	Our Capabilities/Value
PCB layer count	22–46 layers
PCB thickness	1.0 – 58 mm
Minimum conductor width and spacing	Minimum to 76 μm
Aspect ratio (thickness to diameter)	20:1 to 26:1
Impedance control	±8%
Back-drilling capability	Stub≤8 mil
Specific high-frequency materials	Ultra low loss CCL paired with ultra-low profile copper foil
Through-hole registration	D+10 mil
Back-drilling registration	D+8 mil
Press-fit hole registration	± 1.6 mil
BGA flatness	≤ 0.1 mm
Microvia technology	0.8:1

Set forth below is an illustrative picture of our AI server PCBs integrated into the end product of our customers:



General-purpose server PCBs

Our general-purpose server PCBs are designed to support standard computing operations within general-purpose servers, handling tasks such as general data processing, storage management and routine networking activities. These PCBs require consistently reliable and stable electrical performance to ensure uninterrupted operation in standard computing environments. As of the Latest Practicable Date, we provided general-purpose server PCBs ranging from four to 22 layers.

Set forth below are key product lines under our general-purpose server PCBs as of the Latest Practicable Date:

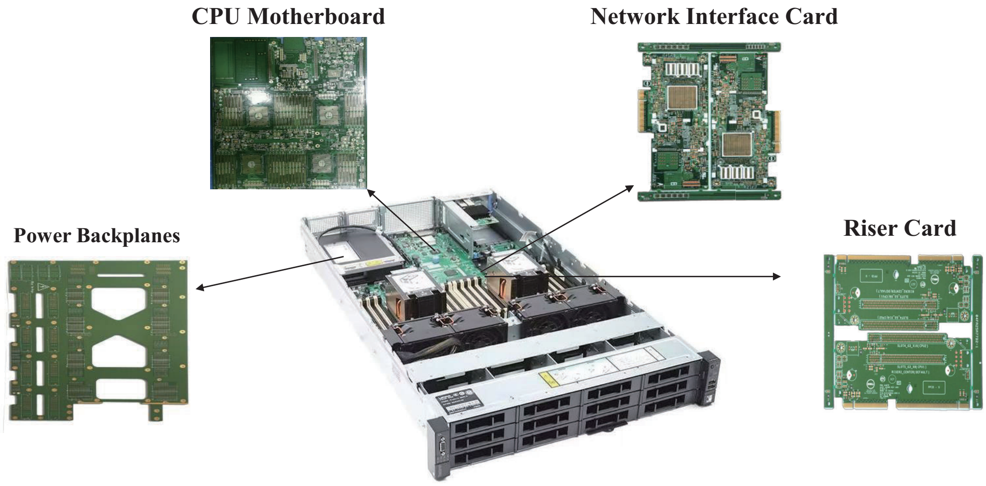
- ***General-purpose server motherboards.*** These PCBs serve as the central computing platform within general-purpose servers, which support data processing and network management tasks. We employ advanced manufacturing processes such as pulse vertical continuous plating, high speed dielectric materials, laser direct imaging and vacuum etching technology, to achieve precise control over conductor width, spacing and impedance. Our general-purpose server motherboards typically featured multilayer designs with 12 to 22 layers.

- ***General-purpose server supporting boards.*** These PCBs facilitate general supporting tasks such as power distribution, network connectivity and vertical component expansion for standard computing operations. They include products such as power backplanes, network interface cards and riser cards, designed with compact, precise layouts to ensure stable electrical performance and effective thermal management for typical datacenter operations. Our general-purpose server supporting boards multilayer designs with four to 12 layers.

The following table sets forth the product characteristics and capabilities of our typical general-purpose server PCBs as of the Latest Practicable Date:

Product Characteristics	Our Capabilities/Value
PCB layer count	12-22 layers
PCB thickness	1.9-3.2 mm
Minimum conductor width and spacing	Minimum to 76 μm
Aspect ratio (thickness to diameter)	16:1
Back-drilling capability	Stub≤8 mil
Specific high-frequency materials	Very low loss laminate paired with low profile copper foil
Through-hole registration	D+9 mil
Back-drilling registration	D+8 mil
Press-fit hole Diameter tolerance	± 1.6 mil
BGA flatness control	≤ 0.1 mm
Microvia technology	0.8:1

Set forth below is an illustrative picture of our general-purpose server PCBs integrated into the end product of our customers:



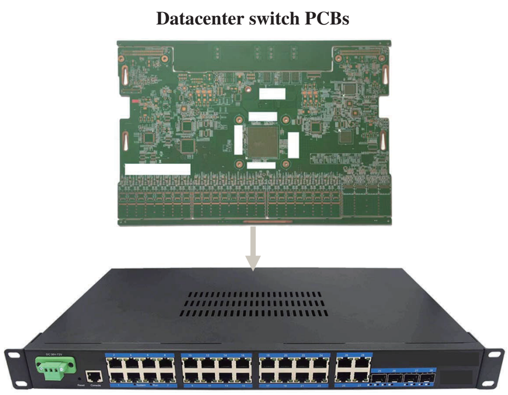
Datacenter Switch PCBs

Our datacenter switch PCBs are designed to meet the growing demand for high speed signal transmission in advanced datacenters and 5G networks, and use advanced design techniques such as small-pitch BGA routing, back-drilling and resin-filled via to maintain signal integrity and reduce insertion loss. They are widely used in high performance computing applications such as datacenter switches. As of the Latest Practicable Date, we provided datacenter switch PCBs ranging from 16 to 46 layers.

The following table sets forth the product characteristics and capabilities of our representative datacenter switch PCBs as of the Latest Practicable Date:

Product Characteristics	Our Capabilities/Value
PCB layer count	16–46 layers
PCB thickness	3.2–5.7 mm
Minimum conductor width and spacing	Minimum to 76 μm
Aspect ratio (thickness to diameter)	20:1 to 30:1
Impedance control	within ±8%
Back-drilling capability	Stub≤8 mil
Specific high-frequency materials	Ultra low loss laminate paired with ultra-low profile copper foil
Through-hole registration	D+9 mil
Back-drilling registration	D+8 mil
Press-fit hole Diameter tolerance	± 1.6 mil
BGA flatness control	≤ 0.1 mm
Microvia technology	0.8:1

Set forth below is an illustrative picture of our datacenter switch PCBs integrated into the end product of our customers:



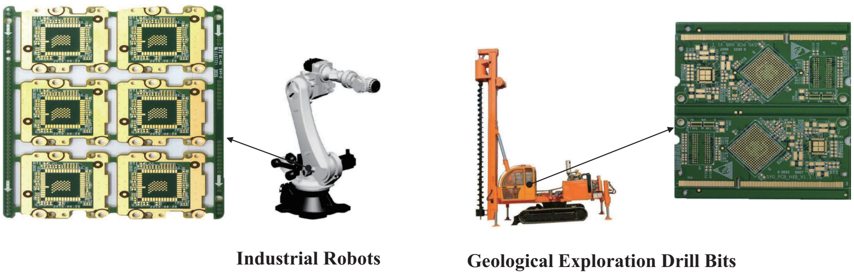
Industrial Application PCBs

Our industrial application PCBs are printed circuit boards designed for industrial environments that typically require enhanced durability, precision and consistent performance. During the Track Record Period, our industrial application PCBs primarily included (i) industrial control PCBs, (ii) automotive PCBs and (iii) communication PCBs.

Set forth below are key product lines under our industrial application PCBs of the Latest Practicable Date:

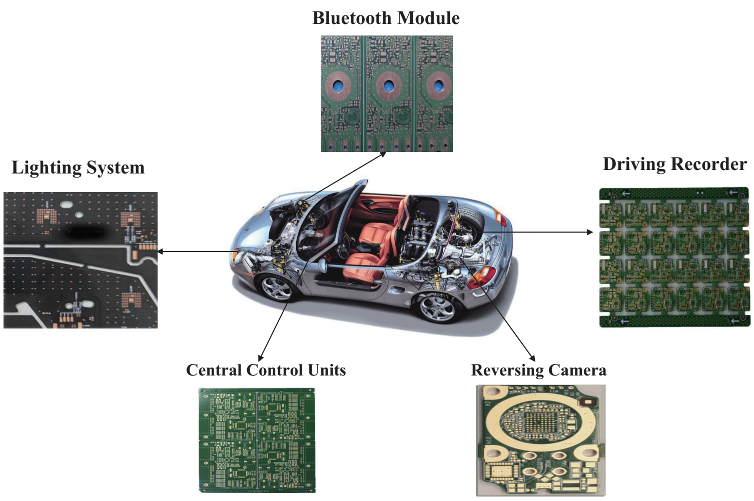
- ***Industrial control PCBs.*** These PCBs are designed for integration into industrial control systems, including among others, the industrial robotics, industrial camera, servo drivers and geological exploration drill bits. Our industrial control PCBs typically employ advanced multi-layer HDI technology and impedance control within ±10%. These enable us to deliver high-precision PCBs that meet customers' requirements for functionality, safety and durability. Our industrial control PCBs typically featured four to 24 layers.

  Set forth below are illustrative pictures of our industrial control PCBs integrated into the end products of our customers:



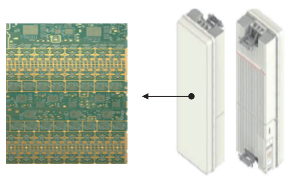
- ***Automotive PCBs.*** These PCBs are engineered for use in critical automotive systems, including among others, the central control units, lighting, bluetooth modules, driving recorders and reversing cameras. Our automotive PCBs emphasize reliability, enhanced thermal management and signal integrity, which are essential in operating in automotive conditions. To meet the increasing industry demands, we have developed advanced thermal dissipation layers within the automotive PCBs, which improve local component heat management and overall reliability. We provided automotive PCBs ranging from two to 12 layers.

  Set forth below is an illustrative picture of our automotive PCBs integrated into the end product of our customers:

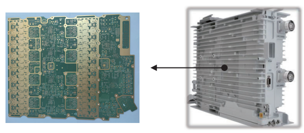


- ***Communication PCBs.*** These PCBs are primarily designed for telecommunication equipment, supporting functions such as data transmission, signal processing and network connectivity. Key communication PCBs include (i) telecom switch PCBs, designed for the signal transmission and management in telecom base stations and communication servers, and (ii) telecom base station PCBs, such as active antenna unit module PCBs, remote ratio unit PCBs, small cell base station PCBs and communication optical module PCBs, which are tailored to the needs of modern telecommunication base stations, including 5G infrastructure. Our communication PCBs typically featured ten to 24 layers.

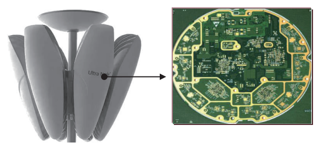
  Set forth below are illustrative pictures of our communication PCBs integrated into the end products of our customers:



Active Antenna Unit Modules



Remote Radio Unit



Smell Cell Base Station

The following table sets forth the product characteristics and capabilities of our representative industrial application PCBs as of the Latest Practicable Date:

Product Characteristics	Our Capabilities/Value
PCB layer count	10–24 layers
PCB thickness	1.6–3.0mm
Minimum conductor width and spacing	Minimum to 76μm
Aspect ratio (thickness to diameter)	6:1 to 18:1
Maximum PCB board dimensions	Up to 732.1mm
Specialized manufacturing process	Buried copper, hybrid design
Materials	Middle loss CCL hybrid with hydrocarbon materials

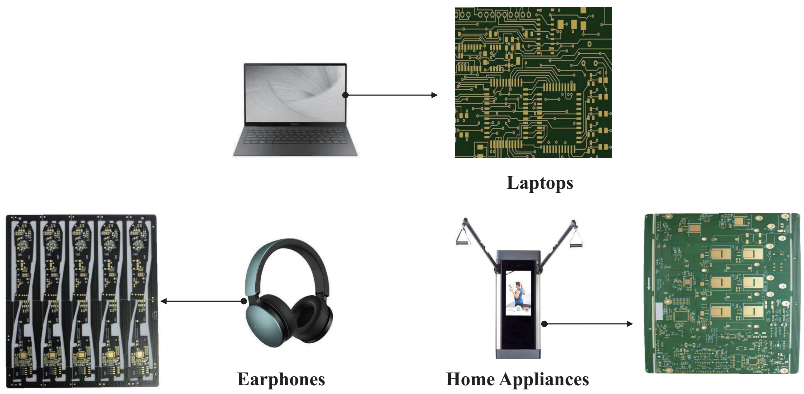
Consumer application PCBs

Our consumer application PCBs are PCBs designed for mass-market consumer electronic devices and security equipment, which emphasize compact design, cost-effectiveness and consistent performance across varied consumer environments. According to Frost & Sullivan, as consumer applications evolve with AI functions and increasingly complex features, demand for high performance consumer electronics PCBs continues to grow. During the Track Record Period, our consumer application PCBs primarily included (i) consumer electronics PCBs and (ii) security electronics PCBs.

Set forth below are key product lines under consumer application PCBs of the Latest Practicable Date:

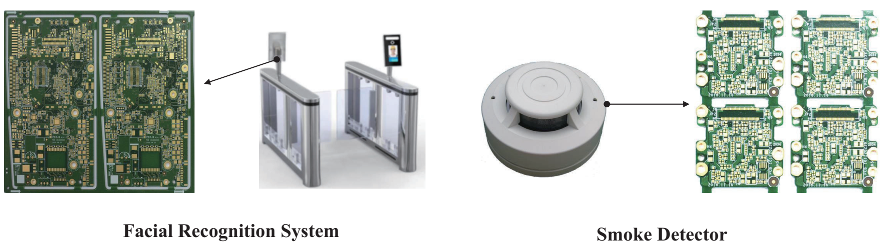
- ***Consumer electronics PCBs.*** These PCBs are generally used in consumer devices such as printers, laptops and tablets, display cards, smart wearable devices and home appliances. During the Track Record Period, leveraging our technologies and experience in computing power and industrial application PCBs, we were able to provide consumer electronics that feature compact and multilayer designs which feature precise conductor spacing of 50 to 75μm, optimized to meet the consumer market's demands for miniaturization, energy efficiency and functional reliability. Our consumer electronics PCBs featured multilayer design of six to 14 layers or HDI designs of 2+ to 4+.

  Set forth below are illustrative pictures of our consumer electronics PCBs integrated into the end products of our customers:



- ***Security electronics PCBs.*** These PCBs are designed for use in security and surveillance systems, including surveillance cameras, smoke detectors, facial recognition systems and access control intercom systems. Our security electronics PCBs featured multilayer design of six to ten layers or HDI design of 2+ to 3+.

  Set forth below are illustrative pictures of our security electronics PCBs integrated into the end products of our customers:



The following table sets forth the product characteristics and capabilities of our representative consumer application PCBs as of the Latest Practicable Date:

Product Characteristics	Our Capabilities/Value
PCB layer count	Six to 14 layers
PCB thickness	0.8–1.6mm
Minimum conductor width and spacing	Minimum to 50μm
HDI level	Up to 5+
Materials	Middle loss modified epoxy resin

Other Products

During the Track Record Period, we derived revenue from sales of recyclable materials, primarily including etching liquids, lamination frames and other production residues. We generate such recyclable materials during the PCB production process. For example, etching liquids are used to remove excess copper from PCB surfaces, resulting in liquids that contain dissolved copper and other valuable metals. These recyclable materials are primarily used in applications such as copper smelting, electroplating or the manufacturing of lower-grade copper-based products.

RESEARCH AND DEVELOPMENT

Our commitment to innovation and technology is key to our long-term growth. Our R&D team is well-rounded, particularly in the areas of basic theory, technical capability and practical experience. As of December 31, 2024, our R&D team had more than 390 employees. In 2022, 2023 and 2024, our R&D expenses were RMB115.1 million, RMB120.6 million and RMB179.2 million, accounting for 4.8%, 4.5% and 4.8% of our total revenue, respectively.

We focus on the following three R&D areas in a balanced manner: product innovation, materials science and advanced manufacturing processes. This is to ensure that we can customize and deliver advanced PCB products that are in line with the market trends and customer demands.

Structured R&D Approach and Process

We have a structured R&D approach to systemically manage our R&D activities across different departments. Our R&D projects and intellectual property management have satisfied the requirements under the relevant international standard – ISO 56005:2020 (level two). Set forth below are key aspects of our R&D process:

- ***Material technology research.*** We continually perform research and studies on advanced materials and key underlying technologies, focusing on high-frequency, high speed PCB materials and innovative manufacturing processes, to ensure that our technologies remain aligned with evolving market and customer demands.

- ***Product development.*** Our product development teams undertake detailed engineering designs tailored specifically to customer requirements and specifications. During the development process, we collaborate closely with our customers through joint design-manufacturing approaches, so as to meet customers' technical and performance criteria.

- ***Manufacturing process development.*** We continually innovate and refine manufacturing processes to enhance our production stability, efficiency and overall product quality. This includes introducing advanced processes such as precision impedance control, HDI technology and specialized thermal management solutions.

- ***New product introduction.*** We systematically prepare newly developed products for mass production by conducting pilot production runs, verifying quality and fine-tuning our manufacturing process, so as to ensure stable and efficient production for timely delivery.

- ***Reliability testing.*** We test our products under various conditions to ensure their performance consistency, reliability and longevity. Our reliability testing protocols help us identify issues early, which enables us to meet the stringent quality standards required by our customers.

- ***Commercialization and project management.*** Upon reliability validation, our project management team transitions research outcomes into commercially viable products. Through structured oversight and coordination across various departments, we ensure smooth commercialization, effective resource allocation and market introductions of our PCB products.

- ***Market development.*** We actively track industry developments and customer feedback, ensuring our R&D efforts are closely aligned with emerging market demands.

Our Technologies

Our core technologies enable us to develop and customize high performance PCBs that cater to evolving customer demands. These technologies are underpinned by our systematic R&D capabilities across (i) material technology, (ii) manufacturing process and (iii) product development. The following chart sets forth our technology highlights in the three aspects:

Material Technology	We have established a material database to enhance PCB performance, including but not limited to: (i) *CCL,* ranging from standard FR4 to ultra low loss M9-level materials, enabling signal integrity across different product grades;

(ii) *HDI materials,* ranging from 1+ to 7+ HDI to meet complex interconnect demands; and

(iii) *Specific materials,* including those for low CTE, high thermal conductivity, strict impedance and insertion loss for RF applications, supporting a wide range of high speed transmission applications.

Manufacturing Process

We have developed advanced manufacturing process to enhance PCB precision and reliability, including but not limited to:

(i) *Precision Impedance Control.* Adopting a closed-loop impedance control method, we have achieved ±5% tolerance in stripline impedance control.

(ii) *Precision insertion Loss Control.* Adopting a comprehensive insertion loss control approach by combining stack-up design, simulation, testing, and iterative data calibration, we have achieved mass production for PCBs designed for 112 Gb/s applications. We have also commenced R&D for signal integrity of PCBs designed for 224 Gb/s applications.

(iii) *BGA Flatness Control.* Adopting optimized stack-up design, copper compensation, and special controls during material preparation and lamination, we have been able to consistently meet the flatness requirement of less than 0.1mm over a 4in*4in area.

(iv) *Precision Back-drilling.* Adopting precise control of board thickness, drilling depth, and via alignment, we have achieved mass production for back-drill stub lengths of ≤8 mil.

(v) *High-aspect-ratio.* Through advanced drilling techniques and research on electroplating pulse waveforms and chemical solutions, we have achieved high-reliability processing of high-aspect-ratio holes. This has enabled the mass production of products with an aspect ratio exceeding 20:1.

(vi) *Registration Control.* By studying the material expansion and contraction characteristics, as well as the alignment of inner layers, lamination processes, and pressing parameters, we have successfully developed the capability to achieve a high-layer-count alignment accuracy of D+10 mil.

Product Development

We have realized the mass production of high speed and high performance PCB products, including but not limited to:

(i) *Mass Production of Server PCBs for PCIe 5.0.* We have achieved mass production for PCIe 5.0 server motherboards based on x86 platforms and ARM-based architectures.

(ii) *Next-Gen Server R&D.* We have completed early-stage R&D and new product introduction for PCIe 6.0.

(iii) *AI Accelerator Board.* We have achieved stable mass production of 5+ HDI accelerator card PCBs and 22-layer to 32-layer UBB boards.

(iv) *High Speed Transmission Applications.* We have successfully ramped up mass production for datacenter switches PCBs supporting transmission speed at 56 Gb/s, and passed customer certification for datacenter switch PCBs supporting transmission speed at 112 Gb/s.

Collaboration with Research Institutions

To continually foster innovation and expand our R&D talent pipeline, we have established long-term collaborations with leading universities and research institutions in China. We collaborated with them in the following aspects:

- **Industry-academia-research collaboration**: We have established the "Guangdong High-Frequency and High Speed PCB Engineering Technology Research Center" and the "Graduate Student Training Demonstration Base" together with a leading engineering university in China, which have played an important role in enhancing our R&D capabilities and cultivating talents.

- **Industry-academia-research projects**: We have long-term cooperation with leading engineering universities and research institutions in Guangdong province, Sichuan province and Beijing city in China. Together, we closely followed the international trends of cutting-edge technologies in various areas of our industry, and improved the engineering and industrialization level of our R&D research results.

- **Postdoctoral research**: We have signed joint training agreements with postdoctoral researchers at leading engineering universities in Guangdong provinces and Sichuan provinces in China to train high-end talents together.

- **International R&D**: We worked with leading engineering universities in Guangdong, China and in Singapore to research on copper interconnects in high-layer electronic circuits to reduce power consumption.

We have also jointly undertaken multiple government-sponsored scientific research projects, which have contributed to the development and commercialization of advanced PCB technologies. Through these targeted academic-industry initiatives, we continually expand our research capabilities, ensuring a steady flow of innovation and skilled talent that supports our ongoing accumulations.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we owned 217 patents (including 71 invention patents) and received 30 copyrights. See "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 2. Our Intellectual Property Rights" for further details of our intellectual property portfolio.

We safeguard our intellectual property through patents, copy rights and other intellectual property laws, as well as confidentiality agreements signed with our employees. We specify all rights and obligations regarding the ownership and protection of intellectual properties in the employment agreements we enter into with our employees. In addition, we require employees to sign standard agreements stipulating that any service inventions, trade secrets and R&D achievements acquired during their service with us shall be our assets and that the titles of such achievements shall be transferred to us.

During the Track Record Period and up to the Latest Practicable Date, we did not have any threatened or pending disputes relating to infringement of intellectual property rights which would have a material adverse effect on our business.

PRODUCTION

Production Process

We produce a diverse range of PCBs, with slight variations in the production processes depending on the product type. The following flowchart illustrates the key steps in our production process of a multilayer PCB:

Production steps	Our Company	Third-party suppliers
Raw material preparations	Quality inspections, sizing and cleaning	Supply raw materials
Inner layer circuit manufacturing	Photosensitive coating, exposure and chemical etching	Supply necessary chemicals and consumables
Inner layer automated optical inspection	Quality inspection	Supply inspection equipment
Lamination	Stack-up, heating lamination and pressure lamination	Supply prepreg resin sheets and CCL
Laser drilling	Precision laser drilling	Supply laser equipment
Mechanical drilling	Precision mechanical drilling	Supply drilling equipment and drilling bits
Plasma cleaning	Plasma-based resin removal	Supply necessary processing gas
Electroplating	Copper deposition and electroplating	Supply plating chemicals and solutions
Back drilling	High-precision back drilling	Supply drilling equipment and drilling bits
Resin plugging	Resin fill of microvias	Supply resin materials
Outer layer circuit formation	Photosensitive coating, exposure and chemical etching	Supply chemicals, coatings and consumables
Outer layer automated optical inspection	Quality inspection	Supply inspection equipment
Solder mask and surface finish application	Application of protective coatings and finishes	Supply solder mask materials and gold/tin plating solutions
Profiling	Shaping PCB	Supply shaping equipment
Electrical testing and visual inspections	Visual inspections, electrical testing and quality checks	Supply testing equipment
Packaging	PCB cutting, final inspections and packaging for transportations	Supply anti-static packaging materials and cartons

- ***Raw material preparations.*** We procure key raw materials, such as CCL, prepregs and copper foils, from qualified third-party suppliers. Upon receipt, we perform quality inspections, sizing (cutting to set dimensions) and cleaning on the raw materials to ensure they meet our production standards.

- ***Inner layer circuit manufacturing.*** We carry out all inner-layer circuit production. This begins with the application of a dry film to a copper-clad laminate with a special light-sensitive chemical. When exposed to light, the dry film undergoes photopolymerization, hardening over the designed circuit areas. The circuit pattern is then transferred onto the film through photolithography, followed by development, which removes the unexposed film and exposes the copper underneath.

- ***Inner layer automated optical inspection.*** We apply automated optical inspection to conduct a comprehensive scan of the completed inner layer circuits. Utilizing high-precision automated optical inspection equipment and predefined quality standards, this step enables the accurate identification of defects such as shorts, opens, missing or incomplete traces, and anomalies in trace width and spacing. Defective units are filtered out during this process to prevent them from entering subsequent production stages, thereby ensuring the integrity and reliability of the inner layers.

- ***Lamination.*** We carry out lamination for core boards that have undergone brown oxidation with prepregs in a designated stack-up sequence. We stack and place Inner-layer circuit boards, prepreg, and outer copper foils are sequentially stacked into a vacuum press. Under conditions of high temperature and pressure, the prepreg melts and flows, filling the gaps between layers. This ensures firm bonding between the inner layers and the outer copper foils, resulting in a solid multilayer PCB structure. The process guarantees tight interlayer adhesion and stable electrical interconnections across the board.

- ***Laser drilling.*** We use a CO_2 laser beam to precisely target the areas where microvias are needed. The laser energy instantly decomposes and vaporizes the resin-based insulating material, forming microvias that enable interlayer electrical connections. This high-precision technique allows us to drill holes just tens of microns in diameter, making it ideal for HDI PCBs. The small heat-affected zone also helps us minimize damage to surrounding materials.

- ***Mechanical drilling.*** We use CNC drilling machines to create large-diameter through-holes that are unsuitable for laser processing. High-speed rotating drill bits cut precisely into the PCB material, forming vias that penetrate multiple layers. These through-holes enable the mounting of through-hole components and establish vertical electrical connections. During the drilling process, we strictly control key parameters to ensure high hole wall quality and precise positioning.

- ***Plasma cleaning.*** After drilling, we treat the hole walls using plasma to remove drilling debris and resin smear. In a controlled gas environment, we harness the chemical reactivity and physical energy of plasma to clean the via walls thoroughly. This process increases surface roughness, which significantly improves the adhesion of subsequent copper deposition.

- ***Electroplating.*** We deposit a thin layer of copper onto the inner walls of the drilled vias, followed by additional electroplating to build up the copper to meet design requirements. Where needed, we perform resin filling and secondary plating to form VIPPO (via-in-pad plated over) structures.

- ***Back drilling.*** According to customer specifications, we perform high-precision back drilling to remove unnecessary stub sections while preserving signal-carrying layers. This process helps reduce impedance discontinuity and supports high speed signal transmission. Resin filling is applied when necessary.

- ***Resin plugging.*** After back drilling, we use either a vacuum or compression-style plugging machine to fill the vias with liquid epoxy resin. We ensure the holes are fully filled without voids. Once filled, we perform a pre-curing step to partially solidify the resin, followed by high-temperature baking to complete the curing process.

- ***Outer layer circuit formation.*** We repeat the process used for the inner layers on the outer surfaces of the board. Using micron-level LDI exposure, we define fine circuit patterns, then develop and etch the unwanted copper using a vacuum-assisted two-fluid etching process.

- ***Outer layer automated optical inspection.*** We perform automated optical inspection on the outer layer circuits to verify their integrity. Using high-resolution automated optical inspection equipment, we check for issues such as opens, shorts, missing or incomplete traces, and pad quality.

- ***Solder mask and surface finish application.*** We apply solder mask (e.g., green oil) to areas that do not require soldering or press-fit. Through a series of steps including surface preparation, coating, pre-baking, exposure, development, UV curing, and thermal curing, we cure the ink to form a durable solder mask layer. We also apply surface finishes, such as ENIG, by immersing the PCB in molten solder, then use high-temperature air to remove excess solder, to protect exposed copper and improve solderability.

- ***Profiling.*** We remove the excess material around the board edges according to customer design specifications, shaping the final PCB panel ready for SMT assembly.

- ***Electrical testing and visual inspections.*** We conduct electrical testing to ensure functional performance, including circuit continuity, open/short tests, insertion loss checks and soldering quality to ensure that all electrical connections meet the required design specifications. We also perform visual inspections manually or with automated optical inspection equipment to verify cosmetic and structural quality.

- ***Packaging.*** After final cleaning, we carefully package the PCBs using anti-static packaging materials and prepare them for warehousing and shipment.

Existing Production Facilities

Our production capabilities are designed to align with our customers' demands, ensuring a consistent and reliable supply of PCB products. Our principal production facilities are located in Guangdong Province and Hubei Province, China. During the Track Record Period, we had two production bases in production, namely the Guangzhou base and the Huangshi base. Set forth below are some details of such production bases as of December 31, 2024:

- ***Our Guangzhou base.*** Our Guangzhou base comprises (i) our two plants in Guangzhou and (ii) one plant in Dongguan. Our two plants in Guangzhou primarily focus on the production of computing application PCBs and industrial application PCBs. We expect to further improve the operational efficiency and expand our production capacity over the next three to five years. Our plant in Dongguan provides ancillary production services to support PCB production processes at our Guangzhou plants. These mainly include processes such as hole drilling, electrical examination, quality inspection, packaging and shipment. By managing these ancillary production steps, our Dongguan plant supports optimal compatibility and quality integration into production lines at our Guangzhou base, which enhances our overall PCB production efficiency and yield stability.

- ***Our Huangshi base.*** Our Huangshi base primarily focuses on the production of industrial application PCBs and consumer application PCBs. We established the Huangshi base in 2021, integrating automation systems and intelligent production technologies, including automation systems, real-time production tracking software, equipment automation programs and intelligent warehouse management. Through these technologies, we have achieved an optimal balance between production yield and efficiency in high-volume manufacturing.

The following table sets out further details of our production facilities in production as of December 31, 2024:

Facility	Location	Major Products/ Capabilities	GFA	Commencement of production
Guangzhou base.	Guangzhou, Guangdong, China	Computing application PCBs Industrial applications PCBs	Approximately 66,640 sq. m.	February 2013
	Dongguan, Guangdong, China	Ancillary productions for Guangzhou base	Approximately 68,950 sq. m.	March 2024
Huangshi base.	Huangshi, Hubei, China	Industrial applications PCBs Consumer application PCBs	Approximately 167,400 sq. m.	July 2021

We typically plan our production on a monthly basis based on the forecasted demand of our customers and the anticipated market trends. We continually monitor our production facilities and utilization rates and update our production plans based on the rolling forecasts of customer orders.

The table below sets forth our designed production capacity, actual production volume and utilization rate for the years indicated:

	2022	2023	2024
Guangzhou base			
– Designed production capacity (ten thousand sq. m.)[1]	95.4	91.7	100.3
– Actual production volume (ten thousand sq. m.)	86.1	76.8	92.3
– Utilization rate (%)[2]	90.2	83.7	92.1
Huangshi base			
– Designed production capacity (ten thousand sq. m.)	56.0	83.4	87.3
– Actual production volume (ten thousand sq. m.)	30.9	49.1	56.4
– Utilization rate (%)	55.1	58.9	64.7

Notes:

(1) Designed production capacity of the year is calculated based on the following assumptions: (i) 300 operational days per year and (ii) 24 operating hours per day. The calculation of production capacity excludes (i) production lines which were suspended for maintenance/technical upgrades and (ii) newly launched production lines which were undergoing a test period.

(2) Utilization rate is calculated by dividing actual production volume by the designed production capacity.

(3) The utilization rate of our Guangzhou base decreased from 90.2% in 2022 to 83.7% in 2023, primarily due to certain orders for the Guangzhou base being allocated to Huangshi base for production in 2023.

Our capacity utilization rate may fluctuate periodically, primarily due to the custom orders tailored to the unique specifications and technical requirements of our customers, particularly in the production of PCBs for AI and general-purpose servers, as well as industrial application products. Upon securing new purchase orders, we are generally required to invest in production capacity and finetune manufacturing processes before beginning mass production and ramping up output for the specifications. This typically involves equipment procurement, setup, technical calibration, testing and verification processes before reaching optimal efficiency.

Additionally, our capacity utilization rate is influenced by the timing of new product launches by our customers and industry-wide cycles driven by technological upgrades and market conditions. As we follow our customers' product launch schedules closely, we may experience periods of lower utilization rates during transition phases between product generations, when existing production lines are recalibrated and optimized for new product introductions.

Planned Production Facilities

To enhance our production capabilities and strengthen our global reach, we have established a production facility in Golden City Industrial Park, Prachinburi Province of Thailand (the "**Thai Base**"). Our Thai Base is designed to primarily produce high performance PCBs including server PCBs, communication equipment PCBs and automotive electronics PCBs. We believe this will enhance our production capacity, operational efficiency and cost competitiveness in line with our global growth.

The Phase I of our Thai base completed construction in January 2025 and spans a gross floor area of approximately 92,650 sq. m., with a designed production capacity of approximately 200,000 sq. m per year. We expect to commence production by June 2025.

We expect to further expand our production capacity through Phase II of our Thai base, which is expected to commence in 2026, with completion and production expected to commend in 2027. The estimated capital expenditure for Phase II construction, procurement of machineries and installation of relevant equipment is approximately RMB1,194.7 million, which we expect to be fulfilled by a combination of net **[REDACTED]** from the **[REDACTED]** and cash flows generated from our operating activities. The designed production capacity of Phase II is approximately 300,000 sq. m. per year. We intend to use net **[REDACTED]** from the **[REDACTED]** to fund the construction. For further details, see "Future Plans and Use of **[REDACTED]**."

QUALITY CONTROL

We emphasize the quality control measures to facilitate consistent quality control in our business operations. To achieve this, we have established a quality management system, encompassing inspections during key stages of our production. This enables us to promptly identify potential deviations. Additionally, leveraging the quality management system, we continually optimize our production workflows to swiftly address customer inquiries and adapt to changing market demands. This responsiveness allows us to effectively handle fluctuations in order volumes, manage requests efficiently and maintain a competitive advantage in dynamic market conditions.

Our quality management system complies with internationally recognized standards relevant to PCB production, including ISO9001 for overall quality management consistency; IATF16949 for automotive electronics PCBs; IECQ QC080000 for hazardous substance process management during our PCB production process; ISO14001 for our environmental management and sustainability practices; and ISO45001 for our occupational health and safety management.

We have also established a dedicated team with expertise in quality control. Our quality control team is responsible for the overall quality management of our operations, and will review and evaluate various processes that encompass the entire production lifecycle, including supplier quality evaluation, incoming material inspections, in-process quality control, finished product inspections, closed-loop quality control improvement and prevention and post-sales customer service:

- ***Supplier quality evaluation.*** We have established strict criteria for supplier selection, certification and ongoing evaluations. We regularly assess suppliers based on quality performance, delivery reliability, environmental compliance and overall operational efficiency.

- ***Incoming materials inspections.*** We conduct by-batch inspections for incoming raw materials to ensure compliance with established quality standards before acceptance into our production processes.

- ***In-process quality control.*** During the productions, our production team employs advanced MES and QMS systems to perform real-time monitoring and control of manufacturing processes, ensuring immediate identification and rectification of quality issues.

- ***Finished product inspections.*** We arrange each batch of our finished PCBs to undergo thorough quality inspections, including automated optical inspections, electrical testing and reliability testing to ensure full compliance with customer specifications and quality requirements.

- ***Closed-loop quality control improvement and prevention.*** We focus on quality improvement and prevention by analyzing the measured quality performance using tools such as the seven-quality tools. Following scientific methodology, we organize analysis and improvements to drive the enhancement of both process capability and product capability.

- ***Post-sales customer services.*** Utilizing our ERP and MES systems, we maintain detailed records and complete traceability of materials, production processes and final product quality, facilitating efficient quality management and continuous improvement.

SALES AND MARKETING

Our Sales Network

We primarily sell our products through direct sales. Our direct sales customers consist mainly of (i) end product brands, as the brand-owning companies that design, brand and market their electronic products, and (ii) EMS providers, which manufacture and assemble products based on specifications and designs from the end product brands. Most of the products sold through direct sales feature customized specifications as requested directly by our direct sales customers. This approach allowed us to deliver tailored products and work closely to the needs of our direct sales customers.

We also sell to trading partners to extend our market reach and efficiently serve smaller-scale end customers and end customers in certain regions. We believe our diversified sales channels enable us to maintain stable demand and expand our market presence.

We also sell a small portion of our products to other PCB manufacturers. These PCB manufacturers have demand for our products when they have insufficient production capacity or they do not have the required capability to produce the products required by their customers.

We also collaborated with sales partners to reinforce our relationship with our direct sales customers.

The following table sets forth a breakdown of the number of customers by sales channel for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
Direct sales customers[(1)]	118	130	138
Trading partners[(1)]	32	43	31
PCB manufacturers[(1)]	19	17	14
Total	**169**	**190**	**183**

Note:

(1) Refers to the number of customers from whom we recognized revenue in the respective year.

The following table sets forth a breakdown of revenue by sales channel in absolute amounts and as a percentage of our revenue for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
PCB						
Direct sales [(1)]	2,128,796	88.2	2,375,709	88.7	3,366,432	90.1
Sales through trading partners	105,760	4.4	117,931	4.4	105,059	2.8
Sales to PCB manufacturers	37,230	1.6	43,496	1.6	7,889	0.3
Subtotal	**2,271,786**	**94.2**	**2,537,136**	**94.7**	**3,479,380**	**93.2**
Other products[(2)]	**140,601**	**5.8**	**141,134**	**5.3**	**254,905**	**6.8**
Total	**2,412,387**	**100.0**	**2,678,270**	**100.0**	**3,734,285**	**100.0**

Notes:

(1) Revenue generated from direct sales involving sales partners amounted to RMB1,150.0 million, RMB1,385.4 million and RMB1,789.8 million, in 2022, 2023 and 2024, respectively.

(2) Other products are sold through direct sales channel.

During the Track Record Period, our products were sold in both domestic and international markets. The table below sets forth our revenue from PCBs by region, based on the delivery destination of our products, for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Offshore						
Bonded zones	1,130,904	49.8	1,196,070	47.1	1,618,683	46.5
Hong Kong[1]	412,309	18.1	387,052	15.3	531,453	15.3
Taiwan	315,126	13.9	461,668	18.2	524,667	15.1
Others[2]	19,757	0.9	14,887	0.6	7,950	0.2
Subtotal	**1,878,096**	**82.7**	**2,059,677**	**81.2**	**2,682,753**	**77.1**
Mainland China (excluding bonded zones)	**393,690**	**17.3**	**477,459**	**18.8**	**796,627**	**22.9**
Total	**2,271,786**	**100.0**	**2,537,136**	**100.0**	**3,479,380**	**100.0**

Notes:

(1) A portion of our products delivered to Hong Kong were subsequently transferred to customers' manufacturing facilities located in Mainland China, while the others were subsequently transferred to customers' facilities located in other countries such as Thailand, Malaysia, Singapore, Japan and other locations for further assembly and processing.

(2) Others mainly include Thailand and Mexico.

Our Direct Sales

During the Track Record Period, we sold our products directly to customers, consisting mainly of (i) end product brands and (ii) EMS providers in various industries including cloud computing and datacenters, telecommunications, automotive electronics, consumer electronics and other industries. We reach our direct sales customers through a combination of online and offline efforts such as industry exhibitions, where we showcase our product portfolio, technologies and production capabilities.

Direct Sales Customers

Under the direct sales model, our direct sales customers generally make customized requirements on product specifications, review and conduct certifications on key performance of the required products. Through direct sales, we establish close and long-term collaborative relationships with direct sales customers, where we actively participate from the early stages of their product design, providing technical support and customized production solutions. Our dedicated sales and technical teams maintain ongoing communication with our direct sales customers, enabling us to respond promptly and effectively to their evolving requirements.

We generally enter into a framework agreement with our direct sales customers. Salient terms of our typical direct sales agreements are as follows:

- ***Term and termination.*** We generally enter into framework direct sales agreements without a fixed term, which may be terminated by mutual agreement or by either party upon prior written notice under events specified under the agreements.

- ***Pricing policy.*** We sell our products to direct sales customers at mutually agreed price ranges under purchase orders.

- ***Payment and credit term.*** We generally require our direct sales customers to pay upon acceptance of products. We typically provide a credit period of up to 90 days from the date of invoice.

- ***Purchase amount.*** We specify purchase amounts in the purchase orders in line with the framework agreements.

- ***Product guarantee and return arrangements.*** We generally do not allow our direct sales customers to return products to us except in limited circumstances such as product defects. We typically provide a product warranty period of up to five years depending on the applications of PCBs we sell.

- ***Delivery and logistics.*** We are responsible for delivering our products to locations designated by our direct sales customers.

- ***Confidentiality.*** These framework agreements usually have strict confidentiality provisions that restrict us from disclosing confidential information of our customer.

Our Trading Partners

We sell our PCB products to reputable trading partners to extend our market reach and efficiently serve smaller-scale end customers and end customers in certain regions. According to Frost & Sullivan, engagement of trading partners for the sales of products are in line with the PCB industry norm.

Relationship with our trading partners

The relationships between trading partners and us are categorized as seller-buyer relationships. However, we do not authorize them to acquire end customers, negotiate on our behalf, or maintain inventory for resale. We typically do not enter into distribution agreements with trading partners. Instead, we transact on an order-by-order basis through individually issued purchase orders. Revenue is recognized upon the transfer of control of our products, which occurs when the products are delivered to and accepted by our trading partners.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our trading partners were Independent Third Parties. To the best of our knowledge, besides the ordinary course sales arrangement with us, there is no other relationship between the trading partners and each of our Company, our subsidiaries, our Shareholders who own 5% or more of the total issued Shares, Directors or senior management or any of their respective associates. As of the Latest Practicable Date, we were not aware of any potential abuses or improper use of our name by our trading partners which could adversely affect our reputation, business operation or financial condition.

Engagement with our trading partners

We engage third-party insurance providers to assess the creditworthiness of trading partners before collaboration. For trading partners deemed credible by the insurance providers, we secure trade credit insurance with coverage for the receivables associated with their purchase orders. In cases where insurance coverage of receivables is not available due to the insurance providers' credit assessment, we may require prepayment from such trading partners in line of our internal policies. This strategy allows us to manage credit risk effectively and ensures that we do not extend open credit terms without adequate risk mitigation measures.

Principal Contractual Terms with Trading Partners

We typically do not enter into fixed-term framework distribution agreements with our trading partners. Instead, our commercial engagement is conducted on a transaction-by-transaction basis based on sales agreement or purchase order. The key terms of our sales agreements and purchase orders are set out below:

- ***Term and termination.*** Our transactions with trading partners are typically conducted through individual purchase orders without a fixed contractual term. Either party may cease business by discontinuing future purchase orders. In limited cases, we enter into sales agreement with our trading partners with terms of up to five years. The nature of these relationships remains consistent with those established without such long-term agreements.

- ***Risk transfer.*** Risks are transferred to our trading partners once the products are shipped to the designated ports specified in the purchase orders, following their inspection and confirmation.

- ***Pricing policy.*** We sell our products to trading partners at mutually agreed price as specified in the purchase orders. We negotiate prices with trading partners on a per-order basis, taking into account market conditions and specific requirements from end customers.

- ***Sales target.*** We do not impose sales targets or minimum purchase obligations on our trading partners. Purchase order reflects actual end customer demand, and we do not encourage speculative stocking.

- ***Product return.*** We generally do not allow our trading partners to return products to us except for product defects.

- ***Confidentiality.*** The trading partners agrees to strictly protect the information and proprietary know-how it has gained access to under the agreement.

- ***Compliance and anti-corruption obligations.*** Trading partners are generally required to comply with our anti-corruption and ethical conduct standards. Our trading partners are generally required to refrain from offering improper benefits to our personnel or engaging in any conduct that may compromise the integrity of our commercial dealings.

- ***Dispute resolution.*** Both parties agree to amicable negotiation for any disputes arising out of performance of the agreement. If the dispute cannot be resolved, either party can proceed to court proceedings.

Management of our trading partners

Due to the nature of our relationship with trading partners, we exercise limited control over their operations or sales activities. We do not assign sales targets, enter into long-term distribution agreements, or grant exclusive territories under our sales agreements with trading partners.

Under our sales model with trading partners, we believe that we are subject to limited exposure to risks associated with channel stuffing or cannibalization:

- ***Limited channel stuffing risk.*** We do not impose sales targets or minimum purchase obligations on trading partners. Orders are placed on a as-needed basis and reflect specific end customer requirements with different product specifications. Trading partners are generally not permitted to return unsold inventory, and we do not engage in consignment or speculative sales arrangements.

- ***Limited cannibalization risk.*** Our products are highly customized PCBs built to meet individual end customer requirements. Products ordered through trading partners are generally not interchangeable or resalable to other end customers, which mitigates the risk of internal sales displacement or price competition with our direct sales channel or sales through other trading partners.

Accordingly, considering that (i) we do not set sales targets or minimum purchase obligations, (ii) our trading partners are generally not permitted to return unsold products, (iii) our products are largely customized and not interchangeable, and (iv) we did not identify any material channel stuffing or cannibalization risks during the Track Record Period and up to the Latest Practicable Date, our Directors are of the view that we do not have any material channel stuffing or cannibalization risks.

Our Sales to PCB Manufacturers

We sell a small portion of our products to other PCB manufacturers when they have insufficient production capacity or they do not have the required capability to produce the products required by their customers. According to Frost & Sullivan, such arrangement is common in our industry and is consistent with the market practice.

Principal Contractual Terms with PCB Manufacturers

The key terms of the relevant sales agreement are set out below:

- ***Term and termination.*** We typically enter into a framework sales agreement with other PCB manufacturers. The agreement will provide a certain period for us to deliver the required products. Such agreement can be terminated upon mutual consent or by either party upon written notice under the events specified in the agreement.

- ***Pricing policy.*** We sell our products to these customers at mutually agreed price ranges under purchase orders.

- ***Payment and credit term.*** We generally require these customers to pay upon acceptance of products. We typically provide a credit period of up to 90 days from the date of invoice.

- ***Purchase amount.*** We specify purchase amounts in the purchase order.

- ***Product guarantee and return arrangements.*** We typically do not allow these customers to return products to us except in limited circumstances such as product defects.

- ***Delivery and logistics.*** We are responsible for delivering our products to locations designated by our customers.

- ***Confidentiality.*** These agreements usually have confidentiality provisions that restrict us from disclosing confidential information of our customer.

Pricing

We price our products based primarily on factors including product specifications, technical complexity, required manufacturing processes, raw material costs, industry certifications and standards, customer order volume and market conditions. Given the customized and technical nature of our PCB products, our pricing generally varies by product type and application complexity, particularly for those with higher layer counts, finer circuit line widths, stricter impedance control requirements or use of advanced materials.

Our sales team closely collaborate with our production and procurement team to assess the cost implications. To manage fluctuations in raw material prices, especially key materials such as copper foils, CCL and prepregs, we closely track market trends and maintain close communications with suppliers. For further details, see "— Our Supply Chain — Raw Materials." Additionally, we will periodically review our pricing strategy and product costs, adjusting our prices as necessary to reflect changes in production costs and market dynamics. According to Frost & Sullivan, the pricing of our key products during the Track Record Period was generally within the price ranges observed in the industry.

Marketing

We have built a strong brand reputation and industry influence through sustained, in-depth collaboration with top-tier companies across diverse application areas. Leveraging our R&D capabilities, we actively engage customers early in their product validation and preliminary research phases, which enable us to respond to customers' specific needs and accelerate delivery times.

We adopt tailored business development approaches for each of our target applications, strategically allocating substantial resources toward the high-growth segments, particularly servers and related computing applications. Our customer engagement spans the entire process from initial customer acquisition through product validation, production and product delivery. Through this close and continuous collaboration, we gain insights of our customers early in the product development process and understand their evolving needs. This allows us to deliver optimized products with consistent quality and efficient manufacturing, which enhances customer trust and loyalty. Additionally, we station technical personnel at key customers' sites to deliver swift responses, which further solidifies customer confidence and satisfaction.

Product Return

Based on our policy and agreements with our customers, products sold to customers cannot be returned except for instances of product design defects and quality issues. On average, the value of products returned by customers accounted for less than 0.2% of our total revenue of respective periods during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we did not received any material product return, exchange, complaints or product liability claims from our customers. Since we received no material customer complaints or request for product exchange due to product quality and defects which were material to our business, we did not incurred any material warranty expense or made any provision for such warranty expense during the Track Record Period and up to the Latest Practicable Date.

Our Sales Partner

We collaborate with sales partners to maintain our relationship with our direct sales customers. Sales partners normally play a role in (i) acquiring updated or potential product requirements from direct sales customers and facilitating business communication, and (ii) providing local support to overseas direct sales customers by bridging geographical, language, and cultural differences as we expand our international business. According to Frost & Sullivan, such collaboration with sales partner is common and consistent with the industry practices in the global PCB industry.

Under this model, we enter into contracts directly with direct sales customers and sell products to them, while paying a commission fee to our sales partners for their maintenance and execution efforts. We do not sell products to sales partners, and our ability to acquire customers and drive business growth is not dependent on sales partners.

We recognize revenue based on the sales amounts at the agreed selling price under the sales agreements with direct sales customers. Commission fees are not included in the selling price of our products. Rather, commission fees are paid separately to our sales partners for services rendered and are recognized as selling and marketing expenses in our consolidated statements of profit and loss. According to our agreements with sales partners, our commission rates with sales partners typically are below 5%, which is in line with industry average, according to Frost & Sullivan. For further details, see "Financial Information — Review of Historical Results of Operations — Selling and Marketing Expenses."

We typically enter into commission fee agreements with our sales partners, defining the responsibilities of each party. The salient terms of our commission fee agreements with sales partners are as follows:

- ***Term and termination.*** We generally enter into commission fee agreements without a fixed term. Either party may terminate the agreement at any time, with or without cause, by written notice.

- ***Roles and responsibilities.*** Sales partners are responsible for initiating business opportunities, facilitating contract signing and execution, facilitating direct sales customer relationship maintenance, collecting receivables, and supporting acceptance of our standard terms.

- ***Commission.*** Commissions are determined based on commission rates and agreed selling price between us and the direct sales customers. Commissions are paid to sales partners after end customers have settled the sales invoices with us.

- ***Sales target.*** We do not impose sales target or minimum purchase obligations on sales partners.

- ***Confidentiality.*** Sales partners generally maintain strict confidentiality of all proprietary and confidential information obtained under the agreement.

OUR CUSTOMERS

During the Track Record Period, our customers consisted of (i) direct sales customers, primarily consisting of (a) end product brands and (b) EMS providers, (ii) trading partners, and (iii) PCB manufacturers. In 2022, 2023 and 2024, our five largest customers together generated RMB1,533.6 million, RMB1,756.7 million, and RMB2,291.9 million in revenues, respectively, accounting for 63.6%, 65.6%, and 61.4% of our total revenue, respectively. In addition, revenues generated from our largest customer accounted for 26.5%, 26.6%, and 24.6% of our total revenues in 2022, 2023 and 2024, respectively. All of our five largest customers were Independent Third Parties during the Track Record Period.

To the best of our knowledge and as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to the termination of our relationships with any of our major customers. None of our Directors and their respective associates, or Shareholders who own 5% or more of the total issued Shares had any interest in any of our five largest customers during the Track Record Period.

The following table sets forth the details of our five largest customers in each period during the Track Record Period:

Rank	Customer	Type of Customer	Sales Amount	Percentage of total revenue	Type of product purchased	Credit terms	Year of commencement of business relationship
			(RMB'000)	*(%)*			
For year ended December 31, 2022							
1	Customer A[(1)]	Direct sales customer	639,883	26.5	PCBs	90 days	2016
2	Customer B[(2)]	Direct sales customer	395,415	16.5	PCBs	90 or 120 days	2016
3	Customer C[(3)]	Direct sales customer	177,207	7.3	PCBs	120 days	2017
4	Customer D[(4)]	Direct sales customer	176,727	7.3	PCBs	120 days	2017
5	Customer E[(5)]	Direct sales customer	144,324	6.0	PCBs	90 days	2016

Notes:

(1) A private technology company headquartered in Singapore, which principally engages in the development and sales of personal computers.

(2) A public company headquartered in Taiwan, which principally engages in the development, manufacture and sales of computers, communication and consumer electronics products components.

(3) A public company headquartered in Taiwan, which principally engages in the manufacture and sales of servers and personal computers.

(4) A public company headquartered in Taiwan, which principally engages in the development and manufacture of servers, personal computers and mobile devices.

(5) A public company headquartered in Mainland China, which principally engages in the research and development of cloud computing, datacenters and servers.

Rank	Customer	Type of Customer	Sales Amount	Percentage of total revenue	Type of product purchased	Credit terms	Year of commencement of business relationship
			(RMB'000)	*(%)*			
For year ended December 31, 2023							
1	Customer A	Direct sales customer	713,563	26.6	PCBs	90 days	2016
2	Customer B	Direct sales customer	533,268	20.0	PCBs	90 or 120 days	2016
3	Customer D	Direct sales customer	196,113	7.3	PCBs	120 days	2017
4	Customer C	Direct sales customer	165,691	6.2	PCBs	120 days	2017
5	Customer E	Direct sales customer	148,056	5.5	PCBs	90 days	2016

Rank	Customer	Type of Customer	Sales Amount	Percentage of total revenue	Type of product purchased	Credit terms	Year of commencement of business relationship
			(RMB'000)	*(%)*			
For year ended December 31, 2024							
1	Customer A	Direct sales customer	918,963	24.6	PCBs	90 days	2016
2	Customer B	Direct sales customer	607,612	16.3	PCBs	90 or 120 days	2016
3	Customer C	Direct sales customer	354,856	9.5	PCBs	120 days	2017
4	Customer E	Direct sales customer	253,060	6.8	PCBs	90 days	2016
5	Customer D	Direct sales customer	157,451	4.2	PCBs	120 days	2017

OUR SUPPLY CHAIN

Raw Materials

Our key raw materials primarily include CCL, prepregs, copper foils, copper spheres, gold salts and dry films, which we source mainly from suppliers in Mainland China. These materials are essential for PCB production, particularly for high-density and multi-layer products requiring precise electrical and mechanical properties.

We closely monitor market conditions and regularly negotiate pricing and procurement terms with our suppliers to account for the impact of raw material price fluctuations. We have also established stable and long-term partnerships with our suppliers, enabling consistent supplies of quality raw materials. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant shortage of raw material supplies, and the raw materials provided by our suppliers did not have any significant quality issues.

Our Suppliers

Supplier Selection and Management

We carefully select and engage reputable suppliers to ensure the quality of our products. We manage our suppliers to ensure quality standards, supply reliability and compliance with our requirements. When selecting suppliers, we typically consider various criteria, including product quality, production capability, proven track record, market reputation and price competitiveness. In addition, we implement measures to continuously monitor and evaluate suppliers' performance based on their delivery timeliness, quality consistency and responsiveness to our requirements. See "— Quality Control" for further details.

We generally enter into framework agreements with our key suppliers, which set forth the general terms and conditions of purchase. Set forth below are salient terms of our framework agreements:

- ***Term and termination.*** We generally enter into framework agreements with our suppliers without a fixed term, which may be terminated by our suppliers or us upon prior written notice.

- ***Product specifications.*** We generally specify quantity, price, specification, delivery timeline and other detailed contractual terms in the purchase orders we send to our suppliers.

- ***Pricing and Payment.*** We generally provide for payments based on mutually agreed prices specified in the purchase order. We are generally granted a credit period of 90 days for the payments.

- ***Delivery and logistics.*** Our suppliers are typically responsible for the delivery of products to our specified locations in the purchase order.

- ***Risk transfer.*** The risk transfers to us upon our acceptance after inspection of the products received. Suppliers are required to indemnify us from any losses, damages, or liabilities arising from quality defects discovered during usage, provided that such defects are determined to be attributable to the suppliers.

- ***Product warranty and returns.*** We are generally granted a warranty period of at least one year. We are entitled to reject, replace or return products which fail to conform to the quantity, quality or specifications as provided in the purchase order.

Our Major Suppliers

Our major suppliers primarily consist of providers of raw materials critical to our PCB production. In 2022, 2023 and 2024, purchase amount from our five largest suppliers was RMB668.3 million, RMB766.0 million and RMB1,222.3 million, representing 53.7%, 58.2% and 63.1% of our total purchase amount, respectively. In addition, purchases from our largest supplier accounted for 29.0%, 25.6% and 22.1% of our total purchases in 2022, 2023 and 2024, respectively. All of our five largest suppliers were Independent Third Parties during the Track Record Period.

None of our Directors and their respective associates or our Shareholders who hold more than 5% of our total issued Shares had any interest in our five largest suppliers during the Track Record Period. Additionally, we did not experience any material disputes with our suppliers during the Track Record Period.

The following table sets forth the details of our five largest suppliers in each period during the Track Record Period:

Rank	Supplier	Purchase Amount	Percentage of total purchase amount	Type of product provided	Credit terms	Year of commencement of business relationship
		(RMB'000)	*(%)*			
For year ended December 31, 2022						
1	Supplier A[(1)]	361,336	29.0	CCL, Prepreg	90 days	2010
2	Supplier B[(2)]	90,996	7.3	CCL, Prepreg	120 days	2006
3	Supplier C[(3)]	84,130	6.8	CCL, Prepreg, Copper foils	90 days	2009
4	Supplier D[(4)]	74,531	6.0	CCL, Prepreg	90 days	2013
5	Supplier E[(5)]	57,350	4.6	CCL, Prepreg	90 days	2013

Notes:

(1) A public company incorporated in Taiwan, specialized in the production of CCL and PCB materials.

(2) A public company incorporated in Taiwan, engaged in the production and sales of CCL, prepregs, and high-frequency laminates.

(3) A private company incorporated in Hong Kong, engaged in the sales of plastic products.

(4) A public company incorporated in Mainland China, which principally engages in the production and sales of CCL, fiberglass prepreg and flexible laminates.

(5) A private company incorporated in Mainland China, engaged in the production and sales of CCL, prepregs and flexible laminates.

Rank	Supplier	Purchase Amount	Percentage of total purchase	Type of product provided	Credit terms	Year of commencement of business relationship
		(RMB'000)	*(%)*			
For year ended December 31, 2023						
1	Supplier A	336,599	25.6	CCL, Prepreg	90 days	2010
2	Supplier B	134,814	10.2	CCL, Prepreg	120 days	2006
3	Supplier E	123,016	9.3	CCL, Prepreg	90 days	2013
4	Supplier D	97,226	7.4	CCL, Prepreg	90 days	2013
5	Supplier C	74,298	5.7	CCL, Prepreg, Copper foils	90 days	2009

Rank	Supplier	Purchase Amount	Percentage of total purchase	Type of product provided	Credit terms	Year of commencement of business relationship
		(RMB'000)	*(%)*			
For year ended December 31, 2024						
1	Supplier A	427,974	22.1	CCL, Prepreg	90 days	2010
2	Supplier E	268,872	13.8	CCL, Prepreg	90 days	2013
3	Supplier B	222,482	11.5	CCL, Prepreg	90 or 120 days	2006
4	Supplier D	194,974	10.1	CCL, Prepreg	90 days	2013
5	Supplier C	107,994	5.6	CCL, Prepreg, Copper foils	90 days	2009

INFORMATION SECURITY AND DATA PRIVACY

We recognize that the confidentiality, integrity and availability of our data are essential to our operations. We strictly adhere to evolving data security and privacy laws and regulations, ensuring that our business and transaction data is managed with the highest standards, including Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), and Information Security Technology Personal Information Security Code (《信息安全技術個人信息安全規範》).

We established internal policies and a series of procedures for effective information and cybersecurity management. Key of these internal policies and procedures include:

- ***Network security.*** We employ firewalls, antivirus software and intrusion detection systems to protect our network infrastructure from external threats. Our network architecture features dual-link redundancy to ensure stable and secure information transmission. We configure gateways with firewalls and deploy antivirus software on endpoint devices, and we also regularly monitor systems, conduct weekly virus scans, and proactively assess threats to prevent cybersecurity incidents.

- ***Data protection and privacy.*** We maintain a set of protocols for data handling and storage, including encryption, access controls and regular data backups. For example, we require approval from designated department personnel for access to relevant departmental files and shared folders, and our IT department manages permissions.

- ***Security audits and testing.*** We routinely perform cybersecurity penetration testing and vulnerability assessments to evaluate the robustness of our systems. Additionally, we conduct regular offensive and defensive security drills to enhance our security response capabilities. We promptly address any identified risks through corrective actions.

- ***Employee training and awareness.*** We provide regular training programs to our employees on data security practices and responsibilities, enhancing overall security posture and awareness across our organization.

- ***Disaster recovery plan.*** We have developed a comprehensive disaster recovery plan to ensure the recovery of critical IT systems and data, minimizing operational disruption. We perform daily hardware and software checks on servers and network devices, proactively addressing potential risks through anomaly log analysis. We verify backup integrity daily and conduct regular recovery tests to ensure the availability and reliability of data.

During the Track Record Period, we did not experience any breach of confidential information of customers or any other customer information related incidents which could cause a material adverse effect on our business, financial condition or results of operations.

COMPETITION

We operate in a competitive and technology-intensive industry, where global customers demand more advanced, higher-reliability and application-specific PCBs. We compete with global players engaged in the R&D and manufacturing of PCBs, especially high-layer-count PCBs and high level HDI PCBs for computing applications. According to Frost & Sullivan, Chinese computing application PCB manufacturers have established a strong foothold in the global market. As PCB manufacturers in Mainland China gain increasing recognition from global customers, their global market shares are expected to grow steadily. At the same time, technological advancement remains a critical driver of competitiveness. Innovations in materials technology and breakthroughs in high-precision, high-efficiency manufacturing processes are accelerating industry upgrades and pushing manufacturers to deliver ever more complex, high performance products. We are committed to capturing these market opportunities by leveraging our deep technological expertise, expanding our global presence, and investing in continuous product innovation. Through these efforts, we aim to strengthen our position as a trusted partner to leading customers worldwide. See "Industry Overview" for further details.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We believe that Environmental, Social and Governance (ESG) considerations are essential for our long-term sustainable development. We continuously strive to strengthen our ESG governance framework, enhance our ESG practices and performance and contribute positively to community and societal well-being through various ESG initiatives.

ESG Governance Structure

We have integrated ESG considerations into our overall strategy, long-term planning, key decision-making processes and daily operations. Our ESG governance framework is organized with a three-tier structure:

- ***Strategy and ESG Committee.*** Our Strategy and ESG Committee of the Board is primarily responsible for (i) formulating our ESG strategies and objectives, taking into account internal performance and external factors, and (ii) overseeing ESG initiatives, resource allocations and monitoring the impact of strategic measures.

- ***ESG office.*** Our ESG office is primarily responsible for (i) refining our ESG management policies by identifying risks and opportunities through rigorous analysis, (ii) establishing detailed ESG targets, guidelines and performance indicators in line with our business operations and (iii) preparing regular monitoring and reporting.

- ***Execution level.*** Our various departments across the Group implement our ESG targets, guidelines and procedures in daily operations and maintain ongoing communication with our ESG working group to refine our ESG policies.

Through this structured governance framework, we are committed to embedding sustainability into our business operations, fostering long-term value creation and ensuring our stable and responsible growth.

ESG Risk Management and Strategy

We recognize the significance of ESG matters on our business strategy, financial performance and operations. To proactively manage these factors, we have embedded ESG considerations within our risk management framework by establishing our risk management procedures. This ensures ongoing identification, evaluation and management of ESG risks and opportunities.

We conduct risk identification and evaluate material ESG risk on an annual basis. Relevant findings are documented in our Risk and Opportunity Identification, Evaluation and Countermeasures Follow-Up List (風險和機遇識別評價和對策跟進表), in which risks are categorized into strategic, market, operational, financial, credit, reputation compliance and ESG risks with clearly designated management leads. We have identified the following ESG risks that we consider material and the mitigation measures taken by us to address these risks.

- ***Climate change.*** Floods, typhoons, storms and other extreme weather conditions and natural disasters may cause price volatility of raw materials, fluctuations in supply and physical damage to our factories and offices. They also pose safety risks to our staff and can lead to delayed deliveries to our customers, among other consequences. We conduct regular climate risk assessments, implement measures including facility reinforcement, water-saving and recycling systems, diversifying our supply chain, and targeted insurance coverage.

- ***Transition risks.*** Transition risks include policy risks, technology risks and market risks associated with the transition to a low-carbon economy and shifting customer demands to low-carbon products, especially in areas like AI servers, datacenters and new energy vehicles. To address such risks, we have set up plans and procedures to proactively enhancing our environmental compliance systems, investing in green technology R&D, and upgrading our product portfolio to align with the evolving market demand for low-carbon and high-efficiency solutions. We closely monitor policy developments in key jurisdictions, promote the use of renewable energy and recyclable materials in production.

Environmental Protection

We adhere to environmental regulations while optimizing resource conservation, recycling and waste reduction efforts. Our green operations focus on land intensification, safe raw material processing, clean production, waste recycling and low-carbon energy use. In 2024, the Ministry of Industry and Information Technology recognized us as a "National-Level Green Factory," validating our sustainable approach. We also ensure compliance with local environmental laws by maintaining up-to-date permits and ISO14001 certifications, supporting continuous improvement in our environmental and energy management systems.

Water Management

As PCB manufacturing is a water-intensive industry, we have enhanced our water resource management in 2024 through a structured risk framework. We assess water-related risks at key production sites using internationally recognized tools and implement corresponding control measures and annual water-saving targets.

To optimize water use, we have deployed smart water-saving technologies and expanded water recycling initiatives. These measures have contributed to a year-on-year reduction in water consumption intensity and an increase in recycled water usage to approximately 97% in 2024.

Waste Management

We have adopted comprehensive green management practices across our operations, from material sourcing to waste disposal. In 2024, our Guangzhou plants were recognized as a "Zero Waste Factory" under local government programs.

We improve process efficiency and waste recycling by introducing advanced recovery technologies, including copper and tin reclamation systems, and implemented solutions to reduce hazardous waste generation. These initiatives help achieve a waste recycling rate of 97% in 2024 and support resource utilization across the supply chain.

Energy Management

We continue to enhance energy efficiency while supporting the transition to low-carbon operations. In 2024, we expanded the use of renewable energy through distributed photovoltaics and green power procurement, with renewable energy accounting for approximately 20% of our total electricity consumption.

We also implement multiple energy-saving projects, including equipment retrofits and process upgrades, contributing to an annual reduction of over 4,600 tons of CO_2 equivalent emissions. In addition, our energy storage systems and central energy-saving devices have significantly improved overall energy utilization and reduced operating costs.

Metrics and Target

During the Track Record Period, we experienced significant increases in greenhouse gas emission, water consumption and electricity consumption, as a result of our business expansion and additional production facilities. The following table sets forth metrics on our greenhouse gas emission, electricity and water consumption during the Track Record Period:

	Year ended December 31,		
	2022	2023	2024
Total greenhouse gas emission (tCO_2e)[1]	83,621	97,931	118,624
– Scope 1 (tCO_2e)[2]	3,962	10,724	17,942
– Scope 2 (tCO_2e)[3]	79,659	87,208	100,682
Water consumption (tons)	1,006,549	1,293,709	1,778,333
Electricity consumption (kWh)	130,031,525	147,139,255	187,325,382

Notes:

(1) tCO_2e refers to tons of carbon dioxide equivalent and is the standard unit for measuring carbon footprint.

(2) Scope 1 emissions refer to direct emissions from operations that are owned or controlled by our Group.

(3) Scope 2 emissions refer to energy indirect emissions resulting from the generation of purchase or acquired electricity, heating, cooling and steam consumed within our Group.

We are committed to implementing green and energy-saving practices and improving energy efficiency. We actively promote carbon reduction and environmental protection principles by implementing a series of environmental protection measures to address environmental risks such as climate change and energy shortages. Through environmental impact assessments, we ensure that our products meet sustainable development standards. We have established an efficient energy management strategy and a rigorous environmental metrics monitoring system to ensure that all energy consumption aligns with our ESG governance framework and green energy-saving objectives. We continuously optimize overall energy efficiency to achieve sustainable development. The following sets forth our short-to-long term targets for energy saving and carbon reduction, our planned measures for achieving the targets, as well as various potential impacts on our business and operations:

Target Area	Milestone	Target
Renewable Electricity	By 2036	50%
	By 2050	100%
Carbon reduction in operations	N/A	Year-on-year reduction in carbon emission intensity by 3.5%
	By 2028	Carbon emission peak
	By 2030	36.98% carbon reduction
	By 2056	Net-zero carbon emissions
Water consumption per unit output	N/A	Year-on-year reduction by 3.5%
Recycled water	By 2030	92%
	By 2050	96%

Climate Change and Response

From a product manufacturing perspective, we focus on building a full life-cycle green development and carbon neutrality pathway by strengthening energy, resource and waste management, and introducing high-efficiency and energy-saving technologies. On the procurement side, we put great emphasis on clean sourcing of energy and materials, prioritizing the use of green and renewable resources. On the production side, we have been promoting energy conservation, emissions reduction and efficient resource management. On the emission side, we focus on the safe disposal, traceability and resource utilization of waste, as well as multi-level energy recovery. By combining safe disposal, resource recovery technologies and management practices, we aim to achieve a green product lifecycle, thereby advancing the development of a circular economy.

From a timeline perspective, in the short-to-medium term, we target a continuous reduction in carbon emission intensity through energy efficiency improvements, energy-saving initiatives and resource recycling — balancing environmental and economic benefits. In the long term, we will achieve carbon neutrality through a combination of green electricity procurement and carbon capture technologies.

Social Responsibility

We are committed to upholding our corporate social responsibilities and strive to act as a responsible corporate citizen. Recognizing the scale and influence of our operations, we endeavor to promote inclusive development and contribute positively to the communities in which we operate. We actively support socially responsible initiatives and integrate the concept of corporate social responsibility across all levels of our operations.

Equal Opportunity

We recognize our employees and surrounding communities as key stakeholders in promoting social equity and shared value. Our recruitment process strictly adheres to our Human Rights Protection Policy and Recruitment Guidelines, ensuring fairness, transparency and non-discrimination. We explicitly prohibit the use of forced labor and child labor, implementing rigorous identity verification and minimum age checks.

We are committed to fostering a diverse and inclusive workplace. Recruitment decisions are made solely based on role requirements, without regard to age, gender, disability, race, marital status, religion or sexual orientation. As part of our diversity efforts, we have employed 26 individuals with disabilities and provide them with accessible facilities, tailored training programs and clear career development pathways.

Employee Well-being

We have established a comprehensive talent development framework that includes both standardized and role-specific training modules. Performance evaluations are conducted on a regular basis, monthly for general employees and periodically for senior management, which forms the basis for our merit-based promotion and compensation systems.

We maintain open and transparent communication channels to gather and respond to employee feedback. These include a formal Complaint, Appeal and Feedback Management Procedure and quarterly employee satisfaction surveys. In 2024, we processed and addressed several employee complaints through this system, contributing to the continued improvement of our working environment.

Occupational Health and Safety

Occupational health and safety is our top priority. We have established and maintained an ISO 45001-certified occupational health and safety management system. A dedicated Safety Committee is responsible for overseeing implementation of key policies, including Safety Production Management, Emergency Response and Occupational Hazard Control.

Our safety protocols include daily site patrols, monthly inspections by senior management, and triennial assessments of occupational health risks. As a result of these efforts, we recorded no incidents of fire or occupational disease in 2024.

EMPLOYEES

As of December 31, 2024, we had a total of 3,527 full-time employees. The vast majority of our employees were based in China during the Track Record Period and up to the Latest Practicable Date. The table sets forth a breakdown of our employees by function as of December 31, 2024:

Function	Number	Percentage of Total Number
Technical[1]	794	22.5%
Sales and marketing	88	2.5%
Production	2,401	68.1%
Administrative	244	6.9%
Total	**3,527**	**100.0%**

Note:

(1) including 391 R&D staff

We enter into standard employment agreements with our employees to cover matters regarding confidentiality, intellectual property, employment, commercial ethics and noncompetition, in particular, the noncompetition provision and confidentiality provision are effective during and after their employment with us.

We highly value the potential of our employees and have invested substantial efforts and resources in recruiting and training our employees. In addition to regular recruitment programs through specialized recruiting firms and other third-parties, we have also implemented an internal referrals policy to attract potential talents to join us. In light of the long-term benefits of talent cultivation, we provide internal training programs to our employees to enhance their technical know-how and solidify their knowledge and expertise for the industry.

We believe that we maintain good working relationships with our employees, and we had not experienced any material labor disputes, strikes, protests or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

Social Insurance and Housing Provident Funds

As required by applicable laws and regulations, we participate in various government statutory employee benefit plans, including social insurance plans, namely pension, medical, unemployment, work-related injury and maternity insurance plans, and housing provident funds.

During the Track Record Period, we did not make full contributions to social insurance and housing provident fund for our employees as required by the relevant PRC laws and regulations. In addition, we did not commenced contributions to housing provident fund for our employees within 30 days of employment commencement as required by PRC regulations.

As advised by our PRC Legal Advisor, pursuant to applicable PRC laws and regulations, if an employer fails to make social insurance contributions in full, the relevant authorities could order the employer to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05%, and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. Additionally, pursuant to applicable PRC laws and regulations, if an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the relevant authority could order the employer to make the payment and deposit within a prescribed time limit and, failing which, an application may be made to a court in China for compulsory enforcement. Pursuant to the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, human resources and social security authorities are prohibited from organizing and conducting centralized collection of enterprises' historical social insurance underpayments.

As of the Latest Practicable Date, considering that (i) we had obtained written confirmations from local social insurance and housing provident fund authorities, which confirmed that (a) no violation of laws and regulations in relation to labor by us was found, and (b) we had been subject to no penalties related to social insurance or housing provident fund during the Track Record Period, (ii) we were not aware of any plans by the relevant tax authorities or regulatory bodies to conduct a comprehensive recovery or impose penalties to make the outstanding shortfall, (iii) if we are required to make such payments, we will promptly settle the outstanding shortfall in social insurance and the housing provident fund, and (iv) the Ministry of Human Resources and Social Security and the State Administration of Taxation have strictly prohibited the centralized collection of historical shortfalls for social insurance and housing provident fund contributions, our PRC Legal Advisor is of the view that, under the premise that there are no significant changes to current PRC policies and regulations or to the enforcement and supervision requirements of local governments, and assuming no employee complaints are filed, the likelihood that we would be subject to material administrative penalties due to our failure to provide full social insurance and housing provident fund contributions is remote. As such, we have not made provisions for the shortfalls of contributions to the social insurance and housing provident funds during the Track Record Period.

INSURANCE

We maintain insurance coverage over our daily operations. Our insurance policies primarily include employee-related insurance, property all-risk insurance, transportation insurance and credit insurance. We review our insurance policies periodically to ensure compliance with the statutory PRC laws and regulations. We believe that our existing insurance coverage is adequate for our business operation and is in line with industry standards in the countries where we operate.

During the Track Record Period, we were not subject to any material claim of insurance. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See "Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers, which would affect our business, financial condition and results of operations" for more details.

CROSS-BORDER INTRA-GROUP TRANSACTIONS

In our ordinary course of business, we engaged in certain cross-border intra-group transactions among our entities in Mainland China and Hong Kong. During the Track Record Period, our intra-group transactions primarily involve intra-group sales of finished products among our subsidiaries. Our manufacturing entities in Mainland China, i.e., the Company and Huangshi Delton, sell finished products to Delton International in Hong Kong and generate revenues accordingly.

Our pricing structure varies based on the type of transactions. For sales of products to Delton International in Hong Kong, products are procured from our manufacturing entities in Mainland China at a price that allows Delton International to retain a portion of the overall gross margin, which is used to cover its essential operational and selling expenses. The Company was accredited as a High and New Technology Enterprise in 2020 and, as a result, was entitled to a preferential corporate income tax rate of 15% during the Track Record Period. Huangshi Delton was similarly accredited in 2023 and qualified for the same preferential tax rate of 15% for the years ended December 31, 2023 and 2024. Delton International is subject to the two-tiered profits tax regime in Hong Kong, under which the first HK$2,000,000 of assessable profits is taxed at 8.25%, and any amount exceeding that threshold is taxed at 16.5%.

We engage in regular communication with relevant tax authorities across the jurisdictions in which we operate, submit the pricing policies for our intra-group transactions for review to ensure transparency. During the Track Record Period and up to the Latest Practicable Date, we did not receive any challenges from relevant authorities in any jurisdiction questioning our intra-group pricing policies or demanding additional tax payments due to such pricing policies. In addition, during the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, we were not aware of any inquiries, audit, investigation or challenge by any relevant tax authorities in Mainland China and Hong Kong in relation to our intra-group transactions.

PROPERTIES

Owned Properties

Land

As of the Latest Practicable Date, we owned and occupied the land use rights of four land parcels in China, with an aggregate land area of approximately 255,550 sq. m., and five land parcels in Thailand, with an aggregate land area of approximately 110,800 sq. m. These land parcels are mainly used for our production and warehousing purposes. As of the Latest Practicable Date, we had obtained all land use rights certificates for all land parcels we owned and occupied.

Buildings or Units

As of the Latest Practicable Date, we owned or occupied 18 buildings or units across China, with an aggregate GFA of approximately 332,190 sq. m. As of the Latest Practicable Date, we had obtained building ownership certificates for 14 of the buildings we owned, which are mainly used as our factories, warehouses and office space.

As of the Latest Practicable Date, we have not obtained the building ownership certificates for four of our properties we occupied and used, including (i) a canteen, (ii) a dormitory, (iii) a guard room and (iv) a basement. This is due to the fact that, we have not completed the related procedures for obtaining building ownership certificates.

With respect to the canteen, based on (i) the written confirmations with the relevant regulatory authority that we had not been subject to any material administrative penalties by competent regulatory authorities during the Track Record Period, (ii) the fact that we have obtained the food operation license required for the operation of the canteen, and considering that we could find alternative property to use if needed, our Director, as advised by our PRC Legal Advisor, is of the view that such circumstance would not have any material adverse impact on our business operation. With respect to the basement, dormitory and guard room, as advised by our PRC Legal Advisor, under PRC laws and regulations, we may face the risk of paying a fine with a maximum amount of RMB0.5 million. Nevertheless, as advised by our PRC Legal Advisor, (i) we are entitled to occupy and use such buildings based on the fact that we have obtained the qualified acceptance of the construction project for these buildings, and (ii) the likelihood that we will be subject to administrative penalties material to our business operation for not completing certain of the prerequisite procedures for obtaining building ownership certificate is remote. In light of the above, our Director is of the view that such circumstance would not have any material adverse impact on our business operation.

Lease Properties

As of the Latest Practicable Date, we signed lease agreements with four lessors in China, with an aggregate GFA of approximately 16,400 sq. m., which were used as our employee dormitories and warehouse.

Pursuant to the applicable PRC laws and regulations, property lease agreements shall be registered with the relevant local branches of the PRC Ministry of Housing and Urban-Rural Development. As of the Latest Practicable Date, we did not complete lease registration for the properties we leased under lease agreements with three of the four lessors in China, with an aggregate GFA of approximately 6,500 sq.m. The failure of lease agreement registration was primarily due to lack of cooperation from our lessors. As advised by our PRC Legal Advisor, the absence of registrations will not affect the validity of the lease agreements, nor materially and adversely affect our operations.

Additionally, as of the Latest Practicable Date, we had not received real estate ownership certificates or proof of authorizations from the lessors or the property owners, for the properties we leased under lease agreements with one of the four lessors, with an aggregate GFA of approximately 2,400 sq.m. As advised by our PRC Legal Advisor, if the lessor of the leased properties do not have the requisite rights to lease the relevant properties, we would not be subject to administrative penalties with respect to these properties, but our lease may be affected, and, as a result, we may be required to vacate the relevant properties and relocate. As of the Latest Practicable Date, we were not aware of any challenge made by a third party or competent government authority on the titles of any of these leased properties that might affect our current occupation. We believe that in the event that the relevant rightful title holders or other third parties challenge our use of such leased properties and we are required to relocate, we are able to find suitable alternative properties within the proximate area, without incurring substantial additional costs nor imposing any material adverse effect on our business, financial condition and results of operations.

Property Valuation

As of the Latest Practicable Date, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include in this document any valuation report. Pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, we obtained all requisite licenses, approvals and permits from relevant government authorities that are material to our business operations in China and overseas. We are required to renew such certificates, permits and licenses from time-to-time, and we are continually overseeing the compliance with the relevant laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in renewing the licenses, approvals and permits, and currently we do not expect any material difficulties in such renewal.

AWARDS AND RECOGNITIONS

The following table sets forth major awards and recognitions we received as of the Latest Practicable Date:

Award/Recognition	Award Year	Awarding Institution/Authority
"Key technologies and industrialization of high speed and multi-layer PCB for big data server main boards" — Second Prize of Guangdong Science and Technology Progress Award	2024	People's Government of Guangdong Province
National Enterprise Technology Center	2023	National Development and Reform Commission
National Manufacturing Single Champion Products (CPU motherboards)	2022	Ministry of Industry and Information Technology and China Federation of Industrial Economics

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, results of operations, financial condition or reputation and compliance.

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

According to our PRC Legal Advisor, the business operations we engaged in 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.

INTERNAL CONTROL AND RISK MANAGEMENT

We have in place a robust risk management and internal control system. We adopted and continually improve our internal control mechanisms, consisting of policies and procedures tailored to our business operations, to safeguard our business operations and assets at all times. Our Board is collectively responsible for establishing and implementing such risk management mechanisms and overseeing our overall risk management.

Financial Reporting Risk Management

To manage financial reporting risks effectively, we have adopted comprehensive accounting policies covering financial management, budget management and financial statement preparation. These policies are supported by established procedures, with our finance department regularly reviewing management accounts in accordance with these procedures. We also established an Audit Committee to review and supervise our financial reporting process and internal control system.

Compliance Risk Management

We have established sound compliance risk management procedures to achieve effective identification and management of compliance risk, and ensure that our operations are in compliance with applicable laws and regulations. In accordance with such procedures, our legal team carefully reviews the contracts we enter into with customers, suppliers and business partners. In addition, we continually monitor changes in relevant laws and regulations as well as the regulatory environment to ensure compliance in our business operations.

Human Resources Risk Management

We have established comprehensive internal control and risk management policies for human resources, covering recruitment, training, work ethics and legal compliance. Our recruitment process helps ensure the quality of new hires. We also provide regular and specialized training tailored to our employees in different departments. These trainings help ensure that our employees' skill sets remain up-to-date and enable them to discover and meet our customers' needs. We conduct regular performance reviews and align their compensation with performance outcomes. In addition, we closely monitor the implementation of our internal risk management policies, aiming to promptly identify and address any potential noncompliance with our code of conduct, ethical standards or internal policies.

Anti-corruption Risk Management

We uphold business ethics and integrity through comprehensive policies, including the anti-bribery code of conduct. We maintain a whistleblower mechanism for anonymous reporting, with oversight by the internal audit department. All reports will be investigated per an approved plan, with findings documented and submitted to relevant management. The internal audit department ensures strict confidentiality for whistleblowers. In addition, we require our business partners to sign the code of business conduct for business partners or other integrity agreement as part of the onboarding process.

As of the Latest Practicable Date, we have not been involved in legal proceedings related to corruption, bribery or fraud.

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 IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this document.

OVERVIEW

We are a global leader in manufacturing critical components for high performance servers. We develop, manufacture and sell customized PCBs for high performance servers and other computing applications.

Our revenue amounted to RMB2,412.4 million, RMB2,678.3 million and RMB3,734.3 million in 2022, 2023 and 2024, respectively.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and results of operations are affected by a number of general factors, including:

- overall economic growth and conditions in China and globally;
- technological advancement in the industry in which we operate;
- geopolitical relations; and
- regulatory oversight and government policies.

In addition, our business and results of operations have been and will continue to be affected by company-specific factors, which primarily include the following:

Downstream Market Size and Customer Demand

Our business performance is affected by the downstream market size and customer demand for more PCBs. According to Frost & Sullivan, the global and China PCB markets have demonstrated steady growth, primarily driven by accelerating digital transformation, escalating demand for high-efficiency solutions in AI and increasing sophistication in industrial and consumer applications. The growth of key downstream sectors, such as servers, datacenters, industrial automation and new energy vehicles has driven the demand for high-density and high-performance PCBs. In addition, customer preferences have evolved towards products with greater reliability, performance consistency and customized flexibility.

We have capitalized on this growth by offering a competitive product portfolio that seeks to meet the evolving customer demands. Our ability to maintain a balanced and high-quality order mix, especially in computing application PCBs, supports both our revenue growth and margin expansion. We believe that our ability to identify and respond to evolving customer requirements, our product offering, proven track record of business growth, and our ability to constantly innovate and adapt to evolving technological advancements, combined with our strong R&D capabilities well position us to further expand our market share and capture the long-term market opportunities in global and China's growing PCB industry.

Our Continued Investment in R&D, Technology and Product Development

Our ability to adapt to the latest technological advancements and effectively conduct R&D activities is critical for us to closely monitor customers' latest demand for PCBs. We have historically dedicated significant resources towards R&D. In 2022, 2023 and 2024, we recorded R&D expenses of RMB115.1 million, RMB120.6 million and RMB179.2 million, representing 4.8%, 4.5% and 4.8%, respectively, of our total revenue during the same years. Our investment in R&D activities yielded 217 issued patents in China as of the Latest Practicable Date. The progress of our technology and product development also depends on our R&D talents. As of December 31, 2024, we had more than 390 experienced R&D employees. These resources allow us to address increasingly complex customer specifications, improve product performance, and enter strategic growth areas such as multilayer PCBs with eight or more layers and HDI PCBs. One of our key R&D priorities is to enhance yield and reduce costs by improving utilization rate and minimizing scrap rate, including in the process of material testing and certification and the overall process optimization.

Our technological strength positions us to secure and fulfill sophisticated orders from both existing and prospective customers. As we believe our market success and financial performance will significantly depend on our ability to maintain our technological leadership, we will continue to invest in proprietary technology development and innovation to grow our competitive strengths against our peers.

Our Ability to Strengthen Relationship with Existing Customers and Expand Customer Base

Our business growth is driven by our ability to maintain our relationships with existing customers and expand our customer base. We have established stable and long-term collaborations with major customers. We deepen customer loyalty by continuously optimizing product quality, customer service and delivery reliability, which in turn has led to increased order volumes from recurring customers. We strive to increase our share of volume with existing customers by providing highly reliable, customized products, particularly for computing application, and by capturing demand driven by the rapid development of AI-related infrastructure.

We are also actively identifying, acquiring and maintaining new customers to expand our customer base. Leveraging our business model, we seek to attract leading server brands and EMS providers globally to drive greater market penetration. In addition, we plan to strategically expand our international footprint, primarily through our production facility in Thailand. Our proven track record in serving overseas customers, coupled with our product portfolio and R&D capabilities, enables us to provide highly customized products tailored to diverse international markets.

Impact of Our Product Portfolio on Overall Gross Profit Margin

During the Track Record Period, we offered a comprehensive range of PCB products, including (i) computing application PCBs, (ii) industrial application PCBs and (iii) consumer application PCBs to meet the evolving demand of customers in various application fields. The gross profit margin of our different product types varies due to the differences in the technological barriers and supply-demand dynamics. In 2022, 2023 and 2024, our gross profit margin was 26.1%, 33.3% and 33.4%, respectively. In the same periods, our gross profit margin for computing application PCBs was 28.8%, 38.0% and 37.0%, respectively, representing the highest gross profit margins among our product categories. We focus on PCB products for computing application as our core offering and continue to deepen our R&D and process capabilities to meet the advanced requirements of leading global server providers. At the same time, we are also expanding the application scope of our products to drive our revenue growth. In light of the long-term growth potential in industrial control, consumer electronics such as smart devices and other emerging sectors, we also plan to continue expanding our product offerings in industrial and consumer applications to drive our business growth, even though the gross profit margins for such products may be lower than those for computing application PCBs.

We believe such product portfolio allows us to effectively manage sector-specific risk, adapt quickly to technological shifts and capture wider and evolving opportunities across multiple downstream industries and sectors. However, ongoing shifts in market demand, evolving competitive dynamics and fluctuations in the composition of our product sales could eventually influence our overall gross profit margins and financial results.

Supply Chain and Raw Material Costs Management

Our profitability has been affected and will continue to be affected by our ability to effectively manage supply chain and raw material costs, which forms the majority of our cost of sales. In 2022, 2023 and 2024, our raw material costs were RMB1,129.3 million, RMB1,110.9 million and RMB1,627.5 million, representing 63.3%, 62.2% and 65.4% of our total cost of sales, respectively. Our key raw materials primarily include CCL, prepregs, copper foils, copper spheres, gold salts and dry films, which are essential for our PCB production, particularly for multilayer PCBs featured high-performance and high-precision. The prices of such raw materials are susceptible to price fluctuations due to various factors beyond our control. According to Frost & Sullivan, these factors include but not limited to supply and demand dynamics, transportation costs, government regulations, price controls, geopolitical factors, technological developments and other unforeseen circumstance. Our product yield, utilization rate and scrap rate affects our cost of sales.

We have implemented various cost-control measures, including improving substrate utilization, reducing scrap rate and optimizing processes through dedicated engineering initiatives. We have also continuously introduced new equipments to promote our automation and process upgrades, increased panelization areas as well as encouraged our employees to proactively contribute suggestions for our operation improvement, so than we can increase our production capacity and operational efficiency. We also actively communicate with our key suppliers and closely monitor costs through market trend analysis and periodic price assessment. During the Track Record Period, we established stable and long-term cooperation with our key suppliers and selecting new suppliers that offer competitive prices. We also seek to enhance our bargaining power in supply purchases by leveraging our growing procurement scale. See "Business — Our Supply Chain — Our Suppliers" for more details. We do not use financial instruments to hedge our raw material exposure. We expect the prices of raw materials to continue to fluctuate in the foreseeable future and our results of operations will continue to be affected by such movements. See "Risk Factors — Risks Relating to Our Business and Industry — Fluctuations in prices and changes in the quality of raw materials could materially and adversely affect our profitability and results of operations" for more details.

We believe our ability to efficiently manage our supply chain and raw material costs and improve our product yield is critical to sustaining the scale of our business, driving the continued growth of our total revenue and gross profit margin, and maintaining our competitiveness in an industry where pricing and cost control are key to long-term success. Going forward, we expect to continue enhancing our operational efficiency through automation, quality control upgrades and process optimization to mitigate input cost pressures and safeguard our profitability.

BASIS OF PREPARATION AND PRESENTATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("**IASB**"). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value through profit or loss, or other comprehensive income.

MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our financial information. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future. When reviewing our financial information, you should consider: (i) our selection of accounting policies and (ii) the results to changes in conditions and assumptions.

See Notes 2 and 3 to the Accountants' Report in Appendix I to this document for details of our material accounting policies, judgments and estimates, which are critical and/or involve the most important estimates and judgments we used in preparing our financial statements.

PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

During the Track Record Period, our revenue was primarily derived from (i) sales of PCBs, including computing application PCBs, industrial application PCBs and consumer application PCBs and (ii) sales of other products, primarily including recyclable materials.

Cost of Sales

Our cost of sales primarily includes raw material costs, production fees and staff costs.

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 divided by our revenue, expressed as a percentage.

Other Income and Gains

Our other income and gains primarily consist of interest income, government grants, gains on foreign exchange differences and fair value gains on financial assets at fair value through profit or loss.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of commission, employee compensation, business entertainment expenses, insurance, traveling expenses, freight and customs declaration charges.

Administrative Expenses

Our administrative expenses primarily consist of employee compensation, taxes and surcharges, share-based payments, depreciation and amortization, professional service fees, office expenses, utility fees, business entertainment expenses, traveling expenses and banking charges.

Research and Development Expenses

Our research and development expenses primarily consist of employee compensation, materials and power expenses, depreciation and amortization and testing and service fees.

Other Expenses

Our other expenses primarily consist of impairment loss on inventories, impairment loss on assets, loss on changes in fair value of derivative financial instruments, non-operating expenses, costs of disposal of assets and impairment loss on financial assets.

Finance Costs

Our finance costs primarily consist of interest on bank and other borrowings and interest on lease liabilities.

Income Tax Expense

Our income tax expense primarily consists of income tax payable by us at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction in which we operate or are domiciled.

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our members are domiciled and operate. We are subject to various rates of income tax under different jurisdictions. See Note 10 to the Accountants' Report in Appendix I to this document for more details. During the Track Record Period and up to the Latest Practicable Date, we paid all relevant taxes that were due and applicable to us and had no disputes or unresolved tax issues with the relevant tax authorities.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

The table below sets forth our results of operations in absolute amounts and as percentages of our total revenue for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
REVENUE	**2,412,387**	**100.0**	**2,678,270**	**100.0**	**3,734,285**	**100.0**
Cost of sales	(1,783,719)	(73.9)	(1,786,428)	(66.7)	(2,487,825)	(66.6)
Gross profit	**628,668**	**26.1**	**891,842**	**33.3**	**1,246,460**	**33.4**
Other income and gains	84,710	3.5	32,595	1.2	91,212	2.4
Selling and marketing expenses	(69,018)	(2.9)	(85,287)	(3.2)	(106,620)	(2.9)
Administrative expenses	(104,522)	(4.3)	(118,538)	(4.4)	(157,491)	(4.2)
Research and development costs	(115,095)	(4.8)	(120,589)	(4.5)	(179,197)	(4.8)
Other expenses	(102,432)	(4.2)	(89,213)	(3.3)	(116,016)	(3.1)
Finance costs	(11,666)	(0.5)	(13,927)	(0.5)	(15,867)	(0.4)
PROFIT BEFORE TAX	**310,645**	**12.9**	**496,883**	**18.6**	**762,481**	**20.4**
Income tax expense	(30,994)	(1.3)	(82,197)	(3.1)	(86,381)	(2.3)
PROFIT FOR THE YEAR	279,651	11.6	414,686	15.5	676,100	18.1
OTHER COMPREHENSIVE INCOME	–	–	–	–	4,162	0.1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**279,651**	**11.6**	**414,686**	**15.5**	**680,262**	**18.2**

NON-IFRS MEASURE

To supplement our consolidated financial statements that are presented in accordance with IFRS Accounting Standards, we also use EBITDA (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS Accounting Standards.

We define EBITDA (non-IFRS measure) as profit for the year adjusted by adding back (i) finance costs, (ii) income tax expense and (iii) depreciation and amortization. We believe that this non-IFRS measure facilitates comparisons of operating performance from period to period by eliminating potential impacts of certain non-operating items.

We believe that this non-IFRS measure provides useful information to **[REDACTED]** and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following table sets forth a reconciliation of our EBITDA (non-IFRS measure) to profit for the year in respect of the years indicated:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	**279,651**	**414,686**	**676,100**
Adjustments:			
Income tax expense	30,994	82,197	86,381
Finance costs	11,666	13,927	15,867
Depreciation and amortization	144,703	168,584	176,833
EBITDA (non-IFRS measure)	**467,014**	**679,394**	**955,181**

Revenue

Revenue by Application of PCBs

The following table sets forth a breakdown of our revenue by application of PCBs, in absolute amounts and as percentages of our total revenue, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
PCBs						
Computing application PCBs	1,635,289	67.8	1,858,189	69.4	2,705,557	72.5
Industrial application PCBs	290,697	12.1	260,785	9.7	280,768	7.5
Consumer application PCBs	345,800	14.3	418,162	15.6	493,055	13.2
Subtotal	**2,271,786**	**94.2**	**2,537,136**	**94.7**	**3,479,380**	**93.2**
Other Products(1)	**140,601**	**5.8**	**141,134**	**5.3**	**254,905**	**6.8**
Total	**2,412,387**	**100.0**	**2,678,270**	**100.0**	**3,734,285**	**100.0**

Note:

(1) Other products primarily include recyclable materials such as etching liquids, lamination frames and other production residues.

During the Track Record Period, a large portion of our revenue was generated from sales of PCBs, including computing application PCBs, industrial application PCBs and consumer application PCBs, amounting to RMB2,271.8 million, RMB2,537.1 million and RMB3,479.4 million in 2022, 2023 and 2024, and accounting for 94.2%, 94.7% and 93.2%, respectively, of our total revenue during the same years.

Comparison between 2024 and 2023: Our revenue increased by 39.4% from RMB2,678.3 million in 2023 to RMB3,734.3 million in 2024, primarily due to the increased average selling price and sales volume of our PCBs in line with the increasing demand from our customers for high-end products, particularly in light of the mass production of certain computing servers and platforms in 2024, which required such as high-layer-count PCBs (eight layers and above) and HDI PCBs.

- *Computing application PCBs:* Our revenue from sales of computing application PCBs increased by 45.6% from RMB1,858.2 million in 2023 to RMB2,705.6 million in 2024, primarily due to (i) the increase in sales of our high performance server PCBs due to the increased customer demand driven by the mass production of certain computing servers and platforms in 2024, (ii) our rapid and customized product design and development capabilities through joint design manufacturing with certain of our major customers.

- *Industrial application PCBs:* Our revenue from sales of industrial application PCBs increased by 7.7% from RMB260.8 million in 2023 to RMB280.8 million in 2024, primarily due to growing demand from certain of our customers in the downstream communication and automotive electronics sectors for applicable PCBs, driven by continued technological advancement and application expansion.

- *Consumer application PCBs:* Our revenue from sales of consumer application PCBs increased by 17.9% from RMB418.2 million in 2023 to RMB493.1 million in 2024, primarily due to (i) growing demand from our downstream customers producing emerging display devices and (ii) the increase in sales volume to certain existing customers producing emerging display devices as their production needs grew.

Comparison between 2023 and 2022: Our revenue increased by 11.0% from RMB2,412.4 million in 2022 to RMB2,678.3 million in 2023, mainly due to the increase in our sales of our high performance server PCBs due to the increased market demand following the launch and production of certain computing servers and platforms in 2023, which required such as high-layer-count PCBs (eight layers and above) and HDI PCBs.

- *Computing application PCBs:* Our revenue from sales of computing application PCBs increased by 13.6% from RMB1,635.3 million in 2022 to RMB1,858.2 million in 2023, primarily due to the increase in sales of our high performance server PCBs due to the increased customer demand following the launch and production of certain computing servers and platforms in 2023.

- *Industrial application PCBs:* Our revenue from sales of industrial application PCBs decreased by 10.3% from RMB290.7 million in 2022 to RMB260.8 million in 2023, primarily due to the decrease in our customer demand in the communication sector.

- *Consumer application PCBs:* Our revenue from sales of consumer application PCBs increased by 20.9% from RMB345.8 million in 2022 to RMB418.2 million in 2023, primarily due to (i) growing demand from our customers producing emerging display devices and (ii) the increase in sales volume to certain existing customers in consumer electronics as their production needs grew and (iii) our continuous efforts to expand our customer base and product portfolio through ongoing market development and new product launches.

Revenue by Product Category

The table below sets out a breakdown of our revenue by product category, in absolute amounts and as percentages of our total revenue, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
PCBs						
Multilayer PCBs						
Six and below layers	553,877	23.0	599,595	22.4	638,373	17.1
Eight to 16 layers	1,458,483	60.4	1,589,579	59.3	2,107,255	56.4
18 and above layers	64,896	2.7	172,208	6.4	391,033	10.5
Subtotal	**2,077,256**	**86.1**	**2,361,382**	**88.1**	**3,136,661**	**84.0**
HDI PCBs	**194,530**	**8.1**	**175,754**	**6.6**	**342,719**	**9.2**
Subtotal	**2,271,786**	**94.2**	**2,537,136**	**94.7**	**3,479,380**	**93.2**
Other Products[(1)]	**140,601**	**5.8**	**141,134**	**5.3**	**254,905**	**6.8**
Total	**2,412,387**	**100.0**	**2,678,270**	**100.0**	**3,734,285**	**100.0**

Note:

(1) Other products primarily include recyclable materials such as etching liquids, lamination frames and other production residues.

The table below sets forth a breakdown of sales volume of PCBs by product category for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	(sq. m.)	*(%)*	*(sq. m.)*	*(%)*	*(sq. m.)*	*(%)*
PCBs						
Multilayer PCBs						
Six and below layers	553,729	47.4	703,845	57.1	760,908	51.0
Eight to 16 layers	540,267	46.2	454,826	36.9	592,995	39.8
18 and above layers	8,315	0.7	18,009	1.5	37,878	2.5
Subtotal	**1,102,311**	**94.3**	**1,176,680**	**95.5**	**1,391,781**	**93.3**
HDI PCBs	**66,417**	**5.7**	**55,218**	**4.5**	**99,807**	**6.7**
Total	**1,168,727**	**100.0**	**1,231,898**	**100.0**	**1,491,588**	**100.0**

Comparison between 2024 and 2023: Our revenue increased by 39.4% from RMB2,678.3 million in 2023 to RMB3,734.3 million in 2024, primarily due to the increase in sales of multilayer PCBs featured eight to 16 layers which was primarily used in advanced applications such as servers, datacenters or communication equipment that require higher speed, accuracy and stability, according to Frost & Sullivan.

Multilayer PCBs:

- *Six and below layers:* Our revenue from sales of PCBs featured six and below layers increased by 6.5% from RMB599.6 million in 2023 to RMB638.4 million in 2024, primarily due to increased demand from our customers in the consumer electronics sector.

- *Eight to 16 layers:* Our revenue from sales of PCBs featured eight to 16 layers increased by 32.6% from RMB1,589.6 million in 2023 to RMB2,107.3 million in 2024, primarily due to the increase in average selling price of PCBs featured eight to 16 layers as a result of heightened market demand from our customers in the server sector.

- *18 and above layers:* Our revenue from sales of PCBs featured 18 and above layers increased by 127.1% from RMB172.2 million in 2023 to RMB391.0 million in 2024, primarily due to the increase in both the average selling price and sales volume of our PCBs featured 18 and above layers due to the increased market demand from our customers for AI server PCBs.

HDI PCBs:

- Our revenue from sales of HDI PCBs increased by 95.0% from RMB175.8 million in 2023 to RMB342.7 million in 2024, primarily due to the rebound in market demand for compact, high-density electronic products in 2024, such as AI server accelerator boards, and other miniatured, high performance products. The growth of our revenue from sales of HDI PCBs was driven by increased order volumes from several existing customers in particular, reflecting the accelerated ramp-up of their new product launches and the expansion of their procurement scale.

Comparison between 2023 and 2022: Our revenue increased by 11.0% from RMB2,412.4 million in 2022 to RMB2,678.3 million in 2023, mainly due to the increase in sales of multilayer PCBs featured eight to 16 layers as the key material for the production of servers in advanced applications.

Multilayer PCBs:

- *Six and below layers:* Our revenue from sales of PCBs featured six and below layers increased by 8.3% from RMB553.9 million in 2022 to RMB599.6 million in 2023, primarily due to the increased demand from our customers in the consumer electronics sector.

- *Eight to 16 layers:* Our revenue from sales of PCBs featured eight to 16 layers increased by 9.0% from RMB1,458.5 million in 2022 to RMB1,589.6 million in 2023, primarily due to the increase in the sales volume of PCBs featured eight to 16 layers as a result of heightened demand from our customers in the server and communication sectors.

- *18 and above layers:* Our revenue from sales of PCBs featured 18 and above layers increased by 165.4% from RMB64.9 million in 2022 to RMB172.2 million in 2023, primarily due to the increase in both the average selling price and sales volume of our PCBs featured 18 and above layers as a result of the increased demand from our customers for AI server PCBs.

HDI PCBs:

- Our revenue from sales of HDI PCBs decreased by 9.7% from RMB194.5 million in 2022 to RMB175.8 million in 2023, primarily due to a temporary decline in customer orders of HDI PCBs, particularly from the computing application segment, as certain of our customers adjusted their inventory levels in response to weakened end-market demand in 2023.

Revenue by Products Delivery Destinations

During the Track Record Period, our PCBs were sold in both domestic and international markets and our other products were sold only in domestic market. The table below sets forth our revenue generated from sales of PCBs by region, based on the delivery destination of our products, in absolute amounts and as percentages of our total revenue, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Sales of PCBs						
Offshore						
Bonded zones	1,130,904	49.8	1,196,070	47.1	1,618,683	46.5
Hong Kong[(1)]	412,309	18.1	387,052	15.3	531,453	15.3
Taiwan	315,126	13.9	461,668	18.2	524,667	15.1
Others[(2)]	19,757	0.9	14,887	0.6	7,950	0.2
Subtotal	**1,878,096**	**82.7**	**2,059,677**	**81.2**	**2,682,753**	**77.1**
Mainland China (excluding bonded zones)	**393,690**	**17.3**	**477,459**	**18.8**	**796,627**	**22.9**
Total	**2,271,786**	**100.0**	**2,537,136**	**100.0**	**3,479,380**	**100.0**

Notes:

(1) A portion of our products delivered to Hong Kong were subsequently transferred to customers' manufacturing facilities located in Mainland China, while the others were subsequently transferred to customers' facilities located in other countries such as Thailand, Malaysia, Singapore, Japan and other locations for further assembly and processing.

(2) Others mainly primarily include Thailand and Mexico.

During the Track Record Period, a significant portion of our products were delivered offshore, primarily to bonded zones within Mainland China, as well as to Hong Kong and Taiwan, which accounted for approximately 82.7%, 81.2% and 77.1% of our total revenue in 2022, 2023 and 2024, respectively. Our revenue generated from offshore product sales increased from RMB1,878.1 million in 2022 to RMB2,059.7 million in 2023, and further to RMB2,682.8 million in 2024, primarily due to the increase in sales of PCBs delivered to bonded zones in China as requested by international customers and domestic customers.

In particular, our revenue generated from sales of products to bonded zones in China increased from RMB1,130.9 million in 2022 to RMB1,196.1 million in 2023 and further increased to RMB1,618.7 million in 2024, primarily due to the increased sales of our computing application PCBs in response to growing market demand, with customers requesting delivery to bonded zones for business or tax-related considerations. The decline in the proportion of offshore sales relative to our total revenue was primarily because our domestic sales grew at a faster pace than those to offshore markets.

Our revenue generated from sales of products to Mainland China increased from RMB393.7 million in 2022 to RMB477.5 million in 2023 and further increased to RMB796.6 million in 2024, primarily driven by rising domestic customer demand for our PCBs, particularly for computing application PCBs.

Cost of Sales

The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as percentages of our total cost of sales, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
PCB						
Raw material costs	1,129,271	63.3	1,110,937	62.2	1,627,546	65.4
Production costs	440,369	24.7	464,451	26.0	598,183	24.0
Staff costs	173,319	9.7	177,200	9.9	231,768	9.3
Others[1]	23,631	1.3	20,846	1.2	15,766	0.6
Subtotal	**1,766,590**	**99.0**	**1,773,434**	**99.3**	**2,473,263**	**99.4**
Other products	**17,129**	**1.0**	**12,994**	**0.7**	**14,562**	**0.6**
Total	**1,783,719**	**100.0**	**1,786,428**	**100.0**	**2,487,825**	**100.0**

Note:

(1) Others primarily included outsourced production fees and freight and handling fees.

Our costs of sales amounted to RMB1,783.7 million, RMB1,786.4 million and RMB2,487.8 million in 2022, 2023 and 2024, respectively. Raw material costs were the largest component of our cost of sales, accounting for 63.3%, 62.2% and 65.4% of our cost of sales in 2022, 2023 and 2024, respectively. To mitigate the impact of raw material price fluctuations, we have implemented various initiatives to improve raw material utilization rate and reduce scrap rate.

Comparison between 2024 and 2023: Our cost of sales increased by 39.3% from RMB1,786.4 million in 2023 to RMB2,487.8 million in 2024, primarily due to (i) the increased raw material costs and production costs, generally in line with the expansion of our production scale driven by increased sales volume and (ii) the increase in the procurement price of of raw materials, such as copper spheres and copper foils.

Comparison between 2023 and 2022: Our cost of sales slightly increased by 0.2% from RMB1,783.7 million in 2022 to RMB1,786.4 million in 2023, primarily due to the increase in production fees as a result of the expansion of our production scale alongside growing sales volume, which was offset by (i) the decrease in raw material costs, such as the decrease in the procurement price of copper spheres and copper foils and (ii) our efforts to improve the raw material utilization rate and reduce the scrap rate.

Gross Profit and Gross Profit Margin

Gross Profit and Gross Profit Margin by Application of PCBs

The table below sets forth a breakdown of our gross profit and gross profit margin by application of PCBs for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000 Gross Profit	*(%) Gross Margin*	*RMB'000 Gross Profit*	*(%) Gross Margin*	*RMB'000 Gross Profit*	*(%) Gross Margin*
PCBs						
Computing application PCBs	471,272	28.8	705,745	38.0	1,000,985	37.0
Industrial application PCBs	15,185	5.2	22,439	8.6	(2,947)	(1.0)
Consumer application PCBs	18,739	5.4	35,518	8.5	8,079	1.6
Subtotal	**505,196**	**22.2**	**763,702**	**30.1**	**1,006,117**	**28.9**
Other Products [(1)]	**123,472**	**87.8**	**128,140**	**90.8**	**240,343**	**94.3**
Total	**628,668**	**26.1**	**891,842**	**33.3**	**1,246,460**	**33.4**

Note:

(1) Other products primarily include recyclable materials such as etching liquids, lamination frames and other production residues.

Gross Profit and Gross Profit Margin by Product Category

The table below sets forth a breakdown of our gross profit and gross profit margin by product category for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000 Gross Profit	*(%) Gross Margin*	*RMB'000 Gross Profit*	*(%) Gross Margin*	*RMB'000 Gross Profit*	*(%) Gross Margin*
PCBs						
Multilayer PCBs						
Six and below layers	73,983	13.4	83,956	14.0	76,700	12.0
Eight to 16 layers	345,487	23.7	533,067	33.5	633,520	30.1
18 and above layers	25,991	40.1	89,479	52.0	170,590	43.6
Subtotal	**445,461**	**21.4**	**706,502**	**29.9**	**880,810**	**28.1**
HDI PCBs	**59,735**	**30.7**	**57,200**	**32.5**	**125,307**	**36.6**
Subtotal	**505,196**	**22.2**	**763,702**	**30.1**	**1,006,117**	**28.9**
Other Products[(1)]	**123,472**	**87.8**	**128,140**	**90.8**	**240,343**	**94.3**
Total	**628,668**	**26.1**	**891,842**	**33.3**	**1,246,460**	**33.4**

Note:

(1) Other products primarily include recyclable materials such as etching liquids, lamination frames and other production residues.

Our gross profit increased by 41.9% from RMB628.7 million in 2022 to RMB891.8 million in 2023, and further increased by 39.8% to RMB1,246.5 million in 2024. We have consistently pursued initiatives to improve our gross profit and gross profit margin through long-term cost reduction and efficiency enhancement measures, including improving substrate utilization, reducing scrap rate and optimizing processes through dedicated engineering initiatives. We have also continuously introduced new equipments to promote our automation and process upgrades, increased panelization areas as well as encouraged our employees to proactively contribute suggestions for our operation improvement, so than we can increase our production capacity and operational efficiency.

Comparison between 2024 and 2023: Our gross profit margin remained relatively stable at 33.3% and 33.4% in 2023 and 2024, respectively. Our improved economies of scale has contributed to the steady and positive trend in our gross profit margin.

Comparison between 2023 and 2022: Our gross profit margin increased from 26.1% in 2022 to 33.3% in 2023, primarily due to (i) the increase in our sales of higher-margin PCBs featured high-layer-count, in particular of those used in computing servers, (ii) foreign exchange rate fluctuations, which increased the Renminbi value of revenues denominated in US dollar and (iii) the decrease in the procurement prices of key raw materials, such as copper spheres and copper foils in 2023, and (iv) our cost-control initiatives, including process optimization, production automation, continuous improvement projects, designed to enhance our operational efficiency, minimize waste and reduce raw material consumption.

In 2024, we recorded gross loss from our sales of industrial application PCBs, primarily due to changes in customer mix and evolving cost structures. In particular, the proportion of domestic sales with relatively lower gross margins increased, in line with our strategies to strengthen relationships with key domestic customers, expand product diversity and increase overall wallet share. Meanwhile, the technological upgrades in this application has led to greater complexity in PCB development and manufacturing, contributing to higher costs.

Other Income and Gains

In 2022, 2023 and 2024, our other income and gains amounted to RMB84.7 million, RMB32.6million and RMB91.2 million, representing 3.5%, 1.2% and 2.4%, respectively, of our total revenue.

The following table sets forth a breakdown of our other income, both in absolute amounts and as a percentage of our total other income for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Other income						
Interest income	1,554	1.8	4,473	13.7	17,353	19.0
Government grants	11,199	13.3	18,841	57.8	21,859	23.9
Others	877	1.0	345	1.1	416	0.5
Subtotal	**13,630**	**16.1**	**23,659**	**72.6**	**39,628**	**43.4**
Gains						
Gains on foreign exchange differences	71,074	83.9	8,936	27.4	48,612	53.3
Fair value gains on financial assets at fair value through profit or loss	–	–	–	–	2,972	3.3
Others	6	–	–	–	–	–
Subtotal	**71,080**	**83.9**	**8,936**	**27.4**	**51,584**	**56.6**
Total	**84,710**	**100.0**	**32,595**	**100.0**	**91,212**	**100.0**

Comparison between 2024 and 2023: Our other income and gains increased by 179.8% from RMB32.6 million in 2023 to RMB91.2 million in 2024, primarily due to (i) the increase in gain on foreign exchange differences, as a result of (a) Renminbi depreciated against US dollar during the year, resulting in exchange gains on our US dollar-denominated assets and (b) the increase in our US dollar-denominated assets in line with our business growth and (ii) the increase in interest income as a result of our higher cash balances partially from the proceeds raised from previous A Share Listing.

Comparison between 2023 and 2022: Our other income and gains decreased by 61.5% from RMB84.7 million in 2022 to RMB32.6 million in 2023, primarily due to the decrease in gain on foreign exchange differences, as 2023 experienced a period of Renminbi appreciation at the beginning of the year then experienced the RMB depreciation, compared to the more notable depreciation of RMB in 2022.

Government grants we received during the Track Record Period mainly represent incentives received from local governments for the purpose of compensation on R&D contribution, local economic contribution and purchases of items of property, plant and equipment. Our government grants are typically non-recurring in nature with no unfulfilled conditions or contingencies attached to them, and the amount of the grants were subject to the discretion of the relevant government authority. See "Risk Factors — Risks Relating to Our Business and Industry — Any changes ordiscontinuation of tax rebate, government grants or other preferential treatments may affect our business, results of operations and financial condition" for more details.

Selling and Marketing Expenses

In 2022, 2023 and 2024, our selling and marketing expenses amounted to RMB69.0 million, RMB85.3 million and RMB106.6 million, representing 2.9%, 3.2% and 2.9%, respectively, of our total revenue.

The table below sets forth a breakdown of our selling and marketing expenses, both in absolute amounts and as percentages of our total selling and marketing expenses, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Commission	32,984	47.8	39,632	46.5	55,174	51.7
Employee compensation	25,216	36.5	29,734	34.9	34,730	32.6
Business entertainment expenses	4,238	6.1	7,409	8.7	8,961	8.4
Insurance	2,376	3.4	1,747	2.0	1,833	1.7
Traveling expenses	983	1.4	2,354	2.8	2,500	2.3
Freight	858	1.2	1,062	1.2	960	0.9
Customs declaration charges	848	1.2	996	1.2	814	0.8
Others	1,515	2.2	2,353	2.8	1,648	1.5
Total	**69,018**	**100.0**	**85,287**	**100.0**	**106,620**	**100.0**

Our selling and marketing expenses increased by 23.6% from RMB69.0 million in 2022 to RMB85.3 million in 2023 and further increased by 25.0% to RMB106.6 million in 2024, primarily due to (i) the increase in commission as a result of higher sales from existing customers through our sales partners, particularly for high-layer-count PCBs which usually carry relatively higher commission rates (see "Business — Sales and Marketing — Sales Partners" for details) and (ii) the increase in employee compensation attributable to the increasing sales and marketing personnel headcount and salaries.

Administrative Expenses

In 2022, 2023 and 2024, our administrative expenses amounted to RMB104.5 million, RMB118.5 million and RMB157.5 million, representing 4.3%, 4.4% and 4.2%, respectively, of our total revenue.

The table below sets forth a breakdown of our administrative expenses, both in absolute amounts and as percentages of our total administrative expenses, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Employee compensation	54,655	52.3	58,899	49.7	77,327	49.1
Taxes and surcharges	12,657	12.1	20,788	17.5	24,078	15.3
Share-based payments	7,392	7.1	6,554	5.5	15,386	9.8
Depreciation and amortization	7,811	7.5	8,450	7.1	10,604	6.7
Professional service fees	4,203	4.0	5,801	4.9	10,792	6.9
Office expenses	2,961	2.8	2,492	2.1	3,422	2.2
Lease expenses	1,801	1.7	1,766	1.5	2,048	1.3
Utility fees	1,384	1.3	1,595	1.3	1,264	0.8
Business entertainment expenses	773	0.7	1,646	1.4	772	0.5
Traveling expenses	1,155	1.1	1,316	1.1	2,002	1.3
Banking charges	3,246	3.1	2,089	1.8	1,466	0.9
Others	6,484	6.2	7,142	6.0	8,330	5.3
Total	**104,522**	**100.0**	**118,538**	**100.0**	**157,491**	**100.0**

Comparison between 2024 and 2023: Our administrative expenses increased by 32.9% from RMB118.5 million in 2023 to RMB157.5 million in 2024, primarily due to (i) the increase in employee compensation as we expanded our administrative workforce in preparation for the commencement of production at our production facility in Thailand, (ii) the increase in share-based payment expenses related to our 2024 Restricted Share Incentive Plan and 2024 Share Option Incentive Plan and (iii) higher taxes and surcharges generally in line with the growth in our revenue during the same year.

Comparison between 2023 and 2022: Our administrative expenses increased by 13.4% from RMB104.5 million in 2022 to RMB118.5 million in 2023, primarily due to (i) the increase in taxes and surcharges driven by the growth in our revenue during the same year and (ii) the increase in employee compensation as a result of increased administrative headcount and salaries.

Research and Development Expenses

In 2022, 2023 and 2024, our research and development expenses amounted to RMB115.1 million, RMB120.6 million and RMB179.2 million, representing 4.8%, 4.5%and 4.8%, respectively, of our total revenue.

The following table sets out a breakdown of our research and development expenses, both in absolute amounts and as percentages of our total research and development expenses, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Employee compensation	51,681	44.9	59,735	49.5	79,533	44.4
Materials and power expenses	53,934	46.9	46,557	38.6	81,526	45.5
Depreciation and amortization	6,520	5.7	7,887	6.5	11,056	6.2
Testing and service fees	2,548	2.2	5,679	4.7	6,484	3.6
Others	412	0.4	731	0.6	598	0.3
Total	**115,095**	**100.0**	**120,589**	**100.0**	**179,197**	**100.0**

Our research and development expenses increased by 4.8% from RMB115.1 million in 2022 to RMB120.6 million in 2023 and further increased by 48.6% to RMB179.2 million in 2024, primarily due to (i) the increase in materials and power expenses as we increased our investment in research and development to maintain our technological competitiveness and support our business expansion (ii) the rising R&D staff headcount and salaries.

Other Expenses

The table below sets forth details of our other expenses, both in absolute amounts and as percentages of our total other expenses, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Impairment loss on inventories	66,937	65.3	33,331	37.4	71,771	61.9
Impairment loss on assets	16,645	16.3	729	0.8	7,501	6.5
Loss on changes in fair value of derivative financial instruments	21,160	20.7	41,537	46.6	14,929	12.9
Non-operating expenses	1,129	1.1	1,539	1.7	3,314	2.9
Costs of disposal of assets	–	–	582	0.7	631	0.5
Impairment loss on financial assets	(3,439)	(3.4)	11,495	12.9	17,870	15.4
Total	**102,432**	**100.0**	**89,213**	**100.0**	**116,016**	**100.0**

Comparison between 2024 and 2023: Our other expenses increased by 30.0% from RMB89.2 million in 2023 to RMB116.0 million in 2024, primarily due to the increase in impairment loss on inventories in line with our business expansion and the scale of our inventories, which was partially offset by the decrease in loss on changes in fair value of derivative financial instruments, as a result of relatively stable US dollar – Renminbi exchange rate fluctuations during 2024.

Comparison between 2023 and 2022: Our other expenses decreased by 12.9% from RMB102.4 million in 2022 to RMB89.2 million in 2023, primarily due to the decrease in impairment loss on inventories compared to 2022, as demand for our PCBs was temporarily deferred in 2022 due to a short-term chip shortage experienced by certain downstream customers and we consequently recognized impairment loss on inventories in 2022, which was partially offset by the increase in losses on changes in fair value of derivative financial instruments driven by fluctuations in the US dollar – Renminbi exchange rate in 2023.

Finance Costs

The table below sets forth details of our finance costs, both in absolute amounts and as percentages of our total 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	10,742	92.1	13,074	93.9	16,113	101.6
Interest on lease liabilities	924	7.9	1,318	9.5	212	1.3
Less: Interest capitalized	–	–	(465)	(3.3)	(458)	(2.9)
Total	**11,666**	**100.0**	**13,927**	**100.0**	**15,867**	**100.0**

Comparison between 2024 and 2023: Our finance costs increased by 13.9% from RMB13.9 million in 2023 to RMB15.9 million in 2024, primarily due to the increase in our bank and other borrowings to fund our business expansion and the construction of our production facility in Thailand.

Comparison between 2023 and 2022: Our finance costs increased by 19.4% from RMB11.7 million in 2022 to RMB13.9 million in 2023, primarily due to the increase in our bank and other borrowings in 2023 to support our construction of new production facilities in China and the equipment and technology upgrade projects.

Income Tax Expense

The table below sets forth a breakdown of our income tax expense, both in absolute amounts and as percentages of our total income tax expense, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Current income tax	31,536	101.7	75,881	92.3	111,530	129.1
Deferred income tax	(542)	(1.7)	6,316	7.7	(25,149)	(29.1)
Total	**30,994**	**100.0**	**82,197**	**100.0**	**86,381**	**100.0**

In 2022, 2023 and 2024, our effective tax rates were 10.0%, 16.5% and 11.3%, respectively, which were lower than the 25% statutory rate, primarily because both we and certain of our subsidiaries enjoyed preferential tax treatments. See Note 10 to the Accountants' Report in Appendix I to this document for more details.

Comparison between 2024 and 2023: Our income tax expense increased by 5.1% from RMB82.2 million in 2023 to RMB86.4 million in 2024, primarily due to the increase in our profit before tax, partially offset by the increase in deferred tax assets as a result of increased impairment losses on financial assets, inventories and property, plant and equipment we recognized in 2024.

Comparison between 2023 and 2022: Our income tax expense increased by 165.2% from RMB31.0 million in 2022 to RMB82.2 million in 2023, primarily due to (i) the increase in our profit before tax and (ii) a decrease in impairment losses on inventories and property, plant and equipment in 2023 compared to 2022, which resulted in a lower amount of deferred tax assets recognized in 2022.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 48.3% from RMB279.7 million in 2022 to RMB414.7 million in 2023 and further increased by 63.0% to RMB676.1 million in 2024.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our use of cash was primarily related to operating activities and capital expenditure. We have historically financed our operations through cash generated from our operating activities, investing activities and financing activities. As of December 31, 2024, we had available cash and cash equivalents of RMB635.1 million. Our available cash and cash equivalents comprise cash denominated in US dollar, Renminbi, Euro, Thai Baht and Hong Kong dollar. See Note 23 to the Accountants' Report in Appendix I to this document for more details.

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]**.

See "— Selected Balance Sheet Items" for discussions of our working capitals.

Working Capital Sufficiency

Taking into account the net **[REDACTED]** from the **[REDACTED]** and the financial resources available to us, including cash and cash equivalents and cash flows from operating activities, our Directors believe that we have sufficient working capital for our present requirements, that is, for at least 12 months following the date of this document.

Cash Flows Analysis

The following table sets forth selected cash flow statement information for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows generated from operating activities	430,866	527,513	796,285
Net cash flows used in investing activities	(455,536)	(424,864)	(1,123,735)
Net cash flows generated from financing activities	106,011	43,132	609,070
Net increase in cash and cash equivalents	**81,341**	**145,781**	**281,620**
Cash and cash equivalents at the beginning of the year	106,937	200,047	349,203
Effect of foreign exchange rate changes, net	11,769	3,375	4,248
Cash and cash equivalents at the end of the year	**200,047**	**349,203**	**635,071**

Operating Activities

Our cash flows from operating activities reflect: (i) our profit before tax adjusted for (a) finance costs, interest income, foreign exchange gains, net, depreciation of property, plant and equipment, amortization of intangible assets, depreciation of right-of-use assets, net loss on disposal of property, plant and equipment, net gains on disposal of right-of-use assets, fair value gains on financial assets at fair value through profit or loss, write-down of inventories to net realizable value, fair value loss on derivative financial instruments, reversal of impairment losses/(impairment losses) on financial assets, net, impairment of property, plant and equipment and share-based payment expenses and (b) the effects of movement in working capital such as inventories, trade and bills receivables, prepayments, deposits and other receivables, trade and bills payables, other payables and accruals, contract liabilities and deferred income, (ii) interest received and (iii) income taxes paid. Cash flows from operating activities can be significantly affected by factors such as the timing of collection of trade receivables from customers and the timing of payment of trade payables to suppliers or other counterparties during the ordinary course of our business, which also primarily accounted for the difference in the net cash flows generated from operating activities among the years during the Track Record Period.

Our net cash flow generated from operating activities in 2024 was RMB796.3 million, primarily attributable to our profit before tax of RMB762.5 million, as adjusted by (i) non-cash and non-operating items such as interest income of RMB17.4 million and foreign exchange gains, net, of RMB7.4 million, which was primarily offset by depreciation of property, plant and equipment of RMB153.5 million and write-down of inventories to net realizable value of RMB71.8 million, (ii) the effects of movement in working capital such as the increase in trade and bills receivables of RMB424.1 million, which was primarily offset by the increase in trade and bills payables of RMB231.9 million and increase in other payables and accruals of RMB121.3 million and (iii) income taxes paid of RMB111.5 million.

Our net cash flow generated from operating activities in 2023 was RMB527.5 million, primarily attributable to our profit before tax of RMB496.9 million, as adjusted by (i) non-cash and non-operating items such as foreign exchange gains, net, of RMB21.0 million and interest income of RMB4.5 million, which was primarily offset by depreciation of property, plant and equipment of RMB144.0 million and write-down of inventories to net realizable value of RMB33.3 million, (ii) the effects of movement in working capital such as the increase in trade and bills receivables of RMB206.9 million, which was partially offset by the increase in trade and bills payables of RMB142.2 million and increase in other payables and accruals of RMB26.4 million and (iii) income taxes paid of RMB75.9 million.

Our net cash flow generated from operating activities in 2022 was RMB430.9 million, primarily attributable to our profit before tax of RMB310.6 million, as adjusted by (i) non-cash and non-operating items such as foreign exchange gains, net, of RMB31.9 million and interest income of RMB1.6 million, which was primarily offset by depreciation of property, plant and equipment of RMB121.4 million and write-down of inventories to net realizable value of RMB66.9 million, (ii) the effects of movement in working capital such as the decrease in trade and bills payables of RMB307.6 million and increase in deferred income of RMB67.8 million, which was partially offset by the increase in other payables and accruals of RMB109.6 million and (iii) income taxes paid of RMB31.5 million.

Investing Activities

In 2024, our net cash used in investing activities amounted to RMB1,123.7 million, which primarily resulted from (i) placement of financial assets at fair value through profit or loss of RMB1,316.0 million and purchases of items of property, plant and equipment of RMB814.8 million, and was partially offset by withdrawal of financial assets at fair value through profit or loss of RMB1,026.0 million.

In 2023, our net cash used in investing activities amounted to RMB424.9 million, which primarily resulted from (i) purchases of items of property, plant and equipment of RMB398.0 million and investment loss from derivative financial instruments of RMB22.5 million, and was partially offset by proceeds from disposal of items of property, plant and equipment of RMB1.7 million.

In 2022, our net cash used in investing activities amounted to RMB455.5 million, which primarily resulted from (i) purchases of items of property, plant and equipment of RMB445.3 million, and was partially offset by purchases of intangible assets of RMB10.9 million.

Financing Activities

In 2024, our net cash generated from financing activities amounted to RMB609.1 million, which primarily resulted from proceeds from issue of shares of RMB790.3 million and new bank and other borrowings of RMB220.8 million, and was partially offset by repayment of bank and other borrowings of RMB193.1 million and dividend paid of RMB105.6 million.

In 2023, our net cash generated from financing activities amounted to RMB43.1 million, which primarily resulted from new bank and other borrowings RMB320.4 million and withdrawal of pledged deposits of RMB234.5 million, and was partially offset by repayment of bank and other borrowings of RMB246.8 million and placement of pledged deposits of RMB235.2 million.

In 2022, our net cash generated from financing activities amounted to RMB106.0 million, which primarily resulted from new bank and other borrowings of RMB424.0 million and withdrawal of pledged deposits of RMB366.5 million, and was partially offset by placement of pledged deposits of RMB376.4 million and repayment of bank and other borrowings of RMB277.8 million.

SELECTED BALANCE SHEET ITEMS

Net Current Assets/Liabilities

The following table sets out our current assets and liabilities as of the dates indicated:

	As of December 31,			April 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
CURRENT ASSETS				
Inventories	355,583	396,914	458,550	503,825
Trade and bills receivables	704,733	886,657	1,292,954	1,338,470
Prepayments, deposits and other receivables	55,543	74,851	83,775	82,462
Financial assets at fair value through profit or loss	–	–	291,070	290,927
Financial assets at fair value through other comprehensive income	–	13,012	1,048	2,797
Pledged and restricted deposits	81,063	82,064	86,210	53,806
Cash and cash equivalents	200,047	349,203	635,071	698,954
Total current assets	**1,396,969**	**1,802,701**	**2,848,678**	**2,971,241**
CURRENT LIABILITIES				
Trade and bills payables	1,129,255	1,221,691	1,646,602	1,697,638
Other payables and accruals	155,870	131,325	267,563	172,559
Derivative financial instruments	–	1,422	8,088	–
Tax payable	4,837	32,232	31,884	17,079
Contract liabilities	9,078	6,304	7,379	10,162
Interest-bearing bank and other borrowings	186,813	152,374	220,973	260,476
Lease liabilities	14,382	9,853	433	87
Total current liabilities	**1,500,235**	**1,555,201**	**2,182,922**	**2,158,001**
NET CURRENT (LIABILITIES)/ ASSETS	**(103,266)**	**247,500**	**665,756**	**813,240**

Our net current assets increased from RMB665.8 million as of December 31, 2024 to RMB813.2 million as of April 30, 2025, primarily due to the decrease in other payables and accruals of RMB95.0 million and the increase in cash and cash equivalents of RMB63.9 million, partially offset by the increase in trade and bills payables of RMB51.0 million.

Our net current assets increased from RMB247.5 million as of December 31, 2023 to RMB665.8 million as of December 31, 2024, primarily due to the increase in trade and bills receivables of RMB406.3 million and the increase in cash and cash equivalents of RMB285.9 million, partially offset by the increase in trade and bills payables of RMB424.9 million.

We recorded net current liabilities of RMB103.3 million as of December 31, 2022 and reversed to record net current assets of RMB247.5 million as of December 31, 2023, primarily due to the increase in trade and bills receivables of RMB181.9 million and the increase in cash and cash equivalent of RMB149.2 million, partially offset by increase in trade and bills payables of RMB92.4 million.

Inventories

Our inventories comprise raw materials and consumables, work in progress, finished goods, contract costs and goods in transit. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and consumables	32,240	47,440	74,157
Work in progress	61,540	80,242	134,653
Finished goods	200,525	193,972	206,894
Goods in transit	130,149	135,647	119,760
Subtotal	**424,454**	**457,301**	**535,464**
Impairment	(68,871)	(60,387)	(76,914)
Total	**355,583**	**396,914**	**458,550**

Our inventories increased by 15.5% from RMB396.9 million as of December 31 2023 to RMB458.6 million as of December 31 2024, primarily due to (i) the increase in our work-in-progress inventories due to higher order volume and the commencement of operations at our production facility in Dongguan, which expanded our in-process production capacity and (ii) the increase in our inventory levels, including raw materials and consumables in response to stronger market demand in 2024.

Our inventories increased by 11.6% from RMB355.6 million as of December 31, 2022 to RMB396.9 million as of December 31, 2023, primarily due to (i) an increase in raw material procurement to support higher sales in the second half of 2023 and (ii) our proactive stocking of key raw materials in anticipation of business expansion and rising order volumes in 2023.

The following table set out the aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Less than six months	275,698	349,861	475,764
Over six months but less than 1 year	107,818	20,684	24,396
More than 1 year	40,940	86,756	35,304
Subtotal	**424,456**	**457,300**	**535,463**
Impairment	(68,873)	(60,386)	(76,913)
Total	**355,583**	**396,914**	**458,550**

The following table sets forth the turnover days of our inventories for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Inventories turnover days[(1)]	93	89	72

Note:

(1) Inventories turnover days were calculated based on the average of the beginning and ending balances of inventories (before impairment) of a given year divided by the cost of sales for that corresponding year and multiplied by 360 days for the year.

Our inventories turnover days remained relatively stable at 93 days and 89 days in 2022 and 2023, respectively. Our inventories turnover days decreased from 89 days in 2023 to 72 days in 2024, primarily due to faster inventories turnover driven by increased market demand and the expansion of our sales scale.

As of April 30, 2025, RMB445.5 million, or 83.2% of our inventories as of December 31, 2024 had been utilized or sold.

Trade and Bills Receivables

The balance of our trade and bills receivables mainly represented receivables from customers for sales of our products. The table below sets forth our trade and bill receivables as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	634,633	883,879	1,226,052
Bills receivable	103,350	47,494	129,469
Impairment	(33,250)	(44,716)	(62,567)
Total	**704,733**	**886,657**	**1,292,954**

Our balance of trade and bills receivables increased by 25.8% from RMB704.7 million as of December 31, 2022 to RMB886.7 million as of December 31, 2023 and further increased by 45.8% to RMB1,293.0 million as of December 31, 2024, generally in line with our business growth.

The following table sets forth an aging analysis of the trade and bills receivables, based on the invoice date and net of loss allowance, as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	704,733	886,635	1,292,530
Over 1 year but less than 2 years	–	22	424
Total	**704,733**	**886,657**	**1,292,954**

The following table sets forth our trade receivables turnover days during the years indicated:

	Year ended December 31,		
	2022	**2023**	**2024**
Trade receivables turnover days[(1)]	103	102	102

Note:

(1) Trade receivables turnover days were calculated based on the average of opening and closing balance of trade receivables (before impairment) for the relevant year, divided by the revenue for the same year and multiplied by 360 days for the year.

Our trade receivables turnover days remained relatively stable at 103 days, 102 days and 102 days in 2022, 2023 and 2024, respectively.

During the Track Record Period, we did not experience any significant losses associated with our trade receivables and the increase in our trade receivables did not have any material adverse impact on our liquidity or cash flows.

As of April 30, 2025, RMB1,156.6 million, or 94.3% of our total trade receivables as of December 31, 2024, had been settled.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables primarily include prepayments, deposits, other receivables, value-added tax recoverable, tax repayments and A Shares listing expenses.

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*
Prepayments	5,823	10,177	73,503
Deposits	9,797	10,366	10,804
Other receivables	2,682	3,542	2,428
Value-added tax recoverable	35,156	55,497	68,075
Tax repayments	2,631	–	532
A Shares listing expenses	3,170	5,151	–
Less: Non-current portion	(2,664)	(8,801)	(70,464)
Provision for impairment of other receivables	(1,052)	(1,081)	(1,103)
Total	**55,543**	**74,851**	**83,775**

Our prepayments, deposits and other assets increased by 34.8% from RMB55.5 million as of December 31, 2022 to RMB74.9 million as of December 31, 2023 and further increased by 11.9% to RMB83.8 million as of December 31, 2024, mainly due to the increase in value-added tax recoverable as a result of our purchases of production equipment for the expansion of our production facilities in Huangshi and the construction of plant and acquisition of equipment for our production facilities in Dongguan and Thailand.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss included wealth management of principal-guaranteed structured deposits with low risks, primarily to generate additional returns on cash reserves, while ensuring liquidity and capital preservation. The returns of our structured deposits are tied to the performance of certain financial assets portfolio. As of December 31, 2024, our financial assets at fair value through profit or loss amounted to RMB291.1 million. See Note 21 to the Accountants' Report in Appendix I to this document for more details.

We have established comprehensive investment policies and strategies with respect to financial products, to ensure compliance, safeguard assets and manage risks effectively. We make investment decisions on a case-by-case basis after considering various factors, including but not limited to macro-economic environment, general market conditions, risk control and credit of the banks, our own strategic needs and working capital conditions and the expected profit of the investment. Key features of our investment policy include: (i) all investments must be approved by our Board or Shareholders' meeting, depending on the size and nature of the investment, (ii) our general manager and relevant departments are responsible for investment project evaluation and planning. Our finance department handles budgeting, fund allocation, accounting and monitoring. Our legal team reviews key contracts, while the Board secretary oversees disclosure to public investors, (iii) we do not invest in high-risk products and only invest when we have sufficient liquidity and ensure our investments do not affect normal operations or capital expenditures.

After **[REDACTED]**, our investments in financial products will be subject to compliance with Chapter 14 of the Listing Rules.

Financial Assets at Fair Value through Other Comprehensive Income

Our financial assets at fair value through other comprehensive income primarily consist of bank acceptance that we held for collecting contractual cash flows or selling during the Track Record Period. Our financial assets at fair value through other comprehensive income was nil, RMB13.0 million and RMB1.0 million, as of December 31, 2022, 2023 and 2024, respectively.

Cash and Cash Equivalents

Our cash and cash equivalents amounted to RMB200.0 million, RMB349.2 million and RMB635.1 million as of December 31, 2022, 2023 and 2024, respectively. The increase was generally in line with our business growth, and the balance as of December 31, 2024 also reflected the proceeds raised from our A Share Listing.

A significant portion of our cash and cash equivalents was denominated in US dollar amounting to RMB153.9 million, RMB315.3 million and RMB465.3 million as of December 31, 2022, 2023 and 2024, representing approximately 76.9%, 90.3% and 73.3% of our total cash and cash equivalents, respectively. Our cash and cash equivalents denominated in RMB amounted to RMB42.4 million, RMB28.3 million and RMB154.6 million, representing approximately 21.2%, 8.1% and 24.3% of our total cash and cash equivalents, respectively. We also held cash and cash equivalents denominated in Euro, Thai Baht and Hong Kong dollars during the Track Record Period. See Note 23 to the Accountants' Report in Appendix I to this document for more details.

Trade and Bills Payables

Our trade and bills payables primarily consist of payments for raw materials, equipment and construction costs, electricity and processing fees. Payments for raw materials and processing fees are normally settled within 90 to 120 days. Electricity charges are generally settled on a real-time basis. Payments for equipment and construction costs are subject to the payment schedules specified in the respective contracts. Our trade payables are non-interest-bearing.

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			
Raw materials	381,222	473,987	585,089
Equipment and construction costs	338,571	288,803	481,787
Electricity	73,002	97,687	70,849
Processing fees	4,197	6,586	30,388
Others	23,189	33,089	31,309
Subtotal	**820,181**	**900,152**	**1,199,422**
Bills payables	**309,074**	**321,539**	**447,180**
Total	**1,129,255**	**1,221,691**	**1,646,602**

Our trade and bills payables increased by 34.8% from RMB1,221.7 million as of December 31, 2023 to RMB1,646.6 million as of December 31, 2024, mainly due to (i) our increased procurement of raw materials driven by continued sales order growth and (ii) the addition of equipment and construction payables related to the construction of our production facility in Thailand.

Our trade and bills payables increased by 8.2% from RMB1,129.3 million as of December 31, 2022 to RMB1,221.7 million as of December 31, 2023, mainly due to the increased procurement and payment for raw material in line with our increased sales orders during the year.

The following table sets forth an aging analysis of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	972,575	1,167,047	1,610,962
1 to 2 years	155,320	39,957	26,853
2 to 3 years	179	14,687	4,909
Over 3 years	1,181	–	3,878
	1,129,255	**1,221,691**	**1,646,602**

The following table sets forth our trade payables turnover days during the years indicated:

	Year ended December 31,		
	2022	**2023**	**2024**
Trade payables turnover days[(1)]	205	173	152

Note:

(1) The trade payables turnover days were the average of the opening and closing trade payables divided by our total cost of sales for that year and multiplied by 360 days for the year.

Our trade payables turnover days decreased from 205 days in 2022 to 173 days in 2023 and further decreased to 152 days in 2024, primarily due to our business expansion and the increase of our costs of sales during the same years. The relatively longer trade payable turnover days during the Track Record Period was primarily due to our continued expenditures in construction of our production facilities and purchase of equipment to support our long-term business operation, the payments of which were usually subject to the payment schedules specified in the respective contracts.

Our Directors confirm that we did not have any material defaults in payment of trade and bills payables during the Track Record Period and up to the Latest Practicable Date.

As of April 30, 2025, approximately RMB871.4 million, or 72.6% of total trade payables as of December 31, 2024, were settled.

Other Payables and Accruals

Our other payables and accruals primarily consist of restricted share repurchase obligations, deposits received, accruals, payroll and welfare payable, other tax payables, endorsed and unmatured bank bills not derecognized and other payables.

The table below sets forth our other payables and accruals as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Restricted share repurchase obligations	–	–	52,985
Deposits received	401	3,401	300
Accruals	14,317	23,217	15,864
Payroll and welfare payable	75,967	85,562	107,543
Other tax payables	3,996	3,811	3,901
Endorsed and unmatured bank bills not derecognized	60,861	14,839	86,352
Other payables	328	495	618
Total	**155,870**	**131,325**	**267,563**

Our other payables and accruals increased by 103.7% from RMB131.3 million as of December 31, 2023 to RMB267.6 million as of December 31, 2024, primarily due to (i) the increase in endorsed and unmatured bank bills not derecognized, as we settled purchases with certain suppliers using bank acceptance bills and such bills remained on our balance sheet as we retained the payment obligations prior to maturity and settlement and (ii) the increase in restricted share repurchase obligations related to our grant of shares under our 2024 Restricted Share Incentive Plan and 2024 Share Option Incentive Plan.

Our other payables and accruals decreased by 15.7% from RMB155.9 million as of December 31, 2022 to RMB131.3 million as of December 31, 2023, primarily due to the derecognition of bank-endorsed bills previously obtained through a finance lease arrangement in 2022 and used by us to settle payments with suppliers, which were subsequently endorsed and matured in 2023.

Derivative Financial Instruments

To manage our exposure to foreign exchange risk and mitigate the potential adverse impact of significant exchange rate fluctuations on our operations, we invested on derivative financial instruments in 2023 and 2024, primarily in the form of forward currency contracts, none of which are designated as hedging instruments for accounting purposes. The notional amounts of our outstanding derivative financial instruments were RMB1.4 million and RMB8.1 million as of December 31, 2023 and 2024, respectively.

Under our foreign exchange forward contracts, if RMB depreciates or appreciates against the U.S. dollar substantially, our obligation to pay to the banks under the outstanding foreign exchange forward contracts would increase or decrease, which would affect our cash flows and financial position. We recognized fair value loss on derivative financial instruments of RMB21.2 million, RMB41.5 million and RMB14.9 million, respectively, in 2022, 2023 and 2024.

We have implemented and will continue to implement, internal policies and procedures to manage our investment on derivative financial instruments, in a prudent manner. These include entering into derivative financial instruments in amounts and on terms that are appropriate to our business operations. Our internal policies set forth guiding principles and detailed processes for evaluating and monitoring the use of derivative financial instruments. The guiding principles include, among other things, the following:

- We control the scale of derivative transactions to align with the actual business needs, and we prohibit speculative or arbitrage trading that could adversely affect our normal operations, and

- All derivative transactions must be based on foreign currency cash flow forecasts, and the notional amount of forward currency contracts must not exceed the forecasted foreign currency receipts and payments.

We regularly forecast foreign currency receipts and payment schedules based on reconciliation records and update our annual cash flow plans on a monthly basis. Our finance department convenes periodic strategy meetings to review the forecasts in conjunction with macroeconomic trends and exchange rate movements, and determine forward contract transactions following a prudent approach. We maintain a detailed ledger for forward currency contracts to register each transaction, monitor developments in a timely manner, arrange settlements appropriately, and strictly manage the process to avoid default risk at maturity.

Contract Liabilities

Our contract liabilities include prepayment received from our customers based on sales order in advance of our delivery of products under the contracts.

Our contract liabilities increased by 17.1% from RMB6.3 million as of December 31, 2023 to RMB7.4 million as of December 31, 2024, primarily attributable to the increase in advance payments from certain new overseas customers.

Our contract liabilities decreased by 30.6% from RMB9.1 million as of December 31, 2022 to RMB6.3 million as of December 31, 2023, primarily attributable to the fulfillment of prepayment-based contracts with customers.

Interest-bearing Bank and Other Borrowings

Our current interest-bearing bank and other borrowings increased from RMB152.4 million as of December 31, 2023 to RMB221.0 million as of December 31, 2024, primarily due to additional bank loans obtained for our construction of production facilities in Dongguan and Thailand.

Our current interest-bearing bank and other borrowings decreased from RMB186.8 million as of December 31, 2022 to RMB152.4 million as of December 31, 2023, primarily because we partially repaid some loan principals and interests in 2023.

As of December 31, 2022, the range of the effective interest rate of our current interest-bearing bank and other borrowings was 2.95% to 5.00% per annum, as of December 31, 2023, the range of the effective interest rate of our current interest-bearing borrowings was 2.80% to 4.85% per annum, and as of December 31, 2024, the effective interest rate of our current interest-bearing borrowings was 2.20% to 4.40% per annum.

Our current interest-bearing bank and other borrowings during the Track Record Period were primarily used for business operation purposes. As of April 30, 2025, all of our current interest-bearing borrowings were repayable within one year, and were denominated in Renminbi or US dollar, comprising both fixed-rate and floating-rate borrowings.

Lease Liabilities

Our current lease liabilities decreased from RMB9.9 million as of December 31, 2023 to RMB0.4 million as of December 31, 2024, primarily because most of the leases for factories and dormitories expired during the year.

Our current lease liabilities decreased from RMB14.4 million as of December 31, 2022 to RMB9.9 million as of December 31, 2023, primarily due to our efforts to optimize the management of leased dormitories, which reduced idle rooms, improved usage efficiency and lowered rental payments.

Non-current Assets/Liabilities

The following table sets out our non-current assets and liabilities as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	1,640,387	1,815,563	2,567,318
Right-of-use assets	120,340	114,335	104,949
Intangible assets	28,422	19,923	18,695
Deferred tax assets	56,074	51,109	75,652
Other non-current assets	2,664	8,801	70,464
Total non-current assets	**1,847,887**	**2,009,731**	**2,837,078**
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	136,691	230,840	193,946
Lease liabilities	240	433	–
Deferred income	131,044	126,721	166,725
Deferred tax liabilities	67,572	68,923	68,317
Total non-current liabilities	**335,547**	**426,917**	**428,988**

Property, Plant and Equipment

Our property, plant and equipment primarily consist of our buildings, machinery, construction in progress, tools and freehold land. The following table sets forth the 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	611,286	598,921	716,716
Machinery	922,039	896,063	1,029,873
Construction in progress	77,295	255,090	739,573
Tools	10,786	11,532	12,515
Freehold land	–	33,290	40,027
Others	18,981	20,667	28,614
Total	**1,640,387**	**1,815,563**	**2,567,318**

Our property, plant and equipment increased by 41.4% from RMB1,815.6 million as of December 31, 2023 to RMB2,567.3 million as of December 31, 2024, primarily due to (i) the increase in construction in progress related to the ongoing construction of our production facility in Thailand, (ii) the increase in machinery as we acquired new equipment for our production facilities in Dongguan and Guangzhou to support the operations, enhance production capacity and improve operational efficiency and (iii) the increase in buildings as our production facility in Dongguan which was once construction-in-progress was completed and transferred to property, plant and equipment in February 2024.

Our property, plant and equipment increased by 10.7% from RMB1,640.4 million as of December 31, 2022 to RMB1,815.6 million as of December 31, 2023, primarily due to the increase in construction in progress resulting from the ongoing construction of our production facility in Dongguan in 2023.

Right-of-Use Assets

Our right-of-use assets primarily consist of buildings and land use rights. 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*
Buildings	13,341	9,825	393
Land use rights	106,999	104,510	104,556
Total	**120,340**	**114,335**	**104,949**

Our right-of-use assets decreased by 8.2% from RMB114.3 million as of December 31, 2023 to RMB104.9 million as of December 31, 2024, mainly due to the expiration of lease terms for a number of right-of-use assets, including leased factory premises and employee dormitories.

Our right-of-use assets decreased by 5.0% from RMB120.3 million as of December 31, 2022 to RMB114.3 million as of December 31, 2023, primarily due to the amortization of land use rights.

Intangible Assets

Our intangible assets primarily consist of software and licenses. The following table sets forth the breakdown of our intangible assets of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Software	27,340	19,212	18,355
Licenses	1,082	711	340
Total	**28,422**	**19,923**	**18,695**

Our intangible assets further decreased slightly by 6.2% from RMB19.9 million as of December 31, 2023 to RMB18.7 million as of December 31, 2024, primarily because software amortization remained relatively stable while we increased the purchase of new office software in 2024, thereby narrowing the decline in net book value compared to the end of 2023.

Our intangible assets decreased by 29.9% from RMB28.4 million as of December 31, 2022 to RMB19.9 million as of December 31, 2023, primarily because (i) the amount of software purchased in 2023 was lower than the software amortization for that year, primarily due to the relatively large amount of software we purchased in 2022 to support our business operations, engineering design and other functional needs.

Interest-bearing Bank and Other Borrowings

Our non-current interest-bearing bank and other borrowings decreased from RMB230.8 million as of December 31, 2023 to RMB193.9 million as of December 31, 2024, primarily because of the scheduled repayment of principal and interest on our outstanding borrowings.

Our non-current interest-bearing bank and other borrowings increased from RMB136.7 million as of December 31, 2022 to RMB230.8 million as of December 31, 2023, primarily due to the increase in our bank borrowings in 2023 to support the construction of new facilities and the equipment and technology upgrade projects.

As of December 31, 2022, the range of the effective interest rate of our non-current interest-bearing bank and other borrowings was 3.20% to 5.00% per annum, as of December 31, 2023, the effective interest rate of our non-current interest-bearing borrowings was 3.20% to 4.85% per annum, and as of December 31, 2024, the effective interest rate of our non-current interest-bearing borrowings was 3.10% to 4.40% per annum.

Our non-current interest-bearing bank and other borrowings during the Track Record Period were primarily used for business operation purposes. As of April 30, 2025, all of our non-current interest-bearing borrowings were denominated in Renminbi or US dollar, comprising both fixed-rate and floating-rate borrowings.

Other Non-Current Assets

Our other non-current assets primarily consist of prepayments for equipment and construction projects.

Our other non-current assets further increased from RMB8.8 million as of December 31, 2023 to RMB70.5 million as of December 31, 2024, primarily due to the increase in our prepayments for equipment and engineering works related to the construction of our production facility in Thailand. These equipment and engineering investment were made to support trial production and preparations for full-scale commercial operations at our production facility in Thailand, in order to accommodate the continued growth of our overseas business in future.

Our other non-current assets increased from RMB2.7 million as of December 31, 2022 to RMB8.8 million as of December 31, 2023, primarily due to the increase in our equipment prepayments to support the drilling and machining production steps in our production facility in Dongguan. As the relevant equipment had not been delivered by the suppliers as of the end of 2023, the associated payments were classified as other non-current assets.

Deferred Income

Our deferred income consists of government grants that we received in support of our business operations and capital expenditures.

Our deferred income increased from RMB126.7 million as of December 31, 2023 to RMB166.7 million as of December 31, 2024, mainly as a result of our receipt of new government grants in connection with our ongoing business expansion, which more than offset the impact of amortization during the year.

Our deferred income decreased from RMB131.0 million as of December 31, 2022 to RMB126.7 million as of December 31, 2023, mainly due to continued amortization of government grants into other income in line with the expected useful lives of the relevant underlying assets or the fulfillment of grant conditions, which was partially offset by the recognition of newly received government grants during the year.

INDEBTEDNESS

The following table sets forth a 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 borrowings	186,813	152,374	220,973	260,476
Lease liabilities	14,382	9,853	433	87
Non-current				
Interest-bearing bank borrowings	136,691	230,840	193,946	266,666
Lease liabilities	240	433	–	–
Total	**338,126**	**393,500**	**415,352**	**527,229**

Interest-bearing Bank and Other Borrowings

As of December 31, 2022, 2023 and 2024, we had outstanding aggregate unpaid interest-bearing bank and other borrowings of RMB323.5 million, RMB383.2 million and RMB414.9 million, respectively. See "— Selected Balance Sheet Items — Net Current Assets/Liabilities — Interest-bearing Bank and Other Borrowings" and "— Selected Balance Sheet Items — Non-current Assets/Liabilities — Interest-bearing Bank and Other Borrowings" for more details.

As of April 30, 2025, we had outstanding aggregate unpaid interest-bearing bank and other borrowings of RMB527.1 million. As of April 30, 2025, our total facilities for bank borrowings amounted to RMB2,748.1 million, of which RMB1,050.1 million had been utilized.

Our Directors confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

As of December 31, 2022, 2023 and 2024 and April 30, 2025, we have outstanding aggregate unpaid contractual lease payments (present value of lease payments for the remainder of relevant lease terms) of RMB14.6 million, RMB10.3 million, RMB0.4 million and RMB87.0 thousand, respectively, in relation to the corresponding lease liabilities.

Except as discussed above, we did not have material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of April 30, 2025. Our Directors confirm that there has been no material change in our indebtedness since April 30, 2025 and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023 and 2024, we did not have any material contingent liabilities. As of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

CAPITAL EXPENDITURE

We incurred capital expenditures of RMB456.3 million, RMB404.1 million and RMB825.1 million in 2022, 2023 and 2024, respectively, mainly in connection with purchases of items of property, plant and equipment and intangible assets.

The following table sets forth a breakdown of our capital expenditures for the years indicated:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Purchases of items of property, plant and equipment	445,330	398,026	814,824
Purchase of intangible assets	10,946	6,041	10,323
Total	**456,276**	**404,067**	**825,147**

We expect to fund our future capital expenditures with our operating cash flows as well as with our own funds or other funds raised. We may adjust our capital expenditures for any given period according to our ongoing business needs and in light of market conditions or other factors we believe appropriate.

CAPITAL COMMITMENTS

We had the following capital commitments mainly related to construction in progress as of the date indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Construction in progress	193,960	107,011	179,265

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. We also have not entered into any financial guarantees or other relevant commitments. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging with us.

RELATED PARTY TRANSACTIONS AND BALANCES

During the Track Record Period, we entered into certain related party transactions from time to time. See Note 36 to the Accountants' Report in Appendix I to this document for more details. Our Directors believe that our transactions with related parties during the Track Record Period were conducted in the ordinary and usual course of business and on an arm's length basis, and they did not distinct our results of operations or make our historical results not reflective of our future performance.

DIVIDENDS AND DIVIDEND POLICY

Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, as appropriate. We paid a dividend of RMB105.6 million in 2024.

According to including the PRC Company Law (《中華人民共和國公司法) and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號—上市公司現金分紅(2025年修訂)》), and the Articles of Association, we are required to pay cumulative cash dividends of the most recent three fiscal years that account for not less than 30% of our average annual distributable profits for those three fiscal years which are available for distribution, calculated in accordance with PRC GAAP, provided that the sustainable operation and long term development of the Company will not be impacted and there is no plan for significant capital expenditure. Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders' interests and any other conditions that our Board may deem relevant.

[REDACTED]

[REDACTED] represent professional fees, **[REDACTED]** and other fees (such as the discretionary incentive fee) incurred in connection with the **[REDACTED]**. We estimate that our **[REDACTED]** will be approximately RMB**[REDACTED]** (or HK$**[REDACTED]**, representing **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]**) (assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]**) and no exercise of the **[REDACTED]**), of which (i) approximately RMB**[REDACTED]**, directly attributable to the issue of our **[REDACTED]**, will be subsequently charged to equity upon completion of the **[REDACTED]**, and (ii) approximately RMB**[REDACTED]** is expected to be expensed in our combined statements of profit or loss.

KEY FINANCIAL RATIOS

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

	As of or for the year ended December 31,		
	2022	**2023**	**2024**
Current ratio[(1)]	0.9 times	1.2 times	1.3 times
Quick ratio[(2)]	0.7 times	0.9 times	1.1 times
Liability-to-asset ratio[(3)]	56.6%	52.0%	45.9%
Trade receivables turnover days[(4)]	103 days	102 days	102 days
Inventories turnover days[(5)]	93 days	89 days	72 days
Interest coverage ratio[(6)]	40.0 times	48.8 times	60.2 times
Net margin[(7)]	11.6%	15.5%	18.1%

Notes:

(1) Current ratio was calculated by dividing current assets by current liabilities as of the dates indicated.

(2) Quick ratio was calculated by dividing the difference of current assets and inventories by total current liabilities as of the dates indicated.

(3) Liability-to-asset ratio was calculated by dividing total liabilities by total assets.

(4) Trade receivables turnover days were calculated based on the average of opening and closing balance of trade receivables (before impairment) for the relevant year, divided by the revenue for the same year and multiplied by 360 days for the year.

(5) Inventories turnover days were calculated based on the average of the beginning and ending balances of inventories (before impairment) of a given year divided by the cost of sales for that corresponding year and multiplied by 360 days for the year.

(6) Interest coverage ratio was calculated by dividing EBITDA by interest expenses for the years indicated.

(7) Net margin was calculated by dividing profit for the year by revenue for the years indicated.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

Interest Rate Risk

We have changes in interest rates exposures. Such exposures arise from our debt obligations in RMB with floating interest rates. See Note 39 to the Accountants' Report in Appendix I to this document for more details.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies. For a sensitivity analysis of a reasonably possible change in the foreign exchange rates, with all other variables held constant, of our profit after tax for each period of the Track Record Period, see Note 39 to the Accountants' Report in Appendix I to this document for more details.

Credit Risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. There are no significant concentrations of credit risk for trade receivables from third parties as our customer bases are dispersed. In addition, receivable balances are monitored on an ongoing basis. See Note 39 to the Accountants' Report in Appendix I to this document for more details.

Liquidity Risk

We monitor the risk in relation to shortage of funds through using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets, such as trade receivables and projected cash flows from operations. Our objective is to maintain a balance continuity of funding and flexibility through the use of internally generated cash flows from operations.

For the maturity profile of our financial liabilities and lease liabilities based on the contractual undiscounted payments, as of December 31, 2022, 2023 and 2024, see Note 39 to the Accountants' Report in Appendix I to this document for more details.

UNAUDITED [REDACTED] ADJUSTED COMBINED NET TANGIBLE ASSETS

See Appendix II to this document for details.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date 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 consolidated financial statements as set out in the Accountants' Report set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER LISTING RULES

Except as otherwise disclosed in this document, our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules.

OVERVIEW

As of the Latest Practicable Date, our Company was held as to (i) approximately 40.25% by Zhenyun Investment, which was owned as to 99.90% by Mr. Xiao (the spouse of Ms. Liu) and 0.10% by Ms. Liu (the spouse of Mr. Xiao), respectively; (ii) approximately 6.78% by Guangsheng Investment, which was controlled by Mr. Xiao by virtue of his position as the sole general partner thereof; and (iii) approximately 6.78% by Guangcai Investment, which was controlled by Mr. Xiao by virtue of his position as the sole general partner thereof, respectively. Accordingly, Mr. Xiao and Ms. Liu, through Zhenyun Investment, Guangsheng Investment and Guangcai Investment, collectively controlled approximately 53.81% of the total issued capital of our Company as of the Latest Practicable Date.

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**), Mr. Xiao and Ms. Liu, through Zhenyun Investment, Guangsheng Investment and Guangcai Investment, will collectively control approximately **[REDACTED]**% of the total issued capital of our Company. Accordingly, Mr. Xiao, Ms. Liu, Zhenyun Investment, Guangsheng Investment and Guangcai Investment will together constitute a group of our Controlling Shareholders for the purpose of the Listing Rules upon **[REDACTED]**.

For details of the background of Mr. Xiao and Ms. Liu, see "Directors and Senior Management — Directors" in this document.

INTEREST IN COMPETING BUSINESS

Each of the members of our Controlling Shareholders Group confirms that he/she/it had no interest in any business apart from the business of our Group which competes or is likely to compete, either directly or indirectly, with the business of our Group, which would require disclosure under Rule 8.10 of the Listing Rules as of the Latest Practicable Date.

NON-COMPETITION UNDERTAKINGS

Mr. Xiao, Ms. Liu and Zhenyun Investment have executed non-competition undertakings in favor of our Company, pursuant to which each of them has undertaken that, among others:

(i) none of Mr. Xiao, Ms. Liu, Zhenyun Investment nor any other enterprises or economic organizations directly or indirectly controlled by Mr. Xiao, Mr. Xiao's immediate family members, Ms. Liu, Ms. Liu's immediate family members or Zhenyun Investment has engaged in any business that directly or indirectly competes with that of our Company;

(ii) Mr. Xiao, Ms. Liu, Zhenyun Investment and their respective controlled enterprises (collectively, the "**Relevant Parties**") do not operate any business similar to that of the principal business of our Company, and there does not exist any competing business between our Company and the Relevant Parties;

(iii) the Relevant Parties shall avoid any competition with our Company and, in the event that there arise any business opportunities within the scope of the principal business of our Company, Mr. Xiao, Ms. Liu and Zhenyun Investment shall first refer such opportunities to our Company; and

(iv) if Mr. Xiao, Ms. Liu or Zhenyun Investment fail to comply with the above undertakings, he/she/it shall compensate for all losses incurred by our Company as a result thereof.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates upon **[REDACTED]**.

Management Independence

Upon **[REDACTED]**, our Board will comprise seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. Save for Mr. Xiao (being a member of our Controlling Shareholders Group, an executive Director and chairman of the Board) and Ms. Liu (being a member of our Controlling Shareholders Group and a non-executive Director), none of our Directors or members of the senior management is a Controlling Shareholder or holds any directorship or executive position in the close associates of any of our Controlling Shareholders.

Our management and operational decisions are made collectively by our Board and senior management, most of whom have served our Group for a significant period of time and have substantial and extensive relevant industry experience and expertise as set out in "Directors and Senior Management" in this document. Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders Group for the following reasons:

(i) each Director is aware of his or her fiduciary duties as a Director which require, among other things, that such Director acts for the best interests of our Company and our Shareholders as a whole and does not allow any conflict between his or her duties as a Director and his or her personal interests;

(ii) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions pursuant to the relevant requirements under our Articles of Association and/or the Listing Rules;

(iii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions;

(iv) save for Mr. Xiao and Ms. Liu, all of the other Directors are independent from our Controlling Shareholders, and decisions of the Board require the approval of a majority vote from the Board; and

(v) we have appointed three independent non-executive Directors, comprising more than one third of the total members of our Board, who have sufficient knowledge, experience and competence to provide a balance of the potentially interested Directors and independent Directors with a view to safeguard the interests of our Company and the Shareholders as a whole.

Based on the above, our Directors are of the view that our Board and our senior management as a whole are capable to perform their roles in our Company independently and manage our business independently of our Controlling Shareholders and their respective close associates after **[REDACTED]**.

Operational Independence

We are not operationally dependent on our Controlling Shareholders Group. We have established our own organizational structure, with each department assigned to specific areas of responsibilities which have been in operation and are expected to continue to operate independently of our Controlling Shareholders and their respective close associates. We have independent access to our suppliers and customers. We are also in possession of relevant assets, licenses, trademarks and other intellectual property and research and development facilities necessary to carry on and operate our business independently, and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors are satisfied that we will be able to operate independently of our Controlling Shareholders and their respective close associates after **[REDACTED]**.

Financial Independence

We have the ability to operate independently of our Controlling Shareholders Group from a financial perspective. We have an independent financial system and make financial decisions according to our own business needs. We have our independent financial department with a team of independent financial staff responsible for discharging the treasury function. We make tax registration and pay tax independently with our own funds. As such, our financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their respective close associates.

As of December 31, 2024, we had an aggregate of approximately RMB642.1 million of bank facilities guaranteed by Mr. Xiao and Ms. Liu (the "**Controlling Shareholders' Guarantee**"). For details, see "Financial Information — Related Party Transactions and Balances" and note 36 of the Accountants' Report as set out in Appendix I to this document. The Controlling Shareholders' Guarantee will be released before **[REDACTED]**.

We do not rely on our Controlling Shareholders or their respective close associates to provide financial assistance to our Group. We have independent access to third party financing and, if necessary, we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders and their respective close associates. As of the Latest Practicable Date, save for the Controlling Shareholders' Guarantees, none of the members of our Controlling Shareholders Group nor any of their respective close associates had provided any other loans, borrowings or guarantees to our Group.

Based on the above, our Directors are satisfied that we will be able to maintain financial independence from our Controlling Shareholders and their respective close associates after **[REDACTED]**.

CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of our Shareholders, we will adopt the following corporate governance measures to manage any potential conflicts of interest with our Controlling Shareholders and their respective close associates:

(i) as part of our preparation for the **[REDACTED]**, we have amended our Articles of Association to comply with the Listing Rules which will become effective upon **[REDACTED]**. In particular, our Articles of Association provides that, unless otherwise provided, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest, nor shall such Director be counted in the quorum present at the Board meeting;

(ii) where a transaction or arrangement of our Company is subject to Shareholders' approval under the provisions of the Listing Rules, any Controlling Shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement at the shareholders' meeting;

(iii) our Company has established internal control mechanisms to identify connected transactions. Upon **[REDACTED]**, if our Company enters into connected transactions with any of our Controlling Shareholders or any of his/her/its associates, our Company will comply with the applicable requirements under the Listing Rules; and

(iv) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors possess sufficient experiences and are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our Shareholders as a whole. For details of our independent non-executive Directors, see "Directors and Senior Management — Directors — Independent Non-Executive Directors" in this document.

We have appointed Yue Xiu Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors' duties and corporate governance.

We have entered into a number of transactions with our connected persons in our ordinary and usual course of business. Such transactions will continue after **[REDACTED]** and will therefore constitute continuing connected transactions of our Group under Chapter 14A of the Listing Rules.

RELEVANT CONNECTED PERSONS

The table below sets forth the parties that will become our connected persons and have entered into transactions with us which will constitute our continuing connected transactions upon **[REDACTED]**:

Connected person	Relationship
Dongguan Superb Electronic Materials Co., Ltd. (東莞秀博電子材料有限公司) ("**Dongguan Superb**")	As of the Latest Practicable Date, Dongguan Superb was owned as to 70% by Dongguan Guanghua Chemical Co., Ltd. (東莞廣華化工有限公司) ("**Guanghua Chemical**"), which was in turn owned as to 91% by Ms. Liu. Accordingly, Dongguan Superb is an associate of Ms. Liu and therefore constitute a connected person of our Company under the Listing Rules.
Dongguan Guanghua Environmental Protection Technology Co., Ltd. (東莞市廣華環保技術有限公司) ("**Guanghua Environmental**") .	As of the Latest Practicable Date, Guanghua Environmental was owned as to 65% by Dongguan Superb and 25% by Guanghua Chemical. Accordingly, Guanghua Environmental is an associate of Ms. Liu and therefore constitute a connected person of our Company under the Listing Rules.

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following table sets forth a summary of our partially exempt continuing connected transactions:

				Proposed annual caps for the year ending December 31,		
Transaction	**Counterparty**	**Applicable Listing Rules**	**Waiver sought**	**2025**	**2026**	**2027**
				(RMB in million)		
Procurement of chemical solutions	Dongguan Superb	14A.35, 14A.76(2) and 14A.105	Announcement	20.0	29.0	36.0
Cooperation with Guanghua Environmental on Reclamation Treatment	Guanghua Environmental	14A.35, 14A.76(2) and 14A.105	Announcement	15.0	17.5.0	20.0

(A) Procurement of Chemical Solutions

On [●], our Group entered into a framework agreement with Dongguan Superb ("**Procurement of Chemical Solutions Framework Agreement**"), pursuant to which, Dongguan Superb would supply to our Group chemical solutions, including, among others, etchants and brown oxidation solutions, for our production as we may require from time to time.

The initial term of the Procurement of Chemical Solutions Framework Agreement shall commence on the **[REDACTED]** until December 31, 2027, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. We will separately enter into specific agreements with Dongguan Superb which will set out the specific terms and conditions in accordance with the principles provided in the Procurement of Chemical Solutions Framework Agreement.

Reasons for and benefits of the transaction

Dongguan Superb is primarily engaged in R&D, manufacturing and selling of electronic chemicals, including chemical solutions, and has been a long-term supplier of our Group for chemical solutions. We procure chemical solutions from Dongguan Superb to manufacture our products, taking into account that (i) Dongguan Superb possesses the relevant qualifications in manufacturing, storage and delivery of chemical solutions; (ii) Dongguan Superb's familiarity with our business needs, quality standards, operational requirements; and (iii) the location proximity between our production facilities in Guangdong Province and Dongguan Superb, which results in timely delivery and lower procurement cost to our Group.

Pricing terms

The pricing relating to procurement of chemical solutions from Dongguan Superb pursuant to the Procurement of Chemical Solutions Framework Agreement shall be determined based on arm's length negotiation between our Group and Dongguan Superb, having taken into account the prevailing market price offered by other independent third parties with comparable chemical solutions, and various factors including but not limited to the type, quality, quantity and qualifications of chemical solutions and the time required for delivery.

Historical amounts and annual caps

For the years ended December 31, 2022, 2023 and 2024, the historical transaction amounts with respect to the procurement of chemical solutions from Dongguan Superb were RMB7.4 million, RMB10.97 million and RMB14.55 million, respectively.

The following table sets forth the proposed annual caps for the transaction amounts to be paid by us to Dongguan Superb under the Procurement of Chemical Solutions Framework Agreement:

	For the year ending December 31,		
	2025	2026	2027
		(RMB million)	
Procurement of chemical solutions	20.0	29.0	36.0

The proposed annual caps are determined based on:

(i) the historical amounts of transactions between our Group and Dongguan Superb during the Track Record Period in respect of procurement of chemical solutions, in particular the increasing trend of historical transaction amounts from RMB7.4 million for the year ended December 31, 2022 to RMB14.55 million for the year ended December 31, 2024;

(ii) the expected increasing procurement demand for chemical solutions from Dongguan Superb to meet our daily production needs and business development plans for the three years ending December 31, 2027; and

(iii) other factors including but not limited to the expected market price of chemical solutions, taking into account the costs and expenses involved relating to labor and market trends.

Implications under the Listing Rules

As the highest applicable percentage ratio of the proposed annual caps in respect of the transactions contemplated under the Procurement of Chemical Solutions Framework Agreement for the three years ending December 31, 2027 is expected to exceed 0.1% but less than 5%, such transactions will, upon **[REDACTED]**, constitute continuing connected transactions of our Company subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(B) Cooperation with Guanghua Environmental on Reclamation Treatment

On [●], our Group entered into a framework agreement with Guanghua Environmental ("**Cooperation Framework Agreement**"), pursuant to which, Guanghua Environmental would provide reclamation treatment services to our Group in relation to used etchants, and such treatment services would recover and extract cupric carbonate from the used etchants.

The initial term of the Cooperation Framework Agreement shall commence on the **[REDACTED]** until December 31, 2027, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. We will separately enter into specific agreements with Guanghua Environmental which will set out the specific terms and conditions in accordance with the principles provided in the Cooperation Framework Agreement.

Reasons for and benefits of the transaction

Guanghua Environmental is equipped with the expertise of cupric carbonate treatment services and has been providing cupric carbonate treatment services to other market players in the PCB industry. By leveraging on the cooperation with Guanghua Environmental, we could recover and extract cupric carbonate from our used etchants and generate additional revenue from sale of cupric carbonate. Such cooperation forms part of our waste management practices to reduce waste generation and is also in line with general market practice as advised by Frost & Sullivan.

Pricing terms

The reclamation treatment provided by Guanghua Environmental will take place in our production facilities and tailored for our waste management needs. As such, the pricing relating to reclamation treatment pursuant to the Cooperation Framework Agreement shall be determined based on arm's length negotiation between our Group and Guanghua Environmental having taken into account, among others, (i) the amount of cupric carbonate that would be extracted under the reclamation treatment; (ii) prevailing market price of copper; (iii) the installation and depreciation costs of the equipments and machineries set up by Guanghua Environmental in our production facilities to facilitate the reclamation treatment; and (iv) the labor and production costs involved.

Historical amounts and annual caps

For the years ended December 31, 2022, 2023 and 2024, the historical transaction amounts between our Group and Guanghua Environmental with respect to cooperation on the reclamation treatment were RMB9.37 million, RMB5.79 million and RMB6.69 million, respectively.

The following table sets forth the proposed annual caps for the transaction amounts to be paid by us to Guanghua Environmental under the Cooperation Framework Agreement:

	For the year ending December 31,		
	2025	**2026**	**2027**
		(RMB million)	
Cooperation with Guanghua Environmental on Reclamation Treatment	15.0	17.5	20.0

The proposed annual caps are determined based on:

(i) the historical amounts of transactions between our Group and Guanghua Environmental during the Track Record Period with respect of cooperation on the reclamation treatment;

(ii) the expected increasing demand for reclamation treatment as a result of our growth in production volume and our expansion in production facilities. As our Group plans to continue to increase our production capabilities as detailed in the section headed "Future Plans and Use of **[REDACTED]**" in this document, it is expected that the transaction amounts between our Group and Guanghua Environmental with respect of cooperation on the reclamation treatment will increase in the foreseeable future; and

(iii) the expected prevailing market price of copper taking into account its historical increasing trend.

Implications under the Listing Rules

As the highest applicable percentage ratio of the proposed annual caps in respect of the transactions contemplated under the Cooperation Framework Agreement for the three years ending December 31, 2027 is expected to exceed 0.1% but less than 5%, such transactions will, upon **[REDACTED]**, constitute continuing connected transactions of our Company subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

WAIVERS GRANTED BY THE STOCK EXCHANGE

The partially exempt continuing connected transactions as set out above constitute our continuing connected transactions under the Listing Rules, which are exempt from the circular and independent Shareholders' approval requirements but subject to the reporting, annual review and announcement requirements under the Listing Rules.

As the above continuing connected transactions are expected to be carried out on a recurring basis, our Directors consider that strict compliance with the aforesaid announcement requirement will be impractical, and such requirements will lead to unnecessary administrative costs would be unduly burdensome on us. In respect of such partially exempt continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], waivers exempting our Group from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules. subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective proposed annual caps (as stated above). Apart from the above waivers sought on the strict compliance of the announcement requirements, we will comply with the relevant requirements under Chapter 14A of the Listing Rules.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the partially exempt continuing connected transactions as set out above have been and will be carried out in the ordinary and usual course of business of our Group and are on normal commercial terms, that are fair and reasonable and in the interest of our Company and Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

Having taken into account (i) the documentation and information provided by the Company; and (ii) due diligence conducted and discussions with the Company, the Joint Sponsors are of the view that (a) the partially exempt continuing connected transactions as set out above have been and will be carried out in the ordinary and usual course of business of our Group and on normal commercial terms that are fair and reasonable and in the interests of our Company and the Shareholders as a whole; and (b) the proposed annual caps for those transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company consisted of 425,235,000 A Shares with a nominal value of RMB1.00 each, all of which are listed on the Shenzhen Stock Exchange.

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), the issued share capital of our Company will be as follows:

	Number of Shares	Approximately % of issued share capital
A Shares in issue	425,235,000	**[REDACTED]**
H Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	100.00%

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is exercised in full), the issued share capital of our Company will be as follows:

	Number of Shares	Approximately % of issued share capital
A Shares in issue	425,235,000	**[REDACTED]**
H Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	100.00%

OUR SHARES

Upon the completion of the **[REDACTED]**, our Shares will consist of A Shares and H Shares. Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between Mainland China and Hong Kong. Our A Shares can be traded by investors in Mainland China, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. Our H Shares can be **[REDACTED]** for or **[REDACTED]** by Hong Kong and other overseas **[REDACTED]** and qualified domestic institutional **[REDACTED]**. If our H Shares are eligible securities under the Southbound Trading Link, they can also be **[REDACTED]** by **[REDACTED]** in Mainland China in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the **[REDACTED]**. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share 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 are not applicable to companies dual listed in the PRC and on the Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for **[REDACTED]** on the Stock Exchange.

RANKING

Our A Shares and our H Shares are regarded as one class of Shares under our Articles of Association and shall rank *pari passu* with each other in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends could also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

APPROVAL FROM A SHAREHOLDERS REGARDING THE [REDACTED]

We obtained our A Shareholders' approval to **[REDACTED]** H Shares and seek the **[REDACTED]** of H Shares on the **[REDACTED]** at the shareholders' meeting of our Company held on May 16, 2025. Such approval is subject to the following conditions:

(i) **Size of the [REDACTED].** The proposed number of H Shares to be **[REDACTED]** shall not exceed **[REDACTED]**% of the total issued share capital enlarged by the H Shares to be **[REDACTED]** pursuant to the **[REDACTED]** (before the exercise of the **[REDACTED]**). The number of H Shares to be **[REDACTED]** pursuant to the exercise of the **[REDACTED]** shall not exceed **[REDACTED]**% of the total number of H Shares to be **[REDACTED]** initially under the **[REDACTED]**.

(ii) **Method of [REDACTED].** The method of **[REDACTED]** shall be by way of an **[REDACTED]** to institutional **[REDACTED]** and a **[REDACTED]** for **[REDACTED]** in Hong Kong.

(iii) **Target [REDACTED].** The H Shares shall be **[REDACTED]** to public **[REDACTED]** in Hong Kong under the **[REDACTED]** and international **[REDACTED]**, qualified domestic institutional **[REDACTED]** in Mainland China and other **[REDACTED]** who are approved by mainland Chinese regulatory bodies to **[REDACTED]** abroad in **[REDACTED]**.

(iv) **[REDACTED] basis.** The **[REDACTED]** of the H Shares will be determined, among others, after due consideration of the interests of existing Shareholders as a whole, acceptance of **[REDACTED]** and the risks related to the **[REDACTED]**, according to international practice, through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(v) **Validity period.** The **[REDACTED]** of H Shares and **[REDACTED]** of H Shares on the Stock Exchange shall be completed within 18 months after the date of the shareholders' meeting.

There is no other approved **[REDACTED]** plan for the Shares except the **[REDACTED]**.

SHAREHOLDERS' MEETINGS

For details of circumstance, under which our shareholders' meetings are required, see "Summary of Articles of Association — Shareholders and Shareholders' Meeting" in Appendix V to this document.

So far as our Directors are aware, immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**), the following persons will have an interest or short position in Shares and/or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued Shares of our Company.

			Shareholding as of the Latest Practicable Date		Shareholding upon completion of the [REDACTED][2]	
Name of Shareholder	Nature of interest[1]	Number and class of Shares or underlying Shares held	Approximate percentage of interest in relevant class of Shares	Approximate percentage of interest in total issued share capital	Approximate percentage of interest in relevant class of Shares	Approximate percentage of interest in total issued share capital
Mr. Xiao[3][4][5][6][7]	Interest in controlled corporation	228,808,321 A Shares	53.81%	53.81%	[REDACTED]%	[REDACTED]%
	Beneficial owner	4,230,000 A Shares	0.99%	0.99%	[REDACTED]%	[REDACTED]%
Ms. Liu[7]	Interest of spouse	233,038,321 A Shares	54.80%	54.80%	[REDACTED]%	[REDACTED]%
Ms. Zeng Hong[8]	Interest in controlled corporation	43,249,099 A Shares	10.17%	10.17%	[REDACTED]%	[REDACTED]%
Zhenyun Investment[3]	Beneficial owner	171,142,853 A Shares	40.25%	40.25%	[REDACTED]%	[REDACTED]%
Gaungxie Investment[8]	Beneficial owner	43,249,099 A Shares	10.17%	10.17%	[REDACTED]%	[REDACTED]%
Guangsheng Investment[4]	Beneficial owner	28,832,734 A Shares	6.78%	6.78%	[REDACTED]%	[REDACTED]%
Guangcai Investment[5]	Beneficial owner	28,832,734 A Shares	6.78%	6.78%	[REDACTED]%	[REDACTED]%

Notes:

(1) All interests stated above are long positions.

(2) The calculation is based on the total number of **[REDACTED]** A Shares in issue immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**).

(3) As of the Latest Practicable Date, Zhenyun Investment was held as to 99.90% by Mr. Xiao. By virtue of the SFO, Mr. Xiao is deemed to be interested in the Shares held by Zhenyun Investment.

(4) As of the Latest Practicable Date, the general partner of Guangsheng Investment was Mr. Xiao. By virtue of the SFO, Mr. Xiao is deemed to be interested in the Shares held by Guangsheng Investment.

(5) As of the Latest Practicable Date, the general partner of Guangcai Investment was Mr. Xiao. By virtue of the SFO, Mr. Xiao is deemed to be interested in the Shares held by Guangcai Investment.

(6) As of the Latest Practicable Date, Mr. Xiao was entitled to approximately 35.38% of economic interest in the Collective Asset Management Scheme. By virtue of the SFO, Mr. Xiao is deemed to be interested in the Shares held by the Collective Asset Management Scheme.

(7) Mr. Xiao and Ms. Liu are spouses. By virtue of the SFO, they are deemed to be interested in the Shares held by each other.

(8) As of the Latest Practicable Date, the general partner of Guangxie Investment was Ms. Zeng Hong, our executive Director and general manager. By virtue of the SFO, Ms. Zeng is deemed to be interested in the Shares held by Guangxie Investment.

For details of Shareholders who will be, directly or indirectly, interested in 10% or more of the issued voting shares of other members of our Group, see "Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Disclosure of Interests" in Appendix VI to this document.

BOARD OF DIRECTORS

Our Board comprises seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors, namely:

Name	Age	Position(s)	Date of appointment as Director	Time of joining our Group	Roles and responsibilities in our Group	Relationship with other Directors or senior management
Mr. Xiao	58	Chairman of the Board and executive Director	March 2013	March 2013	Responsible for overall strategic planning, business development and major investment and financing decision of our Group	Spouse of Ms. Liu
Ms. Zeng Hong (曾紅)	58	Executive Director and general manager	March 2013	February 2013	Responsible for overall operation and management, strategic planning and business development of our Group	Sister of Mr. Zeng Yangqing, deputy general manager and secretary to the Board
Mr. Peng Jinghui (彭鏡輝)	38	Executive Director and employee representative Director	May 2025	December 2015	Responsible for research and development management and our research institute affairs	None
Ms. Liu	59	Non-executive Director	April 2019	March 2013	Responsible for providing strategic guidance and advice to the Board	Spouse of Mr. Xiao
Ms. Chen Limei (陳麗梅)	57	Independent non-executive Director	February 2022	February 2022	Responsible for providing independent opinion and judgment to the Board	None
Ms. Li Ying (李瑩)	57	Independent non-executive Director	June 2020	June 2020	Responsible for providing independent opinion and judgment to the Board	None
Dr. Shi Ling (施凌)	44	Independent non-executive Director	May 2025	May 2025	Responsible for providing independent opinion and judgment to the Board	None

Executive Directors

Mr. Xiao Hongxing (肖紅星), aged 58, is our executive Director and the chairman of our Board. Mr. Xiao has been the chairman of our Board since March 2013 and was redesignated as our executive Director in May 2025 with effect from the **[REDACTED]**. Mr. Xiao is primarily responsible for overall strategic planning, business development and major investment and financing decision of the Group.

Mr. Xiao has over 30 years of experience in the electronics industry and possesses a deep understanding of PCB and its upstream and downstream industries. Prior to joining our Group, Mr. Xiao served as a production manager at Shengyi Electronics. Mr. Xiao co-founded various companies which focused on R&D, manufacturing and application of PCB-related upstream and downstream products with Ms. Liu thereunder, including Dongguan Guanghua Chemical Co., Ltd. (東莞市廣華化工有限公司), Dongguan Superb Electronic Materials Co., Ltd. (東莞秀博電子材料有限公司) and Hubei Unitech Photoelectric Technology Co., Ltd. (湖北優尼科光電技術股份有限公司) from 2007 to 2015. Mr. Xiao was also a director of Beijing Markham Investment Management Co., Ltd. (北京馬克漢姆投資管理有限公司)[1].

In 2013, Mr. Xiao acquired our predecessor and has served as the chairman of since then. In 2019, he established Huangshi Delton and has served as the executive director of Huangshi Delton since September 2019. In 2021, he established Dongguan Delton and has served as the executive director and the general manager of Dongguan Delton since January 2021. With keen market foresight, he initiated the early deployment of high speed PCB materials in cloud computing applications as early as 2016, enabling us to secure a first-mover advantage in the computing application PCBs.

Mr. Xiao graduated from South China University of Technology (華南理工大學) with a major in chemical engineering in July 1988.

Ms. Zeng Hong (曾紅), aged 58, is our executive Director and our general manager. Ms. Zeng has been been our general manager since February 2013 and our Director since March 2013. She was redesignated as our executive Director in May 2025 with effect from the **[REDACTED]**. Ms. Zeng is primarily responsible for overall operation and management, strategic planning and business development of the Group.

Ms. Zeng has over 30 years of experience in PCB production and quality management, with a deep understanding of the PCB industry. Prior to joining our Group, Ms. Zeng served at Shengyi Electronics from July 1988 to February 2013 and was its deputy general manager.

Ms. Zeng is a well-known expert manager in the PCB industry. She holds the professional title of senior engineer in electronic technology and held positions in multiple institutions of PCB industry associations, including as vice president of the Scientific and Technological Committee of the China Electronic Circuit Industry Association (中國電子電路行業協會科學技術委員會), as deputy director of the National Printed Circuit Standards Committee under the China Electronics Society's Electronics Manufacturing and Packaging Technology Branch (中國電子學會電子製造與封裝技術分會全國印製電路專委會). She was also a member of the Professional Standardization Technical Committee of the Guangdong Provincial Bureau of Quality and Technical Supervision (廣東省質量技術監督局專業標準化技術委員會).

1 Beijing Markham Investment Management Co., Ltd. is a company established in the PRC, whose business license was revoked in June 2019 due to inadvertent overlook of relevant staff to complete annual inspection within prescribed time limit.

Ms. Zeng obtained a bachelor's degree in applied chemistry from South China University of Technology in July 1988.

Mr. Peng Jinghui (彭鏡輝), aged 38, is our executive Director and our employee representative Director. Mr. Peng joined the Company in December 2015 and was appointed as our employee representative Director in May 2025. He was redesignated as our executive Director in May 2025 with effect from the **[REDACTED]**. He is also the director of our research institute. Mr. Peng is primarily responsible for research and development management and our research institute affairs.

Mr. Peng has served as the process engineer of Shengyi Electronics from August 2009 to March 2013. From March 2013 to August 2015, he consecutively served as the process engineer, senior engineer and chief engineer of Delton Technology (Guangzhou) Co., Ltd. (廣合科技(廣州)有限公司), our predecessor.

Mr. Peng obtained a bachelor's degree in chemical engineering and process from Huazhong University of Science and Technology (華中科技大學) in June 2009.

Non-executive Director

Ms. Liu Jinchan (劉錦嬋), aged 59, is our non-executive Director of our Company. Ms. Liu has served as our supervisor from March 2013 to April 2019 and has been our Director since April 2019. Ms. Liu was redesignated as our non-executive Director in May 2025 with effect from the **[REDACTED]** and she is primarily responsible for providing strategic guidance and advice to the Board.

Ms. Liu co-founded various companies with Mr. Xiao which focused on R&D, manufacturing and application of PCB-related upstream and downstream products, including Dongguan Guanghua Chemical Co., Ltd. and Dongguan Superb Electronic Materials Co., Ltd in 2007 and 2015, respectively.

Ms. Liu graduated from Huizhou Education College (惠州教育學院) with a major in English in July 1987.

Independent Non-executive Directors

Ms. Chen Limei (陳麗梅), aged 57, was appointed as an independent Director of our Company in February 2022 and was redesignated as an independent non-executive Director in May 2025 with effect from the **[REDACTED]**. Ms. Chen is primarily responsible for providing independent opinion and judgment to the Board.

Ms. Chen served as the independent director of Guangzhou Goaland Energy Conservation Tech Co., Ltd. (廣州高瀾節能技術股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300499)) from May 2014 to May 2017 and as the independent director of GMG International Tendering Co.,Ltd. (國義招標股份有限公司) (a company listed on the Beijing Stock Exchange (stock code: 831039)) from December 2016 to June 2020.

Ms. Chen currently serves as a supervisor of Guangzhou Xindongyue Certified Public Accountants (廣州市新東越會計師事務所有限公司). She also serves as the independent director of Guangzhou Tinci Materials Technology Co., Ltd. (廣州天賜高新材料股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 002709)) since May 2020, the independent director of Guangdong Baolun Electronics Co., Ltd. (廣東保倫電子股份有限公司) since February 2023 and the director of Huangpu Culture (Guangzhou) Development Group Co., Ltd. (黃埔文化(廣州)發展集團有限公司) since July 2023.

Ms. Chen obtained a bachelor's degree in applied chemistry from South China University of Technology in July 1989. She graduated from Jinan University (暨南大學) with a major in accounting in June 1996. Ms. Chen has been accredited as a PRC Certified Public Accountant since December 2001 and as a Certified Tax Agent since June 2001.

Ms. Li Ying (李瑩), aged 57, was appointed as an independent director of our Company in June 2020 and was redesignated as an independent non-executive Director in May 2025 with effect from the **[REDACTED]**. Ms. Li is primarily responsible providing independent opinion and judgment to the Board.

She served as a supervisor of Guangzhou Sikeya Freight Forwarding Co., Ltd. (廣州思客亞貨運代理有限公司) from May 2016 to March 2018, and as a director of Foshan Saturday Shoes Co., Ltd. (佛山星期六鞋業股份有限公司) (currently known as Foshan Yowant Technology Co., Ltd (佛山遙望科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002291)) from April 2012 to September 2018.

Since November 2003, Ms. Li has been an executive partner of Guangzhou Tianyuan Tax Agents (General Partnership) (廣州天源稅務師事務所(普通合夥)). Ms. Li has also served as (i) a supervisor and a director of Xinjiaxin (Guangdong) Corporate Management Limited (信加信(廣東)企業管理有限公司) (formerly known as Guangdong Pacebo Film Co., Ltd. (廣東派斯博影業有限公司)) since August 2016 and since February 2024 respectively; (ii) an executive director and general manager of Xinjiaxin (Guangzhou) Corporate Investment Consulting Limited (信加信(廣州)企業投資顧問有限公司) (formerly known as Guangzhou Chaoli Cleaning Supplies Co., Ltd. (廣州超麗清潔用品有限公司)) since December 2016; (iii) a supervisor of Xinjiaxin (Guangzhou) Financial Management Consulting Limited since September 2020; and (iv) an independent director of Foshan Yowant Technology Co., Ltd. since March 2025.

Ms. Li completed executive master of business administration courses of Sun Yat-sen University (中山大學) in March 2017. Ms. Li has been accredited as a Certified Tax Agent since June 2004.

Dr. Shi Ling (施凌), aged 44, was appointed as an independent director of our Company in May 2025. He was redesignated as an independent non-executive Director in May 2025 with effect from the **[REDACTED]** and primarily responsible for supervising our Board and providing independent judgment.

Dr. Shi is a tenured professor in the Department of Electronic and Computer Engineering at the Hong Kong University of Science and Technology ("**HKUST**"). He joined the Department of Electronic and Computer Engineering at HKUST as an assistant professor in October 2008 upon completion of his doctoral studies, and is currently a professor. From February 2017 to November 2021, he served as a deputy director of the HKUST Robotics Institute and a deputy director of the HKUST-DJI Joint Innovation Laboratory. Since June 2024, he has been appointed as a deputy director of the HKUST Institute of Space Science and Technology. He was awarded with the Chen Han-Fu Award (陳翰馥獎) by the Chinese Association of Automation in 2024.

Dr. Shi obtained a bachelor's degree in electronic and electrical engineering with a minor in mathematics from HKUST in May 2002, and a Ph.D. in control and dynamical systems from the California Institute of Technology in September 2008.

SENIOR MANAGEMENT

Our senior management are responsible for the day-to-day management of our business. The table below illustrates the composition of the senior management of our Company:

Name	Age	Position(s)	Date of appointment as senior management	Time of joining our Group	Roles and responsibilities in our Group	Relationship with other Directors or senior management
Ms. Zeng Hong .	58	Executive Director and general manager	February 2013	February 2013	Responsible for overall operation and management, strategic planning, and business development of our Group	Sister of Mr. Zeng Yangqing, our deputy general manager and secretary to the Board
Mr. Li Qinyuan (黎欽源). . . .	52	Deputy general manager and chief engineer	June 2020	January 2013	Responsible for management of the Group's technical development plan and our Guangzhou factory	None
Mr. Wang Jun (王峻)	52	Deputy general manager	June 2020	February 2013	Responsible for sales and marketing and business expansion	None
Mr. Zeng Yangqing (曾楊清). . . .	48	Deputy general manager and secretary to the Board	June 2020	March 2017	Responsible for board affairs, corporate governance, capital management, investor relations and securities affairs of our Group	Brother of Ms. Zeng Hong, our executive Director and general manager

Name	Age	Position(s)	Date of appointment as senior management	Time of joining our Group	Roles and responsibilities in our Group	Relationship with other Directors or senior management
Ms. He Jianqing (賀劍青). . . .	49	Chief financial officer	June 2020	February 2017	Responsible for overall financial and funds management	None
Mr. Guan Shuchun (管術春). . . .	53	Deputy general manager	June 2020	August 2019	Responsible for business management of Huangshi Delton	None

For biographical details of Ms. Zeng Hong, see "— Board of Directors — Executive Directors" in this section.

Mr. Li Qinyuan (黎欽源), aged 52, is a deputy general manager and chief engineer of our Company and is primarily responsible for management of the Group's technical development plan and our Guangzhou factory. Mr. Li joined our Company in January 2013 and has successively served as the technical director from January 2013 to May 2017 and the chief engineer since May 2017.

Mr. Li has focused on PCB manufacture, research and development for approximately 30 years. Prior to joining our Group, he held various positions at Shengyi Electronics from July 1996 to June 2012, including assistant process engineer, engineer, senior engineer, manager, and senior manager. He then joined Guangzhou GCI Science & Technology Co. Ltd. (currently known as CETC Potevio Science & Technology Co., Ltd. (中電科普天科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002544)) as chief technology officer from June 2012 to December 2012.

Mr. Li has participated in various significant projects such as research on Graded Golden Finger Manufacturing Technology (分級金手指製造技術) and the Purley Platform Big Data Server System PCB Technology Breakthrough (Purley平台大數據服務器系統套板技術攻關), an Industry-Academia-Research Major Special Project of Guangzhou (廣州市產學研重大專項). Mr. Li was awarded with the third prize for Scientific and Technological Progress from the China Electronics Society (中國電子學會科學技術進步獎) in 2021 and also awarded as the PCB Industry Science and Technology Star (PCB行業科技之星) by the PCB Industry Association of Guangdong Province (廣東省電路板行業協會) in 2022. He is the primary drafter of four PCB industry standards and holds 29 invention patents.

Mr. Li obtained a bachelor's degree in chemical engineering from South China University of Technology in July 1996 and holds the professional title of senior engineer.

Mr. Wang Jun (王峻), aged 52, is a deputy general manager of our Company and is primarily responsible for our sales and marketing and business expansion. Mr. Wang joined our Company in February 2013 and has successively served as the quality director and production director from February 2013 to March 2016 and the deputy general manager since April 2016.

Prior to joining our Group, he served at Shengyi Electronics from August 1992 to February 2013 and was its director of quality.

Mr. Wang graduated from Beijing Xinghua University (北京興華大學) with a major in business administration in July 1998.

Mr. Zeng Yangqing (曾楊清), aged 48, is a deputy general manager and the secretary to the Board and is primarily responsible for board affairs, corporate governance, capital management, investor relations and securities affairs of our Group. Mr. Zeng joined our Company in March 2017 and has served as the deputy general manager and the secretary to the Board since then.

Prior to joining our Group, Mr. Zeng served at Guangdong Fortune Science & Technology Co., Ltd. (廣東福地科技股份有限公司) (currently known as Dongguan Development (Holdings) Co., Ltd. (東莞發展控股股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000828)) from July 2000 to December 2001 and subsequently served as securities affairs representative, deputy general manager and secretary to the Board at Jiangsu Boxin Investing & Holdings Co., Ltd. (江蘇博信投資控股股份有限公司) (a company formerly listed on the Shanghai Stock Exchange (stock code: 600083)) from October 2001 to June 2007. Mr. Zeng also worked at Foshan Saturday Shoes Co., Ltd. as deputy general manager and secretary to the board from July 2007 to August 2012. From May 2016 to February 2017, Mr. Zeng served as investment director at Huahao Huijin Asset Management Co., Ltd. (深圳華皓匯金資產管理有限公司) (currently known as Shenzhen Huahao Huijin Private Equity Fund Management Co., Ltd. (深圳市華皓匯金私募股權投資基金管理有限公司)).

Mr. Zeng obtained a bachelor's degree in automatic testing technology and instruments from China Jiliang University (中國計量大學) in June 2000.

Ms. He Jianqing (賀劍青), aged 49, is the chief financial officer of our Company and is primarily responsible for overall financial and funds management. Ms. He joined our Company in February 2017 and has served as our chief financial officer since then.

Prior to joining our Group, Ms. He served in various companies, including Airmate Electric (Shenzhen) Co., Ltd. (艾美特電器(深圳)有限公司) from October 2002 to August 2004, Foxconn Technology Group (富士康科技集团) from September 2004 to July 2011 and Shenzhen Kaizhong Precision Technology Co., Ltd. (深圳市凱中精密技術股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 002823)) from July 2011 to January 2017.

Ms. He graduated from Fujian Normal University (福建師範大學) with a major in financial management through online learning in July 2016. Ms. He held Intermediate Accounting Professional Qualification (中級會計專業技術資格).

Mr. Guan Shuchun (管術春), aged 53, is a deputy general manager of our Company and is primarily responsible for business management of Huangshi Delton. Mr. Guan joined our Company in August 2019 and has served as the general manager of Huangshi Delton since September 2019.

Prior to joining our Group, Mr. Guan served at Jiangxi Kinwong Precision Circuit Co. Ltd. (江西景旺精密電路有限公司) from September 2010 to May 2019, which is a subsidiary of Shenzhen Kinwong Electronic Co., Ltd. (深圳市景旺電子股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603288).

Mr. Guan graduated from Beijing Foreign Studies University (北京外國語大學) with a major in business administration through online learning in January 2017. Mr. Guan completed the Innovative Leadership EMBA Program of Peking University (北京大學) in May 2014.

JOINT COMPANY SECRETARIES

Mr. Zeng Yangqing (曾楊清), the secretary of our Board, was appointed as one of our joint company secretaries in May 2025. For the biographical details of Mr. Zeng, see "— Senior Management" above in this section.

Ms. Ho Sin Tung (何倩彤), aged 29, was appointed as a joint company secretary of our Company in May 2025. Ms. Ho serves as a manager of company secretarial services of Tricor Services Limited and has eight years of experience in providing professional corporate services to listed companies as well as multinational, private and offshore companies. Ms. Ho has been providing company secretarial services to various companies listed on the Stock Exchange as well as private and offshore companies.

Ms. Ho obtained her master's degree in corporate governance from the Hong Kong Metropolitan University in October 2022. She obtained her bachelor's degree in business administration (honors) from the City University of Hong Kong in July 2017. Ms. Ho is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

OTHER INFORMATION

Save as disclosed above, none of our Directors and senior management have held any directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the Latest Practicable Date.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

BOARD COMMITTEES

Our Board has established the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and ESG Committee. These committees operate in accordance with the terms of references established by our Board.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"). The Audit Committee consists of three Directors, namely Ms. Chen Limei, Ms. Li Ying and Ms. Liu. Ms. Chen Limei is the chairperson of the Audit Committee who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, but are not limited to reviewing and overseeing the financial reporting process, internal control and risk management systems of our Group and the audit process and providing advice and comments to our Board.

Remuneration and Appraisal Committee

We have established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The Remuneration and Appraisal Committee consists of three Directors, namely Ms. Chen Limei, Ms. Li Ying and Ms. Zeng Hong. Ms. Chen Limei is the chairperson of the Remuneration and Appraisal Committee. The primary duties of the Remuneration and Appraisal Committee include, but are not limited to making recommendations to the Board on our remuneration policy and structure for our Directors and senior management and determining the specific remuneration packages of each Director and senior management.

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code to the Listing Rules. The Nomination Committee consists of three Directors, namely Ms. Li Ying, Ms. Chen Limei and Mr. Xiao. Ms. Li Ying is the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but are not limited to reviewing the structure, size and composition of the Board on a regular basis and making recommendations to the Board on matters relating to the appointment of Directors and management of Board succession.

Strategy and ESG Committee

We have established a Strategy and ESG Committee with written terms of reference. The Strategy and ESG Committee comprises two executive Directors and one independent non-executive Director, namely Mr. Xiao, Ms. Zeng Hong and Mr. Li Ying. Mr. Xiao is the chairperson of the committee. The primary duties of the Strategy and ESG committee are to research on making recommendations to our Board on our long-term development strategies and major investment decisions, and supervise the implementation of environmental, social and governance matters.

CORPORATE GOVERNANCE

We are committed to achieve high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company complies or intends to comply with the corporate governance requirements under the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the **[REDACTED]**.

BOARD DIVERSITY

We have adopted a board diversity policy which sets out the objective and approach for achieving and maintaining diversity of the Board. We seek to achieve board diversity by taking into account a number of factors when selecting candidates to the Board, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or length of service.

Our Board currently consists of four female and three male Directors, ranging from 38 years old to 59 years old with a balanced mix of knowledge and skills, including, but not limited to, overall management and strategic development, accounting and finance and electronic and electrical engineering. They obtained degrees and certificates in various majors including chemistry, English, accounting, economic management, and electronic and electrical engineering. Taking into account our existing business model and specific needs, as well as the different backgrounds of our Directors, the composition of our Board satisfies our board diversity policy.

Upon the **[REDACTED]**, the Nomination Committee will from time to time (i) discuss and agree on expected goals to ensure board diversity, and (ii) review the board diversity policy to ensure its continued effectiveness.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive remuneration, including salaries, allowances, discretionary bonus and other benefits in kind, including our contribution to the pension plan on their behalf. The remuneration of our Directors is determined based on each Director's responsibilities, qualification, position and seniority. For more information about our Directors, including the particulars of their service contracts and remuneration, and details of the interests of the Directors in the Shares (within the meaning of Part XV of the SFO), see "Appendix VI — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 2. Particulars of Directors' Service Contracts."

The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans, discretionary bonus and share-based payment) for our Directors for each of the year ended December 31, 2022, 2023 and 2024 was approximately RMB4.2 million, RMB4.2 million and RMB4.2 million, respectively. None of our Directors waived any remuneration during the aforesaid periods. The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans, discretionary bonus and share-based payment) for the then five highest paid individuals (including one Director for each of the year ended December 31, 2022, 2023 and 2024) for each of the year ended December 31, 2022, 2023 and 2024 was approximately RMB15.7 million, RMB16.1 million and RMB17.1 million, respectively.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors by any member of our Group in respect of the year ending December 31, 2025 is approximately RMB6.7 million.

During the Track Record Period, no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors or past directors for the loss of office during the Track Record Period.

For further information on our Directors' remuneration during the Track Record Period as well as information on the five highest paid individuals, see Note 8 and 9 to the Accountants' Report in Appendix I to this document.

Save as disclosed above in this section and the sections headed "Financial Information", "Appendix I — Accountants' Report" and "Appendix VI — Statutory and General Information" in this document, no other payments have been paid or are payable in respect of the Track Record Period to our Directors by our Group.

COMPLIANCE ADVISOR

We have appointed Yue Xiu Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Our compliance advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will, amongst other things, advise our Company in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues 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, development or results of our Group deviate from any forecast, estimate or other information in this document; and
- where the Stock Exchange makes an inquiry to our Company concerning unusual movements in the price or trading volume of our **[REDACTED]** securities or any other matters under Rule 13.10 of the Listing Rules.

The term of appointment of our compliance advisor shall commence on the **[REDACTED]** and end 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]**.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that he or she does not have any interest in a business apart from the business of our Group which competes or is likely to compete, whether directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained a legal opinion as referred to under Rule 3.09D of the Listing Rules in May or June 2025; and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (i) his or her independence with respect to each of the factors referred to in Rule 3.13 (1) to (8) of the Listing Rules; (ii) as of the Latest Practicable Date, he or she has no past or present financial or other interest in the business of Company or its subsidiaries or any connection with any core connected person of our Company; and (iii) there are no other factors that may affect his or her independence at the time of his or her appointment.

FUTURE PLANS

See "Business — Our Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the Range stated in this document), we estimate that we will receive net **[REDACTED]** of approximately HK$**[REDACTED] [REDACTED]** (equivalent to approximately RMB**[REDACTED] [REDACTED]**) from the **[REDACTED]** after deducting the **[REDACTED]** and other estimated expenses paid and payable by us in connection with the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised.

In line with our strategies, we intend to use our **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts set forth below:

- Approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED] [REDACTED]**), is expected to be used for, our Thai Base Phase II, which is in line with one of our strategies detailed in "Business — Our Strategies — Market Strategy: Expanding and Deepening our Global Presence." These **[REDACTED]** are expected to be used to expand our production capabilities by acquiring and installing advanced production equipment and optimize manufacturing processes and product quality for Thai Base Phase II that focuses on computing application PCBs. In particular:

  (i) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED] [REDACTED]** (equivalent to approximately RMB**[REDACTED] [REDACTED]**), will be used for the purchase and installation of power and environmental protection equipment, including for example, the power distribution and supply systems, HVAC systems, waste gas treatment systems, air compression systems, wastewater treatment facilities, central dust collection systems and other supporting systems, thereby facilitating stable power delivery, environmental control and compliance with environmental standards;

  (ii) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED] [REDACTED]** (equivalent to approximately RMB**[REDACTED] [REDACTED]**), will be used for the purchase and installation of image transfer equipment, which will mainly be used in inner layer and outer layer circuit manufacturing, hole drilling and solder mask and surface finish application steps. Key image transfer equipment we plan to acquire include laser direct imaging machines, laser coding machines and dry film laminating machines, which are critical for precisely transferring detailed circuit patterns onto PCB substrates, enhancing production accuracy and reducing defect rates;

(iii) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED] [REDACTED]** (equivalent to approximately RMB**[REDACTED] [REDACTED]**), will be used for the purchase and installation of drilling and milling equipment, which will mainly be used in hole drilling and back drilling steps. Key drilling and milling equipment include CNC drilling machines, routing machines and punching machines, which are essential for high-precision drilling of micro vias, routing and shaping PCB substrates, thereby facilitating the structural integrity and dimensional accuracy of our PCBs; and

(iv) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED] [REDACTED]** (equivalent to approximately RMB**[REDACTED] [REDACTED]**), will be used for the purchase and installation of inspection and quality control equipment, such as automatic electroplating lines, etching lines, automated optical inspection ("**AOI**") systems and impedance testers, which will mainly be used thorough the manufacturing process. These will enhance our capabilities in plating, etching, cleaning and comprehensive quality inspection, which significantly improve circuit integrity, dimensional consistency, and final quality assurance for volume production.

- Approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED] [REDACTED]** (equivalent to approximately RMB**[REDACTED] [REDACTED]**), is expected to be used to expand and upgrade our production facilities in Guangzhou base. We plan to continue to invest in building flexible and energy-efficient manufacturing facilities, featuring refined operational management, standardized production processes, advanced automation equipment and integrated digital systems for real-time quality control and production optimization. In particular:

(i) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED] [REDACTED]** (equivalent to approximately RMB**[REDACTED] [REDACTED]**), will be used for the purchase and installation of environmental protection equipment, including the comprehensive high-low voltage power distribution systems, centralized air conditioning, automated exhaust gas treatment facilities with respect to acidic, alkaline and organic gases, air compressor systems and heat recovery boilers, which are crucial for sustainable productions;

(ii) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED] [REDACTED]** (equivalent to approximately RMB**[REDACTED] [REDACTED]**), will be used for the purchase and installation of image transfer equipment, which mainly include inner-layer direct imaging systems, automatic exposure machines, dry film coating and UV curing ovens, which facilitate precision enhancement for inner-layer circuits;

(iii) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED] [REDACTED]** (equivalent to approximately RMB**[REDACTED] [REDACTED]**), will be used for the purchase and installation of drilling and milling equipment, featuring automated base material cutting lines, automatic PCB dividing machines, and comprehensive milling, punching and routing equipment, thereby ensuring dimension accuracy; and

(iv) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED] [REDACTED]** (equivalent to approximately RMB**[REDACTED] [REDACTED]**), will be used for the purchase and installation of wet processing and associated inspection equipment, such as fully automated plating, etching, developing, cleaning lines, AOI inspection systems, online chemical analysis equipment and atomic absorption spectrometers, which will mainly be used to maintain high product standards and consistency during the manufacturing process.

- Approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED] [REDACTED]** (equivalent to approximately RMB**[REDACTED] [REDACTED]**), is expected to be used for enhancing our R&D capabilities in developing material technologies, refining manufacturing processes and product development. Specifically, we plan to (i) develop and optimize advanced PCB materials and innovative processing techniques to maintain our edge in high density and high performance PCB market, (ii) continue our research in emerging PCB technologies and products tailored for growth markets such as AI computing, automotive electronics and communication equipment, and (iii) expand our R&D capabilities by recruiting talents in materials sciences, process engineering, innovative PCB designs, and quality control to further enhance our technological accumulations; and

- Approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED] [REDACTED]** (equivalent to approximately RMB**[REDACTED] [REDACTED]**), is expected to be used to pursue strategic partnerships, investments or acquisitions which are complementary to our business and in line with our strategies.

- Approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED] [REDACTED]** (equivalent to approximately RMB**[REDACTED] [REDACTED]**), is expected to be used for working capital and general corporate uses.

To the extent that the net **[REDACTED]** from the **[REDACTED]** are either more or less than expected (including as a result of (i) the **[REDACTED]** being set at a price higher or lower than the mid-point of the **[REDACTED]** Range; or (ii) additional net **[REDACTED]** from the exercise of the **[REDACTED]**, we will adjust our allocation of the net **[REDACTED]** for the above purposes on a pro rata basis.

If any part of our development plan does not **[REDACTED]** as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net **[REDACTED]** from the **[REDACTED]**.

To the extent that the net **[REDACTED]** of the **[REDACTED]** are not immediately used for the above purposes or if we are unable to put into effect any part of our plan as intended, and to the extent permitted by the relevant laws and regulations, we will only deposit such net **[REDACTED]** into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[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]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF DELTON TECHNOLOGY (GUANGZHOU) INC. AND CITIC SECURITIES (HONG KONG) LIMITED AND HSBC CORPORATE FINANCE (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Delton Technology (Guangzhou) Inc. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-82, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and 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-3 to I-82 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [DATE] (the "**document**") in connection with the **[REDACTED]** of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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 I-3 have been made.

Dividend

We refer to note 11 to the Historical Financial Information which contains information about the dividend paid by the Company in respect of the Relevant Periods.

[●]
Certified Public Accountants
Hong Kong
[Date]

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 ("**HKSAs**") 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

		Year ended December 31,		
	Notes	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
REVENUE	5	2,412,387	2,678,270	3,734,285
Cost of sales		(1,783,719)	(1,786,428)	(2,487,825)
Gross profit		628,668	891,842	1,246,460
Other income and gains	5	84,710	32,595	91,212
Selling and marketing expenses		(69,018)	(85,287)	(106,620)
Administrative expenses		(104,522)	(118,538)	(157,491)
Research and development costs		(115,095)	(120,589)	(179,197)
Other expenses		(102,432)	(89,213)	(116,016)
Finance costs	7	(11,666)	(13,927)	(15,867)
PROFIT BEFORE TAX	6	310,645	496,883	762,481
Income tax expense	10	(30,994)	(82,197)	(86,381)
PROFIT FOR THE YEAR		279,651	414,686	676,100
Attributable to:				
Owners of the parent		279,651	414,686	676,100
EARNING PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic (RMB)	12	0.74	1.09	1.66
Diluted (RMB)	12	0.74	1.09	1.65
PROFIT FOR THE YEAR		279,651	414,686	676,100
OTHER COMPREHENSIVE INCOME				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations		–	–	4,162
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		–	–	4,162
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		279,651	414,686	680,262
Attributable to:				
Owners of the parent		279,651	414,686	680,262

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	**As at December 31, 2022**	**As at December 31, 2023**	**As at December 31, 2024**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	1,640,387	1,815,563	2,567,318
Right-of-use assets	*14*	120,340	114,335	104,949
Other intangible assets	*15*	28,422	19,923	18,695
Deferred tax assets	*17*	56,074	51,109	75,652
Other non-current assets	*20*	2,664	8,801	70,464
Total non-current assets		1,847,887	2,009,731	2,837,078
CURRENT ASSETS				
Inventories	*18*	355,583	396,914	458,550
Trade and bills receivables	*19*	704,733	886,657	1,292,954
Prepayments, deposits and other receivables	*20*	55,543	74,851	83,775
Financial assets at fair value through profit or loss	*21*	–	–	291,070
Financial assets at fair value through other comprehensive income	*22*	–	13,012	1,048
Pledged and restricted deposits	*23*	81,063	82,064	86,210
Cash and cash equivalents	*23*	200,047	349,203	635,071
Total current assets		1,396,969	1,802,701	2,848,678
CURRENT LIABILITIES				
Trade and bills payables	*24*	1,129,255	1,221,691	1,646,602
Other payables and accruals	*25*	155,870	131,325	267,563
Derivative financial instruments	*26*	–	1,422	8,088
Tax payable		4,837	32,232	31,884
Contract liabilities	*27*	9,078	6,304	7,379
Interest-bearing bank and other borrowings	*29*	186,813	152,374	220,973
Lease liabilities	*14*	14,382	9,853	433
Total current liabilities		1,500,235	1,555,201	2,182,922
NET CURRENT (LIABILITIES)/ASSETS		(103,266)	247,500	665,756
TOTAL ASSETS LESS CURRENT LIABILITIES		1,744,621	2,257,231	3,502,834
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	*29*	136,691	230,840	193,946
Lease liabilities	*14*	240	433	–
Deferred income	*28*	131,044	126,721	166,725
Deferred tax liabilities	*17*	67,572	68,923	68,317
Total non-current liabilities		335,547	426,917	428,988
Net assets		1,409,074	1,830,314	3,073,846
EQUITY				
Equity attributable to owners of the parent				
Share capital	*30*	380,000	380,000	425,265
Treasury shares	*30*	–	–	(52,985)
Reserves	*32*	1,029,074	1,450,314	2,701,566
Total equity		1,409,074	1,830,314	3,073,846

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2022

	Attributable to owners of the parent					
	Share capital	Capital reserve*	Share-based payment reserve*	Statutory reserve*	Retained profits*	Total equity
	RMB'000 *(note 30)*	*RMB'000* *(note 32)*	*RMB'000* *(note 31)*	*RMB'000* *(note 32)*	*RMB'000*	*RMB'000*
At January 1, 2022	380,000	553,047	78,869	19,569	90,546	1,122,031
Profit for the year	–	–	–	–	279,651	279,651
Share-based payments *(note 31)*	–	–	7,392	–	–	7,392
Profit appropriations to statutory reserve	–	–	–	28,888	(28,888)	–
At December 31, 2022	380,000	553,047	86,261	48,457	341,309	1,409,074

Year ended December 31, 2023

	Attributable to owners of the parent						
	Share capital	Capital reserve*	Share-based payment reserve*	Special reserve – safety fund*	Statutory reserve*	Retained profits*	Total equity
	RMB'000 *(note 30)*	*RMB'000* *(note 32)*	*RMB'000* *(note 31)*	*RMB'000* *(note 32)*	*RMB'000* *(note 32)*	*RMB'000*	*RMB'000*
At January 1, 2023	380,000	553,047	86,261	–	48,457	341,309	1,409,074
Profit for the year	–	–	–	–	–	414,686	414,686
Share-based payments *(note 31)*	–	–	6,554	–	–	–	6,554
Profit appropriations to statutory reserve	–	–	–	–	44,824	(44,824)	–
Profit appropriations to safety fund *(note 32)*	–	–	–	6,166	–	(6,166)	–
At December 31, 2023	380,000	553,047	92,815	6,166	93,281	705,005	1,830,314

Year ended December 31, 2024

	Attributable to owners of the parent								
	Share capital	Treasury shares	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Special reserve – safety fund*	Statutory reserve*	Retained profits*	Total equity
	RMB'000 *(note 30)*	*RMB'000* *(note 30)*	*RMB'000* *(note 32)*	*RMB'000* *(note 31)*	*RMB'000* *(note 32)*	*RMB'000* *(note 32)*	*RMB'000* *(note 32)*	*RMB'000*	*RMB'000*
At January 1, 2024	380,000	–	553,047	92,815	–	6,166	93,281	705,005	1,830,314
Profit for the year	–	–	–	–	–	–	–	676,100	676,100
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	–	–	–	–	4,162	–	–	–	4,162
Total comprehensive income for the year	–	–	–	–	4,162	–	–	676,100	680,262
Share-based payments *(note 31)*	–	–	–	15,386	–	–	–	–	15,386
Profit appropriations to statutory reserve	–	–	–	–	–	–	70,313	(70,313)	–
Profit appropriations to safety fund *(note 32)*	–	–	–	–	–	6,457	–	(6,457)	–
Issue of shares *(note 30)*	42,300	–	611,159	–	–	–	–	–	653,459
Issue of restricted shares *(note 30)*	2,965	(52,985)	50,020	–	–	–	–	–	–
Dividend declared *(note 11)*	–	–	–	–	–	–	–	(105,575)	(105,575)
At December 31, 2024	425,265	(52,985)	1,214,226	108,201	4,162	12,623	163,594	1,198,760	3,073,846

* These reserve accounts comprise the consolidated reserves of RMB1,029,074,000, RMB1,450,314,000 and RMB2,701,566,000 in the consolidated statements of financial position as at December 31, 2022, 2023 and 2024, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31,		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Profit before tax		310,645	496,883	762,481
Adjustments for:				
Finance costs	7	11,666	13,927	15,867
Interest income	5	(1,554)	(4,473)	(17,353)
Foreign exchange gains, net		(31,889)	(20,984)	(7,350)
Depreciation of property, plant and equipment	13	121,406	143,999	153,462
Amortization of intangible assets	15	7,641	10,173	10,967
Depreciation of right-of-use assets		15,249	14,412	12,404
Net loss on disposal of property, plant and equipment		1,091	2,008	777
Net gains on disposal of right-of-use assets		–	(43)	(23)
Fair value gains on financial assets at fair value through profit or loss		–	–	(2,972)
Write-down of inventories to net realizable value	6	66,937	33,331	71,771
Fair value loss on derivative financial instruments	5	21,160	41,537	14,929
(Reversal of impairment)/ impairment losses on financial assets, net		(3,439)	11,495	17,870
Impairment of property, plant and equipment	13	16,645	729	7,501
Share-based payment expenses	31	7,392	6,554	15,386
Decrease/(increase) in inventories		23,504	(74,661)	(133,408)
Decrease/(increase) in trade and bills receivables		17,559	(206,851)	(424,149)
(Increase)/decrease in financial assets at fair value through other comprehensive income		–	(13,012)	11,964
Decrease/(increase) in prepayments, deposits and other receivables		5,209	(17,636)	(13,934)
(Decrease)/increase in trade and bills payables		(307,611)	142,203	231,928
Increase in other payables and accruals		109,577	26,425	121,266
Increase/(decrease) in contract liabilities		1,870	(2,774)	1,075
Increase/(decrease) in deferred income		67,791	(4,323)	40,004
Cash generated from operations		460,849	598,919	890,463
Interest received		1,554	4,473	17,353
Income taxes paid		(31,537)	(75,879)	(111,531)
Net cash flows from operating activities		430,866	527,513	796,285

	Notes	Year ended December 31, 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of items of property, plant and equipment		740	1,709	137
Purchases of items of property, plant and equipment		(445,330)	(398,026)	(814,824)
Purchases of intangible assets		(10,946)	(6,041)	(10,323)
Acquisition of land use rights		–	–	(2,364)
Placement of financial assets at fair value through profit or loss		–	–	(1,316,000)
Withdrawal of financial assets at fair value through profit or loss		–	–	1,026,000
Investment income from financial assets at fair value through profit or loss		–	–	7,504
Investment loss from derivative financial instruments		–	(22,506)	(13,865)
Net cash flows used in investing activities		(455,536)	(424,864)	(1,123,735)
CASH FLOWS FROM FINANCING ACTIVITIES				
New bank and other borrowings		423,991	320,369	220,801
Proceeds from issue of shares		–	–	790,274
Dividend paid		–	–	(105,575)
Repayment of bank and other borrowings		(277,787)	(246,824)	(193,105)
Interest paid		(12,445)	(12,982)	(13,949)
Payments of lease liabilities		(14,642)	(14,727)	(10,696)
Payments of A shares listing expenses		(3,170)	(1,981)	(78,680)
Placement of pledged deposits		(376,413)	(235,195)	(4,988)
Withdrawal of pledged deposits		366,477	234,472	4,988
Net cash flows from financing activities		106,011	43,132	609,070
NET INCREASE IN CASH AND CASH EQUIVALENTS		81,341	145,781	281,620
Cash and cash equivalents at beginning of year		106,937	200,047	349,203
Effect of foreign exchange rate changes, net		11,769	3,375	4,248
CASH AND CASH EQUIVALENTS AT END OF YEAR		200,047	349,203	635,071
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	*23*	281,110	431,267	721,281
Less: Pledged and restricted deposits	*23*	(81,063)	(82,064)	(86,210)
Cash and cash equivalents as stated in the statements of financial position and the statements of cash flows	*23*	200,047	349,203	635,071

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at December 31, 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	793,997	788,290	788,993
Right-of-use assets		19,028	15,328	5,713
Other intangible assets	*15*	15,332	10,625	11,652
Investments in subsidiaries	*16*	437,005	599,912	979,672
Deferred tax assets	*17*	23,116	22,440	41,979
Other non-current assets	*20*	2,218	2,043	12,448
Total non-current assets		1,290,696	1,438,638	1,840,457
CURRENT ASSETS				
Inventories	*18*	313,836	349,211	390,947
Trade and bills receivables	*19*	567,512	800,102	1,310,067
Prepayments, deposits and other receivables	*20*	372,175	444,535	622,621
Financial assets at fair value through profit or loss	*21*	–	–	291,070
Financial assets at fair value through other comprehensive income	*22*	–	13,012	1,048
Pledged and restricted deposits	*23*	81,063	73,378	62,451
Cash and cash equivalents	*23*	145,331	188,504	364,608
Total current assets		1,479,917	1,868,742	3,042,812
CURRENT LIABILITIES				
Trade and bills payables	*24*	780,495	869,217	1,027,109
Other payables and accruals	*25*	88,049	112,637	241,771
Derivative financial instruments		–	457	–
Tax payable		–	27,348	30,897
Contract liabilities	*27*	1,591	779	1,586
Interest-bearing bank and other borrowings	*29*	139,994	111,428	180,982
Lease liabilities		14,382	9,853	433
Total current liabilities		1,024,511	1,131,719	1,482,778
NET CURRENT ASSETS		455,406	737,023	1,560,034
TOTAL ASSETS LESS CURRENT LIABILITIES		1,746,102	2,175,661	3,400,491
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	*29*	105,092	80,439	–
Lease liabilities		240	433	–
Deferred income	*28*	69,327	67,203	107,109
Deferred tax liabilities	*17*	67,572	68,923	68,317
Total non-current liabilities		242,231	216,998	175,426
Net assets		1,503,871	1,958,663	3,225,065
EQUITY				
Share capital	*30*	380,000	380,000	425,265
Treasury shares	*30*	–	–	(52,985)
Reserves	*32*	1,123,871	1,578,663	2,852,785
Total equity		1,503,871	1,958,663	3,225,065

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was established under the laws of the People's Republic of China ("**PRC**") in June 2002 and converted into a joint stock company with limited liability in June 2020. In April 2024, the Company's A Shares were listed on the main board of the Shenzhen Stock Exchange (stock code: 001389). The registered office of the Company is located in No.22 Baoying South Road, Free Trade Zone, Guangzhou, Guangdong, PRC.

During the Relevant Periods, the Group was principally engaged in the manufacture and sale of printed circuit boards ("**PCBs**").

As at December 31, 2024, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
黃石廣合精密電路有限公司 Delton Precision Circuits (Huangshi) Inc.* *(notes (a), (b) and (c))*	PRC/Mainland China September 9, 2019	RMB580,000,000	100%	–	Manufacture and sale of PCBs
東莞廣合數控科技有限公司 Delton Numerical Control Technology (Dongguan) Co., Ltd.* *(notes (b), (c) and (d))*	PRC/Mainland China January 28, 2021	RMB100,000,000	100%	–	Manufacture and processing of PCB accessories
Delton Technology International Limited *(notes (e))*	Hong Kong January 3, 2019	USD42,000,000	100%	–	Trading of PCBs
Delton Investment Holdings Limited *(note (f))*	British Virgin Islands April 4, 2023	USD10,000	–	100%	Investment holding
Delton Technology (Thailand) Co., Ltd. *(note (f))*	Thailand May 19, 2023	THB1,600,000,000	–	100%	Manufacture and sale of PCBs

* The English names of the above companies registered in the PRC represent the best efforts made by the directors of the Company in directly translating the Chinese names of these companies as no English names have been registered.

Notes:

(a) The statutory financial statements of this entity for the year ended December 31, 2022 prepared under China Accounting Standards for Business Enterprises ("**CAS**") were audited by Grant Thornton Zhitong Certified Public Accountants LLP ("致同會計師事務所(特殊普通合夥)"), certified public accountants registered in the PRC.

(b) The statutory financial statements of these entities for the year ended December 31, 2023 prepared under CAS were audited by Grant Thornton Zhitong Certified Public Accountants LLP, certified public accountants registered in the PRC.

(c) The statutory financial statements of these entities for the year ended December 31, 2024 prepared under CAS were audited by RSM China Certified Public Accountants LLP ("容誠會計師事務所(特殊普通合夥)"), certified public accountants registered in the PRC.

(d) No audited financial statements have been prepared for this entity for the year ended December 31, 2022.

(e) The statutory financial statements of this entity for the years ended December 31, 2022 and 2023 prepared under HKFRS Accounting Standards were audited by JOE PANG & CO, certified public accountants registered in Hong Kong. The statutory financial statements of this entity for the year ended December 31, 2024 have not yet been issued as at the date of this report.

(f) No audited financial statements have been prepared for these entities for the years ended December 31, 2023 and 2024.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with lFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("**IASB**"). All lFRS Accounting Standards effective for the accounting period commencing from January 1, 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 through profit or loss, or other comprehensive income.

Basis of consolidation

The Historical Financial Information include the financial statements of the Group for the Relevant Periods. A subsidiary is an 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 statements of the subsidiaries are 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 derecognizes the related assets (including goodwill), liabilities, any non-controlling interest and the foreign currency translation reserve ; and recognizes the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized 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 IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised lFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these revised and new lFRS Accounting Standards, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[3]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[3]
Annual improvements to IFRSs Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[3]
IFRS 18	*Presentation and Disclosure in Financial Statements*[4]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[4]

1 No mandatory effective date yet determined but available for adoption
2 Effective for annual periods beginning on or after January 1, 2025
3 Effective for annual periods beginning on or after January 1, 2026
4 Effective for annual/reporting periods beginning on or after January 1, 2027

The Group is in the process of making a detailed assessment of the impact of these new and revised lFRS Accounting Standards upon initial application. So far, the Group considers that these new and revised lFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies and no significant impact on the Group's financial performance and financial position is expected in the period of initial application. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

The Group measures its financial instruments at fair value at the end of each of the Relavant 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, maximizing 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 Historical Financial Information are categorized 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 recognized 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 reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial 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 recognized 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 Relavant Periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized 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/amortization) had no impairment loss been recognized 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 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 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, the Group recognizes 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:

Freehold land	Not depreciated
Buildings	3.00% to 18.00%
Machinery	7.50% to 18.00%
Tools	9.00% to 18.00%
Others	9.00% to 33.33%

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 methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized 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. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

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 amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at least at each financial year end.

Software	3 to 5 years
Licences	3 to 5 years

The estimated useful lives of intangible assets are determined by considering the period of the economic benefits to the Group or the periods of validity of intangible assets protected by the relevant laws, as well as by referring to the industry practice.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized 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 recognizes 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 recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less 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 recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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:

Buildings	2 to 5 years
Land use rights	40 to 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 recognized 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 recognized 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

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (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).

Lease payments on short-term leases are recognized as an expense on a straight-line basis over the lease term.

Group as a seller-lessee

The Group applies the requirements of IFRS 15 to assess whether a sale and leaseback transaction constitutes a sale by the Group.

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognize the assets and accounts for the transfer proceeds as other borrowings within the scope of IFRS 9.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized 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 IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized 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 amortized 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 recognized 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 amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For financial assets at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to 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 recognized 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 derecognized (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 recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes 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.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss ("**FVTPL**"). 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 recognized 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 30 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.

Financial assets at amortized 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 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 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 recognizes 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 recognized 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, interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortized cost (trade and bills payables, other payables and accruals, interest-bearing bank and other borrowings)

After initial recognition, trade and bills payables, other payables and accruals, interest-bearing bank and other borrowings are subsequently measured at amortized 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 recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized 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 amortization is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled, 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 recognized 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 there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each of the Relevant Periods. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Treasury shares

Own equity instruments which are reacquired and held by the Company (treasury shares) are recognized directly in equity at cost. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. The amount of write down of inventories to net realizable value is recognized as other expenses in the period in which the write down occurs.

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 recognized outside profit or loss is recognized 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 Relavant 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 Relavant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized 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 recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, 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 recognized 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 utilized.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relavant 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 utilized. Unrecognized deferred tax assets are reassessed at the end of each of the Relavant Periods and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset 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 realized 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 Relavant 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 recognized 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 recognized as income on 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 a deferred income account and is released to profit or loss 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 recognized 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 recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sale of PCBs

Revenue from the sale of PCBs is recognized at the point in time when control of the asset is transferred to the customers, generally on delivery of the PCBs.

Other income

Interest income is recognized 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 liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related services to the customer).

Employee benefits

Pension scheme

The employees of the Company and its subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of its 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.

Housing fund – Mainland China

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

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 capitalization 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 recognizes in its financial statements. The Group will adjust the amounts recognized 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 recognized 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.

Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to Historical Financial Information. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

Share-based payments

The Company operates a share award scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange 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 cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each of the Relavant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

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.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the canceled award, and is designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

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 Historical Financial Information 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 Relavant Periods. Differences arising on settlement or translation of monetary items are recognized 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 recognized in other comprehensive income or profit or loss is also recognized 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 recognizes 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 currency of one overseas subsidiary is currency other than RMB. As at the end of each of the Relevant Periods, the assets and liabilities of this entity are translated into RMB at the exchange rate prevailing at the end of the reporting period and its statement of profit or loss is translated into RMB at the weighted average exchange rate for each of the year or period.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognized in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiary are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the reporting periods are translated into RMB at the weighted average exchange rate for each of the reporting periods.

3. SIGNIFICANT ACCOUNTING JUDGMENT AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgments, 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.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of RMB28,630,000, RMB72,499,000 and RMB113,904,000 carried forward as at December 31, 2022, 2023 and 2024, respectively. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognize deferred tax assets on the tax losses carried forward.

If the Group had been able to recognize all unrecognized deferred tax assets, the profit and equity would have increased by RMB7,157,000, RMB11,269,000 and RMB16,799,000 for the years ended December 31, 2022, 2023 and 2024, respectively. Further details on deferred tax are disclosed in note 17 to the Historical Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relavant 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 receivables

For the ECLs for trade receivables assessed on collective basis, the Group uses a provision matrix to calculate. The provision rates are based on invoice date for groupings of various customer segments that have similar loss patterns.

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, 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 analyzed.

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 receivables is disclosed in note 19 to the Historical Financial Information.

Write-down of inventories to net realizable value

The Group reviews the carrying amounts of the inventories at the end of each of the Relevant Periods to determine whether the inventories are carried at the lower of cost and net realizable value. The net realizable value is estimated based on the current market situation and historical experience on similar inventories. Any changes in the assumptions would increase or decrease the amounts of inventories written down or the related reversals of write-down and affect the Group's financial position.

Share-based payments

The Group makes the best estimate of the number of exercisable equity instruments at the end of each of the Relevant Periods during the waiting period. Share-based payment expenses are recognized based on the fair value on the grant date and the latest subsequent information obtained. The Group has evaluated the fair value of the equity instruments on the grant date based on the recent transaction price and Black-Scholes model, and also estimated the number of exercisable equity instruments.

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).

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

Revenue is attributed to geographical areas based on the delivery destination. Revenue based on the delivery destination for each of the Relevant Periods is presented as follows:

Segments	**Year ended December 31,**		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	534,291	618,593	1,051,532
Outside Mainland China*	1,878,096	2,059,677	2,682,753
Total revenue	2,412,387	2,678,270	3,734,285

* The delivery destinations outside Mainland China include the delivery of bonded and free trade zones.

(b) Non-current assets

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	1,791,813	1,919,499	2,065,982
Outside Mainland China	–	39,123	695,444
Total non-current assets	1,791,813	1,958,622	2,761,426

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about major customers

Revenue from the major customers which amounted to 10% or more of the Group's revenue is set out below:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Customer I	639,883	713,563	918,963
Customer II	395,415	533,268	607,612

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers	2,412,387	2,678,270	3,734,285

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Types of products			
PCBs	2,271,786	2,537,136	3,479,380
Others	140,601	141,134	254,905
Total revenue from contracts with customers	2,412,387	2,678,270	3,734,285
Geographical markets			
Mainland China	534,291	618,593	1,051,532
Outside Mainland China	1,878,096	2,059,677	2,682,753
Total revenue from contracts with customers	2,412,387	2,678,270	3,734,285
Timing of revenue recognition			
Goods transferred at a point in time	2,412,387	2,678,270	3,734,285

The following table shows the amounts of revenue recognized during the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relavant Periods.

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in contract liabilities at the beginning of the reporting period:			
PCBs	7,207	9,078	6,304

(b) Performance obligations

Information about the Group's performance obligations is summarized below:

Sale of PCBs

The performance obligation is satisfied upon the customer's acceptance of the PCBs. The payment is generally due within 90 to 120 days from delivery, except for new customers, where payment in advance is normally required.

All sales of PCBs are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

An analysis of other income and gains is as follows:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Interest income	1,554	4,473	17,353
Government grants*	11,199	18,841	21,859
Others	877	345	416
Total other income	13,630	23,659	39,628
Gains			
Gains on foreign exchange differences	71,074	8,936	48,612
Fair value gains on financial assets at fair value through profit or loss	–	–	2,972
Others	6	–	–
Total gains	71,080	8,936	51,584
Total other income and gains	84,710	32,595	91,212

* Government grants mainly represent incentives received from local governments for the purpose of compensation on R&D contribution, local economic contribution and purchases of items of property, plant and equipment. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended December 31, 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Cost of inventories sold		1,783,719	1,786,428	2,487,825
Depreciation of property, plant and equipment	*13*	121,406	143,999	153,462
Depreciation of right-of-use assets		15,249	14,412	12,404
Amortisation of intangible assets*	*15*	7,641	10,173	10,967
Research and development costs		115,095	120,589	179,197
Lease payments not included in the measurement of lease liabilities	*14(c)*	745	419	1,236
Employee benefit expenses (excluding directors' and chief executive's remuneration *(note 8)*):				
Wages, salaries and other allowances		337,123	339,989	458,315
Pension scheme contributions**		39,428	37,570	39,483
Share-based payment expenses		6,872	5,724	14,968
Total		383,423	383,283	512,766
Impairment losses on financial assets, net		(3,439)	11,495	17,870
Write-down of inventories to net realizable value		66,937	33,331	71,771
Fair value losses on derivative financial instruments at FVTPL		21,160	41,537	14,929
Net loss on disposal of property, plant and equipment		1,091	2,008	777
Net gains on disposal of right-of-use assets		–	(43)	(23)

* The amortisation of intangible assets are included in "Cost of sales", "Administrative expenses" and "Research and development costs" in profit or loss.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank and other borrowings	10,742	13,074	16,113
Interest on lease liabilities	924	1,318	212
Less: Interest capitalized	–	(465)	(458)
Total	11,666	13,927	15,867

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the Relevant Periods is set out below:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Fees	182	190	190
Other emoluments:			
Salaries, allowances and benefits in kind	3,742	4,421	4,305
Performance related bonuses	3,675	3,541	3,607
Share-based payment expenses	520	830	418
Pension scheme contributions	158	131	184
Subtotal	8,095	8,923	8,514
Total	8,277	9,113	8,704

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Mr. FENG Quanyuan	20	–	–
Ms. LI Ying	91	95	95
Ms. CHEN Limei	71	95	95
Total	182	190	190

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors and non-executive director

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2022						
Executive directors:						
Mr. XIAO Hongxing	–	–	–	–	–	–
Ms. ZENG Hong*	–	1,707	2,290	–	15	4,012
Subtotal	–	1,707	2,290	–	15	4,012
Non-executive director:						
Ms. LIU Jinchan	–	–	–	–	–	–
Supervisors:						
Mr. HUANG Jinguang	–	952	697	327	52	2,028
Mr. PENG Jinghui	–	583	441	74	47	1,145
Mr. ZHOU Zhiyong	–	500	247	119	44	910
Subtotal	–	2,035	1,385	520	143	4,083
Total	–	3,742	3,675	520	158	8,095

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023						
Executive directors:						
Mr. XIAO Hongxing	–	–	–	–	–	–
Ms. ZENG Hong*	–	1,840	2,140	–	15	3,995
Subtotal	–	1,840	2,140	–	15	3,995
Non-executive director:						
Ms. LIU Jinchan	–	–	–	–	–	–
Supervisors:						
Mr. HUANG Jinguang	–	1,171	627	679	48	2,525
Mr. PENG Jinghui	–	868	564	42	34	1,508
Mr. ZHOU zhiyong	–	542	210	109	34	895
Subtotal	–	2,581	1,401	830	116	4,928
Total	–	4,421	3,541	830	131	8,923

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024						
Executive directors:						
Mr. XIAO Hongxing	–	–	–	–	–	–
Ms. ZENG Hong*	–	1,720	2,266	–	19	4,005
Subtotal	–	1,720	2,266	–	19	4,005
Non-executive director:						
Ms. LIU Jinchan	–	–	–	–	–	–
Supervisors:						
Mr. HUANG Jinguang	–	410	–	418	22	850
Mr. PENG Jinghui	–	1,073	909	–	53	2,035
Mr. ZHOU zhiyong	–	757	351	–	53	1,161
Ms. XUE Jing	–	345	81	–	37	463
Subtotal	–	2,585	1,341	418	165	4,509
Total	–	4,305	3,607	418	184	8,514

* Ms. ZENG Hong was appointed as the chief executive of the Company.

There were no emoluments payable to the non-executive directors during the Relevant Periods.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group included one director (who was also appointed as the chief executive) during the Relevant Periods, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining four highest paid employees who are neither a director, chief executive nor supervisor of the Company are as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	4,436	4,795	4,602
Performance related bonuses	4,038	4,070	6,448
Share-based payment expenses	3,105	3,066	1,860
Pension scheme contributions	145	140	166
Total	11,724	12,071	13,076

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended December 31,		
	2022	2023	2024
HK$2,500,001 to HK$3,000,000	2	2	–
HK$3,000,001 to HK$3,500,000	–	1	2
HK$3,500,001 to HK$4,000,000	1	–	2
HK$4,000,001 to HK$4,500,000	–	1	–
HK$4,500,001 to HK$5,000,000	1	–	–
Total	4	4	4

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/or operate.

Hong Kong

The subsidiary incorporated in Hong Kong was subject to Hong Kong profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the Relevant Periods.

Thailand

Under the investment preferential policy of the Thailand Board of Investment ("**BOI**"), The subsidiary incorporated in Thailand is exempt from taxation on the estimated assessable profits arising in Thailand, with a tax exemption ceiling of THB4,002,430,000. The preferential policy is effective from the subsidiary operation and remain valid for a period of up to 8 years.

British Virgin Islands

The subsidiary incorporated in British Virgin Islands was exempted from income tax for the Relevant Periods.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), the subsidiaries which operate in Mainland China were subject to CIT at a rate of 25% on the taxable income except those which are subject to tax concession as set out below:

(a) In 2020, the Company was accredited as a High and New Technology Enterprise ("**HNTE**") for the consecutive three years hereafter. The Company renewed the HNTE status after the expiration in 2023, and the status of the HNTE is valid until 2025. Therefore the Company was entitled to a preferential CIT rate of 15% for the Relevant Periods.

(b) In 2023, a subsidiary was accredited as an HNTE, and was entitled to a preferential CIT rate of 15% for the years ended December 31, 2023 and 2024.

The income tax expenses of the Group for the Relevant Periods are as follows:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	31,536	75,881	111,530
Deferred income tax	(542)	6,316	(25,149)
Total	30,994	82,197	86,381

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the country in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	310,645	496,883	762,481
Tax at the statutory tax rate	46,597	74,532	114,372
Effect on different tax rates	(4,472)	307	(26)
Effect on opening deferred tax of decrease in rates	–	11,547	–
Adjustments in respect of current tax of previous periods	(847)	3	–
Expenses not deductible for tax	1,439	1,643	1,237
Additional deductible allowance for qualified research and development costs	(18,387)	(17,897)	(26,322)
Additional deductible allowance for high-tech enterprise equipment cost	(8,192)	–	–
Utilization of previously unrecognized tax losses and deductible temporary differences	(3)	(4,512)	(10,065)
Tax losses and deductible temporary differences not recognized	14,859	16,574	7,185
Tax charge at the Group's effective tax rate	30,994	82,197	86,381

11. DIVIDEND

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Final dividend in respect of the previous year, declared and paid during the following year (tax inclusive)	–	–	105,575

The final dividend of RMB2.50 per 10 ordinary share (tax inclusive) in respect of the year ended December 31, 2023 was approved by the annual general meeting of the Company.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit attributable to owners of the parent and the weighted averages number of ordinary shares outstanding during the Relevant Periods.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic earnings per share computation:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Earnings			
Profit for the year attributable to owners of the parent, used in the basic earnings per share calculations	279,651	414,686	676,100

	Year ended December 31,		
	2022	**2023**	**2024**
	'000	*'000*	*'000*
Shares:			
Weighted average number of ordinary shares outstanding during the year, used in the basic earnings per share calculations	380,000	380,000	408,200
Effect of dilution – weighted average number of ordinary shares:			
Share options and other incentive schemes	–	–	41
Total	380,000	380,000	408,241

13. PROPERTY, PLANT AND EQUIPMENT

The Group

December 31, 2022	Buildings	Machinery	Tools	Others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022:						
Cost	705,074	1,038,985	21,175	27,743	73,203	1,866,180
Accumulated depreciation and impairment	(86,127)	(331,603)	(9,411)	(8,280)	(81)	(435,502)
Net carrying amount	618,947	707,382	11,764	19,463	73,122	1,430,678
At January 1, 2022, accumulated depreciation and impairment	618,947	707,382	11,764	19,463	73,122	1,430,678
Additions	–	131,629	893	2,885	214,185	349,592
Disposals	–	(1,536)	(59)	(237)	–	(1,832)
Transfers	18,924	187,249	1,161	1,896	(209,230)	–
Depreciation provided during the year	(26,585)	(86,890)	(2,945)	(4,986)	–	(121,406)
Impairment	–	(15,795)	(28)	(40)	(782)	(16,645)
At December 31, 2022, net of accumulated depreciation and impairment	611,286	922,039	10,786	18,981	77,295	1,640,387
At December 31, 2022:						
Cost	723,998	1,347,091	23,131	31,913	78,144	2,204,277
Accumulated depreciation and impairment	(112,712)	(425,052)	(12,345)	(12,932)	(849)	(563,890)
Net carrying amount *(note (a))*	611,286	922,039	10,786	18,981	77,295	1,640,387

December 31, 2023	Buildings	Machinery	Tools	Others	Freehold land	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023:							
Cost	723,998	1,347,091	23,131	31,913	–	78,144	2,204,277
Accumulated depreciation and impairment	(112,712)	(425,052)	(12,345)	(12,932)	–	(849)	(563,890)
Net carrying amount	611,286	922,039	10,786	18,981	–	77,295	1,640,387
At January 1, 2023, accumulated depreciation and impairment	611,286	922,039	10,786	18,981	–	77,295	1,640,387
Additions	–	28,392	4,095	7,211	33,290	250,633	323,621
Disposals	–	(3,550)	(37)	(130)	–	–	(3,717)
Transfers	16,232	56,606	–	–	–	(72,838)	–
Depreciation provided during the year	(28,597)	(106,695)	(3,312)	(5,395)	–	–	(143,999)
Impairment	–	(729)	–	–	–	–	(729)
At December 31, 2023, net of accumulated depreciation and impairment	598,921	896,063	11,532	20,667	33,290	255,090	1,815,563
At December 31, 2023:							
Cost	740,229	1,376,297	26,857	34,824	33,290	255,090	2,466,587
Accumulated depreciation and impairment	(141,308)	(480,234)	(15,325)	(14,157)	–	–	(651,024)
Net carrying amount *(note (a))*	598,921	896,063	11,532	20,667	33,290	255,090	1,815,563

December 31, 2024	Buildings	Machinery	Tools	Others	Freehold land	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024:							
Cost	740,229	1,376,297	26,857	34,824	33,290	255,090	2,466,587
Accumulated depreciation and impairment	(141,308)	(480,234)	(15,325)	(14,157)	–	–	(651,024)
Net carrying amount	598,921	896,063	11,532	20,667	33,290	255,090	1,815,563
At January 1, 2024, accumulated depreciation and impairment	598,921	896,063	11,532	20,667	33,290	255,090	1,815,563
Additions	7,415	44,676	1,066	8,871	6,531	844,874	913,433
Disposals	–	(792)	(57)	(81)	–	–	(930)
Transfers	139,176	211,798	3,859	5,558	–	(360,391)	–
Exchange realignment	–	–	–	9	206	–	215
Depreciation provided during the year	(28,796)	(114,559)	(3,715)	(6,392)	–	–	(153,462)
Impairment	–	(7,313)	(170)	(18)	–	–	(7,501)
At December 31, 2024, net of accumulated depreciation and impairment	716,716	1,029,873	12,515	28,614	40,027	739,573	2,567,318
At December 31, 2024:							
Cost	886,820	1,615,625	31,247	46,304	40,027	739,573	3,359,596
Accumulated depreciation and impairment	(170,104)	(585,752)	(18,732)	(17,690)	–	–	(792,278)
Net carrying amount *(note (a))*	716,716	1,029,873	12,515	28,614	40,027	739,573	2,567,318

(a) Certain property, plant and equipment with net carrying amounts of approximately RMB363,243,000, RMB822,332,000 and RMB914,961,000 as at December 31, 2022, 2023 and 2024, respectively, were pledged as security for bank facilities granted to the Group and the sale and leaseback transactions (note 29).

The Company

December 31, 2022	Buildings	Machinery	Tools	Others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022:						
Cost	242,833	783,983	20,581	18,406	49,918	1,115,721
Accumulated depreciation and impairment	(80,349)	(324,265)	(9,398)	(7,662)	(81)	(421,755)
Net carrying amount	162,484	459,718	11,183	10,744	49,837	693,966
At January 1, 2022, accumulated depreciation and impairment	162,484	459,718	11,183	10,744	49,837	693,966
Additions	–	74,629	613	1,140	119,907	196,289
Disposals	–	(1,792)	(7)	(48)	–	(1,847)
Transfers	10,506	133,079	1,149	1,662	(146,396)	–
Depreciation provided during the year	(12,527)	(59,156)	(2,832)	(3,251)	–	(77,766)
Impairment	–	(15,795)	(28)	(40)	(782)	16,645
At December 31, 2022, net of accumulated depreciation and impairment	160,463	590,683	10,078	10,207	22,566	793,997
At December 31, 2022:						
Cost	253,339	980,472	22,270	20,785	23,415	1,300,281
Accumulated depreciation and impairment	(92,876)	(389,789)	(12,192)	(10,578)	(849)	(506,284)
Net carrying amount *(note (a))*	160,463	590,683	10,078	10,207	22,566	793,997

December 31, 2023	Buildings	Machinery	Tools	Others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023:						
Cost	253,339	980,472	22,270	20,785	23,415	1,300,281
Accumulated depreciation and impairment	(92,876)	(389,789)	(12,192)	(10,578)	(849)	(506,284)
Net carrying amount	160,463	590,683	10,078	10,207	22,566	793,997
At January 1, 2023, accumulated depreciation and impairment	160,463	590,683	10,078	10,207	22,566	793,997
Additions	–	284	3,952	6,947	80,206	91,389
Disposals	–	(3,550)	(37)	(130)	–	(3,717)
Transfers	13,782	32,197	–	–	(45,979)	–
Depreciation provided during the year	(14,418)	(71,515)	(3,142)	(3,576)	–	(92,651)
Impairment	–	(728)	–	–	–	(728)
At December 31, 2023, net of accumulated depreciation and impairment	159,827	547,371	10,851	13,448	56,793	788,290
At December 31, 2023:						
Cost	267,121	957,161	25,853	23,431	56,793	1,330,359
Accumulated depreciation and impairment	(107,294)	(409,790)	(15,002)	(9,983)	–	(542,069)
Net carrying amount *(note (a))*	159,827	547,371	10,851	13,448	56,793	788,290

December 31, 2024	Buildings	Machinery	Tools	Others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024:						
Cost	267,121	957,161	25,853	23,431	56,793	1,330,359
Accumulated depreciation and impairment	(107,294)	(409,790)	(15,002)	(9,983)	–	(542,069)
Net carrying amount	159,827	547,371	10,851	13,448	56,793	788,290
At January 1, 2024, accumulated depreciation and impairment	159,827	547,371	10,851	13,448	56,793	788,290
Additions	7,414	2,442	30	6,790	116,396	133,072
Disposals	–	(36,649)	(81)	(184)	–	(36,914)
Transfers	1,132	142,871	2,935	4,858	(151,796)	–
Depreciation provided during the year	(11,038)	(69,746)	(3,430)	(4,425)	–	(88,639)
Impairment	–	(6,640)	(169)	(7)	–	(6,816)
At December 31, 2024, net of accumulated depreciation and impairment	157,335	579,649	10,136	20,480	21,393	788,993
At December 31, 2024:						
Cost	275,667	955,090	28,201	31,792	21,393	1,312,143
Accumulated depreciation and impairment	(118,332)	(375,441)	(18,065)	(11,312)	–	(523,150)
Net carrying amount *(note (a))*	157,335	579,649	10,136	20,480	21,393	788,993

(a) Certain property, plant and equipment with net carrying amounts of approximately RMB298,865,000, RMB285,265,000 and RMB265,492,000 as at December 31, 2022, 2023 and 2024, respectively, were pledged as security for bank facilities granted to the Group and the sale and leaseback transactions (note 29).

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties used in its operations. Leases of properties generally have lease terms between 2 and 50 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the right-of-use assets and the movements during the Relevant Periods are as follows:

Year ended December 31, 2022	**Buildings**	**Land use rights**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	20,736	109,322	130,058
Additions	5,938	–	5,938
Depreciation charge	(13,333)	(2,323)	(15,656)
At end of year *(note (i))*	13,341	106,999	120,340

Year ended December 31, 2023	**Buildings**	**Land use rights**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	13,341	106,999	120,340
Additions	9,810	–	9,810
Early lease termination	(693)	–	(693)
Depreciation charge	(12,633)	(2,489)	(15,122)
At end of year *(note (i))*	9,825	104,510	114,335

Year ended December 31, 2024	**Buildings**	**Land use rights**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	9,825	104,510	114,335
Additions	1,047	2,364	3,411
Early lease termination	(393)	–	(393)
Depreciation charge	(10,086)	(2,318)	(12,404)
At end of year *(note (i))*	393	104,556	104,949

(i) Certain land use rights with net carrying amounts of approximately RMB32,115,000, RMB104,510,000 and RMB104,556,000 as at December 31, 2022, 2023 and 2024, respectively, was pledged as securities for bank facilities granted to the Group (note 29).

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	As at December 31, 2022	As at December 31, 2023	As at December 31, 2024
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	22,402	14,622	10,286
New leases	5,938	9,810	1,047
Accretion of interest recognized during the year *(note 7)*	924	1,318	212
Early lease termination	–	(737)	(416)
Payments	(14,642)	(14,727)	(10,696)
Carrying amount at the end of the year	14,622	10,286	433
Analysed into:			
Current portion	14,382	9,853	433
Non-current portion	240	433	–

(c) The amounts recognized in profit or loss in relation to leases are as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities *(note 7)*	924	1,318	212
Depreciation charge of right-of-use assets *(note 6)*	15,249	14,412	12,404
Expense relating to short-term leases *(note 6)*	635	258	858
Expense relating to leases of low-value assets *(note 6)*	110	161	378
Total amount recognized in profit or loss	16,918	16,149	13,852

15. INTANGIBLE ASSETS

The Group

December 31, 2022	**Software**	**Licences**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2022:			
Cost	30,167	1,854	32,021
Accumulated amortization	(6,290)	(402)	(6,692)
Net carrying amount	23,877	1,452	25,329
At January 1, 2022, net of accumulated amortization	23,877	1,452	25,329
Additions	10,734	–	10,734
Amortization provided during the year	(7,271)	(370)	(7,641)
At December 31, 2022, net of accumulated amortization	27,340	1,082	28,422
At December 31, 2022:			
Cost	40,901	1,854	42,755
Accumulated amortization	(13,561)	(772)	(14,333)
Net carrying amount	27,340	1,082	28,422

December 31, 2023	**Software**	**Licences**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023:			
Cost	40,901	1,854	42,755
Accumulated amortization	(13,561)	(772)	(14,333)
Net carrying amount	27,340	1,082	28,422
At January 1, 2023, net of accumulated amortization	27,340	1,082	28,422
Additions	1,698	–	1,698
Disposals	(24)	–	(24)
Amortization provided during the year	(9,802)	(371)	(10,173)
At December 31, 2023, net of accumulated amortization	19,212	711	19,923
At December 31, 2023:			
Cost	42,575	1,854	44,429
Accumulated amortization	(23,363)	(1,143)	(24,506)
Net carrying amount	19,212	711	19,923

December 31, 2024	Software	Licences	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2024:			
Cost	42,575	1,854	44,429
Accumulated amortization	(23,363)	(1,143)	(24,506)
Net carrying amount	19,212	711	19,923
At January 1, 2024, net of accumulated amortization	19,212	711	19,923
Additions	9,739	–	9,739
Amortization provided during the year	(10,596)	(371)	(10,967)
At December 31, 2024, net of accumulated amortization	18,355	340	18,695
At December 31, 2024:			
Cost	52,314	1,854	54,168
Accumulated amortization	(33,959)	(1,514)	(35,473)
Net carrying amount	18,355	340	18,695

The Company

Software	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year			
Cost	16,916	24,978	26,675
Accumulated amortization	(5,222)	(9,646)	(16,050)
Net carrying amount	11,694	15,332	10,625
At beginning of year, net of accumulated amortization	11,694	15,332	10,625
Additions	8,062	1,697	8,189
Disposals	–	–	(165)
Amortization provided during the year	(4,424)	(6,404)	(6,997)
At end of year, net of accumulated amortization	15,332	10,625	11,652
At end of year:			
Cost	24,978	26,675	34,440
Accumulated amortization	(9,646)	(16,050)	(22,788)
Net carrying amount	15,332	10,625	11,652

16. INVESTMENTS IN SUBSIDIARIES

The Company

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Investment costs:			
Delton Precision Circuits (Huangshi) Inc.	400,000	400,000	580,000
Delton Numerical Control Technology (Dongguan) Co., Lltd.	30,000	100,000	100,000
Delton Technology International Limited	7,005	99,912	299,672
	437,005	599,912	979,672

17. DEFERRED TAX

The movements in deferred tax assets of the Group during the end of each of the Relevant Periods are as follows:

Deferred tax assets

The Group

	Tax losses	**Deferred income**	**Impairment**	**Unrealized internal trading profits**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	10,051	13,338	15,516	–	4	38,909
Deferred tax credited/(charged) to the consolidated statement of profit or loss and other comprehensive income during the year	50	12,490	4,629	–	(4)	17,165
At December 31, 2022	10,101	25,828	20,145	–	–	56,074
At January 1, 2023	10,101	25,828	20,145	–	–	56,074
Deferred tax credited/(charged) to the consolidated statement of profit or loss and other comprehensive income during the year	1,868	(6,820)	(1,785)	–	1,772	(4,965)
At December 31, 2023	11,969	19,008	18,360	–	1,772	51,109
At January 1, 2024	11,969	19,008	18,360	–	1,772	51,109
Deferred tax credited to the consolidated statement of profit or loss and other comprehensive income during the year	1,191	6,001	5,684	10,258	1,409	24,543
At December 31, 2024	13,160	25,009	24,044	10,258	3,181	75,652

The Company

	Deferred income	Impairment	Unrealized internal trading profits	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	3,714	7,989	–	3	11,706
Deferred tax credited/(charged) to the statement of profit or loss and other comprehensive income during the year	6,685	4,728	–	(3)	11,410
At December 31, 2022	10,399	12,717	–	–	23,116
At January 1, 2023	10,399	12,717	–	–	23,116
Deferred tax (charged)/credited to the statement of profit or loss and other comprehensive income during the year	(319)	(1,969)	–	1,612	(676)
At December 31, 2023	10,080	10,748	–	1,612	22,440
At January 1, 2024	10,080	10,748	–	1,612	22,440
Deferred tax credited to the statement of profit or loss and other comprehensive income during the year	5,986	3,060	10,258	235	19,539
At December 31, 2024	16,066	13,808	10,258	1,847	41,979

Deferred tax liabilities

The Group

	Accelerated depreciation	Others	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2022	50,938	11	50,949
Deferred tax (charged)/credited to the consolidated statements of profit or loss and other comprehensive income during the year	16,634	(11)	16,623
At December 31, 2022	67,572	–	67,572
At January 1, 2023	67,572	–	67,572
Deferred tax (charged)/credited to the consolidated statements of profit or loss and other comprehensive income during the year	(123)	1,474	1,351
At December 31, 2023	67,449	1,474	68,923
At January 1, 2024	67,449	1,474	68,923
Deferred tax credited/(charged) to the consolidated statements of profit or loss and other comprehensive income during the year	809	(1,415)	(606)
At December 31, 2024	68,258	59	68,317

The Company

	Accelerated depreciation	Others	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2022	50,938	11	50,949
Deferred tax (charged)/credited to the statements of profit or loss and other comprehensive income during the year	16,634	(11)	16,623
At December 31, 2022	67,572	–	67,572
At January 1, 2023	67,572	–	67,572
Deferred tax (charged)/credited to the statements of profit or loss and other comprehensive income during the year	(123)	1,474	1,351
At December 31, 2023	67,449	1,474	68,923
At January 1, 2024	67,449	1,474	68,923
Deferred tax credited/(charged) to the statements of profit or loss and other comprehensive income during the year	809	(1,415)	(606)
At December 31, 2024	68,258	59	68,317

As at December 31, 2022, 2023 and 2024, the Group has tax losses arising in Thailand of approximately nil, RMB2,360,000 and RMB8,238,000, respectively, which would expire in one to five years for offsetting against future taxable profits.

As at December 31, 2022, 2023 and 2024, the Group has tax losses arising in Mainland China of approximately RMB28,628,000, RMB70,137,000 and RMB105,464,000, respectively, which would expire in one to ten years for offsetting against future taxable profits.

Deferred tax assets have not been recognized in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses and deductible temporary differences can be utilized.

Deferred tax assets have not been recognized in respect of the following items:

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Tax losses not recognized	28,628	72,497	113,702
Deductible temporary differences	28,079	62,826	353
Total	56,707	135,323	114,055

18. INVENTORIES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and consumables	28,376	44,208	71,073
Work in progress	56,042	74,260	116,499
Finished goods	164,498	160,732	156,680
Goods in transit	106,667	117,714	114,298
Total	355,583	396,914	458,550

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and consumables	23,241	36,759	50,461
Work in progress	47,706	65,868	105,956
Finished goods	148,468	139,297	134,668
Goods in transit	94,421	107,287	99,862
Total	313,836	349,211	390,947

19. TRADE AND BILLS RECEIVABLES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	634,633	883,879	1,226,052
Bills receivable	103,350	47,494	129,469
Impairment	(33,250)	(44,716)	(62,567)
Net carrying amount	704,733	886,657	1,292,954

The Company

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	520,853	762,693	1,198,392
Bills receivable	53,350	47,181	128,704
Impairment	(6,691)	(9,772)	(17,029)
Net carrying amount	567,512	800,102	1,310,067

The Group's trading terms with its customers are mainly on credit. The credit period is generally 90 to 120 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to customers are reviewed once a month. Trade receivables are non-interest-bearing.

An aging analysis of the trade and bills receivables as at the end of each of the Relevant Periods (based on the invoice date and net of loss allowance) is as follows:

The Group

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	704,733	886,635	1,292,530
1 year to 2 years	–	22	424
Total	704,733	886,657	1,292,954

The Company

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	567,512	799,926	1,309,643
1 year to 2 years	–	176	424
Total	567,512	800,102	1,310,067

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

The Group

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	37,700	33,250	44,716
Impairment losses, net	(3,995)	11,466	17,851
Amount written off as uncollectible	(455)	–	–
At the end of the year	33,250	44,716	62,567

The Company

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	12,186	6,691	9,772
Impairment losses, net	(5,040)	3,081	7,257
Amount written off as uncollectible	(455)	–	–
At the end of the year	6,691	9,772	17,029

For trade and bills receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at an amount equal to lifetime ECLs. The Group determines the ECLs on these items by using a provision matrix, estimated based on the financial quality of the debtors and historical credit loss experience based on the invoice days of the trade receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. The following table details the risk profile of trade and bills receivables:

The Group

As at December 31, 2022	**Gross carrying amount**	**Expected credit loss rate**	**Expected credit losses**
	RMB'000		*RMB'000*
Within 1 year	737,983	5%	33,250

As at December 31, 2023	**Gross carrying amount**	**Expected credit loss rate**	**Expected credit losses**
	RMB'000		*RMB'000*
Within 1 year	931,343	5%	44,708
1 year to 2 years	30	27%	8
Total	931,373	5%	44,716

As at December 31, 2024	**Gross carrying amount**	**Expected credit loss rate**	**Expected credit losses**
	RMB'000		*RMB'000*
Within 1 year	1,354,991	5%	62,461
1 year to 2 years	530	20%	106
Total	1,355,521	5%	62,567

Certain of the Group's trade receivables with net carrying amounts of approximately RMB7,331,000, RMB28,972,000 and nil as at December 31, 2022, 2023 and 2024, respectively, were pledged to secure bank facilities.

The Company

As at December 31, 2022	**Gross carrying amount**	**Expected credit loss rate**	**Expected credit losses**
	RMB'000		*RMB'000*
Within 1 year	574,203	1%	6,691

As at December 31, 2023	**Gross carrying amount**	**Expected credit loss rate**	**Expected credit losses**
	RMB'000		*RMB'000*
Within 1 year	809,690	1%	9,764
1 year to 2 years	184	4%	8
Total	809,874	1%	9,772

As at December 31, 2024	**Gross carrying amount**	**Expected credit loss rate**	**Expected credit losses**
	RMB'000		*RMB'000*
Within 1 year	1,326,566	1%	16,923
1 year to 2 years	530	20%	106
Total	1,327,096	1%	17,029

Certain of the Company's trade receivables with net carrying amounts of RMB7,331,000, RMB28,972,000 and nil as at December 31, 2022, 2023 and 2024, respectively, were pledged to secure bank facilities.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	5,823	10,177	73,503
Deposits	9,797	10,366	10,804
Other receivables	2,682	3,542	2,428
Value-added tax recoverable	35,156	55,497	68,075
Tax repayments	2,631	–	532
A shares listing expenses	3,170	5,151	–
Less: Non-current portion	(2,664)	(8,801)	(70,464)
Provision for impairment of other receivables	(1,052)	(1,081)	(1,103)
Current portion	55,543	74,851	83,775

The Company

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	4,975	2,999	18,292
Deposits	6,517	7,023	6,424
Other receivables	340,885	418,089	585,409
Value-added tax recoverable	13,436	14,025	25,596
Tax repayments	6,062	–	–
A shares listing expenses	3,170	5,151	–
Less: Non-current portion	(2,218)	(2,043)	(12,448)
Provision for impairment of other receivables	(652)	(709)	(652)
Current portion	372,175	444,535	622,621

An impairment analysis was performed at the end of each of the Relevant Periods. The Group has applied the general approach to provide for expected credit losses for non-trade other receivables under IFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Current assets			
Financial products, at fair value	–	–	291,070

The above financial assets were wealth management products issued by banks in Mainland China. They were mandatorily classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group and the Company

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Current assets			
Bills receivable, at fair value	–	13,012	1,048

The above bills receivable arising from bank acceptance 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.

23. CASH AND CASH EQUIVALENTS, PLEDGED AND RESTRICTED DEPOSITS

The Group

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	281,110	431,267	721,281
Less: Pledged and restricted deposits	(81,063)	(82,064)	(86,210)
Cash and cash equivalents	200,047	349,203	635,071
Denominated in USD	153,927	315,295	465,315
Denominated in RMB	42,424	28,307	154,616
Denominated in EUR	3,393	4,631	13,462
Denominated in THB	–	739	1,327
Denominated in HKD	303	231	351
Cash and cash equivalents	200,047	349,203	635,071

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	226,394	261,882	427,059
Less: Pledged and restricted deposits	(81,063)	(73,378)	(62,451)
Cash and cash equivalents	145,331	188,504	364,608
Denominated in USD	116,674	183,553	313,403
Denominated in RMB	28,575	4,868	51,023
Denominated in HKD	82	83	182
Cash and cash equivalents	145,331	188,504	364,608

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Certain pledged deposits are pledged for the issuance of a bank's acceptance.

Certain restricted deposits are restricted for the use for temporary land reclamation, which are required by the local government and cannot be used for daily operations.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances, pledged and restricted deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

24. TRADE AND BILLS PAYABLES

An aging analysis of the trade and bills payables as at the end of each of the Relevant Periods was as follows:

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	972,575	1,167,047	1,610,962
1 to 2 years	155,320	39,957	26,853
2 to 3 years	179	14,687	4,909
Over 3 years	1,181	–	3,878
Total	1,129,255	1,221,691	1,646,602

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	776,369	859,050	1,013,473
1 to 2 years	2,843	9,882	11,528
2 to 3 years	102	285	2,064
Over 3 years	1,181	–	44
Total	780,495	869,217	1,027,109

Trade payables are non-interest-bearing and are normally settled on term of 90 to 120 days.

As at the end of each of the Relevant Periods, the carrying amounts of trade and bills payables approximated to their fair values.

25. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Restricted share repurchase obligations	–	–	52,985
Deposits received	401	3,401	300
Accruals	14,317	23,217	15,864
Payroll and welfare payable	75,967	85,562	107,543
Other tax payables	3,996	3,811	3,901
Endorsed and unmatured bank bills not derecognized	60,861	14,839	86,352
Other payables	328	495	618
Total	155,870	131,325	267,563

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Restricted share repurchase obligations	–	–	52,985
Deposits received	301	3,301	200
Accruals	11,743	19,352	11,113
Payroll and welfare payable	62,545	73,143	89,520
Other tax payables	2,393	2,197	2,162
Endorsed and unmatured bank bills not derecognized	10,861	14,528	85,587
Other payables	206	116	204
Total	88,049	112,637	241,771

Other payables are unsecured and repayable on demand.

26. DERIVATIVE FINANCIAL INSTRUMENTS

The Group

	As at December 31,		
	2022	**2023**	**2024**
	Liabilities	**Liabilities**	**Liabilities**
	RMB'000	*RMB'000*	*RMB'000*
Derivative financial instruments without designated hedging relationships:			
Forward currency contracts	–	1,422	8,088

The Company

	As at December 31,		
	2022	**2023**	**2024**
	Liabilities	**Liabilities**	**Liabilities**
	RMB'000	*RMB'000*	*RMB'000*
Derivative financial instruments without designated hedging relationships:			
Forward currency contracts	–	457	–

27. CONTRACT LIABILITIES

The Group recognized the following revenue-related contract liabilities:

The Group

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Advances from customers	9,078	6,304	7,379

The Company

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Advances from customers	1,591	779	1,586

The Group receives payments from customers based on billing schedules as established in the contracts. A portion of payments is usually received in advance of the performance under the contracts. The contract liabilities comprise the prepayments received from customers, to whom the goods or services have not yet been transferred or provided.

28. DEFERRED INCOME

The Group

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Government grants and subsidies	131,044	126,721	166,725

The Company

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Government grants and subsidies	69,327	67,203	107,109

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

December 31, 2022	**Effective interest rate (%)**	**Maturity**	**RMB'000**
Current			
Bank loans – secured	3.15 to 3.95	2023	118,809
Current portion of long-term bank loans – secured	3.20 to 5.00	2023	9,205
Other loans – secured	2.95	2023	13,462
Current portion of other loans – secured	3.74 to 4.95	2023	45,337
Total – current			186,813
Non-current			
Long-term bank loans – secured	3.20 to 5.00	2024 to 2025	102,183
Long-term other loans – secured	3.74 to 4.95	2024 to 2025	34,508
Total – non-current			136,691
Total			323,504

December 31, 2023	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – secured	2.80 to 3.15	2024	57,000
Current portion of long-term bank loans – secured	3.20 to 4.85	2024	47,790
Other loans – secured	1.45 to 2.10	2024	21,712
Current portion of other loans – secured	3.74 to 4.75	2024	25,872
Total – current			152,374
Non-current			
Long-term bank loans – secured	3.20 to 4.85	2025 to 2031	222,045
Long-term other loans – secured	3.74 to 4.75	2025 to 2026	8,795
Total – non-current			230,840
Total			383,214

December 31, 2024	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – secured	2.20 to 2.75	2025	84,139
Current portion of long-term bank loans – secured	3.10 to 4.05	2025	112,044
Other loans – secured	1.30	2025	15,983
Current portion of other loans – secured	3.74 to 4.40	2025	8,807
Total – current			220,973
Non-current			
Long-term bank loans – secured	3.10 to 4.05	2026 to 2031	191,678
Long-term other loans – secured	3.74 to 4.40	2026	2,268
Total – non-current			193,946
Total			414,919

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank loans repayable:			
Within one year or on demand	128,014	104,790	196,183
In the second year	27,958	128,617	55,813
In the third year	74,225	22,919	49,418
In the fourth to fifth years, inclusive	–	52,739	64,772
Beyond five years	–	17,770	21,675
Total	230,197	326,835	387,861
Analysed into:			
Other loans repayable:			
Within one year or on demand	58,800	47,584	24,790
In the second year	25,715	8,795	2,268
In the third year	8,792	–	–
Total	93,307	56,379	27,058

Certain of the Group's bank loans and other loans are secured by:

(a) Guarantees provided by Mr. XIAO Hongxing and Ms. LIU Jinchan (note 36);

(b) The Group's mortgaged buildings and machinery with net carrying amounts of RMB363,243,000, RMB822,332,000 and RMB914,961,000 as at December 31, 2022, 2023 and 2024 (note 13), respectively;

(c) The Group's mortgaged land use rights with net carrying amounts of RMB32,115,000, RMB104,510,000 and RMB104,556,000 as at December 31, 2022, 2023 and 2024 (note 14), respectively; and

(d) Pledges of certain patents with carrying value of nil as at December 31, 2024.

The Company

December 31, 2022	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – secured	3.15 to 3.95	2023	103,658
Current portion of long-term bank loans – secured	3.20	2023	4,150
Other loans – secured	2.95	2023	13,462
Current portion of other loans – secured	4.55 to 4.95	2023	18,724
Total – current			139,994
Non-current			
Long-term bank loans – secured	3.20	2024 to 2025	77,195
Long-term other loans – secured	4.55 to 4.95	2024 to 2025	27,897
Total – non-current			105,092
Total			245,086

December 31, 2023	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – secured	2.80 to 3.15	2024	78,712
Current portion of long-term bank loans – secured	3.20	2024	13,473
Other loans – secured	1.45 to 2.10	2024	–
Current portion of other loans – secured	4.35 to 4.75	2024	19,243
Total – current			111,428
Non-current			
Long-term bank loans – secured	3.20	2025	71,644
Long-term other loans – secured	4.35 to 4.75	2025	8,795
Total – non-current			80,439
Total			191,867

December 31, 2024	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – secured	2.20 to 2.75	2025	44,139
Current portion of long-term bank loans – secured	3.20	2025	72,068
Other loans – secured	1.30	2025	55,983
Current portion of other loans – secured	4.00 to 4.40	2025	8,792
Total			180,982

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank loans repayable:			
Within one year or on demand	107,808	92,185	116,207
In the second year	12,524	71,644	–
In the third year	64,671	–	–
Total	185,003	163,829	116,207
Analysed into:			
Other loans repayable:			
Within one year or on demand	32,186	19,243	64,775
In the second year	19,105	8,795	–
In the third year	8,792	–	–
Total	60,083	28,038	64,775

Certain of the Company's bank loans are secured by:

(a) Guarantees provided by Mr. XIAO Hongxing and Ms. LIU Jinchan (note 36);

(b) The Company's mortgaged buildings and machinery with net carrying amounts of RMB298,865,000, RMB285,265,000 and RMB265,492,000 as at December 31, 2022, 2023 and 2024 (note 13), respectively;

(c) The Company's mortgaged land use rights with net carrying amounts of RMB5,688,000, RMB5,504,000 and RMB5,321,000 as at December 31, 2022, 2023 and 2024 (note 14), respectively; and

(d) Pledges of certain patents with carrying value of nil as at December 31, 2024.

30. SHARE CAPITAL AND TREASURY SHARES

Share capital

The Group and the Company

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Issued and fully paid:			
Ordinary shares of RMB1.00 each	380,000	380,000	425,265

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital**
	'000	*RMB'000*
At January 1, 2022, December 31, 2022 and 2023 and January 1, 2024	380,000	380,000
Issue of shares (a)	42,300	42,300
Issue of restricted shares (b)	2,965	2,965
At December 31, 2024	425,265	425,265

Treasury shares

The Group and the Company

	Number of shares in issue	**Treasury share**
	'000	*RMB'000*
At January 1, 2022, December 31, 2022 and 2023 and January 1, 2024	–	–
Issue of restricted shares (b)	2,965	52,985
At December 31, 2024	2,965	52,985

(a) Upon approval by Shenzhen Stock Exchange, in connection with initial public offering of the Company on Shenzhen Stock Exchange on April 2, 2024, 42,300,000 domestic listed Renminbi ordinary shares ("**A shares**") of a par value of RMB1.00 each were issued at a price of RMB17.43 per share at a total cash consideration of RMB737,289,000.

(b) Pursuant to restricted shares incentive scheme approved by the shareholders' meeting of the Company on October 17, 2024, 2,965,000 restricted shares were granted to 222 staff at a grant price of RMB17.87 per share. The actual capital contribution received was RMB52,985,000, and the Company recognized treasury shares in the equivalent amount for the restricted shares repurchase obligations correspondingly.

31. SHARE-BASED PAYMENTS

Employee incentive platforms

To provide incentives and rewards to eligible participants who contribute to the Group's operation, the Company, has designed and established employee incentive platforms for the Company to operate restricted share incentive schemes (the "**Schemes**"). In order to implement the Schemes, Shenzhen Guangxie Investment Enterprise (Limited Partnership) ("**Guangxie**"), Shenzhen Guangsheng Investment Enterprise (Limited Partnership) ("**Guangsheng**") and Shenzhen Guangcai Investment Enterprise (Limited Partnership) ("**Guangcai**") were 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. After the grant of the awards, the participants became partners of employee incentive platforms and are indirectly interested in the incentive shares under the terms and conditions contained in the relevant agreements.

In December 2017, the Company granted the Group's employees with restricted shares of Guangsheng and Guangcai ("**Share incentive scheme I**"), and the initial subscription prices were between RMB2.00 to RMB2.24 per share of the Company. The restricted shares granted to the employees under the Share incentive scheme I should be vested and exercisable upon completion of a five-year service period.

In December 2018, the Company granted the Group's employees with restricted shares of Guangsheng and Guangcai ("**Share incentive scheme II**"), and the initial subscription prices were between RMB2.00 to RMB2.40 per share of the Company. The restricted shares granted to the employees under the Share incentive scheme II should be vested and exercisable upon completion of a five-year service period.

In June 2019, the Company granted the Group's employees with restricted shares of Guangsheng and Guangcai ("**Share incentive scheme III**"), and the initial subscription price was RMB2.24 per share of the Company. The restricted shares granted to the employees under the Share incentive scheme III should be vested and exercisable upon completion of a five-year service period.

In September 2019, the Company granted the Group's employees with restricted shares of Guangsheng ("**Share incentive scheme IV**"), and the initial subscription price was RMB2.69 per share of the Company. The restricted shares granted to the employees under the Share incentive scheme IV should be vested and exercisable upon completion of a five-year service period.

Restricted share incentive scheme

In November 2024, the Company implemented a restricted share incentive scheme which are subject to restrictions on transfer, termination and such other limitations set forth in the plan. 2,965,000 restricted shares of the Company were granted to 222 staff at the initial subscription price of RMB17.87 per share under the first grant under the restricted share incentive scheme. According to the Group's performance appraisal, the Company or the subsidiaries performance appraisal and individual performance appraisal for the three years ended December 31, 2024, 2025 and 2026, 40%, 30% and 30% of restricted share incentive scheme will be unlocked respectively.

Stock option incentive plan

In November 2024, the Company implemented a stock option incentive plan, 2,965,000 stock option were granted to 222 staff with a exercise price of RMB35.73. According to the Group's performance appraisal, the Company or the subsidiaries performance appraisal and individual performance appraisal for the three years ended December 31, 2024, 2025 and 2026, 40%, 30% and 30% of stock option could be exercise within the following years respectively.

Movements in the number of restricted shares for the Relevant Periods are as follows:

	Year ended December 31,		
	2022	**2023**	**2024**
	'000	*'000*	*'000*
At beginning of the year	5,107	5,107	5,067
Granted	–	–	2,965
Forfeited	–	(40)	–
At end of the year	5,107	5,067	8,032

Movement in the number of share option for the Relevant Periods is as follows:

	Year ended December 31, 2024	
	Weighted average exercise price	**Number of options**
	RMB	*'000*
At beginning of the year	–	–
Granted	35.73	2,965
At end of the year	35.73	2,965

No share option was exercised during the Relevant Periods.

The exercise price and exercise period of the share options outstanding as at December 31, 2024 is as follows:

2024

Number of options	**Exercise price**	**Exercise period**
'000	*RMB*	
2,965	35.73	2025–2029

Share-based payment expenses during the Relevant Periods are as follows:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Restricted shares granted by the Company under the plans	7,392	6,554	11,803
Share options granted under the plan	–	–	3,583
Total	7,392	6,554	15,386

The fair value of equity-settled share options granted during the year ended December 31, 2024, was estimated as at the date of grant using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Year ended December 31, 2024
Dividend yield (%)	0.00
Expected volatility (%)	22.01–28.03
Historical volatility (%)	22.01–28.03
Risk-free interest rate (%)	1.50–2.75
Share price at grant date per share (RMB per share)	44.98

No other feature of the options granted was incorporated into the measurement of fair value.

32. RESERVES

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.

(a) Capital reserve

The capital reserve of the Group includes the share premium contributed by the shareholders of the Company.

(b) Statutory reserve

In accordance with the PRC Company Law and the articles of association of the Company and the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Company and the subsidiaries, the statutory reserve may be used either to offset losses, or to be converted to increase paid-in capital, provided that the balance after such conversion is not less than 25% of the registered capital of the respective entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(c) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies of which the functional currencies are not RMB. The reserve is dealt with in accordance with the accounting policy set out in note 2.3.

(d) Special reserve – safety fund

Pursuant to the revised Measures for the Extraction and Use of Enterprise Safety Production Funds issued in November 2022, the Group is required to set aside an amount to maintenance, production and other similar funds. The funds can be used for maintenance of production and improvements of safety and are not available for distribution to shareholders.

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended December 31, 2022, 2023 and 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB5,938,000, RMB9,810,000, and RMB1,047,000, respectively, in respect of lease arrangements for properties.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings	Lease liabilities	Dividend payable	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	229,547	22,402	–	251,949
Additions	423,991	5,938	–	429,929
Payment	(277,787)	(14,642)	–	(292,429)
Non-cash settlement of other borrowings*	(50,544)	–	–	(50,544)
Interest paid	(12,445)	–	–	(12,445)
Interest expense*(note 7)*	10,742	924	–	11,666
At December 31, 2022	323,504	14,622	–	338,126
At January 1, 2023	323,504	14,622	–	338,126
Additions	320,369	9,810	–	330,179
Payment	(246,824)	(14,727)	–	(261,551)
Non-cash settlement of other borrowings*	(13,462)	–	–	(13,462)
Early termination	–	(737)	–	(737)
Interest paid	(12,982)	–	–	(12,982)
Interest capitalized *(note 7)*	(465)	–	–	(465)
Interest expense *(note 7)*	13,074	1,318	–	14,392
At December 31, 2023	383,214	10,286	–	393,500
At January 1, 2024	383,214	10,286	–	393,500
Additions	220,801	1,047	–	221,848
Payment	(193,105)	(10,696)	–	(203,801)
Non-cash settlement of other borrowings*	2,303	–	–	2,303
Early termination	–	(416)	–	(416)
Interest paid	(13,949)	–	–	(13,949)
Interest capitalised *(note 7)*	(458)	–	–	(458)
Interest expense *(note 7)*	16,113	212	–	16,325
Dividend declared *(note 11)*	–	–	105,575	105,575
Dividend paid *(note 11)*	–	–	(105,575)	(105,575)
At December 31, 2024	414,919	433	–	415,352

* The non-cash settlement of other borrowings comprises (i) the settlement of other borrowings arising from endorsed bills receivable that are not derecognized and (ii) the netting of refundable sale and leaseback deposits against lease payments payable.

(c) Total cash outflow for leases

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	635	258	858
Within financing activities	14,642	14,727	10,696
Total	15,277	14,985	11,554

34. PLEDGE OF ASSETS

Details of the Group's assets pledged are included in notes 13, 14, 19 and 23 to the Historical Financial Information at the end of each of the Relevant Periods.

35. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Relevant Periods:

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Construction in progress	193,960	107,011	179,265

36. RELATED PARTY TRANSACTIONS

(a) Names and relationships

Name of related parties	Relationship with the Group
Mr. XIAO Hongxing	An ultimate controlling shareholder of the Company and an executive director
Ms. LIU Jinchan	An ultimate controlling shareholder of the Company and a director
Guangzhou Zhenyun Investment Co., Ltd.	Shareholder of the Company with more than 5% of direct shareholding
Shenzhen Guangxie Investment Enterprise (Limited Partnership)	Shareholder of the Company with more than 5% of direct shareholding
Shenzhen Guangsheng Investment Enterprise (Limited Partnership)	Shareholder of the Company with more than 5% of direct shareholding
Shenzhen Guangcai Investment Enterprise (Limited Partnership)	Shareholder of the Company with more than 5% of direct shareholding
Dongguan Guanghua Chemical Industry Co., Ltd.	Controlled by an ultimate controlling person of the Company
Dongguan Superb Electronic Materials Co., Ltd.	Controlled by an ultimate controlling person of the Company
Dongguan Guanghua Environmental Protection Technology Co., Ltd.	Controlled by an ultimate controlling person of the Company
Dongguan Longbo Automation Equipment Co., Ltd.	Entity with more than 5% of shares held by an ultimate controlling person of the Company

(b) The Group had the following transactions with related parties during the Relevant Periods:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Purchases of goods and services *(note i)*			
Dongguan Superb Electronic Materials Co., Ltd.	7,401	10,974	14,548
Dongguan Guanghua Environmental Protection Technology Co., Ltd.	9,369	5,787	6,686
Dongguan Guanghua Chemical Industry Co., Ltd..	7	–	–
Total	16,777	16,761	21,234

(i) The purchases from the related parties were made according to the published prices and conditions offered by the related parties to their major customers. The credit terms granted by the related parties were generally in line with the credit terms granted to their major customers.

(c) Details of guarantees from the related parties:

The Group as the secured party:

	As at December 31, 2022		
	RMB'000	Effective period	Fulfilled
Mr. XIAO Hongxing	13,917	2022–2023	No
Mr. XIAO Hongxing	33,134	2022–2024	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	42,878	2022–2023	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	24,943	2022–2023	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	5,181	2022–2023	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	188,649	2022–2023	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	56,957	2022–2023	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	49,551	2022–2023	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	41,380	2022–2025	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	5,000	2022–2025	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	29,993	2022–2025	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	15,151	2022–2023	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	63,879	2022–2023	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	15,482	2022–2023	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	24,000	2022–2023	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	24,000	2022–2023	No
Total	634,095		

	As at December 31, 2023		
	RMB'000	Effective period	Fulfilled
Mr. XIAO Hongxing	20,945	2023–2024	No
Mr. XIAO Hongxing	26,710	2023–2024	No
Mr. XIAO Hongxing	28,025	2023–2024	No
Mr. XIAO Hongxing	65,572	2023–2024	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	30,000	2023–2024	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	14,000	2023–2024	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	6,610	2022–2024	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	37,597	2023–2024	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	6,910	2023–2024	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	37,597	2023–2024	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	100,960	2023–2024	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	126,982	2023–2024	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	13,000	2023–2024	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	25,092	2022–2025	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	2,800	2022–2025	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	51,334	2023–2031	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	74,507	2023–2028	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	58,878	2022–2025	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	85,116	2022–2025	No
Total	812,635		

	As at December 31, 2024		
	RMB'000	Effective period	Fulfilled
Mr. XIAO Hongxing	20,000	2024–2025	No
Mr. XIAO Hongxing	44,000	2024–2025	No
Mr. XIAO Hongxing	17,808	2024–2025	No
Mr. XIAO Hongxing	63,127	2024–2025	No
Mr. XIAO Hongxing	7,253	2024–2025	No
Mr. XIAO Hongxing	14,076	2024–2025	No
Mr. XIAO Hongxing	16,684	2024–2025	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	71,643	2022–2025	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	103,676	2022–2031	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	97,085	2023–2023	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	20,000	2024–2025	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	825	2022–2025	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	7,967	2022–2025	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	22,371	2024–2025	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	114,470	2024–2025	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	21,096	2024–2025	No
Total	642,081		

(d) Outstanding balances with related parties as at December 31, 2022, 2023 and 2024:

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables			
Dongguan Guanghua Chemical Industry Co., Ltd.	38	38	–
Dongguan Longbo Automation Equipment Co., Ltd.	11	11	11
Dongguan Superb Electronic Materials Co., Ltd.	4,413	6,942	5,831
Dongguan Guanghua Environmental Protection Technology Co., Ltd.	–	180	–
Total	4,462	7,171	5,842
Other payables and accruals			
Dongguan Guanghua Environmental Protection Technology Co., Ltd.	492	578	1,415

As at December 31, 2022, 2023 and 2024, all the outstanding balances with related parties were trade in nature.

(e) Compensation of key management personnel of the Group:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Short term employee benefits	20,898	21,277	22,966
Share-based payment expenses	4,879	5,042	2,861
Total	25,777	26,319	25,827

Further details of directors' and supervisors' emoluments are included in note 8 to the Historical Financial Information.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods were as follows:

As at December 31, 2022

Financial assets

	Financial assets at amortized cost
	RMB'000
Trade and bills receivables	704,733
Financial assets included in prepayments, other receivables and other assets	10,414
Pledged and restricted deposits	81,063
Cash and cash equivalents	200,047
Total	996,257

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade and bills payables	1,129,255
Financial liabilities included in other payables and accruals	75,907
Interest-bearing bank and other borrowings	323,504
Total	1,528,666

As at December 31, 2023

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	13,012	–	13,012
Trade and bills receivables	–	886,657	886,657
Financial assets included in prepayments, other receivables and other assets	–	10,741	10,741
Pledged and restricted deposits	–	82,064	82,064
Cash and cash equivalents	–	349,203	349,203
Total	13,012	1,328,665	1,341,677

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade and bills payables	1,221,691
Financial liabilities included in other payables and accruals	41,952
Derivative financial instruments	1,422
Interest-bearing bank and other borrowings	383,214
Total	1,648,279

As at December 31, 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	291,070	–	–	291,070
Financial assets at fair value through other comprehensive income	–	1,048	~	1,048
Trade and bills receivables	–	–	1,292,954	1,292,954
Financial assets included in prepayments, other receivables and other assets	–	–	10,840	10,840
Pledged and restricted deposits	–	–	86,210	86,210
Cash and cash equivalents	–	–	635,071	635,071
Total	291,070	1,048	2,025,075	2,317,193

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade and bills payables	1,646,602
Financial liabilities included in other payables and accruals	156,119
Derivative financial instruments	8,088
Interest-bearing bank and other borrowings	414,919
Total	2,225,728

Transfers of financial assets

Transferred financial assets that are not derecognized in their entirety

At December 31, 2022, 2023 and 2024, the Group endorsed certain bills receivable in Mainland China (the "**Endorsed Bills**") with carrying amounts of RMB74,323,000, RMB36,551,000 and RMB102,335,000, respectively, 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 recognize 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.

Transferred financial assets that are derecognized in their entirety

At December 31, 2022, 2023 and 2024, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "**Derecognized Bills**") to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB16,779,000, RMB20,243,000 and RMB17,447,000. The Derecognized Bills maturity of one to six months at the end of the Relevant Periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognized Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognized 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 Derecognized 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 Derecognized Bills. Accordingly, it has derecognized the full carrying amounts of the Derecognized Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognized Bills and the undiscounted cash flows to repurchase these Derecognized Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognized Bills are not significant.

During the years ended December 31, 2022, 2023 and 2024, the Group has recognized a loss on the date of transfer of the Derecognized Bills of approximately nil, RMB50,000 and nil, respectively. No gains or losses were recognized from the Continuing Involvement, both during the Relevant Periods or cumulatively. The endorsement has been made evenly throughout the Relevant Periods.

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, financial assets included in other receivables, pledged and restricted deposits, and other assets, interest-bearing bank and other borrowings (current portion), trade and bills payables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance team headed by the chief finance controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the finance head. At each reporting date, the finance team analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance head.

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 carrying amounts and fair values of the Group's financial instruments are as follows:

As at December 31, 2022

	Carrying amounts	**Fair values**
	RMB'000	*RMB'000*
Financial liabilities		
Interest-bearing bank and other borrowings	323,504	313,166

As at December 31, 2023

	Carrying amounts	Fair values
	RMB'000	*RMB'000*
Financial assets		
Financial assets at fair value through other comprehensive income	13,012	13,012
Financial liabilities		
Derivative financial instruments	1,422	1,422
Interest-bearing bank and other borrowings	383,214	371,824
Total	384,636	373,246

As at December 31, 2024

	Carrying amounts	Fair values
	RMB'000	*RMB'000*
Financial assets		
Financial assets at fair value through other comprehensive income	1,048	1,048
Financial assets at fair value through profit or loss	291,070	291,070
Total	292,118	292,118
Financial liabilities		
Derivative financial instruments	8,088	8,088
Interest-bearing bank and other borrowings	414,919	399,509
Total	423,007	407,597

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments.

Assets measured at fair value

As at December 31, 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*
Trade and bills receivables	–	704,733	–	704,733

As at December 31, 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 other comprehensive income	–	13,012	–	13,012
Trade and bills receivables	–	886,657	–	886,657
Total	–	899,669	–	899,669

As at December 31, 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 other comprehensive income	–	1,048	–	1,048
Financial assets at fair value through profit or loss	–	291,070	–	291,070
Trade and bills receivables	–	1,292,954	–	1,292,954
Total	–	1,585,072	–	1,585,072

Liabilities measured at fair value

As at December 31, 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*
Derivative financial instruments	–	1,422	–	1,422

As at December 31, 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*
Derivative financial instruments	–	8,088	–	8,088

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 for financial assets.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank loans, finance assets at FVTPL and cash and cash equivalents. 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 foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below.

Interest rate risk

The Group's exposure to the risk of changes in interest rates relates primarily to the Group's debt obligations in RMB with floating interest rates.

The Group's policy is to manage its interest costs using a mix of fixed and floating rate debts with respect to the prevailing interest rate environment. The Group mitigates the risk by monitoring closely the movements in interest rates and reviewing its banking facilities regularly. The Group has not used any interest rate swap to hedge its exposure to interest rate risk.

If interest rates had been 100 basis points higher/lower with all other variables held constant, the post-tax profit for the year would have been decreased/increased by RMB2,671,000, RMB3,150,000 and RMB3,194,000 at December 31, 2022, 2023 and 2024, respectively.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Group's profit after tax.

	(Decrease)/ increase in foreign currency rate	Increase/ (decrease) in profit after tax
	%	*RMB'000*
As at December 31, 2022		
If the RMB weakens against the USD	(10)	51,700
If the RMB strengthens against the USD	10	(51,700)
If the RMB weakens against the EUR	(10)	305
If the RMB strengthens against the EUR	10	(305)
As at December 31, 2023		
If the RMB weakens against the USD	(10)	79,677
If the RMB strengthens against the USD	10	(79,677)
If the RMB weakens against the EUR	(10)	421
If the RMB strengthens against the EUR	10	(421)
As at December 31, 2024		
If the RMB weakens against the USD	(10)	82,726
If the RMB strengthens against the USD	10	(82,726)
If the RMB weakens against the EUR	(10)	1,135
If the RMB strengthens against the EUR	10	(1,135)

Credit risk

An impairment analysis was performed at end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on aging for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on aging 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 December 31, 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	–	–	–	704,733	704,733
Financial assets included in prepayments, other receivables and other assets	10,414	–	–	–	10,414
Pledged and restricted deposits	81,063	–	–	–	81,063
Cash and cash equivalents	200,047	–	–	–	200,047
Total	291,524	–	–	704,733	996,257

As at December 31, 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	–	–	–	886,657	886,657
Financial assets included in prepayments, other receivables and other assets	10,741	–	–	–	10,741
Pledged and restricted deposits	82,064	–	–	–	82,064
Cash and cash equivalents	349,203	–	–	–	349,203
Total	442,008	–	–	886,657	1,328,665

As at December 31, 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	–	–	–	1,292,954	1,292,954
Financial assets included in prepayments, other receivables and other assets	10,840	–	–	–	10,840
Pledged and restricted deposits	86,210	–	–	–	86,210
Cash and cash equivalents	635,071	–	–	–	635,071
Total	732,121	–	–	1,292,954	2,025,075

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 and bills receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities and lease liabilities as at end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at December 31, 2022

	Less than 1 year	1 to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	180,069	150,609	–	330,678
Trade and bills payables	1,129,255	–	–	1,129,255
Other payables and accruals	75,907	–	–	75,907
Lease liabilities	14,697	243	–	14,940
Total	1,399,928	150,852	–	1,550,780

As at December 31, 2023

	Less than 1 year	1 to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	161,797	166,344	71,827	399,968
Derivative financial instruments	1,422	–	–	1,422
Trade and bills payables	1,221,691	–	–	1,221,691
Other payables and accruals	41,952	–	–	41,952
Lease liabilities	10,049	438	–	10,487
Total	1,436,911	166,782	71,827	1,675,520

As at December 31, 2024

	Less than 1 year	1 to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	229,809	108,631	85,982	424,422
Derivative financial instruments	8,088	–	–	8,088
Trade and bills payables	1,646,602	–	–	1,646,602
Other payables and accruals	156,119	–	–	156,119
Lease liabilities	438	–	–	438
Total	2,041,056	108,631	85,982	2,235,669

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using the debt to asset ratio, which is total liabilities divided by total assets. The debt to asset ratios as at the end of each of the Relevant Periods were as follows:

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Total liabilities	1,835,782	1,982,118	2,611,910
Total assets	3,244,856	3,812,432	5,685,756
Debt-to-asset ratio	57%	52%	46%

40. EVENTS AFTER THE RELEVANT PERIODS

On April 21, 2025, the Company declared its dividend distribution for the year ended December 31, 2024 which was based on the number of shares outstanding less the number of restricted shares expected to be forfeited as at equity record date for dividend distribution. A cash dividend of RMB4.80 (tax inclusive) per 10 shares was distributed, with no capitalisation of capital reserve into share capital and no issuance of bonus shares.

41. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2024.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken into account the expected change or amendment to the relevant laws or policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an **[REDACTED]** in the H shares, nor does it take into account the specific circumstances of any particular **[REDACTED]**, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an **[REDACTED]** in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment.

This discussion does not address any aspects of PRC taxation other than income tax, capital gains tax and profits tax, sales tax, value-added tax, stamp duty and estate duty. Prospective **[REDACTED]** are urged to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of the H shares.

TAXATION IN MAINLAND CHINA

Tax on Dividends

Individual Investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the "**IIT Law**"), latest amended by the SCNPC on August 31, 2018 and effective on January 1, 2019, and the Implementation Rules of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》) amended by the State Council on December 18, 2018 and effective on January 1, 2019, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to Notice on Issues Relating to Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued by the MOF, the STA and China Securities Regulatory Commission (the "**CSRC**") on September 7, 2015 and effective on September 8, 2015, for shares of listed companies obtained by individuals via public offerings and market transfer and held for more than one year, the income from dividends and bonuses thereof shall temporarily be exempt from individual income tax. For shares of listed companies obtained by individuals via public offerings and market transfer and held for less than one month (including one month), the income from dividends and bonuses thereof shall be fully included in the individual's taxable income amount; where the shares are held for a period from one month up to one year (including one year), 50% of the income from dividends and bonuses therefrom shall temporarily be included in the individual's taxable income amount; the aforesaid income shall be subject to individual income tax based on 20% tax rate on a unified basis.

Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), signed by the Mainland of China and the Hong Kong Special Administrative Region on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《國家稅務總局關於〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》), issued by the STA on July 19, 2019 and effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

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**") promulgated by the SCNPC, latest amended and became effective on December 29, 2018, and the Implementation Regulations for 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, last amended on December 6, 2024 and became effective on January 20, 2025, a non-resident enterprise is subject to a 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《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》) issued by the STA and effective on November 6, 2008, a PRC resident enterprise is required to withhold enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008. The Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other 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》) promulgated by the State Administration of Taxation and effective July 24, 2009 further provides that PRC-resident enterprises listed on Chinese and overseas stock exchanges by issuing stocks (including A shares, B shares and overseas shares) must withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

According to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《國家稅務總局關於〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》) provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Tax Treaties

Investors who are not PRC residents and reside in countries which have entered into avoidance of double taxation treaties with the PRC are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC has entered into arrangements for the avoidance of double taxation with a number of countries and regions including but not limited to Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax treaties or arrangements are required to apply to the PRC tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund payment is subject to approval by the PRC tax authorities.

Tax Related to Share Transfer Income

Individual Investors

According to the IIT Law and its implementation rules, individuals are subject to individual income tax at the rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Under the Circular of the MOF and STA on Declaring that Individual Income Tax Continues to Be Exempted over Individual Income Tax from Transfer of Shares (Cai Shui Zi [1998] No.61) (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》issued by the MOF and SAT on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. Although the IIT Law and its implementation rules have not stated whether it will continue exempting individual income tax on income of individuals from transfer of listed shares, the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《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》) promulgated jointly by the MOF, the SAT and the CSRC on December 31, 2009 and implemented on the same day, the Notice of State Taxation Administration of the PRC on Issues Relating to Levying and Payment of Individual Income Tax on Income from Transfer of Moratorium Shares (《國家稅務總局關於限售股轉讓所得個人所得稅徵繳有關問題的通知》) promulgated by the State Taxation Administration of the PRC on January 18, 2010 and effective from January 18, 2010 and the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) promulgated by the MOF, the SAT of the PRC and China Securities Regulatory Commission on November 10, 2010 and effective from November 10, 2010, states that individuals' income from transfer of listed shares on certain domestic stock exchanges (including Shenzhen Stock Exchange) shall continue being exempt from individual income tax, except for the shares subject to sales restriction. As at the date of this Document, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. In practice, the PRC tax authorities have not collected income tax from non-PRC resident individuals on gains from the sale of shares of the PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

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

Shenzhen-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on November 5, 2016 and effective on December 5, 2016, transfer spread income derived by mainland enterprises from stock investment listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax according to law. For dividends and bonuses received by mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of mainland individual investors to the H-share companies and the H-share companies shall withhold individual income tax at the rate of 20% on behalf of the investors.

Pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on December 4, 2019 and effective on December 5, 2019 and the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds which promulgated on August 21, 2023 and implemented on the same date, the transfer spread income derived by mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be exempted from individual income tax from December 5, 2019 to December 31, 2027.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》), dividends derived by mainland enterprises investors from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect are included in their total income and subject to Enterprise Income Tax according to law. In particular, dividend and bonus income obtained by mainland resident enterprises from holding H shares for 12 consecutive months shall be exempted from enterprise income tax according to law. H-share companies shall not withhold income tax on dividends and bonus income for mainland enterprises. The tax payable shall be declared and paid by the enterprise itself.

Stamp Duty

According to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was promulgated on June 10, 2021 and came into effect on July 1, 2022, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

Estate Duty

According to PRC law, no estate duty is currently levied in the Mainland China.

MAJOR TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the EIT Law and its implementation rules, all domestic enterprises in China (including foreign-invested enterprises) shall be subject to enterprise income tax at the uniform tax rate of 25%.

According to the Administrative Measures for Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》), which was promulgated by the Ministry of Science and Technology, the MOF and the STA on April 14, 2008, amended on January 29, 2016 and became effective on January 1, 2016, an enterprise recognized as a high and new technology enterprise may apply for a preferential enterprise income tax rate of 15% pursuant to the relevant requirements of the Enterprise Income Tax Law.

Enterprises are categorized into resident enterprises and non-resident enterprises. Where a non-resident enterprise has no establishment or place in China, or it has an establishment or a place in China, but the income derived is not effectively connected with the aforesaid establishment or place, it shall pay enterprise income tax on the portion of its income sourced from inside China. The aforesaid tax payable on the income derived by a non-resident enterprise, shall be withheld at source, with the payer of the income serving as the withholding agent. When making such payment or when such payment is due, the withholding agent shall withhold the income tax from such payment. Meanwhile, any gains realized on the transfer of shares by such investors are subject to enterprise income tax and shall be withheld at source if such gains are regarded as income derived from the transfer of property within the PRC.

Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) promulgated by the State Council, last amended and became effective on November 19, 2017 and the Implementation Rules for the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF on December 25, 1993, latest amended on October 28, 2011 and became effective on November 1, 2011, all entities and individuals in the PRC engaging in the sale of goods, the provision of processing, repairs and replacement services, and the importation of goods are required to pay value-added tax. For taxpayers selling or importing goods, the general tax rate shall be 17% unless otherwise specified in the aforesaid regulations.

In accordance with Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to VAT Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》), which became effective on May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to Announcement on Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》) promulgated by the MOF, the STA and the General Administration of Customs on March 20, 2019 and became effective from April 1, 2019, for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively.

Pursuant to the Announcement of the MOF and the State Taxation Administration (the "**STA**") on the Weighted VAT Deduction Policy for Advanced Manufacturing Enterprises (《財政部、稅務總局關於先進製造業企業增值稅加計抵減政策的公告》), which was promulgated on September 3, 2023, 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 VAT payable.

On December 25, 2024, the SCNPC promulgated the VAT Law of the PRC (《中華人民共和國增值稅法》), which will come into effective on January 1, 2026, and replace the Provisional Regulations on Value-added Tax of the PRC.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is the Renminbi. The State Administration of Foreign Exchange (the "**SAFE**"), authorized by the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the People's Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》) amended by the State Council and became effective on August 5, 2008, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of PRC enterprises may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on June 20, 1996 and became effective on July 1, 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

According to relevant laws and regulations of the PRC, PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

According to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council and effective on October 23, 2014, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

On February 13, 2015, the SAFE issued the Notice of the SAFE on Further Simplifying and Improving the Foreign Exchange Management Policies for 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), which came into effect on June 1, 2015. The Notice cancels the foreign exchange registration approval under domestic direct investment and foreign exchange registration approval under overseas direct investment, and requires the banks to review and carry out foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment directly. SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks.

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》) promulgated by the SAFE on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.

Pursuant to the Notice of SAFE on Promulgation of the Guidelines on Foreign Exchange Businesses under Capital Accounts (Edition 2024) (《國家外匯管理局關於印發〈資本專案外匯業務指引(2024年版)〉的通知》) promulgated by the SAFE on April 3, 2024, for domestic companies listed overseas, the funds raised shall in principle be repatriated to China in a timely manner, either in RMB or foreign currency. The use of these funds must comply with the relevant content disclosed in public documents, such as the document, bond issuance documents, shareholder circulars, board or shareholder meeting resolutions. If a domestic company uses overseas-raised funds for outbound direct investment (ODI), overseas securities investment, or cross-border lending, it must comply with the relevant foreign exchange regulations.

LAWS AND REGULATIONS RELATING TO TAXATIONS IN THAILAND

Thailand's tax system is primarily governed by the Revenue Code, which provides the legal basis for the imposition of taxes at the national level. The Thai tax structure is centralised and administered by the Revenue Department under the Ministry of Finance. The main types of taxes applicable to businesses include corporate income tax, VAT, specific business tax, stamp duty, and withholding tax:

- Corporate income tax is levied on both Thai and foreign companies operating in Thailand. Resident companies are taxed on their worldwide income, while non-resident companies are taxed only on income derived from sources within Thailand. Reductions or exemptions may be available under investment promotion schemes regulated by the BOI or through double taxation agreements (DTAs).

- Value-added tax (VAT) is a consumption tax imposed at each stage of the production and distribution process. The standard VAT rate is 7%, although certain goods and services may be exempt or zero-rated, such as exports or basic necessities.

- Withholding tax is applicable to certain types of payments made to both resident and non-resident entities, including interest, dividends, royalties, and service fees. The applicable rates vary depending on the nature of the payment and may be reduced under applicable DTAs.

- Specific business tax (SBT) applies to businesses engaged in specific activities not subject to VAT, such as banking, financial institutions, and real estate. The tax rate varies based on the business type.

- Stamp duty is imposed on legal instruments such as contracts, leases, and certain financial transactions. The rates vary depending on the document type and transaction value.

See "Regulatory Overview — Thailand Regulatory Overview."

This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III — Taxation and Foreign Exchange". 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.

PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) amended and came into effect on March 11, 2018 (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is the signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) which was last amended on March 13, 2023 and came into effect on March 15, 2023 (the "**Legislation Law**"), the NPC and SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing State organs, civil, criminal and other matters. The SCNPC formulates and amends the laws other than those required to be enacted by the NPC and to supplement and amend parts of the 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 the provinces, autonomous regions and municipalities and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, ecological civilization development, historical and cultural protection, and grassroots governance 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 their respective provinces or autonomous regions. If the law provides otherwise on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions.

The standing committees of the people's congresses of the provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval shall be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of the relevant provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people's congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions, a decision should be made to resolve the issue. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries and commissions of the State Council, PBOC, the National Audit Office, the subordinate institutions with administrative functions directly under the State Council, and the organizations prescribed by laws may formulate departmental rules and regulations within the permissions of their respective departments based on the laws as well as the administrative regulations, decisions and orders of the State Council. Provisions of departmental rules should be the matters related to the enforcement of the laws or the administrative regulations, decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities and cities or autonomous prefectures divided into districts may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the city divided into districts or autonomous prefecture within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to amend or repeal any inappropriate laws enacted by the SCNPC, and to repeal any autonomous regulations and separate rules approved by the SCNPC that are in conflict with the Constitution and the Legislation Law. The SCNPC has the power to repeal any administrative regulations that are in conflict with the Constitution and the laws, and to repeal any local regulations that are in conflict with the Constitution, the laws, and the administrative regulations, and to repeal autonomous regulations and separate regulations approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government as being in conflict with the Constitution and the Legislation Law. The State Council has the right to amend or repeal any inappropriate departmental and local government regulations. The people's congresses of the provinces, autonomous regions and municipalities directly under the central government have the right to amend or repeal any inappropriate local laws or regulations promulgated or approved by their respective standing committees. The standing committees of local people's congresses have the right to repeal any inappropriate rules promulgated by the people's governments at the same level, and the people's governments of provinces and autonomous regions have the right to amend or repeal any inappropriate rules promulgated by the people's governments at lower levels.

Pursuant to the Resolution of the SCNPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加强法律解釋工作的決議》) passed on June 10, 1981, in cases where the scope of provisions of laws or decrees needs to be further defined or additional stipulations need to be made, the SCNPC shall provide interpretations or make stipulations by means of decrees. Issues related to the application of laws in a court trial should be interpreted by the Supreme People's Court, issues related to the application of laws in a prosecution process of the procuratorate should be interpreted by the Supreme People's Procuratorate, and issues related to the application of laws other than in a court trial or in a prosecution process of the procuratorate should be interpreted by the State Council and the competent authorities. At the regional level, the power to interpret regional regulations is vested in the regional legislative and administrative authorities which promulgate such regulations.

PRC JUDICIAL SYSTEM

According to the Constitution and the Law of Organization of the People's Court of the PRC (《中華人民共和國人民法院組織法》) amended by the SCNPC on October 26, 2018 and becoming effective on January 1, 2019, the people's courts of the PRC are divided into the Supreme People's Court, the local people's courts at all levels and special people's courts. The local people's courts at all levels 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 administration of justice by the local people's courts at all levels and by the special people's courts. 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 Procuratorates of the PRC (《中華人民共和國人民檢察院組織法》) revised by SCNPC on October 26, 2018 and taking effect on January 1, 2019, the People's Procuratorates is the law supervision organ of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. 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, i.e., 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 people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of a 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 legally effective final judgment or ruling of such court, 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》) adopted by the SCNPC on September 1, 2023 and effective on January 1, 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 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.

Foreign individuals, persons without nationality, foreign enterprises and foreign organizations that institute or respond to proceedings in a people's court shall have the same procedural rights and obligations as citizens, legal persons and other organizations of the PRC. Should a foreign court limit the litigation rights of PRC citizens or enterprises, the People's court of PRC may apply the same limitations to the citizens or enterprises of such foreign country. Foreign individuals, persons without nationality, foreign enterprises or foreign organizations that need to be represented by a lawyer as his or its agent ad litem in instituting and responding to an action in a people's court shall appoint a lawyer of the PRC. In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. A people's court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform the legally effective judgments and rulings. Where a party refuses to perform a ruling or judgment, the other party may apply to the people's court for the enforcement of the same. The time limit applicable to applications to execute a judgment is two years. The provisions relating to the suspension or discontinuance of the litigation limitation period shall be applicable to the suspension or discontinuance of the limitation period for applications to execute a judgment. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment against such party.

Where a party requests for enforcement of an effective judgment or ruling made by a people's court, but the opposite party or his property is not within the territory of the People's Republic of China, the party may directly apply to the foreign court with jurisdiction for recognition and enforcement of the judgment or ruling, or the people's court may, in accordance with the provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or according to the principle of reciprocity, request for recognition and enforcement by the foreign court. Similarly, for an effective judgment or ruling made by a foreign court that requires recognition and enforcement by a people's court of the PRC, a party may directly apply to an intermediate people's court of the PRC with jurisdiction for recognition and enforcement of the judgment or ruling, or the foreign court may, in accordance with the provisions of international treaties to which its country and the PRC are signatories or in which its country is a participant or according to the principle of reciprocity, request for recognition and enforcement by the people's court, unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security or would not be in social and public interest.

THE COMPANY LAW, TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company established in the PRC seeking a listing on The HKSE is mainly subject to the following laws and regulations of the PRC.

The Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**") was adopted by the Standing Committee of the Eighth NPC at its Fifth Session on December 29, 1993 and came into effect on July 1, 1994. It was successively amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The latest revision of the Company Law became effective on July 1, 2024.

The Trial Measures and relevant guidelines promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023, and were applicable both direct and indirect overseas share subscription and listing of domestic enterprises. The Trial Measures also set out the filing and administration methods and regulatory requirements for the overseas issuance of securities and listing of domestic enterprises.

According to the Trial Measures and its interpretative guidelines, where a domestic company directly offers and list overseas, it 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》), in place of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》) which ceased to apply from March 31, 2023. The latest revision of the Guidelines for Articles of Association of Listed Companies became effective on March 28, 2025.

Set out below is a summary of the major provisions of the Company Law, the Trial Measures and the Guidelines for Articles of Association of Listed Companies which are applicable to our Company.

General Provisions

"A joint stock limited company" means a corporate legal person incorporated in China under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares they have subscribed for 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 and regulations 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 cannot be the capital contributor who has the joint liabilities associated with the debts of 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 notify all subscribers the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only in 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 to be cast by subscribers present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the Board of Directors shall authorize a representative to file an application for registration of establishment with the company registration authority. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

Registered Shares

Under the Company Law, shareholders may make capital contributions in cash or with non-cash assets (e.g., physical assets, intellectual property, land use rights, shares, claims) that can be valued in cash and legally transferred, except where prohibited by law. If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

Under the Trial Measures, if a domestic enterprise issues shares overseas, it may raise funds and distribute dividends in foreign currencies or RMB.

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 on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises listing overseas are required to file with the CSRC under the Trial Measures, submitting a filing report, legal opinion, and other materials, accurately disclosing shareholder information. For direct overseas listings, the issuer files with the CSRC.

Increase of Share Capital

Pursuant to the relevant provisions of the Company Law, where a joint stock limited company intends to issue new stocks, its Shareholders' Meeting shall make a resolution about the following matters:

i. the class and amount of the new stocks;

ii. the issue price of the new stocks;

iii. the beginning and ending dates for the issuance of the new stocks;

iv. the class and amount of the new stocks to be issued to the original shareholders; and

v. if any no par value stock is issued, the proceeds from the issuance of the new stocks shall be included into the registered capital.

Where a company intends to make a public offering of shares, it shall go through the registration with the securities regulatory authority of the State Council and announce the document.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

i. the company shall prepare a balance sheet and an inventory of property;

ii. the reduction of registered capital must be approved by shareholders at the Shareholders' Meeting;

iii. the company shall notify its creditors within ten days from the date of the resolution of the Shareholders' Meeting to reduce the registered capital and make an announcement in the newspaper or the National Enterprise Credit Information Publicity System within thirty days;

iv. the creditors have the right to demand the company to settle the debts or provide corresponding guarantees within thirty days from the date of receipt of the notice, or within forty-five days from the date of the announcement if the notice has not been received; and

v. when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

Where a company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless it is otherwise prescribed by any law, or is agreed upon by all the shareholders of a limited liability company or is otherwise prescribed by the articles of association of a joint stock limited company.

Repurchase of Shares

Under the Company Law, no company may purchase its own shares except under any of the following circumstances:

i. Reducing registered capital (requires Shareholders' Meeting approval);

ii. Merging with a company holding its shares;

iii. Using the shares for implementing employee shareholding or equity incentive plans (requires board resolution under articles of association or shareholders' authorization);

iv. With respect to shareholders voting against any resolution adopted at the Shareholders' Meeting on the merger or division of our Company, the right to demand our Company to acquire the shares held by them;

v. Using the shares for the conversion of convertible corporate bonds issued by the listed company; or

vi. Necessity for a listed company to maintain its company value and the rights of its shareholders (requires public centralized trading).

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the Shareholders' Meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the board meetings attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total numbers of shares of our Company held by a company shall not exceed 10% of the total issued shares of our Company, and shall be transferred or canceled within three years in the case of items (iii), (v) and (vi) above.

A listed company purchasing its own shares shall perform information disclosure obligations in accordance with the Securities Law of the PRC. A listed company purchasing its own shares for reasons specified in the case of (iii), (v) and (vi) above shall purchase the shares in a public and centralized trading manner.

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, the share transfer by a shareholder shall be conducted on a lawfully established stock exchange or by any other means as prescribed by the State Council. The stocks shall be transferred by a shareholder in the form of endorsement or by any other means prescribed by the relevant laws or administrative regulations. After the transfer, the company shall record the name and domicile of the transferee in the register of shareholders. The register of shareholders shall not be modified within 20 days before any Shareholders' Meeting is held, or within 5 days prior to the benchmark date decided by the company for the distribution of dividends. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

Shareholders' obligations include the obligation to comply with the company's articles of association, to pay the subscription price in respect of the shares subscribed for and in accordance with the form of making capital contributions, and to be liable for the company's debts and liabilities up to their subscribed shares, as well as any other obligations stipulated in the articles of association.

The directors and senior executives of the company shall declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. The shares of the company held by them shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Any of the aforesaid persons shall not transfer the shares of the company held within six months after he/she leaves office. Any other restrictions on the transfer of company shares held by directors or senior executives may be specified in the articles of association.

Where the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee may not exercise the pledge right within such restricted period.

Shareholders

Under the Company Law and the Guidelines for Articles of Association of Listed Companies the rights of a shareholder include:

i. to receive dividends and other forms of distributions in proportion to their shareholdings;

ii. to legally require, convene, preside over, participate in or authorize proxies of Shareholders to attend the Shareholders' Meeting and exercise corresponding voting rights;

iii. to supervise business operations of the company, and to present proposals or to raise inquiries;

iv. to transfer shares in accordance with laws, administrative regulations and the provisions of the articles of association;

v. to read and copy the Articles of Association, the register of Shareholders, Shareholders' Meeting minutes, resolutions of meetings of the Board of Directors and financial and accounting reports;

vi. in the event of the winding-up or liquidation of a company, to participate in the distribution of remaining property of a company in proportion to the number of shares held;

vii. to require the company to acquire the shares from Shareholders voting against any resolutions adopted at the Shareholders' Meeting concerning the merger and division of the Company;

viii. other rights conferred by laws, administrative regulations and the articles of association.

The obligations of a shareholder include:

i. to abide by laws, administrative regulations and the Articles of Association;

ii. to provide Share capital according to the Shares subscribed for and Share participation methods;

iii. 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; and

iv. 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.

Shareholders' Meeting

Under the PRC Company Law, the Shareholders' Meeting of a joint stock limited company is made up of all shareholders. The Shareholders' Meeting is the authority of a company, which shall exercise the following functions and powers:

i. electing and replacing directors and supervisors and deciding on their remunerations;

ii. deliberating on and approving the reports of the board of directors;

iii. deliberating on and approving the reports of the board of supervisors;

iv. deliberating on and approving the plans for profit distribution and making up losses of the company;

v. making resolutions on the increase or decrease of the registered capital of the company;

vi. making resolutions on the issuance of corporate bonds;

vii. making resolutions on the merger, split-up, dissolution, liquidation or change of corporate form of the company;

viii. amending the articles of association; and

ix. other functions and powers as prescribed in the articles of association.

Under the Company Law, an annual Shareholders' Meeting shall be held every year. If any of the following circumstances occurs, an interim Shareholders' Meeting shall be held within two months:

i. where the number of directors is less than two thirds of the number as provided for by the Company Law or the articles of association;

ii. where the unrecovered losses of the company reach one third of the total capital stock;

iii. where the shareholders who separately or aggregately hold 10% or more of the company's shares so request;

iv. where the board of directors deems it necessary;

v. where the board of supervisors so proposes; or

vi. other circumstances as provided for in the articles of association.

The Shareholders' Meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. If the chairman is unable or fails to perform his/her duties, the meeting shall be presided over by the deputy chairman. If the deputy chairman is unable or fails to perform his/her duties, the meeting shall be presided over by a director jointly elected by more than half of the directors.

If the board of directors is unable or fails to perform the duties of convening the Shareholders' Meeting, the board of supervisors shall timely convene and preside over the meeting. If the board of supervisors fails to convene and preside over the meeting, shareholders who separately or aggregately hold 10% or more of the shares of the company for 90 or more consecutive days may convene and preside over the meeting by themselves.

If the shareholders who separately or aggregately hold 10% or more of the shares of the company request to convene an interim Shareholders' Meeting, the board of directors and the board of supervisors shall, within 10 days after the receipt of such request, decide whether to hold an interim Shareholders' Meeting and reply to the shareholders in writing.

The time and place of the meeting and the matters to be deliberated shall be notified to each shareholder 20 days before a Shareholders' Meeting is held. For an interim Shareholders' Meeting, a notice shall be served 15 days in advance.

The shareholders who separately or aggregately hold 1% or more of the shares of the company may, 10 days before a Shareholders' Meeting is held, submit an interim proposal in writing to the board of directors. The interim proposal shall contain a clear topic for discussion and specific matters for resolution. The board of directors shall, within 2 days after it receives such a proposal, notify other shareholders and submit the interim proposal to the Shareholders' Meeting for deliberation, unless the interim proposal is in violation of any law, administrative regulation or the articles of association or fails to fall into the scope of functions of the Shareholders' Meeting. The company shall not raise the shareholding proportion of the shareholder who brings forward any interim proposal.

Under the Company Law, a shareholder may entrust a proxy to attend a Shareholders' Meeting, and it should 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, a shareholder who attends the Shareholders' Meeting has one vote for each share held by it, except the shareholders of classified shares. The company may not have a voting right for the shares it holds.

Under the Company Law and the Guidelines for Articles of Association of Listed Companies, a resolution made at the Shareholders' Meeting shall be adopted by more than half of the voting rights held by the shareholders who attend the meeting. A resolution made at the Shareholders' Meeting on modifying the articles of association, increasing or reducing the registered capital as well as merger, split-up, dissolution or change of the corporate form shall be adopted by more than two thirds of the voting rights held by the shareholders who attend the meeting.

The Shareholders' Meeting may, in electing the directors or supervisors, adopt a cumulative voting system according to the articles of association or the resolutions of the Shareholders' Meeting. Under the cumulative voting system, when the Shareholders' Meeting elects the directors or supervisors, 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.

The Board of Directors

Under 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 directors shall be prescribed in the articles of association, but each term shall not exceed three years. After the term of office of a director expires, he/she may be reelected to serve another term.

Under the Company Law, the board of directors shall have one chairman and may have deputy chairmen. The chairman and deputy chairmen shall be elected by more than half of all the directors. The chairman shall convene and preside over the meetings of the board of directors and check the implementation of the resolutions of the board of directors. The deputy chairman shall assist the chairman in work. If the chairman is unable or fails to perform his/her duties, the deputy chairman shall perform such duties. If the deputy chairman is unable or fails to perform his/her duties, a director jointly elected by more than half of the directors shall perform such duties.

Pursuant to the Company Law, under any of the following circumstances, anyone may not act as a director of a company:

i. having no capacity for civil conduct or having limited capacity for civil conduct;

ii. 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, where a five-year period has not elapsed since the expiration of execution period; If he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension of sentence;

iii. serving as a director, factory director or manager of a company or enterprise which has been bankrupt and liquidated and being personally liable for the bankruptcy of such company or enterprise, where a three-year period has not elapsed since the completion of the bankruptcy and liquidation;

iv. acting as the legal representative of a company or enterprise whose business license has been revoked or which was ordered to close down due to any violation of the law and being personally liable, where a three-year period has not elapsed since the date of revocation of business license or the order for closure; or

v. being listed as a dishonest person 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 convene at least two meetings every year. Each meeting shall be notified to all directors and supervisors 10 days before it is held. The board of directors shall exercise the following functions and powers:

i. convening the Shareholders' Meeting and reporting its work to the Shareholders' Meeting;

ii. executing the resolutions of the Shareholders' Meeting;

iii. deciding the business plans and investment scheme of the company;

iv. formulating the plans for profit distribution and making up for loss of the company;

v. formulating the plan for increasing or decreasing the registered capital, as well as the plan for issuance of corporate bonds;

vi. formulating the plan for merger, division, dissolution, or change of corporate form of the company;

vii. deciding the establishment of the internal management body of the company;

viii. deciding the appointment or dismissal of the manager of the company and the remuneration thereof, and, according to the nomination of the manager, deciding on hiring or dismissing deputy managers and financial director of the company as well as their remuneration;

ix. formulating the basic management rules of the company; and

x. other functions and powers specified in the articles of association or granted by the Shareholders' Meeting.

No meeting of the board of directors may be held unless more than half of the directors are present. A resolution made by the board of directors shall be adopted by more than half of all the directors. For voting on a resolution of the board of directors, each director shall have one vote. The board of directors shall prepare minutes regarding the decisions on the matters discussed at the meetings, which shall be signed by the directors present.

The directors shall attend the meeting of the board of directors in person. Where any director is unable to attend the meeting for any reason, he/she may, by issuing a written power of attorney, entrust another director to attend the meeting on his/her behalf. The power of attorney shall indicate the scope of authorization. The directors shall be responsible for the resolutions made by the board of directors.

Where a resolution of the board of directors is in violation of any law, administrative regulation, article of association or resolution of the Shareholders' Meeting and causes any serious loss to the company, the directors who participate in adopting such resolution shall be liable for compensation to the company. If a director is proved to have expressed his/her objection to the voting on such resolution and such objection has been recorded in the minutes, he/she may be exempted from liability.

The Board of Supervisors

Under the Company Law, a joint stock limited company may have a board of supervisors which shall comprise 3 members or more. The members of the board of supervisors shall include shareholders' representatives and an appropriate proportion of employees' representatives of the company, among which the proportion of the employees' representatives shall not be lower than one third, and the concrete proportion shall be specified in the articles of association. The employees' representatives who serve as members of the board of supervisors shall be democratically elected by employees through the employees' representative congress, employees' congress or by other means. No director or senior executive may concurrently hold the post of supervisor.

The board of supervisors shall have one chairman and may have deputy chairmen. The chairman and deputy chairmen of the board of supervisors shall be elected by more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. If the chairman of the board of supervisors is unable or fails to perform his/her duties, the deputy chairman of the board of supervisors shall convene and preside over the meeting. If the deputy chairman is unable or fails to perform his/her duties, a supervisor jointly elected by more than half of the supervisors shall convene and preside over such meeting.

The board of supervisors shall exercise the following functions and powers:

i. examining the financial affairs of the company;

ii. supervising the acts of the directors and senior executives in the performance of their duties, and proposing the removal of the directors and senior executives who have violated laws, administrative regulations, the articles of association or the resolutions of the Shareholders' Meeting;

iii. requiring the directors and senior executives to correct their acts if such acts damage the interests of the company;

iv. proposing to convene an interim Shareholders' Meeting, and convening and presiding over the Shareholders' Meeting when the board of directors fails to implement the duties to convene and preside over the Shareholders' Meeting as prescribed in the Company Law;

v. presenting proposals to the Shareholders' Meeting;

vi. initiating lawsuits against the directors and senior executives according to Article 189 of the Company Law; and

vii. other functions and powers provided for in the articles of association.

A joint-stock company may, instead of setting up board of supervisors, in accordance with the provisions of its articles of association, set up an audit committee consisting of directors on its board of directors to exercise the powers and functions of the board of supervisors.

On December 27, 2024, the CSRC promulgated the Transitional arrangements relating to the implementation of the rules under the new Company Law (關於新《公司法》配套制度規則實施相關過渡期安排), Listed companies shall, before January 1, 2026, in accordance with the provisions of the Company Law, the Provisions of the State Council on Implementation of the Registered Capital Management System under the Company Law of the PRC and the supporting rules of the CSRC, provide in the articles of association for the establishment of an audit committee in the board of directors, exercising the powers and functions of the supervisory board as stipulated in the Company Law, the listed companies will then have no supervisory board or supervisors. Before a listed company adjusts the establishment of the company's internal supervisory body, the supervisory board or supervisors shall continue to comply with the provisions in the original rules of the CSRC.

Managers and Senior Management

Under the Company Law, a joint stock limited company may have a manager, who shall be appointed or removed as decided by the board of directors. The manager shall be 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 shall attend the meetings of the board of directors as a non-voting member.

According to the Company Law, senior management refers to the company manager, deputy company manager, head of finance, secretary to the board of directors of a listed company, and any other persons as specified in the company's articles of association.

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 executives shall assume the obligation of loyalty to the company and take measures to avoid the conflict between their own interests and those of the company and may not seek any improper interests by taking advantage of their powers.

The directors, supervisors and senior executives shall assume the duty of diligence to the company. When performing their duties, they shall, for the best interests of the company, exercise the reasonable care that shall be generally possessed by a manager.

Directors, supervisors and senior management are prohibited from:

i. embezzling the property or misappropriating the funds of the company;

ii. depositing the funds of the company into an account opened in his/her own name or in the name of any other individual;

iii. giving bribes or accepting any other illegal proceeds by taking advantage of his/her power;

iv. taking commissions from the transactions between the company and any other person into his/her own pocket;

v. unlawfully disclosing the confidential information of the company; or

vi. other acts in violation of the obligation of loyalty to the company.

Where any director, supervisor or senior executive directly or indirectly concludes a contract or conducts a transaction with his/her company, he/she shall report the matters relating to the conclusion of the contract or transaction to the board of directors or Shareholders' Meeting, which shall be subject to the resolution of the board of directors or Shareholders' Meeting according to the articles of association.

Where any of the near relatives of the directors, supervisors or senior executives, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior executives or any of their near relatives, or any of the related parties who have any other related-party relationship with the directors, supervisors or senior executives, concludes a contract or conducts a transaction with the company, the provisions of the preceding paragraph shall apply.

No director, supervisor or senior executive 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 stipulated by laws, administrative regulations or the articles of association.

Where any director, supervisor or senior executive 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 that is similar to that of the company where he/she holds office for himself/herself or for any other person.

Where any director, supervisor or senior executive violates any law, administrative regulation or the articles of association during the performance of duties and causes any loss to the company, he/she shall be liable for compensation.

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 accounting report which shall be audited by an accounting firm in accordance with the law. The financial accounting report shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

The financial accounting report of a joint stock limited company shall be made available for inspection by the shareholders at the company not later than twenty days before the annual meeting of shareholders; a joint stock limited company that has publicly issued shares shall announce its financial accounting report.

The premiums received by a company from the issuance of shares at an issue price in excess of the par value of the shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve shall be classified as the capital reserve of the company.

The reserve of a company shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Where the statutory reserve is converted to increase registered capital, the amount of such reserve retained shall not be less than 25% of the registered capital of the company prior to the conversion.

No company may keep any accounting books other than the statutory accounting books. No account shall be opened in the name of any individual for the deposit of a company's funds.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the employment or dismissal of an accounting firm undertaking a company's auditing business shall be decided by the Shareholders' Meeting, the board of directors or the board of supervisors in accordance with the provisions of the company's articles of association. When a company's Shareholders' Meeting, board of directors or the board of supervisors votes on the dismissal of an accounting firm, the accounting firm shall be allowed to state its own opinions. A company shall provide true and complete accounting documents, accounting books, financial accounting reports and other accounting information to the accounting firm engaged by it, and shall not refuse, conceal or misrepresent them.

The Guidelines for Articles of Association of Listed Companies provide that the Company's engagement of an accounting firm shall be decided by the Shareholders' Meeting. The board of directors shall not engage any accounting firm before the decision is made by the Shareholders' Meeting. The audit fee to the accounting firm shall be decided by the Shareholders' Meeting.

Profit Distribution

When a company distributes its after-tax profit for the current year, 10% of the profit shall be accrued and included in the company's statutory reserve. Such accrual is no longer required when the accumulated amount of the company's statutory reserve is 50% or more of the company's registered capital. Where the cumulative amount of the company's statutory reserve is not enough to make up for the losses of the previous year, the current year's profits shall first be used to make up for the losses before the statutory reserve is accrued according to the provisions of the preceding provision. After having accrued statutory reserves from the after-tax profits, a company can also set aside discretionary reserve from the after-tax profits upon a resolution made by the Shareholders' Meeting. The residual after-tax profits after a company has made up its losses and accrued reserve shall be distributed by the company (in the case of a joint stock limited company) in proportion to the shares held by its shareholders, except as otherwise provided for in the company's articles of association. Profit shall not be distributed for a company's shares held by this company.

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders and the liable directors, supervisors and senior executives shall be held liable for compensation if any loss is caused to the company.

If the Shareholders' Meeting resolves to distribute profits, the board of directors shall do so within six months after the resolution is made.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons:

i. the expiration of the business period stipulated in the company's articles of association or the occurrence of other causes of dissolution stipulated in the company's articles of association;

ii. dissolution by a resolution of the Shareholders' Meeting;

iii. dissolution due to merger or demerger of the company;

iv. suspension of the business license, being ordered to close down or being revoked in accordance with the law; or

v. being dissolved by the People's Court in accordance with the provisions of Article 231 of the Company Law.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with sub-paragraph (i) above, it may carry on its existence by amending its articles of association or upon a resolution of the Shareholders' Meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the Shareholders' Meeting. Where the company is dissolved pursuant to sub-paragraphs (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's Articles of Association or it is otherwise elected by the Shareholders' Meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

If the liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group. The people's court shall accept such requests and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation group may exercise the following functions during the period of liquidation:

i. liquidating the property of the company, preparing a balance sheet and an inventory of property, respectively;

ii. notifying the company's creditors by mail or public announcement;

iii. handling and liquidating the unfinished business of the company;

iv. paying off the taxes overdue by the company and the taxes incurred in the process of liquidation;

v. liquidation of claims and debts;

vi. distributing the remaining property after all the debts of the company are paid off; and

vii. representing the company in civil litigation activities.

The liquidation group shall notify the company's creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice. When filing a proof of claim, the creditor shall describe the relevant matters of claim and provide the relevant evidentiary materials. The liquidation group shall register the proof of claim. During the period for filing proofs of claims, the liquidation group shall not pay off any of the creditors.

The liquidation group shall, after liquidating the property of the company and preparing a balance sheet and an inventory of property, make a plan of liquidation and report the same to the Shareholders' Meeting or the people's court for confirmation.

After paying off the liquidation expenses, wages of employees, social insurance premiums and statutory compensations, the outstanding taxes and the debts of the company with the property of the company, the remaining assets may, in the case of a limited liability company, be distributed in proportion to capital contributions of the shareholders, and in the case of a joint stock limited company, distributed in proportion to the shares held by the shareholders.

During the period of liquidation, the company survives, but shall not carry out any business operation unrelated to the liquidation. The property of the company shall not be distributed to the shareholders until it has been liquidated in accordance with the preceding paragraph.

Where the liquidation group finds that the property of the company are not sufficient for paying off the debts after liquidating the property of the company and preparing a balance sheet and an inventory of property, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who causes any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Upon completion of the liquidation of the company, the liquidation group shall produce a liquidation report, report the same to the Shareholders' Meeting or the people's court for confirmation, and submit the same to the company registration authority to apply for deregistration of the company.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

Overseas Listing

According to the Trial Measures, initial public offerings or listings in overseas markets shall be filed with the CSRC within 3 working days after the relevant application is submitted overseas. Subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within 3 working days after the offering is completed. Subsequent securities offerings and listings of an issuer in other overseas markets than where it has offered and listed shall be filed pursuant to provisions in the first sentence of this paragraph.

Loss of Share Certificates

If a share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the PRC Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate.

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law (2019 revision) (《中華人民共和國證券法(2019年修訂)》) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Trial Measures, upon the occurrence of voluntary or mandatory delisting after an issuer has offered and listed securities in an overseas market, the issuer shall submit a report thereof to CSRC within 3 working days after the occurrence and public disclosure of the event.

SECURITIES LAW AND REGULATIONS

The PRC has enacted various regulations on share issuance, trading, and information disclosure. 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 March 29, 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council and effective on April 22, 1993 provide the application and approval procedures for the public issue of shares, trading of shares, takeover of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information by listed companies, investigation and penalties, and arbitration of disputes.

The Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》), which were promulgated by the State Council and came into effect on December 25, 1995, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The PRC Securities Law (《中華人民共和國證券法》) took effect on July 1, 1999 and revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019 respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, the duties and responsibilities of securities exchanges, securities companies and the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that any domestic enterprise that seeks to issue securities overseas either directly or indirectly or to list its stocks in overseas markets shall comply with the relevant provisions of the State Council. Currently, the issue and trading of foreign issued shares (including H 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》) (the "**Arbitration Law**"), amended by the SCNPC 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 the disputing parties have reached an arbitration agreement and one party applies to the People's Court to have the case heard, the People's Court shall not deal with this, except if the arbitration agreement is invalid.

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). Where a party applies for enforcement of an arbitral award made in the PRC pursuant to the law which has come into legal effect, and the person subject to enforcement or its properties are not located in the PRC, the party may apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body 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 January 24, 2000 and effective on February 1, 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 November 26, 2020 and effective on November 27, 2020, awards made by PRC arbitral authorities can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

JUDICIAL JUDGMENT AND ITS ENFORCEMENT

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of Mainland China and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) promulgated by the Supreme People's Court on January 25, 2024 and implemented on January 29, 2024, except for judgments in civil and commercial cases that are not applicable under Article 3 of this Arrangement, judgments that can be recognized and enforced in both places are those made by mainland and Hong Kong Special Administrative Region courts on or after January 29, 2024. The mutually recognized and enforced judgments include monetary judgments and non-monetary judgments. Upon implementation of this Arrangement, the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) which was adopted by the Judicial Committee of the Supreme People's Court on June 12, 2006 and took effect on August 1, 2008 has been repealed.

This Appendix mainly provides **[REDACTED]** with an overview of the Articles of Association. As the following information is in summary form, it does not contain all the information that may be important to **[REDACTED]**.

SHARES AND REGISTERED CAPITAL

The shares of the Company shall take the form of share certificates.

The Company shall issue shares in an open, equitable and fair manner, and each of the shares in the same class shall carry the same rights.

Shares of the same class and the same issuance shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the shares that it/he/she subscribes for.

All shares issued by the Company shall be denominated in RMB.

INCREASE, REDUCTION, REPURCHASE AND TRANSFER OF SHARES

Increase and Reduction of Shares

In light of the Company's operational and developmental needs, the Company may increase its capital in accordance with the laws and regulations and subject to a separate resolution of the Shareholders' Meeting, by any of the following methods:

i. issuing shares to non-specific objects;

ii. issuing shares to specific objects;

iii. allotment of bonus shares to existing shareholders;

iv. conversion of reserve into share capital;

v. other methods permitted by laws, administrative regulations and the securities regulatory authorities of the place where the Company's shares are listed.

The Company may reduce its registered capital. Any reduction of the Company's registered capital shall be subject to the procedures prescribed in the Company Law and other relevant regulations, as well as the Articles of Association.

Share Repurchase

The Company shall not repurchase its shares. However, exceptions are made in any of the following cases:

i. to reduce the registered capital of the Company;

ii. to merge with other companies that hold shares in the Company;

iii. to use the shares for employee shareholding schemes or as share incentives;

iv. to acquire the shares of shareholders (upon their request) who vote against any resolution adopted at any Shareholders' Meeting on the merger or division of the Company;

v. to use the shares to satisfy the conversion of those corporate bonds convertible into shares issued by the Company;

vi. to safeguard corporate value and shareholders' equity as the Company deems necessary.

The Company may repurchase its own shares through public centralized trading, or through other means recognized by the laws, administrative regulations, the securities regulatory authorities of the place and the stock exchange where the Company's shares are listed, and shall comply with the provisions under applicable laws and regulations, as well as securities regulatory rules of the place where the Company's shares are listed.

Where the purchases of the Company's shares under any of the circumstances specified in aforesaid items (iii), (v) and (vi), centralized trading shall be adopted publicly. Where the Company purchases its own shares under any of the circumstances specified in the aforesaid items (i) and (ii) shall require a resolution of the Shareholders' Meeting. Where the purchases of the Company's shares under any of the circumstances specified in aforesaid items (iii), (v) and (vi) shall, prevailing provided that they comply with the applicable securities regulatory rules of the place where the Company's shares are listed, require a resolution of a board of directors attended by two-thirds or more of the directors. Where the purchases of the Company's shares, it shall fulfill the obligation of information disclosure in accordance with the PRC Securities Law and the securities regulatory rules of the place where the company's shares are listed.

For A Shares, after the Company purchasing its own shares pursuant to the provisions above, such shares shall be cancelled within 10 days from the date of purchase under the circumstance as described in item (i); such shares shall be either transferred or cancelled within six months under the circumstances as described in items (ii) and (iv); the aggregate number of shares it holds shall not exceed 10% of the total shares in issue of the Company and such shares shall be transferred or cancelled within three years under the circumstances as described in items (iii), (v) and (vi).

For H shares, if there are other provisions in laws, regulations, and the securities regulatory authorities of the place where the company's shares are listed concerning matters related to share repurchase, such provisions shall prevail.

Transfer of Shares

The shares of the Company shall be transferred in accordance with the law. All transfers of H shares shall be made using written transfer documents in the general or common format or any other format acceptable to the board of directors (including the standard transfer format or transfer form prescribed by the Hong Kong Stock Exchange from time to time); The transfer document can only be signed by hand or stamped with a valid company seal (if the transferor or transferee is a company). If the transferor or transferee is a recognized clearing house (hereinafter referred to as a "**recognized clearing house**") or its agent as defined by relevant regulations or securities regulatory rules of the place where the Company's stock is listed in accordance with Hong Kong law from time to time, the transfer document may be signed by hand or machine printing. All transfer documents shall be kept at the Company's legal address or the address designated by the board of directors from time to time.

The Company does not accept its own shares as the subject matter of pledge.

A Shares already issued by the Company before the public offering of A Shares shall not be transferred within 1 year of the date on which the A Shares of the Company are listed on the stock exchange.

Directors and senior executives of the company shall declare to the company the shares they hold in the company and any changes thereto. During the term of office as determined when they assume their posts, the shares transferred each year shall not exceed 25% of the total shares of the same category they hold in the company. The shares they hold in the company shall not be transferred within 1 year from the date on which the company's shares are listed and traded on the stock exchange. The above-mentioned personnel shall not transfer the shares they hold in the company within six months after they leave office. If directors or senior executives leave office before the expiration of their term, they shall continue to comply with the share reduction ratio requirements stipulated in the Company Law and the securities regulatory rules of the place where the company's shares are listed and other relevant laws and regulations during the term of office as determined when they assumed their posts and within six months after the expiration of their term.

If the securities regulatory rules of the place where the company's shares are listed have additional provisions on the transfer restrictions of the company's shares, the relevant parties shall also comply with such provisions.

Where the Company's shareholders who hold 5% or more of the Company's shares, directors or senior executives sell the Company's shares they hold within six months of the relevant purchase, or purchase any share or other equity securities they have sold within six months of the relevant sale, the proceeds generated therefrom shall be incorporated into the profits of the Company, and the Board of Directors of the Company shall recover the proceeds. However, the following circumstances shall be excluded where a securities company holds 5% or more of the shares of the Company due to its purchase of any remaining shares under best efforts underwriting and other circumstances as stipulated by the securities regulatory authorities of the place where the company's shares are listed.

Shares or other securities with the nature of equity held by directors, senior executives and natural person shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, and held by them by using other people's accounts.

If the Board of Directors of the Company fails to comply with the aforesaid provision of this Article, the shareholders are entitled to request the Board of Directors to do so within 30 days. If the Board of Directors of the Company fails to comply within the aforesaid period, the shareholders are entitled to initiate litigation directly in the people's court in their own names for the interest of the Company. And if the Board of Directors fails to implement the aforesaid provisions of this Article, the responsible directors shall bear joint and several liability in accordance with law.

SHAREHOLDERS AND SHAREHOLDERS' MEETING

Shareholders

The Company shall establish a register of shareholders based on the certificates provided by the share registrar where the Company's shares are listed. The register of shareholders shall be sufficient evidence proving the shareholders' holding of the Company's shares. The original register of holders of H Shares **[REDACTED]** in Hong Kong shall be maintained in Hong Kong and available for inspection by shareholders, whilst the Company may close the register of members in accordance with the provisions of applicable laws and regulations and the securities regulatory rules of the place where the Company's shares are listed. Shareholders shall enjoy rights and assume obligations according to the class of shares held by him/her. Shareholders who hold existing shares of the same class shall enjoy equal rights and assume equal obligations.

Any shareholder registered in the H-share register or any person requesting to have their name (or designation) registered in the H-share register may, in the event of the loss of their share certificate(s), apply to the Company for the replacement of new share certificate(s) in respect of such shares. If a holder of overseas-listed foreign shares loses their share certificate(s) and applies for replacement, the matter may be handled in accordance with the laws of the jurisdiction where the original copy of the overseas-listed foreign share register is maintained, the rules of the relevant securities exchange, or other applicable regulations.

Shareholders of the Company shall enjoy the following rights:

i. to receive dividends and other forms of distributions in proportion to their shareholdings;

ii. to legally require to convene, summon, preside over, participate in or authorize proxies of Shareholders to attend the Shareholders' Meeting and exercise corresponding voting rights;

iii. to supervise business operations of the company, and to present proposals or to raise inquiries;

iv. to transfer, grant or pledge shares in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the provisions of the articles of association;

v. to read and copy the Articles of Association, the register of Shareholders, Shareholders' Meeting minutes, resolutions of meetings of the Board of Directors and financial and accounting reports;

vi. in the event of the winding-up or liquidation of a company, to participate in the distribution of remaining property of a company in proportion to the number of shares held;

vii. to require the company to acquire the shares from Shareholders voting against any resolutions adopted at the Shareholders' Meeting concerning the merger and division of the Company;

viii. other rights conferred by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the articles of association.

When a shareholder requests to inspect or copy the Company's relevant materials mentioned above in the article, he or she shall present evidence to prove the class and amount of shareholdings in writing. The Company shall comply with the shareholder's request after verifying his/her identity.

A resolution of the Shareholders' Meeting or the Board of Directors may be declared void by the people's court upon application from shareholders if the content contravenes the laws or administrative regulations. If the convening procedure or voting method of a Shareholders' Meeting or the Board of Directors contravenes the laws, administrative regulations or the Articles of Association, or if the contents of the resolutions of such meetings contravene the Articles of Association, the shareholders can request the people's court to revoke the resolution within 60 days of the resolution. However, this shall not apply if the convening procedures or voting methods of the Shareholders' Meeting or board meeting involve only minor procedural defects and have no material impact on the resolution.

If there is a dispute among the board, shareholders, or other relevant parties regarding the validity of a Shareholders' Meeting resolution, the concerned parties shall promptly file a lawsuit with the People's Court. Before the People's Court issues a judgment or ruling to revoke the resolution, the relevant parties shall implement the resolution. The company, directors, and senior management shall diligently perform their duties to ensure the normal operation of the company.

If the People's Court issues a judgment or ruling on the matter, the company shall comply with the disclosure obligations in accordance with laws, administrative regulations, and the securities regulatory rules of the jurisdiction where its shares are listed, fully explain the impact, and actively cooperate with the execution after the judgment or ruling takes effect. If correction of prior matters is involved, the company shall promptly address them and fulfill the corresponding disclosure obligations.

In any of the following circumstances, the resolution of the Shareholders' Meeting or the Board of Directors of the company shall be invalid:

i. Failure to convene a Shareholder's Meeting or Board of Directors' Meeting to make a resolution;

ii. The Shareholders' Meeting and the Board of Directors' Meeting did not vote on the resolution matters;

iii. The number of attendees or the number of voting rights held at the meeting does not reach the number or number of voting rights stipulated in the Company Law or the Articles of Association;

iv. The number of people or the number of voting rights held who agree to the resolution does not reach the number or number of voting rights stipulated in the Company Law or the Articles of Association.

The shareholders of the Company shall assume the following obligations:

i. to comply with laws, administrative regulations and the Articles of Association;

ii. to pay the share subscription price based on the shares subscribed for by them and the method of acquiring such shares;

iii. not to return shares unless prescribed otherwise in laws and 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 harm the interests of the Company's creditors; Any shareholder who abuses shareholders' rights and causes the Company or other shareholders to suffer a loss shall be liable for making compensation in accordance with laws; any shareholder who abuses the status of the Company as an independent legal entity or the limited liability of shareholders to evade debts and causes severe harm to the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

v. other obligations imposed by laws, administrative regulations, the securities regulatory rules of the jurisdiction where the company's shares are listed and the Articles of Association.

Controlling Shareholder and De facto Controller

The controlling shareholder and de facto controller of the Company shall exercise their rights and perform their obligations in accordance with laws, administrative regulations, and the securities regulatory rules of the jurisdiction where the Company's shares are listed, and shall safeguard the Company's interests.

The controlling shareholder and de facto controller of the Company shall comply with the following provisions:

i. Exercise shareholder rights in accordance with the law, and shall not abuse controlling rights or use connected relationships to harm the legitimate rights and interests of the Company or other shareholders;

ii. Strictly fulfill all public statements and commitments made, and shall not arbitrarily modify or waive them;

iii. Strictly perform information disclosure obligations in accordance with relevant regulations, actively cooperate with the Company in information disclosure work, and promptly inform the Company of any major events that have occurred or are planned to occur;

iv. Shall not occupy Company's funds in any form;

v. Shall not compel, direct, or require the Company and its personnel to provide illegal or non-compliant guarantees;

vi. Shall not use the Company's undisclosed material information for personal gain, disclose any undisclosed material information related to the Company in any form, or engage in illegal or non-compliant activities such as insider trading, short-swing trading, or market manipulation;

vii. Shall not harm the legitimate rights and interests of the Company and other shareholders through non-arm's length connected transactions, profit distribution, asset restructuring, external investments, or any other means;

viii. Ensure the Company's asset integrity, personnel independence, financial independence, organizational independence, and business independence, and shall not affect the Company's independence in any way;

ix. Other provisions stipulated by laws, administrative regulations, the securities regulatory rules of the jurisdiction where the Company's shares are listed, and the Articles of Association.

If the Company's controlling shareholder or de facto controller does not serve as a director but de facto manages the Company's affairs, the provisions of the Articles of Association regarding directors' fiduciary duties and duty of diligence shall apply.

If the Company's controlling shareholder or de facto controller instructs a director or senior management personnel to engage in conduct that harms the interests of the Company or its shareholders, such controlling shareholder or de facto controller shall bear joint and several liability with such director or senior management personnel.

General Requirements of Shareholders' Meeting

The Shareholders' Meeting is composed of all shareholders. The Shareholders' Meeting is the body of power of the Company which exercises the following functions and powers according to law:

i. to elect and replace the directors who are not employee representatives and to decide on the matters relating to the remuneration of directors;

ii. to consider and approve the reports of the Board of Directors;

iii. to consider and approve the Company's profit distribution plan and plan for recovery of losses;

iv. to resolve on the increase or reduction of the Company's registered capital;

v. to resolve on issuance of corporate bonds;

vi. to resolve on the merger, division, dissolution, liquidation or changing the form of the Company;

vii. to amend the Articles of Association;

viii. to resolve matters regarding the appointment, dismissal, and remuneration determination of the accounting firm engaged for the Company's audit services;

ix. to consider and approve the guarantees specified in Article 47 of the Articles of Association;

x. to consider and approve the transaction matters specified in Article 48 of the Articles of Association;

xi. to consider and approve changes in the use of proceeds;

xii. to consider the equity incentive plans and employee shareholding schemes;

xiii. to consider all transactions where the Company's percentage ratios calculated in accordance with 14.07 of the Hong Kong Stock Exchange Listing Rules relating to percentage ratios are not less than 25% (including one-off transactions and a series of transactions which require combined percentage ratio calculation) and related transactions where the percentage ratios are not less than 5% (including one-off transactions and a series of transactions which require combined percentage ratio calculation);

xiv. to consider other matters on which decisions shall be made by the Shareholders' Meeting as required by laws, administrative regulations, departmental rules, and the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The following external guaranteed transactions of the Company shall be submitted to the Shareholders' Meeting for approval after being reviewed and passed by the Board of Directors:

i. Any single guarantee exceeding 10% of the Company's most recently audited net assets;

ii. Any guarantee provided after the aggregate amount of guarantees by the Company and its controlling subsidiaries exceeds 50% of the Company's most recently audited net assets;

iii. Any guarantee provided after the Company's total external guarantees exceed 30% of its most recently audited total assets;

iv. Guarantees provided to entities with a debt-to-asset ratio exceeding 70%;

v. Guarantees where the aggregate amount provided by the Company to others within one year exceeds 30% of the Company's most recently audited total assets;

vi. Guarantees provided to shareholders, de facto controllers, or their connected persons;

vii. Other guarantee circumstances stipulated by the securities regulatory rules of the jurisdiction where the Company's shares are listed or the Articles of Association.

Where any transaction of the Company reaches any of the following thresholds, the Company shall not only disclose such transaction promptly but also submit it to the Shareholders' Meeting for approval:

i. The total assets involved in the transaction account for more than 50% of the Company's most recently audited total assets. If both book value and appraised value exist for the assets involved, the higher value shall be used for calculation;

ii. The net assets involved in the subject matter of the transaction (e.g., equity) account for more than 50% of the Company's most recently audited net assets, with an absolute amount exceeding RMB50 million. If both book value and appraised value exist for the net assets involved, the higher value shall prevail;

iii. The revenue related to the subject matter of the transaction (e.g., equity) in the most recent fiscal year accounts for more than 50% of the Company's audited revenue in the most recent fiscal year, with an absolute amount exceeding RMB50 million;

iv. The net profit related to the subject matter of the transaction (e.g., equity) in the most recent fiscal year accounts for more than 50% of the Company's audited net profit in the most recent fiscal year, with an absolute amount exceeding RMB5 million;

v. The transaction amount (including assumed liabilities and expenses) accounts for more than 50% of the Company's most recently audited net assets, with an absolute amount exceeding RMB50 million;

vi. The profit generated from the transaction accounts for more than 50% of the Company's audited net profit in the most recent fiscal year, with an absolute amount exceeding RMB5 million.

For any negative values involved in the calculation of the above criteria, their absolute values shall be taken.

The term transactions in this Article includes the following types of activities occurring outside the Company's ordinary course of business: asset purchases; asset sales; external investments (including entrusted wealth management, investments in subsidiaries, etc.); provision of financial assistance (including entrusted loans, etc.); provision of guarantees (including guarantees for controlled subsidiaries, etc.); asset leasing in or out; entrusted or accepting management of assets and business; donation or acceptance of donated assets; debt or liability restructuring; transfer or acceptance of R&D projects; licensing agreements; waiver of rights (including preemptive rights, priority subscription rights, etc.); and other transactions recognized by the Shenzhen Stock Exchange.

The Shareholders' Meeting are classified into annual Shareholders' Meeting and interim Shareholders' Meeting. The annual Shareholders' Meeting shall be convened once a year and be held within 6 months of the end of the previous accounting year.

In any of the following circumstances, the Company shall convene an interim Shareholders' Meeting within 2 months from the date upon which the circumstance occurs:

i. when the number of directors falls short of the number specified in the Company Law or is less than two-thirds of the number specified in the Articles of Association;

ii. when the unrecovered losses of the Company amount to one-third of the total paid-up share capital;

iii. when shareholders individually or collectively holding more than 10% of the Company's shares request;

iv. when the Board of Directors deems necessary;

v. when proposed by the Audit Committee;

vi. other circumstances 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.

Convening of Shareholders' Meeting

The Board of Directors shall convene the Shareholders' Meeting within the prescribed time limit. Independent directors may propose the convocation of an extraordinary Shareholders' Meeting upon approval by a majority of all independent directors. Where independent directors propose to convene an extraordinary Shareholders' Meeting, the Board of Directors shall, within 10 days of receiving such proposal, provide a written response indicating whether it agrees or disagrees with the proposal, in accordance with the laws, administrative regulations, securities regulatory rules of the jurisdiction where the Company's shares are listed, and the Articles of Association. If the Board agrees to convene the extraordinary Shareholders' Meeting, it shall issue a notice of the meeting within 5 days after the relevant board resolution is passed. If the Board disagrees, it shall state the reasons and make a public announcement.

The Audit Committee shall have the authority to propose the convening of an extraordinary Shareholders' Meeting to the Board of Directors, and such proposal shall be submitted in writing. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules of the jurisdiction where the Company's shares are listed, and the Articles of Association, provide a written response within 10 days of receiving the proposal, indicating whether it agrees or disagrees with convening the extraordinary Shareholders' Meeting. If the Board of Directors agrees to convene the extraordinary Shareholders' Meeting, it shall issue the meeting notice within 5 days after the relevant board resolution is adopted. Any modifications to the original proposal in the notice shall require the consent of the Audit Committee. If the Board of Directors disagrees with convening the extraordinary Shareholders' Meeting, or fails to provide a response within 10 days of receiving the proposal, it shall be deemed that the Board of Directors is unable or unwilling to perform its duty to convene the Shareholders' Meeting. In such case, the Audit Committee may convene and preside over the meeting on its own authority.

Shareholders individually or jointly holding 10% or more of the Company's shares shall have the right to request the Board of Directors to convene an extraordinary Shareholders' Meeting, and such request shall be submitted in writing. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules of the jurisdiction where the Company's shares are listed, and the Articles of Association, provide a written response within 10 days of receiving the request, indicating whether it agrees or disagrees with convening the extraordinary Shareholders' Meeting. If the Board of Directors agrees to convene the extraordinary Shareholders' Meeting, it shall issue the meeting notice within 5 days after the relevant board resolution is adopted. Any modifications to the original request in the notice shall require the consent of the relevant shareholders. If the Board of Directors disagrees with convening the extraordinary Shareholders' Meeting, or fails to provide a response within 10 days of receiving the request, the shareholders individually or jointly holding 10% or more of the Company's shares shall have the right to propose the convening of an extraordinary Shareholders' Meeting to the Audit Committee, and such request shall be submitted in writing. If the Audit Committee agrees to convene the extraordinary Shareholders' Meeting, it shall issue the meeting notice within 5 days of receiving the request. Any modifications to the original request in the notice shall require the consent of the relevant shareholders. If the Audit Committee fails to issue the Shareholders' Meeting notice within the specified time period, it shall be deemed that the Audit Committee refuses to convene and preside over the Shareholders' Meeting. In such case, shareholders individually or jointly holding 10% or more of the Company's shares continuously for 90 days or more may convene and preside over the meeting on their own.

Where the Audit Committee or shareholders decide to convene a Shareholders' Meeting on their own authority, they shall provide written notice to the Board of Directors and complete all required reporting (filing) or disclosure procedures in accordance with the securities regulatory rules of the jurisdiction where the Company's shares are listed and the requirements of the stock exchange. The Audit Committee or convening shareholders shall submit relevant supporting documents to the stock exchange when issuing the Shareholders' Meeting notice and announcing the meeting resolutions, as required by the securities regulatory rules of the jurisdiction where the Company's shares are listed and the stock exchange's regulations. Prior to the announcement of the Shareholders' Meeting resolutions, the shareholding percentage of the convening shareholders shall not fall below 10% of the Company's total share capital. The convening shareholders shall undertake not to reduce their shareholdings in the Company from the date of proposing the Shareholders' Meeting to the date of the meeting, and shall disclose such undertaking no later than when issuing the Shareholders' Meeting notice.

The Board of Directors and the secretary to the Board of Directors should cooperate with the Audit Committee or shareholders to convene Shareholders' Meeting on their own. The Board of Directors shall provide the register of shareholders on the record date of equity interests.

Proposals and Notices of Shareholders' Meeting

The contents of a proposal of the Shareholders' Meeting shall be within the scope of the duties and powers of the Shareholders' Meeting, have definite themes and specific matters for resolutions, as well as be in compliance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the relevant requirements set forth in the Articles of Association.

For Shareholders' Meeting convened by the Company, the Board of Directors, the Audit Committee, and shareholders individually or jointly holding 1% or more of the Company's shares shall have the right to submit proposals to the Company. Shareholders individually or jointly holding 1% or more of the Company's shares may submit temporary proposals in writing to the convener no later than 10 days prior to the Shareholders' Meeting. Such temporary proposals shall contain clear topics and specific resolution matters. The convener shall, within 2 days of receiving the proposals, issue a supplementary notice for the Shareholders' Meeting to disclose the content of the temporary proposals and submit them for deliberation at the Shareholders' Meeting; provided, however, that this shall not apply if the temporary proposals violate laws, administrative regulations, or the Company's Articles of Association, or fall outside the scope of authority of the Shareholders' Meeting. Except under the circumstances set forth in the preceding paragraph, after issuing the notice for the Shareholders' Meeting, the convener shall not modify the proposals already listed in the notice or add new proposals. Proposals not listed in the Shareholders' Meeting notice or not in compliance with the Articles of Association shall not be put to vote or adopted as resolutions at the Shareholders' Meeting. If the Shareholders' Meeting is required to be postponed due to the issuance of a supplementary notice under the securities regulatory rules of the jurisdiction where the Company's shares are listed, the Shareholders' Meeting shall be postponed in accordance with such rules.

The convener shall notify all shareholders of an annual Shareholders' Meeting by way of announcement at least 21 days prior to the meeting date, and of an extraordinary Shareholders' Meeting by way of announcement at least 15 days prior to the meeting date. The calculation of the aforementioned notice periods shall exclude the meeting date itself.

Notice of a Shareholders' Meeting shall include the following contents:

i. The convener of the meeting;

ii. The time, venue, format and duration of the meeting;

iii. Matters and proposals to be considered at the meeting;

iv. A prominent statement indicating that all shareholders are entitled to attend the meeting and may appoint a proxy in writing to attend and vote on their behalf, and that such proxy need not be a shareholder of the Company;

v. The record date for determining shareholders entitled to attend the meeting;

vi. The name and telephone number of the standing contact person for the meeting;

vii. The voting time and procedures for online or other voting methods.

The notice and the supplementary notice, if any, of the Shareholders' Meeting shall fully and completely disclose the contents of all proposals.

Holding of Shareholders' Meeting

In accordance with the securities regulatory rules of the jurisdiction where the Company's shares are listed, all shareholders or their proxies who are duly registered on the record date shall have the right to attend the Shareholders' Meeting and, subject to applicable laws, regulations and the Articles of Association, to speak and exercise voting rights at the meeting (unless any shareholder is required under the securities regulatory rules of the listing jurisdiction to abstain from voting on specific matters). Shareholders may attend the Shareholders' Meeting in person or appoint a proxy to attend and vote on their behalf. The proxy need not be a shareholder of the Company.

An individual shareholder who attends the meeting in person shall produce his/her own identification card or other valid documents or proof evidencing his/her identity and stock account cards. If a shareholder appoints a proxy to attend the meeting on his/her behalf, such proxy shall produce his/her own valid proof of identity and the power of attorney from the shareholder. Where the shareholder is a recognized clearing house or its nominee, it may authorize its corporate representative or one or more persons it deems appropriate to act as proxy at any meeting.

A legal person (or other organizations) shareholder shall attend the meeting by its legal representative or proxy appointed by the legal representative. Where the legal representative attends the meeting, he/she shall produce his/her own identification card and valid certificates evidencing his/her capacity as the legal representative. Where a proxy is appointed to attend the meeting, he/she shall produce his/her own identification card and the written power of attorney issued by the legal representative of the legal person (or other organizations) shareholder according to law (except for recognized clearing houses and their proxies). The appointment of such representative shall be deemed as personal attendance.

A power of attorney for appointing a proxy to attend a Shareholders' Meeting shall specify the following contents:

i. The name of the entrusting party and the class and quantity of the Company's shares held;

ii. The name of the proxy;

iii. Specific voting instructions from the shareholder, including directions to vote "For," "Against," or "Abstain" on each proposed resolution listed in the meeting agenda;

iv. The issuance date and validity period of the power of attorney;

v. The signature (or seal) of the entrusting party. If the entrusting party is an institutional shareholder (legal person or other organization), the power of attorney shall bear the official seal of the institution or be signed by a duly authorized representative.

The power of attorney shall indicate whether the proxy can vote as he/she thinks fit or not if the shareholder does not make specific instructions.

Where a shareholder authorizes another person to sign the proxy voting authorization on their behalf, the authorization document or other power of attorney for such signing shall be notarized. Both the notarized authorization document and the voting proxy form shall be deposited at the Company's registered office or such other place as specified in the notice convening the meeting. For corporate shareholders, attendance at the Company's Shareholders' Meeting shall be by the legal representative or a person authorized by resolution of the board of directors or other governing body.

The voting proxy form shall be deposited at the Company's registered office or such other place as specified in the notice convening the meeting no later than twenty-four hours prior to the commencement of the relevant meeting for which the proxy is given or twenty-four hours before the designated voting time, whichever is applicable. Where the voting proxy form is signed by a person authorized by the shareholder, the authorization document or other power of attorney for such signing shall be notarized, and such notarized authorization document shall be deposited together with the voting proxy form at the Company's registered office or such other place as specified in the notice convening the meeting.

Where the shareholder is a recognized clearing house (or its nominee), it may authorize one or more persons it deems appropriate to act as its representative at any Shareholders' Meeting or creditors' meeting. If more than one person is authorized, the authorization document shall specify the number and class of shares to which each authorized person's authorization relates, and the authorization document shall be signed by an authorized signatory of the recognized clearing house. Any person so authorized may exercise the rights of the recognized clearing house (or its nominee) (without the need to produce evidence of shareholding, notarized authorization and/or further evidence of due authorization) and shall enjoy the same statutory rights as other shareholders, including the right to speak and vote, as if such person were an individual shareholder of the Company.

Where the Shareholders' Meeting requires the attendance of directors or senior management personnel, such directors and senior management personnel shall attend and respond to shareholders' inquiries. Subject to compliance with the securities regulatory rules of the jurisdiction where the Company's shares are listed, such persons may attend or participate in the meeting through internet, video conferencing, telephone connections or other methods of equivalent effect.

The Shareholders' Meeting shall be presided over by the Chairman of the Board. If the Chairman is unable or fails to perform such duty, a Director nominated by a majority of the Directors shall preside. A Shareholders' Meeting convened by the Audit Committee shall be presided over by the convener of the Audit Committee. If the convener is unable or fails to perform such duty, a member of the Audit Committee nominated by a majority of its members shall preside. A Shareholders' Meeting convened by shareholders shall be presided over by the convener or a representative nominated by the convener. If the presiding person violates the rules of procedure during a Shareholders' Meeting to the extent that the meeting cannot continue, the Shareholders' Meeting may, with the approval of shareholders holding a majority of the voting rights present at the meeting, elect another person to preside and continue the meeting.

Voting at Shareholders' Meeting

The resolutions of the Shareholders' Meeting shall be divided into ordinary resolutions and special resolutions. An ordinary resolution of the Shareholders' Meeting shall be adopted by more than half of the votes held by the shareholders (including proxies of shareholders) attending the Shareholders' Meeting. A special resolution of the Shareholders' Meeting shall be adopted by two-thirds or more of the votes held by the shareholders (including proxies of shareholders) attending the Shareholders' Meeting.

The following matters shall be approved by the Shareholders' Meeting through ordinary resolutions:

i. work report of the Board of Directors;

ii. the profit distribution plans and loss recovery plans drafted by the Board of Directors;

iii. appointment or dismissal of the members of the Board of Directors and their payment and payment methods;

iv. other matters other than those approved by special resolution stipulated in the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The following matters shall be approved by special resolution at the Shareholders' Meeting:

i. the increase or reduction of the registered capital of the Company;

ii. division, spin-off, merger, dissolution and liquidation (including voluntary winding-up) of the Company;

iii. amendments to the Articles of Association;

iv. purchase or sale of material assets, or provision of guarantees to others, by the Company within one year exceeding 30% of the Company's most recently audited total assets;

v. share incentive plans;

vi. other matters required by laws, administrative regulations, the securities regulatory rules of the jurisdiction where the Company's shares are listed, or the Articles of Association to be passed by special resolution, as well as matters which the Shareholders' Meeting determines by ordinary resolution would have material impact on the Company and therefore require special resolution approval.

Where the Company's shares are divided into different classes at any time, any proposed variation or abrogation of the rights attached to any class of shares shall be subject to approval by special resolution of the affected class shareholders at a separately convened class meeting.

Shareholders (including proxies) may exercise their voting rights by the number of shares held by them which carry the right to vote. Each share shall have one vote. When voting, shareholders (including shareholder proxies) holding two or more votes are not required to cast all their votes uniformly as "for," "against," or "abstain."

When material issues affecting the interests of minority shareholders are considered at a Shareholders' Meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

The shares of the Company which are held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders attending a Shareholders' Meeting.

If a shareholder purchases shares with voting rights of the Company in violation of paragraph 1 and paragraph 2 of Article 63 of the Securities Law, such shares in excess of the prescribed proportion shall not be allowed to exercise voting rights for a period of thirty-six months after the purchase and shall not be counted in the total number of shares with voting rights present at the Shareholders' Meeting.

According to applicable laws and regulations and the Listing Rules, if any shareholder is required to abstain from voting on certain resolution or is restricted to voting only for or against certain resolution, any votes cast by the shareholder or proxy in violation of the relevant requirements or restrictions shall not be counted in the total number of shares with voting rights.

The Board of Directors, independent directors, shareholders of the Company holding 1% or more of the voting shares of the Company or investor protection institutions established pursuant to laws, administrative regulations or the rules of the securities regulatory authorities of the place where the Company's shares are listed, may publicly solicit voting rights from shareholders. When soliciting voting rights from shareholders, the specific voting intention and other information shall be fully disclosed to the solicitation targets. The solicitation of voting rights from shareholders with the provision of direct or indirect compensation shall be prohibited. The Company may not impose any minimum shareholding requirement for the solicitation of voting rights, except for statutory conditions.

When relevant related transaction is considered at a Shareholders' Meeting, the related shareholders shall not vote, and the voting shares held by them shall not be counted in the total number of shares with valid voting rights; the announcement of the resolutions of the Shareholders' Meeting shall fully disclose the voting of non-related shareholders.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors include executive directors, non-executive directors, and independent directors. A non-executive director refers to a director who does not hold any management position in the company, while an independent director refers to a person who meets the requirements set forth in Section 3 of Chapter V of the Articles of Association (consistent with the meaning of "independent non-executive director" under the Hong Kong Stock Exchange Listing Rules). Company directors must be natural persons and shall meet the qualifications required by laws, administrative regulations, departmental rules, and the securities regulatory rules of the jurisdiction where the company's shares are listed.

A person shall not serve as a director of the company under any of the following circumstances:

i. Being legally incapacitated or having limited capacity for civil conduct;

ii. Having been sentenced to criminal penalties for corruption, bribery, embezzlement, misappropriation of property, or disrupting the socialist market economic order, or having been deprived of political rights due to a criminal offense, where less than five years have passed since the completion of the sentence (or, in the case of a suspended sentence, less than two years have passed since the probation period ended);

iii. Having served as a director, factory head, or manager of a company or enterprise that underwent bankruptcy liquidation, where such person bears personal responsibility for the bankruptcy, and less than three years have passed since the completion of the bankruptcy liquidation;

iv. Having served as the legal representative of a company or enterprise that had its business license revoked or was ordered to close due to legal violations, where such person bears personal responsibility, and less than three years have passed since the revocation or closure;

v. Being listed as a discredited person subject to enforcement by a court due to failure to repay significant personal debts when due;

vi. Being subject to a securities market entry ban imposed by the China Securities Regulatory Commission or other regulatory authorities, where the ban has not yet expired;

vii. Being publicly deemed unfit by a stock exchange to serve as a director or senior executive of a listed company, where the restriction has not yet expired;

viii. Other circumstances under laws, administrative regulations, departmental rules, or securities regulatory rules of the jurisdiction where the Company's shares are listed that disqualify a person from serving as a director.

Any election, appointment, or hiring of a director in violation of this Article shall be void. If a director falls under any of the above circumstances during their tenure, the company shall remove them from office and terminate their duties.

Directors (referring to non-employee directors) shall be elected or replaced by the Shareholders' Meeting and may be removed from office by the Shareholders' Meeting before their term expires. The board of directors shall include one employee representative director, who shall be directly elected by the company's employees through an employee representative assembly, general employee meeting, or other democratic means, and shall not require approval by the Shareholders' Meeting. The term of office for directors is three years, and directors may be re-elected upon expiration of their term.

The term of office for directors shall be calculated from the date of their assumption of office until the end of the current board's term. If a director's term expires but no successor is elected in a timely manner, the incumbent director shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules, and the Articles of Association until the newly elected director assumes office.

A director may concurrently serve as a senior executive, provided that the number of directors holding concurrent senior management positions shall not exceed half of the total number of directors on the board.

Subject to compliance with applicable laws, regulations, and securities regulatory rules in the jurisdiction where the company's shares are listed, shareholders shall have the right to remove any director (including a managing director or other executive director) before the expiration of their term by passing an ordinary resolution at a Shareholders' Meeting; provided, however, that such removal shall not affect the director's right to claim damages under any contract.

A director appointed by the board to fill a casual vacancy or as an additional board member shall hold office from the date of appointment until the next annual meeting of shareholders, at which time they shall be eligible for re-election.

A director may resign before the expiration of their term by submitting a written resignation notice to the company. The resignation shall take effect on the date the company receives the notice, and the company shall disclose the relevant details within two trading days or within the period required by the securities regulatory rules of the jurisdiction where the company's shares are listed.

If the resignation of a director results in the board falling below the statutory minimum number of directors, or if the resignation of an independent director causes the number of independent directors to be less than one-third of the board members; or if there is no independent director with the appropriate professional qualifications, accounting expertise, or relevant financial management expertise; or if there is no independent director who is ordinarily resident in Hong Kong, the outgoing director shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules, the securities regulatory requirements of the company's listing jurisdiction, and the Articles of Association until a successor director is elected and assumes office.

Board of Directors

The Company shall establish a Board of Directors, which shall be accountable to the Shareholders' Meeting. The Board shall consist of no fewer than seven (7) Directors, including: No fewer than three (3) Executive Directors (including the Employee Representative Director); No fewer than one (1) Non-Executive Director; No fewer than three (3) Independent Directors, who shall constitute at least one-third of the total Board membership. The Board shall have one (1) Chairman.

The Board of Directors shall exercise the following authorities and responsibilities:

i. Convening Shareholders' Meeting and reporting work to Shareholders' Meeting;

ii. Implementing resolutions adopted by Shareholders' Meeting;

iii. Determining the company's business plans and investment schemes;

iv. Formulating the company's profit distribution plans and loss recovery plans;

v. Developing plans for increasing or reducing registered capital, issuing bonds or other securities, and listing arrangements;

vi. Drafting proposals for major acquisitions, repurchase of company shares, mergers, divisions, dissolution, or changes to the company's organizational form;

vii. Determining the establishment of the company's internal management structure;

viii. Appointing or dismissing the company's general manager, board secretary and other senior management personnel, determining their compensation and incentive/disciplinary matters; and appointing or dismissing deputy general managers, financial officers and other senior executives based on the general manager's nomination, while determining their compensation and incentive/disciplinary matters;

ix. Establishing the company's fundamental management systems;

x. Within the scope authorized by Shareholders' Meeting, deciding on matters including external investments, asset acquisitions/disposals, asset mortgages, external guarantees, entrusted wealth management, connected transactions, and external donations;

xi. Formulating amendments to the Articles of Association;

xii. Managing the company's information disclosure matters;

xiii. Proposing to Shareholders' Meeting the appointment or replacement of auditing accounting firms;

xiv. Reviewing work reports from the general manager and supervising the general manager's performance;

xv. Other authorities granted by laws, administrative regulations, departmental rules, securities regulations of the company's listing jurisdiction, or the Articles of Association.

The Board of Directors shall determine the scope of authorities in respect of external investments, acquisition and sale of assets, asset mortgage, external guarantees, entrusted financial management, related transactions, and external donations, and establish strict review and decision-making procedures; major investment projects should be reviewed by relevant experts and professionals, and subject to shareholders' approval at the Shareholders' Meeting.

A meeting of the Board of Directors shall be held in the presence of more than half of the directors. Resolutions of the Board of Directors must be passed by more than half of all directors. Voting on Board of Directors resolutions shall be made on a one-person-one-vote basis.

Where a director has an affiliated relationship with any enterprise or individual involved in matters subject to a board resolution, such director shall promptly submit a written explanation to the board of directors. The affiliated director shall neither vote on such matter nor exercise voting rights as proxy for other directors. Such board meeting shall be valid only if attended by a majority of non-affiliated directors, and the relevant resolution shall require approval by a majority of non-affiliated directors. If fewer than three non-affiliated directors are present at the meeting, the matter shall be submitted to the Shareholders' Meeting for deliberation. Where laws and regulations or securities regulatory rules in the company's listing jurisdiction impose stricter requirements regarding directors' participation and voting, such provisions shall prevail.

Independent Directors

Independent directors shall diligently perform their duties in accordance with laws, administrative regulations, the securities regulatory rules of the stock exchange where the company is listed, and the provisions of the Articles of Association. They shall play a role in decision-making, oversight, checks and balances, and professional consultation within the Board of Directors, safeguarding the overall interests of the company and protecting the legitimate rights and interests of minority shareholders.

The number of independent directors shall not be fewer than three and shall constitute no less than one-third of the total number of directors. Among them, at least one independent director must possess appropriate professional qualifications as required by the securities regulatory rules of the stock exchange where the company is listed or have expertise in accounting or related financial management. One independent director shall ordinarily reside in Hong Kong. All independent directors must meet the independence requirements stipulated by the securities regulatory rules of the stock exchange where the company is listed.

Independent directors must maintain independence. The following individuals shall not serve as independent directors:

i. Persons working for the company or its subsidiaries, as well as their spouses, parents, children, or close social relations;

ii. Natural person shareholders who directly or indirectly hold more than 1% of the company's issued shares or are among the top ten shareholders, as well as their spouses, parents, or children;

iii. Persons working for shareholders who directly or indirectly hold more than 5% of the company's issued shares or for the company's top five shareholders, as well as their spouses, parents, or children;

iv. Persons working for subsidiaries of the company's controlling shareholder or actual controller, as well as their spouses, parents, or children;

v. Persons who have significant business dealings with the company, its controlling shareholder, actual controller, or their respective subsidiaries, or who work for entities (or their controlling shareholders or actual controllers) that have significant business dealings with the company;

vi. Persons who provide financial, legal, consulting, sponsorship, or other services to the company, its controlling shareholder, actual controller, or their respective subsidiaries, including but not limited to all members of the project team, reviewers at all levels, signatories, partners, directors, senior management, and key personnel of the intermediary institutions providing such services;

vii. Persons who, within the past 12 months, fell under any of the circumstances listed in items (1) to (6) above;

viii. Persons who meet any of the conditions set out in Rules 3.13(1) to (8) of the Hong Kong Stock Exchange Listing Rules;

ix. Other persons deemed non-independent under laws, administrative regulations, the securities regulatory rules of the stock exchange where the company is listed, or the Articles of Association.

For the purposes of items (iv) to (vi) above, subsidiaries of the company's controlling shareholder or de facto controller shall not include enterprises controlled by the same state-owned assets regulatory authority as the company, provided that such enterprises are not deemed related parties under relevant regulations.

Independent directors shall conduct an annual self-assessment of their independence and submit the results to the Board of Directors. The Board shall annually evaluate the independence of incumbent independent directors, issue a specific opinion, and disclose it together with the annual report.

An individual serving as an independent director of the Company shall satisfy the following requirements:

i. Possess the qualifications for serving as a company director in accordance with laws, administrative regulations, securities regulatory rules of the Company's listing jurisdiction, and other relevant provisions;

ii. Meet the independence requirements stipulated in the Articles of Association;

iii. Have fundamental knowledge of listed company operations and be familiar with relevant laws, regulations and rules;

iv. Possess no less than five years of professional experience in law, accounting, economics or other fields necessary for performing independent director duties;

v. Maintain good personal integrity without any record of serious dishonesty or other misconduct;

vi. Satisfy other conditions stipulated by laws, administrative regulations, securities regulatory rules of the Company's listing jurisdiction and the Articles of Association.

The Company shall establish a special meeting mechanism composed exclusively of independent directors. For matters requiring board review such as connected transactions, prior approval shall be obtained from the special meeting of independent directors. The Company shall convene special meetings of independent directors periodically or as needed. Matters specified in Items (i) through (iii) of the first paragraph of Article 136 and those listed in Article 137 of the Articles of Association shall be subject to deliberation at the special meetings of independent directors. The special meetings of independent directors may discuss and review other Company matters as necessary. A special meeting of independent directors shall be convened and chaired by one independent director jointly nominated by a majority of independent directors. If the convener fails or is unable to perform their duties, two or more independent directors may convene the meeting and nominate a representative to chair it. Special meetings of independent directors shall maintain meeting minutes in accordance with regulations, and the opinions of independent directors shall be recorded therein. Independent directors shall sign and confirm the meeting minutes. The Company shall provide necessary facilities and support for the convening of special meetings of independent directors.

Board Special Committee

The Board shall establish an Audit Committee, a Remuneration and Appraisal Committee, a Nomination Committee, and a Strategy and ESG Committee. Each committee shall have an odd number of members, with no fewer than three. These special committees are responsible to the Board and shall perform their duties in accordance with the Company's Articles of Association and the Board's authorization. Proposals from these committees shall be submitted to the Board for review and approval. All members of the special committees shall be directors. Among them, independent directors shall constitute the majority and serve as conveners in the Audit Committee, Nomination Committee, and Remuneration and Appraisal Committee. The convener of the Audit Committee shall be an accounting professional.

The Board Audit Committee shall exercise the powers and functions of a supervisory board as prescribed under the Company Law. The Audit Committee shall consist of three members, all of whom shall be directors not serving as senior management of the Company and shall be non-executive directors, including two independent directors. The convener of the Audit Committee shall be an accounting professional selected from among the independent directors.

The Audit Committee shall hold meetings at least once every quarter. An interim meeting may be convened upon the request of two or more members or when the convener deems it necessary. A meeting of the Audit Committee shall only be valid if at least two-thirds of its members are present. Resolutions of the Audit Committee shall be passed by an affirmative vote of a majority of its members. Each member of the Audit Committee shall have one vote in decision-making. The Audit Committee shall prepare meeting minutes in accordance with applicable requirements, and all attending members shall sign the minutes. The working procedures of the Audit Committee shall be formulated by the Board of Directors.

SENIOR MANAGEMENT

The Company shall have one General Manager, who shall be appointed or dismissed by the Board of Directors. The Company may have several Deputy General Managers, who shall also be appointed or dismissed by the Board of Directors. The General Manager, Deputy General Managers, Chief Financial Officer, and Company Secretary shall constitute the Senior Management of the Company.

The provisions of the Articles of Association regarding disqualifications for directors and departure management systems shall apply equally to Senior Management. The provisions concerning directors' fiduciary duties and duty of care shall likewise apply to Senior Management.

The general manager shall serve a term of three years and may serve consecutive terms if re-employed.

The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

i. to lead the Company's production, operation and management, organize the implementation of the resolutions of the Board of Directors, and report to the Board of Directors;

ii. to organize the implementation of the Company's annual operation plan and investment proposal;

iii. to prepare the plan for the establishment of the Company's internal management department;

iv. to prepare the basic management system of the Company;

v. to formulate the specific rules and regulations of the Company;

vi. to propose to the Board of Directors the appointment or dismissal of the Company's deputy general manager and financial officer;

vii. to decide on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board of Directors;

viii. other powers authorized by the Articles of Association or the Board of Directors.

The Company shall have a Secretary to the Board of Directors, who is responsible for preparing the Shareholders' Meeting and the Board of Directors, keeping documents, managing the materials regarding the shareholders of the Company, and dealing with information disclosure and other matters.

FINANCIAL AND ACCOUNTING SYSTEMS, DISTRIBUTION OF PROFITS AND AUDIT

Financial and Accounting System

The Company shall develop its financial and accounting systems pursuant to laws, administrative regulations and the requirements of the competent authorities of China, and the securities regulatory rules of the place where the Company's shares are listed.

The Company shall submit and disclose its annual report to the local office of the CSRC and the stock exchange where the Company's shares are listed within four months from the end of each fiscal year, and its interim report within two months from the end of the first half of each fiscal year. If the securities regulatory authority in the listing jurisdiction has different requirements, such requirements shall prevail. The aforementioned financial and accounting reports shall be prepared in accordance with the relevant laws, administrative regulations, and the securities regulatory rules of the listing jurisdiction.

The Company shall not keep accounts other than those provided by law. Any fund of the Company shall not be kept under any account opened in the name of any individual.

When distributing after-tax profits, the Company shall allocate 10% of the profits to the statutory reserve fund. Such allocation may cease when the accumulated statutory reserve fund exceeds 50% of the Company's registered capital. If the statutory reserve fund is insufficient to cover accumulated losses from previous years, the Company shall first use current-year profits to offset such losses before making any statutory reserve allocations under the preceding paragraph. After allocating the statutory reserve fund from after-tax profits, the Company may, by resolution of the Shareholders' Meeting, further allocate funds to a discretionary reserve fund from the remaining after-tax profits. After covering losses and allocating reserve funds, the remaining after-tax profits shall be distributed to shareholders in proportion to their shareholdings, unless otherwise stipulated in these Articles. If the Shareholders' Meeting approves any profit distribution in violation of the Company Law, shareholders must return the unlawfully distributed amounts to the Company. Shareholders and liable directors/senior management shall compensate for any losses caused to the Company. The Company's treasury shares shall not participate in profit distributions. The Company shall appoint one or more receiving agents in Hong Kong for H-shareholders. Such agents shall collect and hold dividends/distributions payable to H-shareholders; and remit such payments to the respective H-shareholders. All appointed agents must comply with applicable laws and listing jurisdiction regulations.

The Company's reserve funds shall be used to cover losses, expand production and operations, or increase registered capital through conversion. When covering losses, the Company shall first utilize the discretionary reserve fund and statutory reserve fund. If these prove insufficient, the capital reserve fund may be used in accordance with applicable regulations. If losses persist after applying these measures, the Company may reduce its registered capital to cover the remaining losses, provided that no distributions shall be made to shareholders during such reduction and shareholders' capital contribution obligations shall remain in full force. Capital reductions under this Article shall be exempt from Article 187 (2) of these Articles but require public announcement within 30 days from the shareholders' resolution on CSRC-designated media, the National Enterprise Credit Information Publicity System, the Shenzhen Stock Exchange website, and the HKEX NEWS website (https://www.hkexnews.hk). Following such capital reduction, the Company shall not distribute profits until the aggregate amount of statutory and discretionary reserves reaches 50% of the registered capital. When converting statutory reserve to capital, the retained portion shall not be less than 25% of the pre-conversion registered capital.

The Company shall implement an active and sustainable dividend policy that balances investor returns with long-term growth. Dividends may be distributed in cash, shares, or a combination thereof, with cash dividends being the preferred method. The Company generally distributes dividends annually but may also issue interim cash or stock dividends when appropriate.

The distribution of dividends (or shares) shall be completed within two months from the relevant profit distribution plan is approved by the Shareholders' Meeting, or after the Board of Directors formulates a specific interim dividend plan in accordance with the conditions and limits approved by the annual meeting for the following year. However, if applicable laws and regulations or the securities rules of the Company's listing jurisdiction prevent compliance with this two-month requirement, the implementation schedule may be adjusted accordingly based on such regulations and actual circumstances.

Internal Audit

The Company shall implement a comprehensive internal audit system that clearly defines the leadership structure, responsibilities and authorities, staffing arrangements, funding mechanisms, utilization of audit findings, and accountability procedures. The internal audit system shall be implemented upon approval by the Board of Directors and shall be publicly disclosed.

The Company's internal audit department shall conduct independent supervision and inspection of the Company's business operations, risk management, internal controls, financial information, and other relevant matters.

The internal audit department shall be responsible to the Board of Directors. In conducting its oversight of business operations, risk management, internal controls, and financial information, the internal audit department shall operate under the supervision and guidance of the Audit Committee.

The internal audit department must immediately report any material issues or significant findings directly to the Audit Committee upon discovery.

Appointment of an Accounting Firm

The Company shall appoint an accounting firm (referred to as "auditor" under the Hong Kong Stock Exchange Listing Rules) that complies with the laws, regulations and securities rules of the Company's listing jurisdiction to conduct financial statement audits, net asset verification and other related advisory services. The initial engagement period shall be one year, subject to renewal.

The appointment or dismissal of the Company's accounting firm shall be exclusively determined by the Shareholders' Meeting. The Board of Directors is prohibited from engaging any accounting firm prior to the Shareholders' Meeting decision.

The Company shall provide its engaged accounting firm with authentic and complete accounting vouchers, ledgers, financial reports and other accounting materials, and shall not refuse, conceal or misrepresent such information.

The audit fees for the accounting firm shall be determined by the Shareholders' Meeting.

When terminating or not renewing the engagement of an accounting firm, the Company shall provide 30 days' prior notice to the firm. The accounting firm shall have the right to present its views when the Shareholders' Meeting votes on its dismissal. If the accounting firm resigns, it must report to the Shareholders' Meeting whether there are any improper circumstances involving the Company.

MERGER, DIVISION, INCREASE AND REDUCTION OF CAPITAL, DISSOLUTION AND LIQUIDATION

Merger, Division, Increase and Reduction of Capital

Companies may be merged by way of absorption or by consolidation. In the case of a merger by absorption, a company absorbs another company and the absorbed company shall be dissolved. In the case of a merger by consolidation, two or more companies are merged together for the establishment of a new company, and the companies being merged shall be dissolved.

The Company may proceed with a merger without obtaining a Shareholders' Meeting resolution when the total consideration payable does not exceed 10% of the Company's net assets, unless otherwise stipulated in the Articles of Association. For mergers conducted under the preceding paragraph without shareholder approval, a Board of Directors resolution shall be required.

The merging parties shall execute a merger agreement and prepare both a balance sheet and a detailed asset inventory. Within 10 days after the merger resolution is adopted, the Company shall notify its creditors, and within 30 days, make a public announcement through media outlets designated by the China Securities Regulatory Commission, the National Enterprise Credit Information Publicity System, the website of the Shenzhen Stock Exchange, and the HKEX news website (https://www.hkexnews.hk). Creditors who receive notice may demand debt repayment or adequate guarantees within 30 days from receipt of such notice, while those not receiving notice may make such demands within 45 days from the announcement date. All parties shall comply with any additional requirements under the securities regulations of the Company's listing jurisdiction.

When the Company is merged, the claims and debts of each party to the merger shall be succeeded by the company surviving the merger or the new company established subsequent to the merger.

In the event of a corporate division, the Company shall effect an appropriate division of its assets. The Company shall prepare a balance sheet and detailed inventory of assets, and shall notify creditors within 10 days following the adoption of the division resolution. Within 30 days, the Company shall publish an announcement through media outlets designated by the China Securities Regulatory Commission, the National Enterprise Credit Information Publicity System, the website of the Shenzhen Stock Exchange, and the HKEX news website (https://www.hkexnews.hk). All parties shall comply with any additional requirements stipulated by the securities regulations of the Company's listing jurisdiction.

The new company resulting from the division shall be jointly liable for the debts of the existing company prior to the division, unless it is otherwise prescribed in a written agreement before the division between the company and its creditors with regard to the pay-off of debts.

The Company shall prepare a balance sheet and detailed inventory of assets when reducing its registered capital. Within 10 days after the Shareholders' Meeting resolution on capital reduction, the Company shall notify creditors and publish an announcement within 30 days through media outlets designated by the China Securities Regulatory Commission, the National Enterprise Credit Information Publicity System, the website of the Shenzhen Stock Exchange, and the HKEX news website (https://www.hkexnews.hk). Creditors who receive notice may demand debt repayment or adequate guarantees within 30 days from receipt of notice, while those not receiving notice may make such demands within 45 days from the announcement date. All parties shall comply with any additional requirements under the securities regulations of the Company's listing jurisdiction. The capital reduction shall be implemented proportionally based on shareholders' respective shareholdings, unless otherwise provided by law or the Articles of Association.

Any capital reduction conducted in violation of the Company Law or other applicable regulations shall require shareholders to return funds received, and any reduction of capital contributions shall be restored to its original state. Shareholders and responsible directors/senior management shall be liable for compensation if such illegal capital reduction causes losses to the Company.

The Company shall complete registration formalities with the company registration authority in accordance with law when: merger or division results in changes to registration matters; dissolution requires cancellation of registration; or establishment of new companies requires incorporation registration. The Company shall likewise complete change registration procedures for any increase or decrease in registered capital.

Dissolution and Liquidation

The Company may be dissolved under any of the following circumstances:

i. expiration of the business term specified in the Articles of Association or occurrence of other dissolution events stipulated herein;

ii. resolution by the Shareholders' Meeting to dissolve;

iii. dissolution required due to merger or division;

iv. revocation of business license, compulsory closure, or cancellation by administrative order in accordance with law; or

v. when serious difficulties in the Company's operations make continued existence detrimental to shareholders' interests and no alternative solutions exist, shareholders holding 10% or more of the voting rights may petition the People's Court for dissolution.

Within 10 days after the occurrence of any dissolution event specified above, the Company shall publicly announce the dissolution reason through the National Enterprise Credit Information Publicity System.

If the Company faces dissolution under the circumstances of Article 191 (i) or (ii) of the Articles of Association and has not yet distributed assets to shareholders, it may continue operations by amending the Articles of Association or through a Shareholders' Meeting resolution. Any such amendment or resolution shall require approval by at least 2/3 of the voting rights represented at the Shareholders' Meeting.

The Company shall undergo liquidation when dissolved under the circumstances of Article 191(i), (ii), (iv), or (v) of the Articles of Association. The directors shall serve as the liquidation obligors and shall form a liquidation committee within 15 days after the dissolution event occurs. The liquidation committee shall consist of directors unless otherwise stipulated in the Articles of Association or resolved by the Shareholders' Meeting. Liquidation obligors who fail to perform their duties promptly and thereby cause losses to the Company or creditors shall be liable for compensation.

The liquidation committee shall notify all known creditors within 10 days of its establishment and publish an announcement within 60 days through media outlets designated by the China Securities Regulatory Commission, the National Enterprise Credit Information Publicity System, the website of the Shenzhen Stock Exchange, and the HKEX news website (www.hkexnews.hk). Creditors shall submit their claims to the liquidation committee within 30 days after receiving notice or within 45 days after the announcement date if no notice was received. All parties shall comply with any additional requirements under the securities regulations of the Company's listing jurisdiction. When submitting claims, creditors shall specify all relevant details of their claims and provide supporting documentation. The liquidation committee shall maintain a register of all creditor claims. During the creditor claims period, the liquidation committee shall not make any repayments to creditors.

The liquidation committee shall prepare a liquidation plan after reviewing the Company's assets and compiling a balance sheet and asset inventory, which shall be submitted to the Shareholders' Meeting or the People's Court for approval. The Company's remaining assets, after paying liquidation expenses, employee wages, social insurance contributions, statutory compensation, outstanding taxes, and company debts, shall be distributed to shareholders in proportion to their shareholdings. During the liquidation period, the Company shall continue to exist but shall not engage in any business activities unrelated to the liquidation process. No distribution to shareholders shall be made prior to completing the aforementioned payments.

If the liquidation committee discovers the Company's assets are insufficient to repay its debts after reviewing the assets and preparing the balance sheet and inventory, it shall file for bankruptcy liquidation with the People's Court in accordance with the law. Upon the Court's acceptance of the bankruptcy application, the liquidation committee shall transfer all liquidation matters to the court-appointed bankruptcy administrator.

Upon completion of the liquidation process, the liquidation committee shall prepare a liquidation report for approval by the Shareholders' Meeting or the People's Court, and submit it to the company registration authority to apply for deregistration of the Company.

Members of the liquidation committee shall perform their duties with fiduciary care and diligence. Any member who fails to fulfill their obligations and thereby causes losses to the Company shall be liable for compensation; members who cause losses to creditors through intentional misconduct or gross negligence shall likewise be liable.

If the Company is declared bankrupt by law, bankruptcy liquidation shall be conducted in accordance with applicable bankruptcy legislation.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association in any of the following circumstances:

i. after amendments are made to the Company Law or other relevant laws, administrative regulations and securities regulatory rules at the place where the shares of the Company are listed, any term contained in the Articles of Association become inconsistent with the said amendments;

ii. if certain changes to the Company occur resulting in inconsistency with certain terms specified in the Articles of Association;

iii. the Shareholders' Meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association passed by resolutions of the Shareholders' Meeting require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved change shall be registered in accordance with the laws.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was established as a limited liability company under the laws of the PRC on June 17, 2002, and was converted into a joint stock limited company with limited liability on June 22, 2020. Our Company [was registered] as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on [●], 2025 and have established a place of business in Hong Kong at Room 1928, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. Ms. Ho Sin Tung (何倩彤) has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company is incorporated in the PRC, our operations are subject to the relevant laws and regulations of the PRC. A summary of our Articles of Association and relevant aspects of PRC law is set out in "Taxation and Foreign Exchange," "Summary of Principal Legal and Regulatory Provisions" and "Summary of Articles of Association" in Appendices III, IV and V to this document.

2. Changes in the Share Capital of Our Company

In connection with our A Share Listing, we issued an aggregate of 42,300,000 A Shares, which were listed on the main board of the Shenzhen Stock Exchange on April 2, 2024. As a result, our total issued share capital increased from RMB380,000,000 to RMB422,300,000, comprising a total of 422,300,000 A Shares. For details, see "History, Development and Corporate Structure — Major Shareholding Changes of Our Company — 6. Listing on the Shenzhen Stock Exchange" in this document.

In November and December 2024, our Company issued and allotted an aggregate of 2,965,000 Restricted A Shares to 222 eligible participants pursuant to our 2024 Restricted Share Incentive Plan and 2024 Share Option Incentive Plan, resulting in a further increase of our total issued share capital to RMB425,265,000, comprising a total of 425,265,000 A Shares.

In May 2025, our Company completed the cancellation of a total of 30,000 Restricted A Shares granted pursuant to our 2024 Restricted Share Incentive Plan as the relevant participants no longer satisfied the conditions of grant thereunder. As a result, our total issued share capital decreased from RMB425,265,000 to RMB425,235,000.

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

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 to the Accountants' Report in Appendix I to this document.

On November 15, 2023, the registered share capital of Delton International increased from USD1,000,000 to USD14,000,000. On September 3, 2024, the registered share capital of Delton International increased from USD14,000,000 to USD42,000,000.

On January 8, 2024, the registered share capital of Thailand Delton increased from THB100,000,000 to THB1,600,000,000.

Save as disclosed above, there has been no alteration in the registered capital of our subsidiaries taken place within the two years preceding the date of this document.

4. Resolutions of Our Shareholders

On May 16, 2025, resolutions of our Shareholders were passed pursuant to which, among other things:

(a) the Articles was approved and adopted with effect from the **[REDACTED]**;

(b) the **[REDACTED]** (including the **[REDACTED]**, **[REDACTED]** and **[REDACTED]**) and the **[REDACTED]** were approved and our Directors were authorized to allot and issue the **[REDACTED]** pursuant to the **[REDACTED]**; and

(c) the number of H Shares to be **[REDACTED]** shall be up to **[REDACTED]**% of the total share capital of our Company upon completion of the **[REDACTED]** and before any exercise of the **[REDACTED]**, and the grant of the **[REDACTED]** in respect of no more than **[REDACTED]**% of the number of H Shares initially **[REDACTED]** pursuant to the **[REDACTED]**.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contract

The following contract (not being contract entered into in the ordinary course of the business carried on or intended to be carried on by our Company) was entered into by any member of our Group within the two years preceding the date of this document and is or may be material:

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

2. Our Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material in relation to our business:

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
1.	广合	7	Company	PRC	25282369	July 6, 2028
2.	广合科技	7	Company	PRC	25284591	July 6, 2028
3.	Delton	7	Company	PRC	25296248	September 20, 2028
4.	广合科技	35	Company	PRC	25288403	September 20, 2028
5.	广合	38	Company	PRC	25278626	September 20, 2028
6.	广合科技	9	Company	PRC	25286073	September 20, 2028
7.	广合	9	Company	PRC	25282381	September 20, 2028
8.	广合	42	Company	PRC	25281625	September 20, 2028
9.	广合科技	42	Company	PRC	25280890	September 20, 2028
10.	广合科技	38	Company	PRC	25280201	September 20, 2028
11.	guanghe	7	Company	PRC	25292396	October 13, 2028
12.	guanghe	9	Company	PRC	25290829	October 13, 2028
13.	guanghe	42	Company	PRC	25289255	October 13, 2028
14.	Delton	7	Company	PRC	25288997	October 13, 2028
15.	DTIDelton	9	Company	PRC	32748765	April 13, 2029
16.	DTIDELTON	9	Company	PRC	32730724	April 13, 2029
17.	BTIDelton	9	Company	PRC	32739178	April 13, 2029
18.	BTIDELTON	9	Company	PRC	32737627	April 13, 2029

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
19.		7, 9	Company	PRC	47852386	February 20, 2031
20.	DELTON	7	Company	PRC	49141480	June 20, 2031
21.	DELTON	9	Company	PRC	49121407	August 20, 2031
22.	广合	1	Company	PRC	78171170	October 13, 2034
23.	广合	40	Company	PRC	78181138	October 27, 2034
24.	广合科技	42	Company	PRC	78155418A	November 13, 2034
25.	广合	42	Company	PRC	78166620A	November 13, 2034
26.	广合科技	1	Company	PRC	78169665	October 6, 2034
27.	广合科技	40	Company	PRC	78155336	October 6, 2034
28.		1	Company	PRC	78180825	December 27, 2034
29.	DELTON	40	Company	PRC	78161326	January 6, 2035
30.	DELTON	1	Company	PRC	78167999	February 27, 2035

(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be material to our business:

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
1.	A PCB board identification method and PCB board (一種PCB板的標識方法和PCB板)	Invention	Company	PRC	ZL202110688457.6	June 21, 2021
2.	The method of controlling the thickness of board production (電路板生產厚度管控的方法)	Invention	Company	PRC	ZL202110657100.1	June 11, 2021
3.	A processing method and circuit board for gold finger leads (一種金手指引線的加工方法和電路板)	Invention	Company	PRC	ZL202110603216.7	May 31, 2021
4.	A method of gold plating on three sides of a gold finger (一種金手指三面鍍金的方法)	Invention	Company	PRC	ZL202110539242.8	May 18, 2021
5.	A method of machining cucurbits (一種葫蘆狀異形孔的加工方法)	Invention	Company	PRC	ZL202110383099.8	April 9, 2021
6.	A multi-layer board and its method of manufacture (一種多層板及其製造方法)	Invention	Company	PRC	ZL202110168559.5	February 7, 2021
7.	Printer efficiency improvement methods, electronic devices and storage media (噴印機效率提升方法、電子設備及存儲介質)	Invention	Company	PRC	ZL202110141171.6	February 1, 2021

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
8.	The method for determining the back drill depth of the printed circuit board (印製電路板的背鑽鑽深的確定方法)	Invention	Company	PRC	ZL202110138759.6	February 1, 2021
9.	A method, system, terminal and medium for measuring and controlling layer bias by capacitance (一種通過電容測量與控制層偏的方法、系統、終端及介質)	Invention	Company	PRC	ZL202011585450.3	December 28, 2020
10.	Printed circuit boards with embedded stereo metal base and their processing methods (內嵌立體金屬基的印製電路板及其加工方法)	Invention	Company	PRC	ZL202011581570.6	December 28, 2020
11.	A method to improve the accuracy of PCB backdrill drilling (一種提高PCB背鑽鑽深精度的方法)	Invention	Company	PRC	ZL202011453503.6	December 11, 2020
12.	An automated method of output of AVI appearance checker data (一種AVI外觀檢查機的資料的自動化輸出方法)	Invention	Company	PRC	ZL202011427902.5	December 9, 2020
13.	A control method to improve impedance accuracy (一種提升阻抗精度的控制方法)	Invention	Company	PRC	ZL202011427896.3	December 9, 2020
14.	An intelligent control method and control system for the interior AOI process (一種內層AOI工藝智慧化控制方法及控制系統)	Invention	Company	PRC	ZL202011330152.X	November 24, 2020

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
15.	A treatment method for poor etching in the PCB negative process (一種PCB負片工藝中蝕刻不淨的處理方法)	Invention	Company	PRC	ZL202011262443.X	November 12, 2020
16.	A PCB ultra high aspect ratio mechanical drilling method (一種PCB超高縱橫比機械鑽孔加工方法)	Invention	Company	PRC	ZL202011245876.4	November 10, 2020
17.	A PCB construction that verifies the heat resistance of different materials (一種驗證不同材料耐熱能力的PCB結構)	Invention	Company	PRC	ZL202010462595.8	May 27, 2020
18.	A treatment method for backdrilled bad boards for PCBs (一種PCB的背鑽不良板的處理方法)	Invention	Company	PRC	ZL201911417957.5	December 31, 2019
19.	A PCB-based L-shaped slotted hole machining method (一種基於PCB的L型槽孔加工方法)	Invention	Company	PRC	ZL201911248317.6	December 9, 2019
20.	A segmented board method based on a stepped gold-plated plug PCB (一種基於階梯鍍金插頭式PCB電路板的分段制板方法)	Invention	Company	PRC	ZL201911132185.0	November 19, 2019
21.	An energy-saving control system and method (一種節能控制系統及方法)	Invention	Company	PRC	ZL201910799160.X	August 28, 2019
22.	A controlled depth milling design process for PCB boards (一種PCB板的控深銑設計工藝方法)	Invention	Company	PRC	ZL201911128682.3	November 18, 2019

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
23.	A method of processing PCB finished board swelling (一種PCB成品板漲縮的處理方法)	Invention	Company	PRC	ZL201910799216.1	August 28, 2019
24.	A method of automatic acquisition and analysis of PCB board impedance information (一種PCB板阻抗資訊自動採集及分析方法)	Invention	Company	PRC	ZL201910510416.0	June 13, 2019
25.	A high-speed PCB-board outer loss control process (一種高速PCB板內外層損耗控制工藝)	Invention	Company	PRC	ZL201910510412.2	June 13, 2019
26.	A smart home sensor board and its preparation method (一種智慧家居感應器用線路板及其製備方法)	Invention	Company	PRC	ZL201910174439.9	March 8, 2019
27.	A method to improve the local deformation of the set in a multi-layer printed circuit large panel (一種改善多層印製電路大拼板內套板局部形變的方法)	Invention	Company	PRC	ZL201811406218.1	November 23, 2018
28.	A method of heating cutting that improves the quality of the semi-cured discs (一種改善半固化片品質的加熱裁切方法)	Invention	Company	PRC	ZL201811290568.6	October 31, 2018
29.	A method for determining the aperture of a microslice (一種微切片的孔徑的確定方法)	Invention	Company	PRC	ZL201811002562.4	August 30, 2018
30.	A method of making fine lines to flexible circuit boards (一種撓性電路板精細線路的製作方法)	Invention	Company	PRC	ZL201811004147.2	August 30, 2018

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
31.	Method for creating efficient drilling tools (高效鑽孔工具的生成方法)	Invention	Company	PRC	ZL201810379794.5	April 25, 2018
32.	A two-dimensional code-based Ferring retroactive management system and method (一種基於二維碼的菲林追溯管理系統及方法)	Invention	Company	PRC	ZL201710849230.9	September 20, 2017
33.	A highly effective anti-percolation machining method for PCB board drilling (一種PCB板鑽孔高效防呆的加工方法)	Invention	Company	PRC	ZL201710849211.6	September 20, 2017
34.	A PCB break-proof plate milling slot and its application method (一種PCB防斷板銑鍍槽及其應用方法)	Invention	Company	PRC	ZL201610291976.8	May 5, 2016
35.	A method of machining to prevent burring and reduce milling cutter wear (一種防銑鍍槽毛刺及降低銑刀磨損加工方法)	Invention	Company	PRC	ZL201610292252.5	May 5, 2016
36.	A PCB board prevention vacuum etched line tooth processing method (一種PCB線路板預防真空蝕刻線線路狗牙加工方法)	Invention	Company	PRC	ZL201610292251.0	May 5, 2016
37.	A back-drilling method for the BGA position on the PCB (一種PCB上BGA位置的背鑽孔製作方法)	Invention	Company	PRC	ZL201610291974.9	May 5, 2016

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
38.	A type of inner hole puncher anti-friction plate and inner hole puncher (一種內層沖孔機防摩擦板及內層沖孔機)	Utility Model	Company	PRC	ZL202221963842.3	July 27, 2022
39.	A new type of swing link and developer (一種新型搖擺連杆及顯影機)	Utility Model	Company	PRC	ZL202221849653.3	July 18, 2022
40.	A transfer device and dust machine for bending paddles to remove dust (一種用於彎翹板除塵的傳輸裝置及粘塵機)	Utility Model	Company	PRC	ZL202221522011.2	June 17, 2022
41.	A special vehicle for brush replacement (一種磨刷刷毛更換專用車)	Utility Model	Company	PRC	ZL202221396723.4	June 6, 2022
42.	A PCB emitter assembly (一種PCB發射極元件)	Utility Model	Company	PRC	ZL202221344097.4	May 31, 2022
43.	A recovery mechanism for cleaning solutions for gold-plated workpieces (一種鍍金工件清洗液的回收裝置)	Utility Model	Company	PRC	ZL202221296187.0	May 27, 2022
44.	A tapping aid (一種攻牙輔助工具)	Utility Model	Company	PRC	ZL202221244959.6	May 23, 2022
45.	A target machine suction plate module and target machine (一種打靶機吸板模組及打靶機)	Utility Model	Company	PRC	ZL202221206842.9	May 18, 2022

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
46.	An automatic drying device (一種自動烘乾裝置)	Utility Model	Company	PRC	ZL202220980640.3	April 26, 2022
47.	Air deflector assembly (導氣墊板組件)	Utility Model	Company	PRC	ZL202220766533.0	March 31, 2022
48.	A cross member for PCB board transfer (一種用於PCB板轉運的橫樑裝置)	Utility Model	Company	PRC	ZL202220717242.2	March 30, 2022
49.	A test structure used to test voltage between PCB layers (一種用於測試PCB層間耐電壓的測試結構)	Utility Model	Company	PRC	ZL202220532554.6	March 11, 2022
50.	A measuring device for PCB backhole piles (一種PCB背鑽孔殘樁的測量裝置)	Utility Model	Company	PRC	ZL202220238922.6	January 28, 2022
51.	A square steel alignment fixture (一種方鋼校正夾具)	Utility Model	Company	PRC	ZL202123452474.4	December 31, 2021
52.	A pallet jack width adjustment (一種收板機調寬裝置)	Utility Model	Company	PRC	ZL202123452149.8	December 31, 2021
53.	A graphic tinned intelligent water filling device and electroplating system to improve the electrodissolving tin (一種圖形鍍錫智慧補水裝置及改善圖電溶錫的電鍍系統)	Utility Model	Company	PRC	ZL202123444025.5	December 30, 2021
54.	A PCB production line water-saving flow regulating device (一種PCB產線節水流量調節裝置)	Utility Model	Company	PRC	ZL202123381102.7	December 29, 2021
55.	A board gold finger plated construction (一種電路板金手指鍍金結構)	Utility Model	Company	PRC	ZL202122901261.9	November 24, 2021

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
56.	An AOI test tool trolley for PCB boards (一種用於PCB板的AOI檢測工具車)	Utility Model	Company	PRC	ZL202122766159.2	November 10, 2021
57.	Auxiliary engagement (輔助接合裝置)	Utility Model	Company	PRC	ZL202122628500.8	October 29, 2021
58.	A gold wire filter unit (一種化金線金槽過濾裝置)	Utility Model	Company	PRC	ZL202122363797.X	September 28, 2021
59.	A clamping device (一種夾持裝置)	Utility Model	Company	PRC	ZL202122262379.1	September 17, 2021
60.	A plating cylinder filtration system and plating equipment (一種電鍍缸過濾系統及電鍍設備)	Utility Model	Company	PRC	ZL202122185786.7	September 10, 2021
61.	A suction unit (一種吸盤裝置)	Utility Model	Company	PRC	ZL202122123882.9	September 3, 2021
62.	Removal mechanism for the pin (PIN針的拆卸裝置)	Utility Model	Company	PRC	ZL202122109612.2	September 2, 2021
63.	A vacuum pipe control assembly (一種吸塵管控制元件)	Utility Model	Company	PRC	ZL202121885457.7	August 12, 2021
64.	A circuit board (一種電路板)	Utility Model	Company	PRC	ZL202121873683.3	August 11, 2021
65.	A type of spray mount (一種噴塗固定座)	Utility Model	Company	PRC	ZL202121307135.4	June 11, 2021
66.	A flap stage structure for the inner coating line (一種內層塗佈線的翻板台結構)	Utility Model	Company	PRC	ZL202121259553.0	June 7, 2021
67.	A type of dust hood (一種吸塵罩)	Utility Model	Company	PRC	ZL202121162166.5	May 27, 2021

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
68.	A management tool for tap and drill bits (一種絲錐和鑽頭的管理工具)	Utility Model	Company	PRC	ZL202121146525.8	May 26, 2021
69.	A type of bushing (一種軸套)	Utility Model	Company	PRC	ZL202120962318.3	May 7, 2021
70.	A pre-assembled module for PCB panels and micro-slides (一種PCB拼板及微切片預裝模組)	Utility Model	Company	PRC	ZL202120870128.9	April 26, 2021
71.	A circuit board that allows easy control of the depth of the back drill (一種易於控制背鑽深度的線路板)	Utility Model	Company	PRC	ZL202120810614.1	April 20, 2021
72.	A feed throat for the circuit board return line (一種線路板回流線的下料架)	Utility Model	Company	PRC	ZL202120618849.0	March 26, 2021
73.	A device that improves the thickness uniformity of gold plating (一種改善鍍金金厚均勻性的裝置)	Utility Model	Company	PRC	ZL202120558019.3	March 18, 2021
74.	A pre-treatment device for spraying exhaust gases (一種噴塗廢氣預處理裝置)	Utility Model	Company	PRC	ZL202120439877.6	March 1, 2021
75.	A quick brush tool (一種快速塗刷工具)	Utility Model	Company	PRC	ZL202120359206.9	February 7, 2021
76.	A brush tool (一種塗刷工具)	Utility Model	Company	PRC	ZL202120347270.5	February 7, 2021
77.	A convenient DES wirewind knife fixing adjuster assembly (一種便捷式DES線風刀固定調整器元件)	Utility Model	Company	PRC	ZL202120358761.X	February 7, 2021

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
78.	A device that improves the accuracy of the semi-automatic exposure machine panel (一種提升半自動曝光機放板精度的裝置)	Utility Model	Company	PRC	ZL202120025107.7	January 6, 2021
79.	A modified cartridge latch (一種改良型過濾筒鎖扣)	Utility Model	Company	PRC	ZL202120026104.5	January 6, 2021
80.	A stop that prevents wear of the clamping device (一種防夾具磨損的止擋)	Utility Model	Company	PRC	ZL202120025108.1	January 6, 2021
81.	A structure that prevents the HDI board from warping (一種防止HDI板翹曲結構)	Utility Model	Company	PRC	ZL202120025756.7	January 6, 2021
82.	A circuit board that improves the drilling of brushed wires (一種改善鑽孔拉銅絲的線路板)	Utility Model	Company	PRC	ZL202022930994.0	December 9, 2020
83.	A PCB board water break test device (一種PCB板水破試驗裝置)	Utility Model	Company	PRC	ZL202022718357.7	November 23, 2020
84.	A corrosion resistant straw clamp (一種耐腐蝕撈板夾)	Utility Model	Company	PRC	ZL202022717334.4	November 23, 2020
85.	New V-mount unit (新型V形座裝置)	Utility Model	Company	PRC	ZL202022613674.2	November 12, 2020
86.	Convenient fixture for flying targets and copper strips (便捷式飛靶和銅條的固定裝置)	Utility Model	Company	PRC	ZL202022575959.1	November 10, 2020
87.	A small round knife surround vacuum cleaner box (一種小圓刀包圍式吸塵盒)	Utility Model	Company	PRC	ZL202022310247.7	October 16, 2020

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
88.	A modified type of pressure spray fitting (一種改良型噴壓接頭)	Utility Model	Company	PRC	ZL202022100597.0	September 23, 2020
89.	A fixture device that improves the efficiency of film removal plasma removal (一種提高除膠片等離子除膠效率的夾具裝置)	Utility Model	Company	PRC	ZL202021486208.6	July 24, 2020
90.	A comprehensive test module for PCB reliability (一種PCB可靠性綜合測試模組)	Utility Model	Company	PRC	ZL202020587730.7	April 20, 2020
91.	A modified TDR probe grounding strap and TDR probe (一種改良型TDR探頭接地片及TDR探頭)	Utility Model	Company	PRC	ZL201921996356.X	November 19, 2019
92.	A type of spray needle (一種噴塗噴針)	Utility Model	Company	PRC	ZL201921998029.8	November 19, 2019
93.	A high heat dissipation, low loss PCB board (一種高散熱、低損耗的PCB板)	Utility Model	Company	PRC	ZL201921997542.5	November 19, 2019
94.	A secondary dry film system for circuit board processing (一種用於線路板加工的二次幹膜系統)	Utility Model	Company	PRC	ZL201921689331.5	October 10, 2019
95.	A pneumatic vibrator (一種氣動震動器)	Utility Model	Company	PRC	ZL201921670346.7	October 8, 2019
96.	A thermal wire assembly for positive-dipped printed circuit boards (一種用於正凹蝕印製電路板的感溫線元件)	Utility Model	Company	PRC	ZL201921671216.5	October 8, 2019

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
97.	An electrical cabinet moving table top (一種電控櫃移動檯面)	Utility Model	Company	PRC	ZL201921559258.X	September 18, 2019
98.	A gripping fixture for brown buried copper blocks (一種埋銅塊棕化夾具)	Utility Model	Company	PRC	ZL201921428143.7	August 30, 2019
99.	A new type of riveter lower die holder (一種新型鉚釘機下模座)	Utility Model	Company	PRC	ZL201921406108.5	August 28, 2019
100.	A screen printer for PCB board test printing Mylar film (一種用於PCB板試印Mylar膜的絲印機)	Utility Model	Company	PRC	ZL201920887074.X	June 13, 2019
101.	The oscillating device and the device using the oscillating device (震盪裝置及使用該震盪裝置的裝置)	Utility Model	Company	PRC	ZL201920852276.0	June 6, 2019
102.	A tool for handling copper clad plates (一種搬運覆銅板的工具)	Utility Model	Company	PRC	ZL201821413223.0	August 30, 2018
103.	A PCB voltage resistant test tool (一種PCB耐壓測試治具)	Utility Model	Company	PRC	ZL201821412504.4	August 30, 2018
104.	New type of plating rack (新型電鍍架)	Utility Model	Company	PRC	ZL201820600234.3	April 25, 2018
105.	PAD that reduces GGB probe loss (減少GGB探頭損耗的PAD)	Utility Model	Company	PRC	ZL201820598882.X	April 25, 2018
106.	A new PCB process indicates a tamper-proof loss tracking trolley (一種新型的PCB工藝指示卡防丟失跟蹤台車)	Utility Model	Company	PRC	ZL201820069022.7	January 16, 2018

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
107.	A new type of PCB sheet storage vehicle (一種新型的PCB薄板專用存放車)	Utility Model	Company	PRC	ZL201820068318.7	January 16, 2018
108.	A new type of L-frame dedicated to the drilling clamp PIN plate (一種新型的鑽孔夾PIN放板專用L型車架)	Utility Model	Company	PRC	ZL201820068316.8	January 16, 2018
109.	Plug in a low loss circuit board (插入損耗低的線路板)	Utility Model	Company	PRC	ZL201820044419.0	January 11, 2018
110.	PCB board to prevent wall separation (預防孔壁分離的PCB板)	Utility Model	Company	PRC	ZL201820044427.5	January 11, 2018
111.	Processing unit for deburring in the PTH half-hole (去除PTH半孔孔內毛刺的加工裝置)	Utility Model	Company	PRC	ZL201820044426.0	January 11, 2018
112.	Automatic PCB temperature control system (PCB壓合料溫自動控制系統)	Utility Model	Company	PRC	ZL201820044873.6	January 11, 2018
113.	PCB high precision hole processing unit (PCB高精度孔位元加工裝置)	Utility Model	Company	PRC	ZL201820044871.7	January 11, 2018
114.	A wrinkle-proof PCB laminated fusion structure (一種防起皺PCB層壓融合結構)	Utility Model	Company	PRC	ZL201621473222.6	December 30, 2016
115.	A circuit board used to plate segmented gold fingers (一種用於鍍分段式金手指的線路板)	Utility Model	Company	PRC	ZL201621473220.7	December 30, 2016
116.	A PCB drilling fixture (一種PCB鑽孔定位治具)	Utility Model	Company	PRC	ZL201621473219.4	December 30, 2016

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
117.	A self-contained management system based on 2D code tracing (基於二維碼進行追溯的菲林自主管理系統)	Utility Model	Company	PRC	ZL201621473682.9	December 30, 2016
118.	A PCB break-proof plate milling slot (一種PCB防斷板銑鍍槽)	Utility Model	Company	PRC	ZL201620398636.0	May 5, 2016
119.	A device that prevents vacuum etching of line teeth (一種預防真空蝕刻線線路狗牙的裝置)	Utility Model	Company	PRC	ZL201620398621.4	May 5, 2016
120.	A PCB board inner layer production process (一種PCB板內層生產工藝)	Invention	Huangshi Delton	PRC	ZL202011245860.3	November 10, 2020
121.	A method of designing a PCB board's daughter board in a pinch-to-alignment process (一種PCB板的子主機板壓合對位設計工藝方法)	Invention	Huangshi Delton	PRC	ZL202010293818.2	April 15, 2020
122.	A storage structure for the board storage machine (一種收放板機的存放結構)	Utility Model	Huangshi Delton	PRC	ZL202121077987.9	May 19, 2021
123.	A regenerative unit used to extend the life of the acid washing tank in the PCB plant (一種用於延長PCB廠酸洗槽使用壽命的再生裝置)	Utility Model	Huangshi Delton	PRC	ZL202120524111.8	March 12, 2021
124.	A PCB board storage machine (一種PCB板收放板機)	Utility Model	Huangshi Delton	PRC	ZL202022998152.9	December 14, 2020

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
125.	A reversible type of temporary storage cooler (一種可升降式暫存冷卻機)	Utility Model	Huangshi Delton	PRC	ZL202022998153.3	December 14, 2020
126.	A PCB board plug mesh and screen printer (一種PCB板塞孔網板和絲印機)	Utility Model	Huangshi Delton	PRC	ZL202022568523.X	November 9, 2020
127.	A universal air guide plate (一種通用式導氣板)	Utility Model	Huangshi Delton	PRC	ZL202022187324.4	September 29, 2020
128.	A bolted structure and PCB fixing frame using it (一種螺栓固定結構及使用其的PCB固定框架)	Utility Model	Huangshi Delton	PRC	ZL202020416727.9	March 27, 2020
129.	An automatic guided transport device that cancels the load plate (一種取消承載盤的自動導引運輸裝置)	Utility Model	Huangshi Delton	PRC	ZL201922251576.6	December 16, 2019
130.	Method, electronics and storage medium for automatic calculation of back drill depth (自動計算背鑽深度的方法、電子設備及存儲介質)	Invention	Company	PRC	ZL202110225469.5	March 1, 2021
131.	Based on ERP system to achieve PCB water analysis and regulation methods, electronic equipment and storage media (基於ERP系統實現PCB藥水分析及調節方法、電子設備及存儲介質)	Invention	Company	PRC	ZL202110279623.7	March 16, 2021
132.	A method for improving open hole alignment and multi-layer PCB boards (一種提高開孔對準度的方法和多層PCB板)	Invention	Company	PRC	ZL202110384921.2	April 9, 2021

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
133.	A board preparation method and board (一種線路板製備方法及線路板)	Invention	Company	PRC	ZL202111135688.0	September 27, 2021
134.	A signal transmission for drilling machine depth control and the drill rig it forms (一種用於鑽床控深的信號傳輸裝置及其形成的鑽床)	Utility Model	Company	PRC	ZL202221825232.7	July 15, 2022
135.	A type of fusing auxiliary structure in a PCB core board (一種PCB芯板中的熱熔輔助結構)	Utility Model	Company	PRC	ZL202221825234.6	July 15, 2022
136.	A type of inner hole puncher belt mount and inner hole puncher (一種內層沖孔機皮帶固定座及內層沖孔機)	Utility Model	Company	PRC	ZL202221849617.7	July 18, 2022
137.	Rotate the clip-out structure (旋轉開夾結構)	Utility Model	Company	PRC	ZL202222320847.0	September 1, 2022
138.	An opening tool (一種開蓋工具)	Utility Model	Company	PRC	ZL202222334848.0	September 2, 2022
139.	A transmission device and inner etch production line for inner etch production lines (一種用於內層蝕刻生產線的傳輸裝置及內層蝕刻生產線)	Utility Model	Company	PRC	ZL202222494072.9	September 19, 2022
140.	A corrosion protection device for galvanized flying bars (一種電鍍飛巴的防腐裝置)	Utility Model	Company	PRC	ZL202222474888.5	September 19, 2022
141.	A guide that automatically adjusts the pressure and the crane it forms (一種自動調整壓力的導向裝置及其形成的起重機)	Utility Model	Company	PRC	ZL202222537545.9	September 23, 2022

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
142.	Float mechanism (浮架機構)	Utility Model	Company	PRC	ZL202222713523.3	October 14, 2022
143.	High pressure water pump oil seal installer (高壓水泵油封安裝用具)	Utility Model	Company	PRC	ZL202223000751.2	November 10, 2022
144.	Quick-remove wear link (快拆耐磨連軸件)	Utility Model	Company and Huangshi Delton	PRC	ZL202223577093.3	December 30, 2022
145.	PCB Anti-Wipe Dryer Structure (PCB防擦花烘乾機構)	Utility Model	Company	PRC	ZL202320731827.4	April 6, 2023
146.	A printed circuit board test set and printed circuit board system (一種印製電路板測試裝置及印製電路板系統)	Utility Model	Company	PRC	ZL202221972575.6	July 28, 2022
147.	An access device for online repair of the PCB board and how to access it (一種線上修理PCB板的檢修設備及其檢修方法)	Invention	Huangshi Delton	PRC	ZL202010327171.0	April 23, 2020
148.	A processing method for the slot of the edge card (一種金手指卡板插槽的加工方法)	Invention	Company	PRC	ZL202110996229.5	August 27, 2021
149.	PCB production line with spray pipe installation structure and sprinkler equipment (PCB生產線用噴管安裝結構及噴淋設備)	Utility Model	Company	PRC	ZL202223325066.7	December 12, 2022
150.	A PCB test board for automotive materials (一種用於汽車材料的PCB測試板)	Utility Model	Company and Huangshi Delton	PRC	ZL202223577116.0	December 30, 2022

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
151.	Fusing module (熱熔模組)	Utility Model	Company	PRC	ZL202320691340.8	March 31, 2023
152.	A PCB substrate structure (一種PCB基板結構)	Utility Model	Company	PRC	ZL202320286235.6	February 22, 2023
153.	A exhaust tower sprinkler pump suction port filter and sprinkler pump (一種廢氣塔噴淋泵吸入口過濾裝置及噴淋泵)	Utility Model	Company	PRC	ZL202320319590.9	February 23, 2023
154.	A multi-layer PCB (一種多層印刷電路板)	Utility Model	Company	PRC	ZL202321142529.8	May 11, 2023
155.	Plated hanging board clamps and plated fly target clamps for PCB boards (用於PCB板的電鍍掛板夾鉗及電鍍飛靶夾具)	Utility Model	Company	PRC	ZL202321155877.9	May 15, 2023
156.	A PCB product that contains an OCP connector (一種包含OCP連接器的PCB產品)	Utility Model	Company	PRC	ZL202321205226.6	May 18, 2023
157.	For PCB board engraving fixture and engraving machine (用於PCB板雕刻加工的固定裝置及雕刻機)	Utility Model	Company	PRC	ZL202321254014.7	May 23, 2023
158.	Split anti-stare pin (分體式防呆銷釘)	Utility Model	Company	PRC	ZL202320961961.3	April 25, 2023
159.	PCB Impedance General Purpose Probe and Impedance Test Set (PCB阻抗通用探頭及阻抗測試裝置)	Utility Model	Company	PRC	ZL202320392987.0	March 6, 2023

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
160.	A handling and placement component that prevents warping of the sheet (一種防止薄板翹曲的搬運放置元件)	Utility Model	Company	PRC	ZL202320686972.5	March 31, 2023
161.	A type of driller foot and drill (一種鑽孔機壓力腳及鑽孔機)	Utility Model	Company	PRC	ZL202320999276.X	April 27, 2023
162.	Water saving device for OSP horizontal copper wire protection and OSP horizontal copper wire protection (OSP水準護銅線的節水裝置及OSP水準護銅線)	Utility Model	Company	PRC	ZL202321254844.X	May 23, 2023
163.	A PCB product placement mold and the resulting cleaning device (一種PCB產品的放置模具及其形成的清洗裝置)	Utility Model	Company	PRC	ZL202321560650.2	June 19, 2023
164.	A type of thermal press that controls the components of the press and the thermal press that it forms (一種熱壓機的控制元件及其形成的熱壓機)	Utility Model	Company	PRC	ZL202321561598.2	June 19, 2023
165.	Anti-trailing film wrinkle film guiding structure and film machine (防拖尾膜皺吸膜導向結構及貼膜機)	Utility Model	Company	PRC	ZL202321563549.2	June 19, 2023
166.	The silkscreen sensor improves the mounting structure (絲印機感應器改進安裝結構)	Utility Model	Company	PRC	ZL202321564070.0	June 19, 2023

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
167.	A type of core plate used for the thermal structure of the core plate and its formation (一種用於芯板的散熱結構及其形成的芯板)	Utility Model	Company	PRC	ZL202321629151.4	June 26, 2023
168.	An HDI board-to-hole smart anti-stare method and HDI board (一種HDI板對位孔智慧防呆方法及HDI板)	Invention	Huangshi Delton	PRC	ZL202111646406.3	December 29, 2021
169.	An OSP processing line (一種OSP處理生產線)	Utility Model	Company	PRC	ZL202321000413.0	April 27, 2023
170.	A PCB laser drilling accuracy test device and method (一種PCB鐳射鑽孔精度測試裝置及方法)	Invention	Company	PRC	ZL201910731791.8	August 8, 2019
171.	A fully inkjet manufacturing method for circuit boards (一種電路板全噴墨製造方法)	Invention	Company	PRC	ZL201910731799.4	August 8, 2019
172.	An AOI rapid test method and rapid test system (一種AOI快速檢測方法及快速檢測系統)	Invention	Company	PRC	ZL202011529747.8	December 22, 2020
173.	A PCB board CAF test module design method (一種PCB板CAF測試模組設計方法)	Invention	Company	PRC	ZL202110001210.2	January 4, 2021
174.	Method, electronic device and storage medium for automatic preparation of impedance test files (自動製作阻抗測試檔的方法、電子設備及存儲介質)	Invention	Company	PRC	ZL202110224783.1	March 1, 2021

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
175.	A method of making a gold finger board (一種金手指板的製作方法)	Invention	Company	PRC	ZL202111291995.8	November 2, 2021
176.	A method of warpage control for PCBs (一種PCB的翹曲控制方法)	Invention	Company	PRC	ZL202111679654.8	December 31, 2021
177.	A PCB board short slotted hole drilling process (一種PCB板短槽孔鑽孔工藝)	Invention	Company	PRC	ZL202210459125.5	April 27, 2022
178.	A film unit and the forming of film machine and film method (一種貼膜單元及形成的貼膜機和貼膜方法)	Invention	Company	PRC	ZL202210439436.5	April 25, 2022
179.	A copper plating method for VCP wire preparation of printed circuit boards (一種VCP線製備印製線路板的鍍銅方法)	Invention	Company	PRC	ZL202210612913.3	May 31, 2022
180.	A preparation method for PCB straight graphics boards for mini LEDs (一種用於mini LED的PCB直顯板的製備方法)	Invention	Company	PRC	ZL202210912371.1	July 29, 2022
181.	Finishing method of gold finger leads (金手指引線加工方法)	Invention	Company	PRC	ZL202211305831.0	October 24, 2022
182.	A reminder device based on the ladder price period (基於階梯電價時段的提示裝置)	Utility Model	Company	PRC	ZL202320326300.3	February 27, 2023

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
183.	A water-saving cleaning device in an OSP copper shield and an OSP copper shield (一種OSP護銅線中的節水清洗裝置及OSP護銅線)	Utility Model	Company	PRC	ZL202320801950.9	April 12, 2023
184.	Improves the bubbling edge structure in the fusion position (改善熔合位元起泡的板邊結構)	Utility Model	Company	PRC	ZL202321964003.8	July 25, 2023
185.	Chemical sinking copper production line gas roof structure of circuit board (線路板化學沉銅生產線氣頂結構)	Utility Model	Company	PRC	ZL202322029294.8	July 31, 2023
186.	An iron-absorbing cooling device for volcanic ash equipment (一種用於火山灰設備的吸鐵冷卻裝置)	Utility Model	Company	PRC	ZL202322031856.2	July 31, 2023
187.	Spray-on washable structure for controlling the copper ion content of VCP gold-plated wire cylinders (用於管控 VCP 鍍金線金缸銅離子含量的對噴式水洗結構)	Utility Model	Company	PRC	ZL202322270435.5	August 23, 2023
188.	A transfer mechanism that prevents the core board card (一種防止芯板卡板的傳輸裝置)	Utility Model	Company and Huangshi Delton	PRC	ZL202322457682.6	September 11, 2023
189.	A PCB board flip mechanism (一種PCB板翻轉機構)	Utility Model	Company	PRC	ZL202322619933.6	September 26, 2023

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
190.	A pallet-down device for easy first-board pick-up (一種便於首板取件的收板裝置)	Utility Model	Company	PRC	ZL202322880884.1	October 26, 2023
191.	A PCB back hole quality non-destructive inspection and defect determination method (一種PCB板背鑽孔品質無損檢測與缺陷判定方法)	Invention	Company	PRC	ZL202311549514.8	November 21, 2023
192.	A rigid flexing plate (一種剛撓板)	Utility Model	Company	PRC	ZL202323133063.8	November 20, 2023
193.	Tool changer for bevel machine (斜邊機自動換刀裝置)	Utility Model	Company	PRC	ZL202323172486.0	November 23, 2023
194.	A transporter (一種運轉載具)	Utility Model	Company	PRC	ZL202323509879.6	December 22, 2023
195.	Solder-plug hole spacer plate (阻焊塞孔墊板)	Utility Model	Company	PRC	ZL202420351476.9	February 26, 2024
196.	A method of laser pre-guidance and mechanical drilling (一種鐳射預導和機械鑽孔加工方法)	Invention	Company	PRC	ZL202410353636.8	March 27, 2024
197.	A laser processing system and a laser processing method for metal plating of the pore wall (一種鐳射加工系統和孔壁金屬鍍層鐳射加工方法)	Invention	Company	PRC	ZL202410530235.5	April 29, 2024
198.	A PCB Bias Detection Method (一種PCB偏孔檢測方法)	Invention	Company	PRC	ZL202411132189.X	August 19, 2024

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
199.	Engineering drawing management system, management methods, computer equipment, media and terminals (工程圖紙管理系統、管理方法、電腦設備、介質及終端)	Invention	Huangshi Delton	PRC	ZL202011318618.4	November 23, 2020
200.	A design method for asymmetric stack PCB boards and PCB boards (一種不對稱疊構PCB板的設計方法及PCB板)	Invention	Company	PRC	ZL202210375200.X	April 11, 2022
201.	Copper wrinkle-proof PCB boards and PCB boards (PCB板的防銅皺工藝以及PCB板)	Invention	Company	PRC	ZL202211272033.2	October 18, 2022
202.	A method of treating the copper surface inside a printed circuit board (一種印製電路板內層銅表面的處理方法)	Invention	Company	PRC	ZL202211615035.7	December 14, 2022
203.	Suspended sample delivery anti-splashing device (懸浮式送樣防濺裝置)	Utility Model	Company	PRC	ZL202420190314.1	January 26, 2024
204.	Auxiliary device for vertical tin spraying of circuit boards (用於線路板垂直噴錫的輔助裝置)	Utility Model	Company	PRC	ZL202420615108.0	March 28, 2024
205.	Gantry wire-plated float (龍門線電鍍浮架)	Utility Model	Company	PRC	ZL202420717673.8	April 9, 2024

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
206.	A circuit board (一種電路板)	Utility Model	Company	PRC	ZL202420797783.X	April 17, 2024
207.	A method of making back-drilled resin plug holes and non-resin plug circuit boards (一種背鑽樹脂塞孔和非樹脂塞孔線路板的製作方法)	Invention	Company	PRC	ZL202411132235.6	August 19, 2024
208.	A low pressure sprayer oven that uses an inductive positioning mechanism and a sprayer oven (一種低壓噴塗機烤箱用感應定位機構及噴塗機烤箱)	Utility Model	Company	PRC	ZL202323665086.3	December 29, 2023
209.	Brush head and tool (塗刷頭及塗刷工具)	Utility Model	Company	PRC	ZL202420190269.X	January 26, 2024
210.	A method of preparing blind slots in PTFE high frequency circuit boards (一種PTFE高頻電路板中盲槽的製備方法)	Invention	Company	PRC	ZL202211079129.7	September 5, 2022
211.	Back-drilling process for circuit board through holes, back-drilling machine and circuit board (電路板過孔的背鑽加工方法、背鑽加工裝置及電路板)	Invention	Company	PRC	ZL202310008227.X	January 4, 2023
212.	A method of rework where the dry film of the PCB board is poor (一種PCB板幹膜不良的返工方法)	Invention	Company	PRC	ZL202210720535.0	June 23, 2022

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
213.	A transmission device for horizontal copper sinking wire and the horizontal copper sinking wire it forms (一種水準沉銅線的傳輸裝置及其形成的水準沉銅線)	Utility Model	Company	PRC	ZL202420847708.X	April 23, 2024
214.	An adhesive dust device used to clean the core plate (一種用於對芯板進行清理的粘塵裝置)	Utility Model	Company	PRC	ZL202420627843.3	March 29, 2024
215.	A multi-layer board structure that facilitates measurement of deflation (一種便於測量漲縮量的多層板結構)	Utility Model	Company	PRC	ZL202421210294.6	May 30, 2024
216.	A display (一種顯示幕)	Utility Model	Huangshi Delton	PRC	ZL202421331440.0	June 12, 2024

(c) Domain Name

As of the Latest Practicable Date, we had registered the following domain name which we consider to be material in relation to our business:

No.	Domain name	Registrant	Expiry date
1.	delton.com.cn	Company	December 28, 2031

Save as aforesaid, as of the Latest Practicable Date, there were no other trademarks, patents or other intellectual or industrial property rights which we consider to be material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of our Directors and chief executive

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**), the interests or short positions of our Directors and chief executive in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the H Shares are **[REDACTED]**, are set out below:

(i) Interest in our Company

Name of Director or chief executive	Nature of interest(1)	Number and class of Shares or underlying Shares held	Shareholding in total issued share capital upon completion of the [REDACTED](2)
Mr. Xiao(3)(4)(5)(6)(7) . .	Interest in controlled corporation	228,808,321 A Shares	[REDACTED]%
	Beneficial owner	4,230,000 A Shares	[REDACTED]%
Ms. Liu(7)	Interest of spouse	233,038,321 A Shares	[REDACTED]%
Ms. Zeng Hong(8). . . .	Interest in controlled corporation	43,249,099 A Shares	[REDACTED]%

Notes:

(1) All interests stated above are long positions.

(2) The calculation is based on the total number of **[REDACTED]** Shares in issue immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**).

(3) As of the Latest Practicable Date, Zhenyun Investment was held as to 99.90% by Mr. Xiao. By virtue of the SFO, Mr. Xiao is deemed to be interested in the Shares held by Zhenyun Investment.

(4) As of the Latest Practicable Date, the general partner of Guangsheng Investment was Mr. Xiao. By virtue of the SFO, Mr. Xiao is deemed to be interested in the Shares held by Guangsheng Investment.

(5) As of the Latest Practicable Date, the general partner of Guangcai Investment was Mr. Xiao. By virtue of the SFO, Mr. Xiao is deemed to be interested in the Shares held by Guangcai Investment.

(6) As of the Latest Practicable Date, Mr. Xiao was entitled to approximately 35.38% of economic interest in the Collective Asset Management Scheme. By virtue of the SFO, Mr. Xiao is deemed to be interested in the Shares held by the Collective Asset Management Scheme.

(7) Mr. Xiao and Ms. Liu are spouses. By virtue of the SFO, they are deemed to be interested in the Shares held by each other.

(8) As of the Latest Practicable Date, the general partner of Guangxie Investment was Ms. Zeng Hong, our executive Director and general manager. By virtue of the SFO, Ms. Zeng is deemed to be interested in the Shares held by Guangxie Investment.

(ii) Interest in our associated corporations

So far as our Directors are aware, immediately following the completion of the **[REDACTED]**, no Directors or the chief executive will, directly or indirectly, be interested in the shares or underlying shares of the associated corporations of our Company.

(b) Interests of our substantial Shareholders

Save as disclosed in "Substantial Shareholders" in this document and above, our Directors are not aware of any person (other than a Director or chief executive of our Company), immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**), who will have an interest or a short position in the shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group any other member of our Group.

2. Particulars of Directors' Service Contracts

We [have] entered into a service contract with each of our Directors. Save as disclosed above, none of our Directors has entered, or has proposed to enter, any service contracts with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Directors' Remuneration

The aggregate remuneration paid and benefits in kind granted to our Directors by our Group in respect of the last completed financial year, being year ended December 31, 2024, was RMB4.2 million. For details of our Directors' emoluments during the Track Record Period, see Note 8 to the Accountants' Report in Appendix I to this document.

Under the arrangements in force at the date of this document, we estimate the aggregate remuneration payable to, and benefits in kind receivable by, our Directors by our Group in respect of the year ending December 31, 2025 to be approximately RMB6.7 million.

D. OUR INCENTIVE SCHEMES

1. 2024 Restricted Share Incentive Plan

Our Company adopted the 2024 Restricted Share Incentive Plan on October 17, 2024. The following is a summary of the principal terms of the 2024 Restricted Share Incentive Plan. The terms of 2024 Restricted Share Incentive Plan are not subject to the relevant provisions of Chapter 17 of the Listing Rules as the 2024 Restricted Share Incentive Plan does not involve any grant of restricted Shares by our Company after our **[REDACTED]**.

(a) Purpose of the plan

The purpose of the 2024 Restricted Share Incentive Plan is to further enhance our Company's long-term incentive mechanism and to attract, retain top talent and effectively motivate our employees. The 2024 Restricted Share Incentive Plan is implemented to align the interests of our Shareholders with that of our Company and our core employees, which will benefit the long-term development of our Group by striking a balance between contribution and reward, while safeguarding our Shareholders' interests.

(b) Administration

The 2024 Restricted Share Incentive Plan is subject to the approval of the Shareholders' meetings, administration by the Board and supervision by the board of supervisors and the independent Directors of our Company.

(c) Participants

The eligible participants of the 2024 Restricted Share Incentive Plan include mid-level management members, key personnels and high-potential employees of our Company (including our subsidiaries), and exclude independent Directors, supervisors, Shareholders or actual controllers who individually or collectively hold 5% or more of our Shares, and their respective spouses, parents, and children.

(d) Source and maximum number of Shares

The Shares underlying the 2024 Restricted Share Incentive Plan shall be A Shares issued by the Company or repurchased from secondary market. The maximum number of restricted Shares that can be granted under the 2024 Restricted Share Incentive Plan is 3,800,000.

(e) Date of grant and term of the plan

The date on which the restricted Shares are granted shall be determined by the Board within 60 days from the date of approval of the 2024 Restricted Share Incentive Plan by Shareholders' meeting. The grant of restricted Shares is subject to the approval of the Board and shall be registered and announced within 60 days after approval of the 2024 Restricted Share Incentive Plan by Shareholders' meeting. The 2024 Restricted Share Incentive Plan will be effective from the date of completion of the grant of restricted Shares under such plan until the date on which the restricted Shares granted under such plan are no longer subject to any lock-up or have been repurchased and canceled, provided that the term of the 2024 Restricted Share Incentive Plan shall not exceed 54 months.

(f) Lock-up for Directors and senior management

If the grantee is a Director or a senior management of our Company:

(i) during their employment with our Company, the Shares to be transferred by him/her in each year shall not exceed 25% of the total Shares he or she holds;

(ii) no Share held by such Director or senior management can be transferred within six months after termination of his or her employment with our Company;

(iii) income gained through sale of Shares within six months of the purchase or purchase of Shares within six months of the sale shall belong to our Company and will be forfeited by the Board; and

(iv) if there is any change in the applicable laws and regulations on the foregoing lock-up requirements, the grantee shall comply with such amended laws and regulations.

(g) Conditions to the grant

The restricted Shares under the 2024 Restricted Share Incentive Plan will only be granted to selected participants if the following conditions are met:

(i) The following circumstances have not occurred with respect to our Company:

- an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to our Company's accountant's report for the most recent fiscal year;
- an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to the internal control of the financial report for the most recent fiscal year;
- our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing;
- applicable laws and regulations prohibit the implementation of share incentive; or
- any other circumstances as determined by the CSRC; and

(ii) with respect to a grantee, none of the following circumstances having occurred:

- the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months;
- the grantee has been regarded as an inappropriate person by the CSRC and its local office within the last 12 months;
- the grantee has received administrative penalty or been prohibited from entering into the securities market by the CSRC and its local office due to material non-compliance with applicable laws and regulations within the last 12 months;
- the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;
- the grantee is prohibited from participating in any share incentive of listed companies according to applicable laws and regulations; or
- any other circumstances as determined by the CSRC.

(h) Unlocking and vesting of restricted Shares

During the lock-up period, the restricted Shares granted to the grantee shall not be transferred or used as guarantee or for repayment of debt. In addition, the restricted Shares will only be unlocked when (i) the conditions set out under paragraph (g) above are fulfilled and (ii) the annual assessment and performance targets as set out under the 2024 Restricted Share Incentive Plan are achieved.

In respect of non-special grants, the restricted Shares will be unlocked after the lock-up period in accordance with the unlocking schedule as set out in the 2024 Restricted Share Incentive Plan as follows:

(i) unlocked in tranches of 40% during the unlocking period that occurs between the first trading day after expiration of 12 months from the date of grant and the last trading day after expiration of 24 months from the date of grant;

(ii) unlocked in tranches of 30% during the unlocking period that occurs between the first trading day after expiration of 24 months from the date of grant and the last trading day after expiration of 36 months from the date of grant; and

(iii) unlocked in tranches of 30% during the unlocking period that occurs between the first trading day after expiration of 36 months from the date of grant and the last trading day after expiration of 48 months from the date of grant.

In respect of special grants, the restricted Shares will be unlocked after the lock-up period in accordance with the unlocking schedule as set out in the 2024 Restricted Share Incentive Plan as follows:

(i) unlocked in tranches of 40% during the unlocking period that occurs between the first trading day after expiration of 18 months from the date of grant and the last trading day after expiration of 30 months from the date of grant;

(ii) unlocked in tranches of 30% during the unlocking period that occurs between the first trading day after expiration of 30 months from the date of grant and the last trading day after expiration of 42 months from the date of grant; and

(iii) unlocked in tranches of 30% during the unlocking period that occurs between the first trading day after expiration of 42 months from the date of grant and the last trading day after expiration of 54 months from the date of grant.

Each of the grantees is required to pay a grant price of RMB17.87 per Share to purchase the A Shares from our Company upon fulfillment of all conditions in respect of the restricted Shares.

The number of restricted Shares granted and/or the grant prices will be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, distribution of dividends, subdivision of shares, placing etc. Our Company may repurchase the restricted Shares upon the occurrence of certain events set forth in the 2024 Restricted Share Incentive Plan (including but not limited to where there is a change in the grantee's position or termination of his/her employment). Pursuant to the price adjustment mechanism and other terms and conditions as set forth in the 2024 Restricted Share Incentive Plan, the price payable by our Company for the repurchases of restricted Shares shall be equivalent to the grant price of the relevant restricted Shares.

(i) Dividend and voting rights

Prior to the unlocking of the restricted Shares, the restricted Shares (including the right to receive dividends and right to vote) shall be locked.

Upon registration of transfer of the A Shares by our Company, the grantees of restricted Shares will be entitled to exercise the right of Shareholders, including but not limited to the right to receive dividends and voting rights.

(j) Outstanding Restricted A Shares

As of the Latest Practicable Date, the number of outstanding Restricted A Shares granted under the 2024 Restricted Share Incentive Plan was 2,935,000, representing approximately **[REDACTED]**% of our total issued Shares immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**):

The following table sets forth the number of outstanding restricted Shares granted to Directors, senior management or connected persons of our Company under the 2024 Restricted Share Incentive Plan as of the Latest Practicable Date:

Name of grantee	Position in our Company	Date of grant	Number of outstanding Restricted A Shares	Grant Price	Lock-up period	Approximate percentage of issued Shares immediately after completion of the [REDACTED](1)
Connected persons						
Mr. Zeng Zhijun . . .	Director of Thailand Delton	November 14, 2024	60,000	RMB17.87	48 months	[REDACTED]%

Note:

(1) *The calculation is based on the assumption that the* **[REDACTED]** *is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the* **[REDACTED]**.

2. 2024 Share Option Incentive Plan

Our Company adopted the 2024 Share Option Incentive Plan on October 17, 2024. The following is a summary of the principal terms of the 2024 Share Option Incentive Plan. The terms of 2024 Share Option Incentive Plan are not subject to the relevant provisions of Chapter 17 of the Listing Rules as the 2024 Share Option Incentive Plan does not involve any grant of share options by our Company after our **[REDACTED]**.

(a) Purpose of the plan

The purpose of the 2024 Share Option Incentive Plan is to further enhance our Company's long-term incentive mechanism and to attract, retain top talent and effectively motivate our employees. The 2024 Share Option Incentive Plan is implemented to align the interests of our Shareholders with that of our Company and our core employees, which will benefit the long-term development of our Group by striking a balance between contribution and reward, while safeguarding our Shareholders' interests.

(b) Administration of the plan

The 2024 Share Option Incentive Plan is subject to the approval of the Shareholders' meetings, administration by the Board and supervision by the board of supervisors and the independent Directors of our Company.

(c) Participants of the plan

The eligible participants of the 2024 Share Option Incentive Plan include mid-level management members, key personnels and high-potential employees of our Company (including our subsidiaries), and exclude independent Directors, supervisors, Shareholders or actual controllers who individually or collectively hold 5% or more of our Shares, and their respective spouses, parents, and children.

(d) Source and maximum number of options

The Shares underlying the options to be granted under the 2024 Share Option Incentive Plan shall be A Shares issued by the Company. Each option granted represents the right to purchase one A Share within the exercise period at the exercise price. The maximum number of options that can be granted under the 2024 Share Option Incentive Plan is 3,800,000.

(e) Date of grant and duration of the plan

The first grant of options to the participants shall be determined, announced and registered within 60 days upon approval of the 2024 Share Option Incentive Plan by the Shareholders' meeting. The participants for the grant of reserved options shall be specified within 12 months upon approval of the 2024 Share Option Incentive Plan by the Shareholders' meeting, otherwise the reserved options shall become invalid. The options under 2024 Share Option Incentive Plan shall be valid from the date of the first grant of the options until all such options granted to the participants are fully exercised or canceled, provided that the term of the 2024 Share Option Incentive Plan shall not exceed 54 months.

(f) Conditions to the grant of options

The restricted Shares under the 2024 Restricted Share Incentive Plan will only be granted to selected participants if the following conditions are met:

(i) The following circumstances have not occurred with respect to our Company:

- an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to our Company's accountant's report for the most recent fiscal year;
- an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to the internal control of the financial report for the most recent fiscal year;
- our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing;
- applicable laws and regulations prohibit the implementation of share incentive; or
- any other circumstances as determined by the CSRC; and

(ii) with respect to a grantee, none of the following circumstances having occurred:

- the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months;

- the grantee has been regarded as an inappropriate person by the CSRC and its local office within the last 12 months;

- the grantee has received administrative penalty or been prohibited from entering into the securities market by the CSRC and its local office due to material non-compliance with applicable laws and regulations within the last 12 months;

- the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;

- the grantee is prohibited from participating in any share incentive of listed companies according to applicable laws and regulations; or

- any other circumstances as determined by the CSRC.

No consideration is payable for the options granted under the 2024 Share Option Incentive Plan.

(g) Exercise of options

Options may be exercised by a grantee provided that (1) the conditions set out under paragraph (vi) above are still satisfied during the exercise period; and (2) corporate-level performance evaluation, business unit and subsidiary-level performance evaluation, and individual-level performance evaluation as set out under the 2024 Share Option Incentive Plan are satisfied. The number of options granted and the exercise prices will be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision and consolidation of shares, share placing and distribution of dividends.

The exercise schedules of the options granted under the 2024 Share Option Incentive Plan are either: (1) exercisable in tranches of 40%, 30% and 30% in each of the three 12-month exercise periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant for non-special grants; or (2) exercisable in tranches of 40%, 30% and 30% in each of the three 12-month exercise periods that occur between the first trading date after 18 months from the date of grant and the last trading day up to 54 months from the date of grant for special grants.

The exercise of the options granted shall be on a trading day, which shall not fall within the following periods: (1) 30 days before the publication of annual report or interim report. If the publication date is delayed for special reasons, the period shall be 30 days before the original publication date to the actual publication date; (2) 10 days before the publication of earnings forecast, preliminary earnings estimate or quarterly report; (3) the period starting from the date of occurrence of any significant event that may have a material impact on the trading price of the Shares and its derivatives or the commencement of decision-making process in respect of such event to the date of announcement of such event; and (4) any other period stipulated by the CSRC and the Shenzhen Stock Exchange.

The grantees must exercise their options within the exercise period of the respective options. Upon the expiry of the exercise period, options granted but not exercised will cease to be exercisable and shall be canceled by the Company.

(h) Outstanding options

As of the Latest Practicable Date, the number of A Shares underlying the outstanding options granted under the 2024 Share Option Incentive Plan amounted to 2,935,000 A Shares, representing approximately **[REDACTED]**% of the issued Shares immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**). As of the Latest Practicable Date, the outstanding options were held by 220 grantees. Assuming full exercise of all outstanding options granted under the 2024 Share Option Incentive Plan, the issued and outstanding shareholding of the Shareholders immediately following completion of the **[REDACTED]** will be diluted by approximately **[REDACTED]**%. The dilution effect on our earnings per Share would be approximately **[REDACTED]**%.

The table below sets forth the details of options granted to the grantees (who are Directors, members of senior management or connected persons of our Company) under the 2024 Share Option Incentive Plan which were outstanding as of the Latest Practicable Date:

Name of grantee	Position in our Company	Date of grant	Address	Number of A Shares underlying the options granted	Exercise Price	Exercise period	A Shares underlying the options granted as a percentage of total issued Shares immediately after completion of the [REDACTED][(1)]
Connected person							
Mr. Zeng Zhijun	Director of Thailand Delton	November 14, 2024	Huaping Community Committee Collective, No. 5 Xiawan Road, Gongbei, Xiangzhou District, Zhuhai City, Guangdong Province, PRC	60,000	RMB35.73	November 14, 2024 to November 13, 2028	**[REDACTED]**%

Note:

(1) *The calculation is based on the assumption that the* **[REDACTED]** *is not exercised* **[REDACTED]** *and our share schemes, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the* **[REDACTED]**.

The table below sets forth the details of options granted to other grantees (excluding the abovementioned Directors, members of senior management or connected persons of our Company) under the 2024 Share Option Incentive Plan, categorized by the number of underlying shares, which were outstanding as of the Latest Practicable Date:

Category by number of underlying A Shares	Number of grantees	Date of grant	Vesting period	Exercise period	Exercise Price	Number of A Shares underlying the options granted	A Shares underlying the options granted as a percentage of total issued Shares immediately after completion of the [REDACTED](1)
1 to 50,000 . .	215	November 14, 2024	12 months	November 14, 2025 to November 13, 2028	RMB35.73	2,170,000	**[REDACTED]**%
			18 months	May 14, 2026 to May 13, 2029	RMB35.73	465,000	**[REDACTED]**%
50,001 to 100,000 . . .	4	November 14, 2024	12 months	November 14, 2025 to November 13, 2028	RMB35.73	180,000	**[REDACTED]**%
			18 months	May 14, 2026 to May 13, 2029	RMB35.73	60,000	**[REDACTED]**%

Note:

(1) The calculation is based on the assumption that the **[REDACTED]** *is not exercised* **[REDACTED]** *and our share schemes, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the* **[REDACTED]**.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty would be likely to fall upon any member of our Group.

2. Litigation

Save as disclosed in this document and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors has made an **[REDACTED]** on our behalf to the **[REDACTED]** for the **[REDACTED]** of, and permission to **[REDACTED]**, the H Shares in issue and to be issued pursuant to the **[REDACTED]** (including any additional H Shares which may be issued pursuant to the exercise of the **[REDACTED]**).

As of the Latest Practicable Date, the sponsor group for CITIC Securities (Hong Kong) Limited held less than 1% of the issued share capital of our Company. Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will receive a fee of US$1,000,000 for acting as sponsors for the **[REDACTED]**.

4. No Material Adverse Change

Save as disclosed in this document, our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since December 31, 2024 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

5. Qualification and Consent of Experts

This document contains statements made by the following experts:

Name	Qualification
CITIC Securities (Hong Kong) Limited	A licensed corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) of regulated activities under the SFO
HSBC Corporate Finance (Hong Kong) Limited	A licensed corporation to conduct Type 6 (advising on corporate finance) of regulated activities under the SFO
AllBright Law Offices	Qualified PRC lawyers
Ernst & Young	Certified public accountants and public interest entity auditor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

As of the Latest Practicable Date, none of the experts named above had any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

The experts named above have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case maybe) and references to their names included in the form and context in which they are respectively included.

6. Promoters

Information of our promoters at the time of our Company's conversion into a joint stock limited company on June 22, 2020 is as follows:

No.	Name
1.	Zhenyun Investment
2.	Guangxie Investment
3.	Guangsheng Investment
4.	Guangcai Investment
5.	Xinyu Senze Mergers and Acquisitions Investment Management Partnership (Limited Partnership) (新餘森澤併購投資管理合夥企業(有限合夥))
6.	Changjiang Securities Innovation Investment (Hubei) Co., Ltd. (長江證券創新投資(湖北)有限公司)
7.	Guangdong Yueke Zhenyue No. 1 Equity Investment Partnership (Limited Partnership) (廣東粵科振粵一號股權投資合夥企業(有限合夥))
8.	Ningbo Lijin Equity Investment Partnership (Limited Partnership) (寧波麗金股權投資合夥企業(有限合夥))
9.	Shenzhen Talent Innovation Venture No. 2 Equity Investment Fund Partnership (Limited Partnership) (深圳市人才創新創業二號股權投資基金合夥企業(有限合夥))
10.	Guangdong Yueke Shanhua Venture Capital Co., Ltd. (廣東粵科汕華創業投資有限公司)
11.	Shenzhen Baochuang Gongying Industrial Investment Fund Partnership (Limited Partnership) (深圳寶創共贏產業投資基金合夥企業(有限合夥))
12.	Guangdong Zichen Venture Capital Partnership (Limited Partnership) (廣東紫宸創業投資合夥企業(有限合夥))
13.	Shanghai Zekai Investment Partnership (Limited Partnership) (上海則凱投資合夥企業(有限合夥))
14.	Heying Tongsheng (Wuhan) Enterprise Management Center (Limited Partnership) (禾盈同晟(武漢)企業管理中心(有限合夥))
15.	Shenzhen Xiaohe Venture Capital Partnership (Limited Partnership) (深圳市小禾創業投資合夥企業(有限合夥))

Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to the above promoters in connection with the **[REDACTED]** and the related transactions described in this document.

7. Preliminary Expenses

We have not incurred any material preliminary expenses for the purpose of the Listing Rules.

8. Binding Effect

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

9. Bilingual Document

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

10. Miscellaneous

(a) Save as disclosed in this document, within the two years immediately preceding the date of this document:

(i) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group, and no Directors, promoters or experts named in "— E. Other Information — 5. Qualification and Consent of Experts" in this section have received any such payment or benefit;

(ii) no capital of any member of our Group has been issued or is proposed to be issued for cash or issued as fully or partly paid up otherwise than in cash;

(iii) none of our Directors or the experts named in "— E. Other Information — 5. Qualification and Consent of Experts" in this section have any interest, direct or indirect, in the promotion of, or in any assets which have been, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group; and

(iv) no commissions (but not including commissions to **[REDACTED]**) have been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares or debentures of our Company.

(b) Save as disclosed in this document:

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

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

(iii) there are no founder, management or deferred shares in our Company or any of our subsidiaries;

(iv) no capital of any member of our Group is under option, or is agreed conditionally or unconditionally to be put under option;

(v) there has not been any interruption in the business of our Group which may have or have had a significant effect on our financial position in the 12 months immediately preceding the date of this document; and

(vi) none of our Directors are materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of the material contract referred to in "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contract" in Appendix VI to this document; and

(b) the written consents referred to in "Statutory and General Information — E. Other Information — 5. Qualification and Consent of Experts" in Appendix VI to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.delton.com.cn** for a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024;

(c) the Accountants' Report issued by Ernst & Young, the text of which is set out in Appendix I to this document;

(d) the report on the unaudited **[REDACTED]** financial information of our Group issued by Ernst & Young, the text of which is set out in Appendix II to this document;

(e) the legal opinion issued by AllBright Law Offices, our PRC Legal Advisor, in respect of, among other things, the general matters and the property interests of the Group in the PRC;

(f) the industry report issued by Frost & Sullivan;

(g) the material contract referred to in "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contract" in Appendix VI to this document;

(h) the service contracts referred to in "Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 2. Particulars of Directors' Service Contracts" in Appendix VI to this document;

(i) the written consents referred to in "Statutory and General Information — E. Other Information — 5. Qualification and Consent of Experts" in Appendix VI to this document; and

(j) the PRC Company Law, Securities Law, and the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies, together with unofficial English translations thereof.

DOCUMENT AVAILABLE FOR INSPECTION

A copy of a full list of all the grantees under the 2024 Share Option Incentive Plan will be made available for public inspection at the Company's Hong Kong legal advisor's office at 22/F, Bank of China Tower, 1 Garden Road, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document.