Application Proof of

Shenzhen Woer Heat-Shrinkable Material Co., Ltd.*
深圳市沃爾核材股份有限公司

(the "Company")

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

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Shenzhen Woer Heat-Shrinkable Material Co., Ltd.*
深圳市沃爾核材股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
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IMPORTANT

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE(1)

[REDACTED]

EXPECTED TIMETABLE[1]

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This summary aims to give you an overview of the information contained in this document and is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this document. As this is a summary, it does not contain all the information that may be important to you, and we urge you to read the entire document carefully before making your **[REDACTED]** *decision.*

There are risks associated with any **[REDACTED]**. *Some of the particular risks in investing in the* **[REDACTED]** *are set out in "Risk Factors" in this document. You should read that section carefully before you decide to* **[REDACTED]** *in the* **[REDACTED]**. *Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary of Technical Terms" in this document.*

OVERVIEW

About Us

We are a leading provider of comprehensive solutions for both high-speed data communication and alternative energy power transmission. Our products are vital to both telecoms and alternative energy industries, which support, drive and reshape global economic development and technological progress.

China's No.1
high-speed copper cable manufacturer

World's No.1
heat-shrinkable materials manufacturer

China's No.1
NEV DC charging gun manufacturer

China's No.1
cable accessories manufacturer

Among China's 1st
to develop high-speed copper cables between GPUs

500+
invention patents as of December 31, 2024

RMB943 million
Net cash flows from operating activities in 2024

RMB921 million
Net profit in 2024

Over 18%
net profit CAGR from 2007 to 2024*

Note:

* Net profit from 2007 to 2021 was based on financial reports prepared in accordance with PRC GAAP; while net profit from 2022 to 2024 was based on consolidated financial statements prepared in accordance with IFRS Accounting Standards.

Our Contributions to the Telecoms Industry

- We are a market leader for the manufacturing and sales of high-speed copper cables, a critical component of high-speed data communication. These products enable high-speed connection between the functional modules in computing centers, increasing intra-cluster data transfer efficiency while ensuring optimized energy consumption and strong reliability. This effectively promoted the rapid deployment of quality infrastructure, driving the expansive application of LLMs across different industries.

- Our high-speed copper cables have been certified and admitted to be used for computing servers of several globally leading AI enterprises with strong GPU designing or manufacturing capability, which ensures stable and quality signal transmission between different GPUs, therefore allowing its infrastructure to realize its full potential. According to F&S, we are the second largest manufacturer of high-speed copper cables in the world and the largest in China based on global revenue in 2024, claiming 24.9% of the global market share.

- We are an industry leader in heat-shrinkable materials, a type of high-end electronic materials. According to F&S, we ranked first in the global heat-shrinkable materials industry, with a 20.6% global market share in terms of global revenue in 2024; and we pioneered and led the industrialization process of heat-shrinkable materials in China, holding a 58.5% China market share in terms of China revenue in 2024 and maintaining a leading position in China. Heated during installation, our tubings shrink to conform to virtually any shape, providing dependable insulation, mechanical robustness, strain relief, as well as esthetic appeal, to significantly withstand challenges in harsh environments, such as collision and abrasion, pollution and contamination, UV-light, as well as extreme temperature and humidity conditions.

Our Contributions to Alternative Energy Industries

- Our NEV power transmission products provide high-performance electrical solutions to NEVs. These products have been widely adopted by many leading automakers in China and around the world, as well as many ultra-fast charging station operators enjoying strong market share in China. According to F&S, we are the largest NEV DC charging gun manufacturer in terms of China revenue in 2024, with a China market share of 41.7%.

- Through offering power transmission products for grids and stations, we provide customers with power transmission solutions for critical energy infrastructure, including high-voltage power grids and nuclear power plants, featuring high-performance, highly safety and strong reliability. As of the Latest Practicable Date, our products had been adopted by many leading power enterprises in China, including two largest power grid operators, a leading nuclear power plant operator and a leading power producer. According to F&S, we ranked first among manufacturers of cable accessories in terms of China revenue in 2024, claiming a China market share of 10.6%.

Our Global Opportunities

Human society has been undergoing a digital revolution driven by AI as its core accelerator, and an energy revolution powered by renewable technologies and electrification.

- **Digital Revolution.** Human society is embracing a major transformation in production and lifestyle driven by quick development and wide application of AI technologies, particularly their deployment on consumer, industrial, and automotive industries. In line with this trend, computing infrastructure serving LLMs has experienced and is expected to continue to grow rapidly. According to F&S, the majority of leading technology companies plan to increase their investments in AI infrastructure development consistently over the next three years, starting in 2025. In particular, according to F&S, as of December 31, 2024, the total number of computing center racks in the world was 33.9 million, which is expected to grow to 139.8 million by 2029, representing a projected CAGR of 32.8%. In addition to this trend, companies are continually seeking technologies and hardware that improve the speed of data transfers within computing centers to achieve better performance, which is further driving rapid growth in the price and sales of advanced high-speed data communication devices and materials.

- **Energy Revolution**: Humanity is in the process of transforming from fossil fuel based economy to an era built upon electricity, where each key step of power "generation—transmission—utilization" cycle has evolved market demands for innovative technologies. This loop involves generating alternative energy through nuclear, solar and wind power technologies, highly efficient power transmission using advanced power grid technologies like ultra-high voltage technologies, and utilizing electricity through power batteries in innovative devices such as NEVs. According to F&S, global sales of NEV reached 19.0 million units in 2024 and are expected to grow to over 40.0 million units by 2029, representing an expected CAGR of approximately 15.0%. Driven by the growing sales of NEVs globally, the installed volume of China's public DC chargers reached 1.6 million units in 2024 and is expected to grow to over 5.0 million units by 2029, representing a CAGR of approximately 25.6%. In 2024, China's investment in power grid engineering amounted to RMB608.3 billion, representing a 15.3% increase from that in 2023. In 2024, global new installed capacity for alternative energy power reached 585 GW, accounting for 92.5% of the world's total new power installation. The global cumulative installed capacity of alternative energy reached 4,448 GW. Global new nuclear power installed capacity exceeded 7 GW in 2024, representing a year-on-year increase of over 30%. The share of alternative energy power generation in the global total exceeded 40% in 2024 and is expected to surpass 50% by 2029.

High-speed data communications and power transmission are the two fundamental technologies underpinning the digital and energy revolutions.

The advancement of LLM-based AI technologies demands ultra-efficient processing of exascale datasets and accelerates model evolution. This drives continuous innovation in energy-optimized, high-speed interconnects across computing and computing centers, as well as smart edge devices, all of which developed highly complex internal structure and delicate component density, demanding sophisticated technologies and manufacturing techniques on electronic materials and cabling systems.

In addition, as emerging power-intensive industries keep growing, including NEV, particularly autonomous driving vehicles, computing centers, and robots, power transmission, both within their mechanic infrastructure and those related with grid network, play an ever crucial role as "arteries" ensuring safe and reliable energy flow. Modern grids address this challenge through innovative material science, transmission technologies and manufacturing technique, which prioritize high-voltage capacity and robust safety features.

According to F&S, the size of the global communication cable market increased from RMB12.9 billion in 2020 to RMB17.0 billion in 2024, representing a CAGR of 7.1%, and is projected to reach RMB22.8 billion by 2029, with a projected CAGR of 5.7% from 2025. In particular, driven by the rising demand for low-latency, high-speed transmission in AI servers and computing centers, high-speed communication cables represented 14.8% of the market in 2024. Additionally, alternative energy sources, such as wind, solar and nuclear, accounted for over 40% of global power generation in 2024 and is expected to exceed 50% by 2029.

Our Products and Solutions

We are a leading provider of comprehensive solutions for both high-speed data communication and alternative energy power transmission. Our products are vital to both telecoms and alternative energy industries, which support, drive and reshape global economic development and technological progress. The core functionalities of our solutions demand superior performance on data transmission rate, high-voltage power transmission, safety and reliability, which in turn, rely on utilization of high-performance insulation, shielding, and protective materials, precision structural design, sophisticated manufacturing processes, and stringent quality control.

Starting with the R&D of heat-shrinkable materials, a critical type of high-end electronic material, we have established leading market position in offering one-stop solutions for electronic materials, cables, and components through nearly 30 years of technological iteration. Our products serve critical applications in computing centers, NEVs (especially autonomous driving), high-voltage power grids, nuclear power plants, rail transit, medical equipment, and other core scenarios requiring high-speed data communication and alternative energy power transmission.

The table below sets out our major products and their key applications.

Our Business (Revenue Contribution in 2024)	Major Products	Major End Markets
Electronic Communications Business (62.2%)	**Telecoms Cable Products** • High-speed copper cables • Automotive cables • Industrial cables • Consumer electronic cables • Robot cables **Electronic Material Products** • Heat-shrinkable tubing • Dual-wall tubing • Identification sleeves • Continuous busbar protection sleeves	• Computing centers • Industrial and robotics • NEVs • Rail transit • Aerospace • Information technology • Medical • Consumer electronics
Alternative Energy Power Transmission Business (35.6%)	**NEV Power Transmission Products** • Charging guns • High-voltage wiring harnesses • High-voltage connectors • AC/DC charging sockets • Power battery safety protection products **Power Transmission Products for Grids and Stations** • Nuclear-grade cable accessories • High-voltage cable accessories • Cold-shrinkable and heat-shrinkable cable accessories • Separable connectors • Tubular busbar **Wind Power**	• NEVs • Charging stations • Power generation plants • Nuclear power plants • Power distribution networks • Rail transit • Mining and metallurgy • Petrochemical • High-speed rail & marine vessels • Wind power

- ***Electronic Communications Business***

  In our electronic communications business, we primarily offer telecoms cable products and electronic materials products.

- *Telecoms cable products*. Our products are used in a broad range of industries exhibited rapid expansion in recent years with strong growth potential, including computing centers, automotive systems, industrial automation, robotics, and consumer electronics. Our high-speed copper cable portfolio includes single-channel (28G, 56G, 112G, 224G) and multi-channel (100G, 400G, 800G, 1600G) products, catering to the most demanding data transmission requirements. As an industry pioneer, we were one of the first China-based companies to successfully validate and commercialize 224G single-channel, 1600G multi-channel and 800G multi-channel high-speed copper cables, which are now widely deployed in AI computing infrastructure. In the automotive sector, our cables support critical applications such as ADAS ECUs, gateways, cameras, radars, and antennas, with a recent focus on autonomous driving connectivity, including the development of 25G in-vehicle Ethernet cables. For industrial applications, we deliver robust solutions designed for automation and robotics, featuring high flexibility, abrasion resistance, extended service life, and unmatched reliability. Our recent innovations include control cables for 6-axis industrial robots and encoder cables for robotic arms.

With the accelerating growth of AI, autonomous vehicles, and industrial automation, the demand for high-performance copper cables continues to rise. Leveraging our proven expertise and successful track record, we are well positioned to capture opportunities driven by this trend.

- *Electronic materials products*. Specializing in heat-shrinkable electronic materials, we have developed advanced products through crosslinking technology, delivering enhanced insulation, shielding, mechanical protection performance with strong adaptability to harsh environment. This make our products indispensable across NEVs, power systems, rail transit, IT infrastructure, aerospace, and medical applications for related high-speed data communication and power transmission tasks. As an industry leader in heat shrink technology, we drive continuous innovation.

  - Aerospace: We were among the first heat-shrinkable material manufacturers to be listed in the qualified supplier directory of a leading Chinese aircraft manufacturer. Our products provided to such aircraft manufacturer have all received SGS test reports proving that such products comply with stringent product standards of this aircraft manufacturer, fully exhibiting our technology strength and premium quality. SGS is a Swiss multinational company headquartered in Geneva and a leading provider of inspection, verification, testing and certification services.

  - Medical: We have completed the performance upgrade of FEP medical heat-shrinkable tubing and developed innovative medical heat-shrinkable tube products such as MT-CCB ultra-thin medical heat-shrinkable tubing and MT series polyolefin/fluororesin tubing, all of which have passed biocompatibility tests.

  - Automotive: We have developed a new 150°C dual-wall tubing product, which can be used long-term in high-temperature environments of 150°C and is mainly applied for insulation and sealing protection of high-temperature resistant wiring harnesses around automobile engines.

- ***Alternative Energy Power Transmission Business***

  In our alternative energy power transmission business, we primarily develop, manufacture and offer a comprehensive product portfolio for the safe and reliable transmission of electricity for NEVs, power grids and power stations, and rail transportation. During the Track Record Period, we also operate wind farms in line with our commitment to promote utilization of alternative energy.

  - *NEV power transmission products*. We provide a broad range of power transmission products for NEVs, including charging guns, charging stations, high-voltage harnesses, connectors and power battery safety protection products. As one of the first enterprises in China to develop high-power liquid-cooled charging guns, we are one of the key drafters of the national industry standards, including GB/T20234.1-2023 and GB/T20234.4-2023. Our products have been deployed by many ultra-fast charging pilot programs operated by leading power and energy enterprises. We are one of the few manufacturers in China with massive production capacity for high power charging guns with oil or water based cooling systems. In addition, we offer functional polymer materials like ceramicized polymer materials and special silicone rubber products, to provide excellent safety protection for NEV batteries and cables.

  - *Power transmission products for grids and stations*. We offer various power transmission products, including nuclear-grade cable accessories, high-voltage cable accessories, cold/hot shrinkable cable accessories and separable connectors. We are the first Chinese manufacturer who successfully developed Class 1E K1-certified nuclear-grade heat-shrinkable cable accessories, exhibiting superior performance parameters compared with then prevailing overseas competing products, including 80-year design lifespan. We are also one of the few Chinese manufacturers capable of producing high-voltage cable accessories. As of the Latest Practicable Date, our 220kV submarine cable accessories have passed type test, while our 72.5kV transformer bushing terminals have been successfully deployed in offshore wind power projects. Our high-voltage 110kV/220kV non-intrusive millimeter-wave radar oil level monitoring terminals have not only passed third-party testing but have also completed pilot applications in smart grid projects. Furthermore, our 10kV/35kV distribution network smart joint products have been progressively implemented in many pilot projects along continuous development of China's national smart grid network, enabling quick and accurate monitoring, detection and transmission on critical parameters including temperature measurement and partial discharge detection for cable accessories.

Leveraging the cutting-edge technology and exceptional reliability of our products, we have successfully achieved rapid breakthroughs in every application setting we serve, fostering strong customer loyalty and dominant market share while consistently securing our position in the high-value sector of the industry chain.

Our Innovation Strength

We believe development and implementation of advanced technology, as well as continuous innovation across different product lines, are crucial for us to achieve sustainable growth and maintain our competitive edge. We have been focusing on opportunities and technology trends driven by two strategic R&D orientations, namely, digital revolution driven by AI as its core accelerator, and an energy revolution powered by renewable technologies and electrification. In line with this strategical position, we carry out innovations in materials science, structural design and processes, and green advanced manufacturing, continuously introducing new technologies and products to lead industry development.

- ***Materials science***. We are the pioneer in China in developing technologies in relation to application of crosslinking and heat-shrinkable polymer products. We have been focused on the R&D of new materials and application technologies, further facilitating continuous innovation. As of December 31, 2024, we owned 131 invention patents in relation to our breakthroughs in this field, fully exhibiting our technology leadership in heat-shrinkable materials and insulating materials related industry and markets.

- ***Innovation in structural design and processes***. Through continuous advancements in data communication and alternative energy power technologies, we have achieved many valuable breakthroughs in structural design and manufacturing processes across multiple domains, including high-speed copper cables, NEV communication & power components, nuclear-grade cable accessories, and high-voltage cable accessories. These innovations significantly enhance the performance and safety of data communication and power transmission systems while reducing production costs. Our leadership in this field is further demonstrated by our portfolio of 124 invention patents in related technologies as of December 31, 2024.

- ***Green advanced manufacturing.*** We are committed to building an eco-friendly and high-efficiency production system by leveraging cutting-edge technologies to optimize manufacturing processes, enhance product quality, reduce production costs through scaled manufacturing, and improve overall operational efficiency. We invested in developing smart plant where we digitalize entire work flow to ensure data driven task dispatch, real time supervision on equipment performance and reduce human related errors. We also introduce smart hardware that can properly handle repeated work stream in a highly automated and efficient manner. Our leadership in sustainable manufacturing is further demonstrated by our portfolio of 214 invention patents in this field as of December 31, 2024.

Starting from high-end electronic materials, we have continuously expanded into high-value industry sectors such as power, aviation, nuclear power, automotives and data communication, and have successively implemented applications of high-performance products in these fields, laying a solid foundation for our further technological development.

Our Premium Customer Base and Global Business Network

We hold global vision in setting business development strategy and have established long-term cooperation relationship with global renowned companies engaging in AI, telecoms, NEV manufacturing, energy and power industries, many of which are among global top 100 enterprises. Our achievements in passing certification of these global leading enterprise fully exhibited our superior technology capability and premium quality. In particular, for industries featuring sophisticated and extended supply chain like NEVs and advanced telecoms devices, suppliers face a rigorous dual-approval requirement, where they shall obtain certification from both immediate purchasers and final product manufacturers, further increasing switching costs associated with considerable time commitments, material expenditures and production line downtime. Furthermore, by continuously accumulating valuable know-how and optimizing process through offering customized manufacturing services for customers, we strengthen our technological differentiation and industry credibility, progressively deepening our penetration across high-value supply chains.

We strategically locate our manufacturing bases to places with close proximity to our customers, allowing comprehensive coverage of, and quick response to, their production need and supply chain management demands. As of December 31, 2024, we had nine manufacturing bases in China and one overseas plant in Vietnam. See "Risk Factors – Risks Relating to Our Business and Industry – Our expenditure may not be fully recovered if the major capital expenditure projects under our expansion program are not completed within the expected time frame and budget, or at all, and may not achieve the intended economic results even if completed."

Outstanding Achievements

Since our listing on the Shenzhen Stock Exchange in China in 2007, we have achieved an annualized revenue growth of 20.5% and an annualized growth of 18.3% in net profit by 2021, based on financial reports prepared in accordance with PRC GAAP. Based on consolidated financial statements prepared in accordance with IFRS Accounting Standards, in 2022, 2023 and 2024, our revenue were RMB5,336.6 million, RMB5,718.8 million and RMB6,920.1 million, respectively; our net profit amounted to RMB660.2 million, RMB757.7 million and RMB920.5 million, respectively; and our return on equity amounted to 14.8%, 14.8% and 15.9%, respectively.

We have always maintained a stable cash flow position. In 2022, 2023 and 2024, our net cash generated from operating activities was RMB1,035.8 million, RMB860.1 million and RMB942.9 million, respectively.

Sustainable Development Measures

We are committed to advancing sustainable development through rigorous ESG practices, integrating environmental responsibility across our operations. In particular, we invested in building green supply chain system, including continuously optimizing our supply chain network and layout, monitoring ecological impacts, and ensuring cooperating enterprises to meet strict sustainability standards, through which, we keep minimizing our environmental footprint. Our product design embeds circular economy principles, while our manufacturing process prioritize energy efficiency, waste reduction and closed-loop material recycling. We reduce carbon emissions by utilizing existing wind power stations, installing rooftop photovoltaics and energy storage projects in factory areas, and monitoring energy consumption data through facility management systems to optimize energy scheduling and energy-saving management, comprehensively practicing green development in all aspects.

OUR COMPETITIVE STRENGTHS

- We are a leading provider of comprehensive solutions for both high-speed data communication and alternative energy power transmission.
- We possess leading technology R&D and agile new product development capabilities focusing on high-speed data communication and power transmission related industries.
- Our ever-expanding comprehensive product portfolio allows us to enhance customer loyalty and capture evolving market demands.

- We enjoy premium customer portfolio featuring outstanding long-term business relationship and robust growth potential.

- Our lean manufacturing and supply chain system with global vision and reach allows us to achieve fast and large-scale delivery while maintaining cost advantages.

- We have a technology-driven corporate culture founded by our visionary and seasoned founder.

OUR STRATEGIES

- Focus on high-speed data communication and power transmission of alternative energy, with continued investment in R&D to enhance agile new-product development and product competitiveness.

- Optimize global production capacity prudently and orderly in response to market demand.

- Expand sales network and maintain long-term strategic cooperation relationship.

- Make investments and acquisitions in a prudent manner.

COMPETITIVE LANDSCAPE

The market for high-speed data communication and alternative energy power transmission solution is rapidly evolving and competitive, with many potential applications under development. As a result, although we believe that we have market-leading high-speed data and power transmission technologies, we face competition from a range of companies developing high-speed data communication and alternative energy power transmission solution for these applications, some of which may be similar to ours. Our primary competitors include other high-speed copper cable manufacturers, heat-shrinkable materials companies, NEV DC charging gun providers, cable accessories manufacturers.

We believe that we are strategically well-positioned in our market and compete favorably with others based on our advanced high-speed data and power transmission technologies that delivers superior performance and quality, our comprehensive product portfolio, and our strong R&D capabilities.

See "Industry Overview."

CUSTOMERS AND SUPPLIERS

Our customers primarily consist of direct sales customers and distributors, of which direct sales customers contributed to the majority of our revenue during the Track Record Period. During the Track Record Period, we derived the largest share of our revenue from mainland China. In 2022, 2023 and 2024, (i) our five largest customers contributed 12.6%, 11.5% and 12.7% to our total revenue, respectively; and (ii) our largest customer in each year during the Track Record Period accounted for 5.5%, 5.2% and 4.0% of our total revenue, respectively. To the best knowledge of our Directors, each of our five largest customers in each year during the Track Record Period was an Independent Third Party.

Our suppliers primarily include suppliers for raw materials, equipment and packaging materials. In 2022, 2023 and 2024, (i) our purchases from our five largest suppliers accounted for 21.9%, 22.6%, and 18.0% of our total purchases in 2022, 2023 and 2024, respectively; and (ii) our purchase from the largest supplier accounted for 8.3%, 7.1%, and 6.6% of our total purchases, respectively. To the best knowledge of our Directors, each of our five largest suppliers in each year during the Track Record Period was an Independent Third Party.

For more details, see "Business—Marketing, Sales and Customers—Our Customers" and "Business—Our Suppliers" in this document.

OUR PRODUCTION

In line with our development strategy, we invested in developing and enhancing automated, intelligentized, and lean manufacturing management across multiple manufacturing bases. In particular, we focus on achieving improvement in cost efficiency by continuously optimizing processes and formulations, and adopting highly flexible and transparent inventory management policy. In the meantime, we emphasize on implementing standardized workflow, and technology-backed automation, through which, we can achieve mass production capability with premium product consistency.

In recent years, we invested in developing smart plant where we digitalize entire work flow to ensure data-driven task dispatch, real time supervision on equipment performance and reduce human related errors. We also introduce smart hardware that can properly handle repeated work stream in a highly automated and efficient manner, such as defect inspection, select manufacturing procedure, logistics and transportation of raw materials/components between production lines. Broad adoption of digitization further allows us to benefit from data technology, where we may engage proper AI algorithms to analyze massive historical and real time data to accurately predict, and respond to, inventory needs, purchase order settlement status and production progress, thus further enhancing our cost control and profitability. Please see "Business—Our Production" in this document for further details.

RESEARCH AND DEVELOPMENT

We are the pioneer in China in developing technologies in relation to application of crosslinking and heat-shrinkable polymer products. We believe development and implementation of advanced technology, as well as continuous innovation across different product lines, are crucial for us to achieve sustainable growth and maintain our competitive edge. We have established a strong in-house R&D team with cross-discipline academic background and rich cross-industry experience, which comprised over 820 staff as of December 31, 2024. In addition, we invested in developing advanced facilities and engaging latest R&D equipment to ensure our pioneer industry position. For instance, our WOER Lab owns a fully-shielded high-voltage test hall.

As of December 31, 2024, we had obtained 2,044 and six patents in China and overseas jurisdictions, respectively, and have participated in preparation of 25 national and 28 industry standards in China, exhibiting our strong technology capability and strong market recognition. In recent years, we have taken proactive approach in implementing innovative and smart technology, including big-data analytical tools and AI technology, to enhance R&D and operation efficiency. During the Track Record Period, we also collaborate with well-recognized institutions and leading industry players to promote our R&D efforts, through which, we are able to access latest development trend in relevant industry, as well as most recent practical challenges and demands, further enhancing our ability to capture potential market opportunities.

For more details, see "Business—Research and Development" in this document.

INTELLECTUAL PROPERTY RIGHTS

Our success and competitive advantages depend in part on our ability to develop and protect our core technologies and intellectual property. We own a large portfolio of intellectual properties, including patents, registered trademarks, software copyrights and domain names in the PRC. Specifically, our R&D efforts have produced 503 invention patents, 1,422 utility model patents, 119 design patents, 595 registered trademarks and 72 software copyrights as of December 31, 2024. As of the same date, we were also granted six patents and 167 registered trademarks in overseas jurisdictions, including the U.S., Japan and Europe. See "Appendix IV—Statutory and General Information—Further Information about the Business of Our Company—2. Intellectual Property Rights" in this document for more information.

RISK FACTORS

Our operations and the **[REDACTED]** involve certain risks and uncertainties, including (i) risks relating to our business and industry, (ii) risks relating to financial position, (iii) risks relating to conducting business in countries and regions where we operate, and (iv) risks relating to the **[REDACTED]**, which are set out in the section headed "Risk Factors" in this document. You should read that section in its entirety carefully before you decide to **[REDACTED]** in the **[REDACTED]**. Some of the major risks we face include, but are not limited to: (i) our business is exposed to the supply-demand dynamics in the electronic communications and alternative energy power transmission solution industry and is therefore affected by market demand, (ii) any failure to protect our intellectual property rights could undermine our competitive position and adversely affect our business prospects, (iii) we may not be able to increase our production capacity as planned, and even if our production expansion projects proceed as planned, we may not be able to increase our production output in a timely manner or at all as envisaged, (iv) we may fail to continuously expand our existing product lines or develop new products or our new products may not be successful, which could adversely affect our business, results of operations, and financial condition, (v) our future success depends on our ability to retain key management and R&D personnel and our ability to attract, train and retain talented personnel, (vi) if we fail to compete effectively in the competitive industry where we operate, our market share may decline, and our market position, growth prospects and results of operations may be adversely affected, (vii) if we are unable to retain existing customers and attract new customers, our business, financial conditions, and results of operations will be adversely affected, and (viii) fluctuations in the prices of raw materials may materially and adversely affect our profitability and financial condition.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

This summary of key financial information set forth below has been derived from, and should be read in conjunction with, our consolidated audited financial statements, including the accompanying notes, set forth in the Accountants' Report set out in Appendix I to this document, as well as the information set forth in the section headed "Financial Information."

Summary Consolidated Statements of Profit or Loss

The following table summarizes our consolidated statements of profit or loss for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB in thousands, except for percentages)					
Revenue	**5,336,649**	**100.0**	**5,718,841**	**100.0**	**6,920,102**	**100.0**
Cost of sales	(3,724,687)	(69.8)	(3,930,200)	(68.7)	(4,809,739)	(69.5)
Gross profit	**1,611,962**	**30.2**	**1,788,641**	**31.3**	**2,110,363**	**30.5**
Other income, gains and losses	91,145	1.7	88,339	1.5	91,919	1.3
Selling expenses	(314,238)	(5.9)	(323,933)	(5.7)	(353,553)	(5.1)
Administrative expenses	(248,248)	(4.7)	(297,873)	(5.2)	(345,659)	(5.0)
Research and development expenses	(305,808)	(5.7)	(309,962)	(5.4)	(348,694)	(5.0)
Share of results of associates	6,060	0.1	9,877	0.2	9,807	0.1
Finance costs	(89,595)	(1.7)	(66,778)	(1.2)	(60,439)	(0.9)
Impairment losses on financial assets, net	(23,922)	(0.4)	(15,434)	(0.3)	(29,881)	(0.4)
Profit before taxation	**727,356**	**13.6**	**872,877**	**15.2**	**1,073,863**	**15.5**
Income tax expense	(67,109)	(1.3)	(115,150)	(2.0)	(153,360)	(2.2)
Profit for the year	**660,247**	**12.3**	**757,727**	**13.2**	**920,503**	**13.3**

During the Track Record Period, our revenue, gross profit and net profit all achieved consistent increase. Our revenue increased from RMB5,336.6 million in 2022 to RMB5,718.8 million in 2023, and further increased to RMB6,920.1 million in 2024; our gross profit increased from RMB1,612.0 million in 2022 to RMB1,788.6 million in 2023, and further increased to RMB2,110.4 million in 2024, and our gross profit margin remained relatively stable at 30.2%, 31.3% and 30.5% in 2022, 2023 and 2024, respectively; our profit for the year increased from RMB660.2 million in 2022 to RMB757.7 million in 2023, and further increased to RMB920.5 million in 2024, with net profit margin remaining relatively stable at 12.3%, 13.2% and 13.3% in 2022, 2023 and 2024, respectively. For further information, see "Financial Information—Description of Selected Components of Consolidated Statements of Profit or Loss" in this document.

Revenue

The table below sets forth a breakdown of our revenue by product and business line during the Track Record Period:

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB in thousands, except for percentages)					
Electronic Communications Business						
Telecoms cable products	1,362,366	25.5	1,164,501	20.4	1,702,272	24.6
Electronic materials products	2,104,868	39.5	2,198,264	38.4	2,599,375	37.6
Subtotal	**3,467,234**	**65.0**	**3,362,765**	**58.8**	**4,301,647**	**62.2**
Alternative Energy Power Transmission Business						
NEV power transmission products	823,878	15.4	1,082,420	18.9	1,381,421	20.0
Power transmission products for grids and stations	781,147	14.6	953,522	16.7	926,973	13.4
Wind power business	146,768	2.8	158,713	2.8	151,724	2.2
Subtotal	**1,751,793**	**32.8**	**2,194,655**	**38.4**	**2,460,118**	**35.6**
Others*	117,622	2.2	161,421	2.8	158,337	2.2
Total	**5,336,649**	**100.0**	**5,718,841**	**100.0**	**6,920,102**	**100.0**

Note:

* Others mainly include revenue from provision of implementation services of MOM and MES platforms.

Gross Profit and Gross Profit Margin

The table below sets forth a breakdown of our gross profit and gross profit margin by product and business line during the Track Record Period:

	Year Ended December 31,					
	2022		2023		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB in thousands, except for percentages)					
Electronic Communications Business						
Telecoms cable products	259,899	19.1	173,487	14.9	278,801	16.4
Electronic materials products	686,155	32.6	787,313	35.8	1,015,122	39.1
Alternative Energy Power Transmission Business						
NEV power transmission products	240,193	29.2	286,383	26.5	321,207	23.3
Power transmission products for grids and stations	299,961	38.4	393,547	41.3	342,281	36.9
Wind power business	98,268	67.0	109,933	69.3	101,753	67.1
Others*	27,486	23.4	37,978	23.5	51,199	32.3
Total	**1,611,962**	**30.2**	**1,788,641**	**31.3**	**2,110,363**	**30.5**

Note:

* Others mainly include gross profit and gross profit margin from provision of implementation services of MOM and MES platforms.

Summary Consolidated Statements of Financial Position

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I to this document:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current assets	4,133,457	4,718,097	5,536,890
Non-current assets	4,185,279	4,262,339	4,693,436
Total assets	8,318,736	8,980,436	10,230,326
Current liabilities	2,799,419	2,742,978	2,884,640
Non-current liabilities	719,923	774,954	1,217,357
Total liabilities	3,519,342	3,517,932	4,101,997
Net current assets	1,334,038	1,975,119	2,652,250
Net assets	4,799,394	5,462,504	6,128,329

For further information, see "Financial Information—Discussion of Selected Items From Consolidated Statements of Financial Position" in this document.

Summary Consolidated Statements of Cash Flows

Our use of cash primarily related to operating activities and capital expenditure. We have historically financed our operations primarily through a consolidation of cash flow generated from our operations and bank borrowings.

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

	Year Ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Net cash flows from operating activities	1,035,843	860,089	942,949
Net cash flows used in investing activities	(388,275)	(390,629)	(591,112)
Net cash flows used in financing activities	(517,747)	(391,537)	(349,464)
Net increase in cash and cash equivalents	**129,821**	**77,923**	**2,373**
Cash and cash equivalents at beginning of the year	657,398	799,820	879,070
Effect of foreign exchange rate changes, net	12,601	1,327	(3,958)
Cash and cash equivalents at end of the year	**799,820**	**879,070**	**877,485**

For more details, see "Financial Information—Liquidity and Capital Resources" in this document.

Key Financial Ratio

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

	As of/Year Ended December 31,		
	2022	2023	2024
Gross profit margin(1)	30.2%	31.3%	30.5%
Net profit margin(2)	12.3%	13.2%	13.3%
Return on equity(3)	14.8%	14.8%	15.9%
Current ratio(4)	1.48	1.72	1.92
Debt to equity ratio(5)	23.8%	14.3%	15.3%

Notes:

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

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

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

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

(5) Debt to equity ratio was calculated based on interest-bearing bank and other borrowings net of cash and cash equivalents divided by total equity as of the relevant date and multiplied by 100%.

DIVIDENDS

On June 13, 2022, we paid a final dividend of RMB44.1 million (RMB0.35 per 10 A Shares) for the year ended December 31, 2021. On May 29, 2023, we paid a final dividend of RMB50.4 million (RMB0.40 per 10 A Shares) for the year ended December 31, 2022. On May 29, 2024, we paid a final dividend of RMB211.9 million (RMB1.70 per 10 A Shares) for the year ended December 31, 2023.

On April 26, 2025, our Board of Directors proposed the payment of a final dividend of RMB1.37 per 10 A Shares for the year ended December 31, 2024, based on the issued shares excluding the treasury shares of the Company of 1,246,334,000 A Shares. The proposed final dividend was approved by the Shareholders at the annual general meeting held on June 3, 2025. On June 16, 2025, we announced that the payment of the final dividend of RMB170.7 million (RMB1.37 per 10 A Shares) will take place on June 23, 2025.

Upon completion of the **[REDACTED]**, we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

There is no assurance that dividends of any amount will be declared or be distributed in any year. Currently, we do not intend to adopt a formal dividend policy or a fixed dividend distribution ratio following the **[REDACTED]**.

PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdiction, including the IFRS Accounting Standards. According to the applicable PRC laws and our Articles of Association, we will pay dividends according to the applicable PRC laws and our Articles of Association.

OUR SINGLE LARGEST SHAREHOLDER

As of the Latest Practicable Date, Mr. Zhou and his associates held as to 189,563,801 A Shares, representing approximately 15.17% (excluding 10,283,600 treasury A Shares). For details regarding the shareholdings of Mr. Zhou and his associates, see "Substantial Shareholders".

THE [REDACTED]

This document is published in connection with the **[REDACTED]** as part of the **[REDACTED]**. The **[REDACTED]** comprises:

(a) the **[REDACTED]** of **[REDACTED]** H Shares (subject to adjustment as mentioned below) in Hong Kong as described below in the section headed "Structure of the **[REDACTED]** — The **[REDACTED]**"; and

(b) the **[REDACTED]** of an aggregate of **[REDACTED]** H Shares (subject to adjustment and the **[REDACTED]** as mentioned below) in the United States solely to **[REDACTED]** in reliance on Rule144A or outside the United States in offshore transactions in accordance with Regulation S, as described in "Structure of the **[REDACTED]** — The **[REDACTED]**" in this document.

[REDACTED]

USE OF [REDACTED]

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

In accordance with our strategy, we plan to use the **[REDACTED]** for the following intended purposes in the amounts set forth below:

- **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be used to diversify our product portfolio and upgrade our products to expand our business scope and increase our market share and penetration, so as to consolidate our leading position in the high-speed data communication and alternative energy power transmission solution industry;

- **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be used to expand our global business footprint, enhance our production capacity in China and overseas and strengthen our global delivery capabilities to meet the growing demand from fast-growing overseas markets;

- **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be used for potential strategic investments and/or acquisitions; and

- **[REDACTED]**%, or approximately HK$**[REDACTED]** will be used for the working capital and general corporate purposes.

For more details, see "Future Plans and Use of **[REDACTED]**" in this document.

[REDACTED]

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

Among the total **[REDACTED]**, approximately RMB**[REDACTED]** (HK$**[REDACTED]**) of which is expected to be charged to our statements of profit or loss, and approximately RMB**[REDACTED]** (HK$ **[REDACTED]**) of which is expected to be capitalized. Our **[REDACTED]** as a percentage of gross **[REDACTED]** is **[REDACTED]**%. The **[REDACTED]** above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

Since 2007, our Company has been listed on the Shenzhen Stock Exchange. During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shenzhen Stock Exchange. Our PRC Legal Adviser is of the view that the confirmation of our Directors above with regard to our compliance records is accurate and reasonable. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

Our Company seeks to be **[REDACTED]** on the Hong Kong Stock Exchange in order to further advance our internationalization strategy, optimize our global production capacity layout, strengthen our core competitiveness, and improve our operational and management capabilities. See "Business—Development Strategies" and "Future Plans and Use of **[REDACTED]**" for more details.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the Latest Practicable Date, our business operation remained stable. Our business model remains unchanged subsequent to the Track Record Period and we continue to develop more electronic communication products and alternative energy power transmission products and reach a larger customer base after the Track Record Period. In particular, subsequent to the Track Record Period and up to the Latest Practicable Date, we completed the development of nuclear safety (1E-class) cable accessory with the lifespan of 80 years.

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 in the Accountants' Report in Appendix I to this document.

DEFINITIONS

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

"A Share (s)"	ordinary share (s) issued by our Company, with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid in Renminbi and is/are listed for trading on the Shenzhen Stock Exchange
"A Shareholder (s)"	holder (s) of the A Share (s)
"Accountants' Report"	the accountants' report of our Company from Moore CPA Limited, the text of which is set out in Appendix I to this document
"affiliate (s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company adopted on June 3, 2025, with effect upon the **[REDACTED]** (as amended from time to time), a summary of which is set out in Appendix III to this document
"associate (s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board" or "Board of Directors"	the board of Directors of our Company
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[REDACTED]

"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules
"Changzhou LTK"	LTK Electric Wire (Changzhou) Ltd. (樂庭電線工業(常州)有限公司) is a limited liability company incorporated under the laws of PRC on July 23, 2013, a subsidiary of our Company
"Changzhou Woer"	Changzhou Woer Heat-Shrinkable Material Co., Ltd. (常州市沃爾核材有限公司) is a limited liability company incorporated under the laws of PRC on November 10, 2010, a subsidiary of our Company

"Changzhou Woke"	Changzhou Varlk Technology Co., Ltd. (常州市沃科科技有限公司), a limited liability company established under the laws of the PRC on March 9, 2016, a subsidiary of our Company
"China" or "PRC"	the People's Republic of China, which only in the context of describing PRC rules, laws, regulations, regulatory authority, and any PRC entities or citizens under such rules, laws and regulations and other legal or tax matters in this document, excludes Taiwan, Hong Kong and the Macau Special Administrative Region of the People's Republic of China
"close associate (s)"	has the meaning ascribed thereto under the Listing Rules
"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" or "our Company"	Shenzhen Woer Heat-Shrinkable Material Co., Ltd. (深圳市沃爾核材股份有限公司), a joint stock company with limited liability incorporated in the PRC and, if the context requires, includes its predecessor
"connected person (s)"	has the meaning ascribed thereto under the Listing Rules
"core connected person (s)"	has the meaning ascribed thereto under the Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"CYG Electronics"	CYG Electronics (Group) Co., Ltd. (長園電子（集團）有限公司), a limited liability company established in the PRC on July 29, 1993 and one of our subsidiaries
"Director (s)"	the director (s) of our Company
"Dongguan Changyuan"	Changyuan Electronics (Dongguan) Co., Ltd. (長園電子(東莞)有限公司) is a limited liability company incorporated under the laws of PRC on February 14, 2014, a subsidiary of our Company
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》)
"Employee Incentive Schemes"	the 2025 Restricted Share Scheme and the 2025 Share Option Scheme
"ESG"	environmental, social and governance
"Extreme Conditions"	extreme conditions caused by a super typhoon or other natural disaster of a substantial scale seriously affect the working public's ability to resume work or brings safety concern for a prolonged period as announced by the government of Hong Kong

[REDACTED]

"F&S" or "Industry Consultant"	Frost & Sullivan, our industry consultant
"F&S Report" or "Industry Report"	the industry report commissioned by our Company and independently prepared by F&S, a summary of which is set forth in the section headed "Industry Overview" in this document

[REDACTED]

"Group", "our Group", "we", "our" or "us"	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries at the relevant time, the business acquired or operated by such subsidiaries or their predecessors (as the case may be)
"Guide for New Listing Applicants"	the Guide for New Listing Applicants published by the Stock Exchange
"H Share (s)"	**[REDACTED]** ordinary share (s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be **[REDACTED]** and **[REDACTED]** Hong Kong dollars and to be **[REDACTED]** on the **[REDACTED]**

[REDACTED]

"H Shareholder (s)"	holders of the H Shares
"HK$", "Hong Kong dollars", "HK Dollars" or "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

[REDACTED]

[REDACTED]

"HK Woer"	Hongkong Woer Trading Co., Limited (香港沃爾貿易有限公司), a limited liability company established under the laws of the Hong Kong Special Administrative Region of the PRC on December 16, 2008, a subsidiary of our Company
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time

[REDACTED]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited

[REDACTED]

"Huizhou Cable"	Hui Zhou LTK Electronics Cable Ltd. (惠州樂庭電子線纜有限公司), a limited liability company established under the laws of the PRC on April 27, 2002, a subsidiary of our Company
"Huizhou LTK"	LTK Electric Wire (Huizhou) Ltd. (惠州樂庭智聯科技股份有限公司) is a joint stock company, formerly incorporated as a limited liability company under the laws of PRC on January 4, 1988, a subsidiary of our Company
"IASB"	International Accounting Standards Board
"IFRS Accounting Standards"	International Accounting Standards, International Financial Reporting Standards, amendments and the related interpretations issued by the IASB
"IIT Law"	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》)
"Independent Third Party (ies)"	any person (s) or entity (ies) who/which is not a connected person of our Company within the meaning of the Listing Rules

[REDACTED]

"Joint Sponsors", "**[REDACTED]**" and "**[REDACTED]**"	the Joint Sponsors, the **[REDACTED]** and the **[REDACTED]** of the **[REDACTED]** of the H Shares on **[REDACTED]** as named in the section headed "Directors and Parties Involved in the **[REDACTED]**" in this document
"Latest Practicable Date"	June 11, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[REDACTED]

"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"Major Subsidiaries"	our subsidiaries as identified in "History, Development and Corporate Structure—Major Subsidiaries", which we consider are material to our operations and/or our financial performance during the Track Record Period
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"Mr. Zhou"	Mr. Zhou Heping (周和平), our executive Director and chairperson of the Board
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of our Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[REDACTED]

"Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023
"PRC Company Law"	the Company Law of the People's Republic of China (《中華人民共和國公司法》)
"PRC GAAP"	generally accepted accounting principles in mainland China

"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Adviser"	Sundial Law Firm, the legal adviser of our Company as to the PRC laws
"PRC Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time

[REDACTED]

"Qingdao Wind Power"	Qingdao Woerxinyuan Wind Power Generation Co., Ltd. (青島沃爾新源風力發電有限公司) is a limited liability company incorporated under the laws of PRC on June 22, 2011, a subsidiary of our Company
"Regulation S"	Regulation S under the U.S. Securities Act
"Reporting Accountants"	Moore CPA Limited, the reporting accountants of our Company
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of our Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"R&D"	research and development
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"Securities and futures Commission" or "SFC"	the Securities and futures Commission of Hong Kong
"SFO"	the Securities and futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Changyuan"	Shanghai Changyuan Electronic Material Co., Ltd. (上海長園電子材料有限公司) is a limited liability company incorporated under the laws of PRC on July 17, 2000, a subsidiary of our Company
"Shanghai Keter"	Shanghai Keter New Materials Co., Ltd. (上海科特新材料股份有限公司) is a joint stock company, formerly incorporated as a limited liability company under the laws of PRC on August 28, 1997, a subsidiary of our Company
"Shanghai Lante"	Shanghai Lante New Material Co., Ltd. (上海藍特新材料有限公司), a limited liability company established under the laws of the PRC on May 21, 2001, a subsidiary of our Company

"Share (s)"	ordinary share (s) in the capital of our Company with a nominal value of RMB1.00 each, including both A Shares and H Shares
"Shareholder (s)"	holder (s) of our Share (s)
"Shenzhen Cable"	Shenzhen Wore Wire & Cable Technology Co., Ltd. (深圳市沃爾特種線纜有限公司), a limited liability company established under the laws of the PRC on October 12, 2005, a subsidiary of our Company
"Shenzhen Changyuan"	CYG Tefa Co., Ltd. (深圳市長園特發科技有限公司), a limited liability company established under the laws of the PRC on December 6, 2002, a subsidiary of our Company
"Shenzhen Heat-Shrinkable"	Shenzhen Woer Heat-Shrinkable Material Co., Ltd. (深圳市沃爾熱縮有限公司) is a limited liability company incorporated under the laws of PRC on August 10, 2018, a subsidiary of our Company
"Shenzhen-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shenzhen
"Shenzhen Orbit"	Shenzhen Orbit Systems Inc. (深圳市華磊迅拓科技有限公司) is a limited liability company incorporated under the laws of PRC on September 19, 2005, a subsidiary of our Company
"Shenzhen Woer Electric"	Shenzhen WOER Electric Technology Co., Ltd. (深圳市沃爾電力技術有限公司), a limited liability company established under the laws of the PRC on September 17, 2018, a subsidiary of our Company
"sq.m."	square meters

[REDACTED]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary (ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder (s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs published by the SFC (as amended, supplemented or otherwise modified from time to time)
"Tianjin Changyuan"	Tianjin Changyuan Electronic Material Co., Ltd. (天津長園電子材料有限公司), a limited liability company established under the laws of the PRC on April 21, 2011, a subsidiary of our Company
"Track Record Period"	the three financial years ended December 31, 2022, 2023 and 2024

[REDACTED]

"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"VAT''	value-added tax
"Vietnam Legal Adviser"	Everone Law Firm, the legal adviser of our Company as to the Vietnamese laws
"we", "us" or "our"	our Company
"Woer New Energy"	Shenzhen Woer New Energy Electric Technology Co., Ltd. (深圳市沃爾新能源電氣科技股份有限公司) is a joint stock company, formerly incorporated as a limited liability company under the laws of PRC on December 2, 2003, a subsidiary of our Company

[REDACTED]

"%"	per cent
"2025 Share Option Scheme"	the A Share option scheme adopted by our Company pursuant to resolutions passed by our Shareholders on April 9, 2025, the principal terms of which are set out in "Statutory and General Information—Employee Incentive Schemes" in Appendix IV to this document
"2025 Restricted Share Scheme"	the restricted A Share scheme adopted by our Company pursuant to resolutions passed by our Shareholders on April 9, 2025, the principal terms of which are set out in "Statutory and General Information—Employee Incentive Schemes" in Appendix IV to this document

GLOSSARY OF TECHNICAL TERMS

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

"A"	ampere
"AC"	alternating current, a current that periodically reverses its direction
"AC charging"	alternating current charging, a method of charging NEVs using the standard electrical grid power
"ADAS"	advanced driver assistance system, a system made up of various components, sensors and controllers, which together with the human driver ensure the correct and safe movement of the vehicle, enabling L1 to L2 automation
"ADAS ECU"	advanced driver assistance system electronic control unit, a specialized computer within a vehicle that processes sensor data and controls various ADAS functions; acts as the brain for integrating sensor inputs like cameras, radar, and lidar, enabling features like lane keeping, automatic emergency braking, and adaptive cruise control
"AI"	artificial intelligence, simulation of human intelligence processes by machines, especially computer systems
"algorithm"	a finite sequence of well-defined instructions, typically used to solve a class of specific problems or to perform a computation
"anti-torsion cables"	specialized cables designed to minimize twisting or twisting resistance, primarily used in applications where efficient torque transmission is crucial
"automatic inkjet coding control"	electronic systems used to manage and regulate the printing of codes and other information onto products or packaging using inkjet technology
"AWG"	American wire gauge, a specification of sorts that gives specific wire dimensions for, among other things, electrical wires; the larger the number, the smaller the wire diameter and thickness
"cable accessories"	devices or components used alongside cables to enhance their performance, protect them, and ensure safe and reliable operation
"CAGR"	compound annual growth rate
"ceramicized polymer materials"	a kind of material created by transforming polymers into ceramics through a process called pyrolysis; offer a versatile approach to ceramic production, utilizing polymeric precursors for shaping and processing
"cold-shrinkable"	a type of rubber tubing or sleeve that can shrink down in size without the need for heat
"control cable"	an electrical cable primarily used to transmit signals and data for controlling or monitoring the operation of electrical equipment, machinery, or systems

"CRM"	customer relationship management, a set of integrated technologies used to document, track and manage an organizations relationships and interactions with existing and potential customers
"crosslinking"	the process of connecting two or more molecules by covalent bonds
"DC"	direct current, an electric current flowing in one constant direction
"DC charging gun"	direct current charging gun, a NEV charging device that delivers electricity directly to the vehicle's battery using DC for faster charging
"DC charging socket"	direct current charging socket, an electrical connector that provides DC power to charge a NEV battery
"dual-wall tubing"	a type of tubing with two distinct walls, typically designed for applications requiring enhanced protection and insulation
"EMI"	electromagnetic interference, the disturbance caused by electromagnetic signals generated during the operation of electronic devices or systems
"encoder cable"	a specialized cable used to transmit electrical signals between an encoder and a control device or system
"Ethernet cables"	a type of network cable used to connect devices to a local area network or a wide area network
"FEP"	fluorinated ethylene propylene, a type of fluoropolymer with excellent chemical resistance and high thermal stability
"flame-retardant tubing"	a kind of tubing treated with a chemical that slows down the spread of flames when exposed to fire
"G"	gigabit
"GPU"	graphics processing unit, a specialized electronic circuit for digital image processing and computer graphics
"green advanced manufacturing"	a kind of manufacturing method that combines environmentally conscious practices with cutting-edge technologies to improve resource efficiency and minimize negative environmental impacts throughout the product lifecycle
"GW"	gigawatt
"halogen-free tubing"	a kind of cable that has no halogens such as chlorine, fluorine or bromine used in the insulation and sheath material
"heat-shrinkable"	a type of polymer tubing or sleeve that can shrink down in size when heated
"heat-shrinkable tube printing"	a process where information, such as text, graphics, or barcodes, is printed directly onto heat shrink tubing using specialized printing methods

"heat-shrinkable tubing"	a flexible, shrinkable polymer tube that contracts when heated, offering insulation, protection, and reinforcement for wires, cables, and other components
"high current connector"	a type of electrical connector designed to handle and transfer large amounts of electric current, typically exceeding 30A
"high-frequency copper materials"	a kind of material specially designed substrates and laminates that can maintain their electrical and mechanical properties at high frequencies
"high-speed copper cable"	factory-terminated cable assemblies designed to transmit data at high speeds using copper wires, typically within data centers and networking equipment
"high-speed copper interconnect"	a type of interconnect solution that utilizes copper as a conductor material, resulting in improved electromagnetic life, higher device speed, less heat generation, and fewer interconnect metal levels depending on specific requirements
"high-voltage cable"	a specialized type of cable used for transmitting electric power at high voltage levels
"high-voltage cable accessories"	components used to connect, terminate, and protect high-voltage cables, ensuring reliable and safe power transmission
"high-voltage connector"	a specialized electrical connector designed to transmit power at voltages above a certain threshold
"identification sleeves"	a kind of sleeve which could provide a larger labeling surface on small cables allowing legends to be clearly seen
"insulating materials"	substances that resist the flow of energy, such as heat, sound or electricity
"interconnect solutions"	the technologies and mechanisms used to establish connections between different parts of an electrical or electronic system, or between networks and data centers
"irradiation production cluster"	a manufactured grouping of irradiation systems organized often in a single site to provide efficient, high-throughput processing of materials (like sterilizing medical devices, enhancing polymer properties, or treating food) using a centralized control, safety, and management infrastructure
"IT"	information technology
"kV"	kilovolt
"liquid-cooled charging"	a kind of charging method using a liquid, like coolant, to dissipate heat generated during high-power charging particularly important for NEV charging
"LLM"	large language model, an AI algorithm that uses deep learning techniques and massively large data sets to understand, summarize, generate and predict new content

"medical-grade tubing"	a kind of tubing specifically designed and produced to meet the rigorous standards of the medical industry for performance, purity and safety
"MES"	manufacturing execution system, software that manages and controls the manufacturing process, bridging the gap between enterprise planning systems and the shop floor
"MOM"	manufacturing operations management, a comprehensive approach to overseeing, controlling, and optimizing all aspects of manufacturing processes within a facility
"MW"	megawatt
"NEV"	new energy vehicle, vehicle powered by an alternative energy source rather than traditional fossil fuels
"new materials"	any new or significantly improved material that provides a distinct advantage in (physical or functional) performance when compared to conventional materials
"nuclear safety (1E-class) cable accessories"	electrical components classified as Class 1E, which are essential to nuclear power plant safety and support emergency shutdown, containment isolation, and reactor core cooling to prevent radioactive release
"nuclear-grade cable accessories"	essential components like terminations, joints, and connectors specifically designed and tested to nuclear power plant standards
"offshore wind power projects"	projects for generating electricity using wind turbines placed in bodies of water, typically the ocean
"photovoltaic"	the production of electric current at the junction of two substances exposed to light
"SCADA"	supervisory control and data acquisition, a computerized system that is capable of gathering and processing data and applying operational controls over long distances
"separable connectors"	electrical devices that connect and disconnect power cables to equipment like transformers, switchgear, and motors
"SRM"	supplier relationship management, a systematic approach to evaluating and partnering with vendors that supply goods, materials and services to an organization, determining each supplier's contribution to success, and developing strategies to improve their performance
"surge arresters"	a protective device that diverts excessive voltage or current from a surge, such as a lightning strike or switching event, to ground to prevent damage to equipment
"telecoms cable"	a thick cable used for connecting multiple voice or data lines in telecommunications and local area networks
"ultra-fast charging"	a method of recharging NEVs that delivers significantly higher power output compared to standard chargers

"V2G"	vehicle-to-grid, a technology that allows NEVs to not only receive power from the grid for charging but also to send power back to the grid
"WES"	warehouse execution system, a software solution that manages and optimizes the day-to-day operations within a warehouse or distribution center

FORWARD-LOOKING STATEMENTS

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

- our future business development, financial condition and results of operations;
- our ability to identify and satisfy user demands and preferences;
- our ability to maintain good relationships with, and the actions and developments by or affecting our business partners;
- our ability to further enhance our brand recognition;
- our future debt levels and capital needs;
- general economic, political and business conditions in the industries and markets in which we operate or plan to operate;
- relevant government policies and regulations relating to our industry, business and corporate structure;
- our ability to maintain the market leading positions;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies, including our service and geographic expansion plans;
- our ability to defend our intellectual rights and protect confidentiality;
- our dividend policy;
- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends; including those pertaining to the PRC and the industry and markets in which we operate; and
- all other risks and uncertainties described in the section headed ''Risk Factors'' in this document.

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

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

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect, or at all.

Accordingly, you should not place undue reliance on any forward-looking statements in this document. All forward-looking statements contained in this document are qualified by reference to this cautionary statement.

An **[REDACTED]** *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the "Financial Information" section, before making an* **[REDACTED]** *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. The* **[REDACTED]** *price of our H Shares could decline due to any of these risks. 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. You should seek professional advice from your relevant advisers regarding your prospective* **[REDACTED]** *in the context of your particular circumstances.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business is exposed to the supply-demand dynamics in the electronic communications and alternative energy power transmission solution industry and is therefore affected by market demand.

We primarily provide telecoms cables, electronic materials, NEV power transmission products and power transmission products for grids and stations, which are widely applied in industries including computing centers, NEVs, high-voltage power grids, nuclear power plants and high-speed rail transit. Accordingly, our results of operations have been and are expected to continue to be affected by downstream demand in these industries. The downstream demands for electric power, alternative energy, and NEV components are affected by many factors, such as:

- government policies promoting the development of data communication, alternative energy, grid infrastructure, and NEV adoption;
- technological advancements in high-performance data communication and power transmission;
- industrial demand for automation and smart manufacturing; and
- macroeconomic conditions affecting industrial investment and infrastructure projects.

There is no assurance that the downstream demand for computing centers, NEVs, high-voltage power grids, nuclear power plants and high-speed rail transit will maintain at a comparable level as we experienced during the Track Record Period or continue to increase in the future. If the downstream demand for these industries does not increase as we expect, the market demand for our products will decrease correspondingly, which may result in under-utilization of our production capacity and in turn materially and adversely affect our business, financial condition, and results of operations.

Any failure to protect our intellectual property rights could undermine our competitive position and adversely affect our business prospects.

We rely primarily on a combination of our patents, trade secrets, trademarks, and confidentiality agreements signed by the employees and third parties to protect our intellectual property rights. As of December 31, 2024, we had 503 invention patents, 1,422 utility model patents, 119 design patents, 595 registered trademarks and 72 software copyrights in the PRC. As of the same date, we had six patents and 167 registered trademarks in overseas jurisdictions, including the U.S., Japan and Europe. Please see "Business — Intellectual Properties" in this document for more details.

We believe that our current intellectual property rights provide protection to our business and are crucial for our operations. However, there can be no assurance that our intellectual property rights applications will be approved, our intellectual property rights will adequately protect our intellectual property, we will be able to detect breaches of our intellectual property rights, our intellectual property rights will not be challenged by third parties or found to be invalid or unenforceable, or our intellectual property rights will be effective in preventing third parties from utilizing similar business models, processes or brand names to offer similar products. We may also be subject to disputes, claims or litigation involving our intellectual property rights or third-party intellectual property rights, and there may be claims that we infringe third-party intellectual property rights. Any of these could disrupt our business and divert our management's attention from our operations. The costs associated with these types of disputes, claims or litigation may be substantial and could have a material adverse effect on our business, reputation, financial condition, results of operations and prospects. As of the Latest Practicable Date, we were not involved in any material legal proceeding against parties who we believe are infringing upon our intellectual properties.

Our success is also subject to our ability to use, develop and protect our patents and trade secrets without infringing the intellectual property rights of third parties. Others may hold or obtain patents, copyrights, trademarks, or other proprietary rights used in our products and services. This might prevent, limit, or interfere with our production, use, development, sales, or marketing, and could therefore disturb our daily operations and distract our management. Companies holding patents or other intellectual property rights may bring suits alleging infringement of such rights or otherwise assert their rights and urge us to obtain licenses. Our uses of trademarks relating to our technology could be found to infringe upon existing intellectual property rights owned by others. If we are found to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following:

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

The validity and scope of any potential claims/requests can be complicated and involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. The defense and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings or requests can be both costly and time-consuming and may significantly divert the efforts and resources of our management, which will materially and adversely affect our business, financial condition and results of operations.

Whilst we generally enter into non-disclosure agreements with our key employees and partners, we cannot guarantee whether they will breach these agreements and leak our know-how, business secrets or any other commercially sensitive information to our competitors, which will have a material adverse effect on our business, financial condition and results of operations.

We may not be able to increase our production capacity as planned, and even if our production expansion projects proceed as planned, we may not be able to increase our production output in a timely manner or at all as envisaged.

We expect to further expand our production capacity to meet customers' increasing demands for our products. For details, see "Business — Our Production — Our Manufacturing Bases" and "Future Plans and Use of **[REDACTED]**" in this document. Such expansion will require significant commitments from our financial and managerial resources, as well as time to identify, recruit, maintain, and integrate additional employees. Difficulties in managing the budgeting, financing, forecasting, and process control for such expansion could negatively affect our business, prospects, results of operations, and financial condition.

Such expansion also requires obtaining various approvals, permits, licenses, and certificates, and completing inspections by competent government authorities. There is no assurance that we will be able to execute our expansion plan as contemplated or at all. Any delay or failure to obtain required approvals or complete inspections may materially delay our production expansion or even result in the cancelation of such plans, adversely affecting our business, financial condition, and results of operations.

Even if we successfully establish the new manufacturing base and expand our production capacity, there is no assurance that we will be able to increase our production output as planned. Our ability to scale production is subject to constraints and uncertainties, including but not limited to:

- delays by suppliers and equipment vendors, cost overruns, and unforeseen increases in raw material prices;
- delays or denials in government approvals for production;
- challenges in configuring production lines for specific products;
- performance and reliability of newly procured manufacturing equipment; and
- diversion of management attention and resources.

Additionally, our production and testing protocols require significant technological expertise. Any change in processes could lead to production errors, temporary suspensions, or delays, impacting our output. Failure to maintain proper quality assurance measures may lead to increased product failures, customer losses, warranty claims, higher logistics costs, and delivery delays. If we are unable to increase our production output as expected due to these risks, we may be unable to fulfill customer orders or achieve projected growth, damaging our reputation and customer relationships, which could materially and adversely affect our business, financial condition, and results of operations.

We may fail to continuously expand our existing product lines or develop new products or our new products may not be successful, which could adversely affect our business, results of operations, and financial condition.

The industry in which we operate is highly competitive and characterized by constant changes in technological advancements and evolving market trends. To maintain our competitive edge and market share, we are required to continuously innovate and introduce new products that meet the changing demands of market. This may include new product forms, advanced processing techniques, or the introduction of alternative raw materials and new product lines.

There is no guarantee that our new products will attract sufficient customer demand or achieve profitability. Moreover, despite our efforts to ensure high product quality, we cannot guarantee that our future products will continue to meet the high standards expected by customers or comply with industry regulations. If any new products fail to recover the R&D, production, and marketing costs, or if we are unable to maintain the desired product quality, it could negatively impact our financial performance, operational results, and overall business operations.

Our future success depends on our ability to retain key management and R&D personnel and our ability to attract, train and retain talented personnel.

Our success remains dependent on the continued services of our key management and R&D personnel as they are in charge of the overall planning, execution of our business and operations and R&D of the new products. If any of our Directors, any members of senior management and/or any key members of our R&D department were to terminate their services or employment with us, we may not be able to find suitable replacements in a timely manner, at an acceptable cost or at all.

In addition, as a result of the highly specialized, technical nature of our business, we must attract, train and retain a sizable workforce comprising highly skilled employees and other key personnel. If one or more of our highly skilled employees or key personnel were unable or unwilling to continue their services with us, we might not be able to replace them easily, in a timely manner, or at all. Moreover, our industry is characterized by high demand and intense competition for talent, we may have to pay higher salaries and wages and provide greater benefits in order to attract and retain highly skilled employees or other key personnel that we will need to achieve our strategic objectives. Our ability to recruit, train and integrate new employees into our operations may not meet the growing demands of our business. Our failure to attract, train or retain highly-skilled employees and other key personnel in numbers that are sufficient to satisfy our needs would materially and adversely affect our business and the results of operations. Staff that we are unable to retain also pose a risk, since they can inform competitors of our commercially sensitive information such as know-how and may lessen the technological advantages over our competitors that we have developed.

If we fail to compete effectively in the competitive industry where we operate, our market share may decline, and our market position, growth prospects and results of operations may be adversely affected.

The high-speed data communication and alternative energy power transmission solution industry is competitive, and such competition may intensify in the future. In particular, with the rapid development of the AI, computing center and alternative energy industry, many new enterprises have entered these sectors, and existing manufacturers have also expanded their production capacities, intensifying market pressure. We may not succeed in competing with established manufacturers and new market players, which could hinder our ability to expand into new product categories or achieve the anticipated business growth in the future.

In response to market competition, our existing competitors may seek to increase their market share through various measures, including continued R&D efforts, increased production capacity, optimized production processes, and aggressive marketing campaigns. Competitors may also engage in price reductions to capture a greater share of the market. There is no guarantee that we will always succeed in securing orders from customers over our competitors. If we fail to compete effectively, our market position, growth prospects and results of operations may be adversely affected, which in turn may result in a significant decline in the price of our Shares.

If we are unable to retain existing customers and attract new customers, our business, financial conditions, and results of operations will be adversely affected.

Our continued success requires us to maintain our existing customers and develop new customers. Our sales to the five largest customers amounted to RMB672.2 million, RMB653.7 million and RMB885.8 million and accounted for 12.6%, 11.5%, and 12.7% of our total revenue for 2022, 2023 and 2024, respectively. Specifically, certain customers maintain a qualified supplier list, in which we enrolled during the Track Record Period. Some of these customers review the qualified supplier list annually. There is no assurance we will continue to remain in the qualified supplier list of our customers due to the factors beyond our control, such as changes in customers' specific requirements and their evaluation method.

We may be unable to maintain or expand our relationships with existing customers or to obtain new customers on a profitable basis due to intense competition in the highly volatile high-speed data communication and alternative energy power transmission solution industry. Upon the expiration of our existing contracts, we cannot assure you that we will be able to renew the contracts with our customers on favorable terms, or if at all, or that we will be able to attract new customers. If we fail to retain our existing customers or attract new customers due to our products not meeting market requirements, lack of competitiveness in pricing, or other factors, our business, financial condition, and results of operations will be adversely affected. Sustained customer attrition or an inability to expand our customer base may lead to reduced revenue, market share erosion, and hinder our long-term growth prospects.

Fluctuations in the prices of raw materials may materially and adversely affect our profitability and financial condition.

In 2022, 2023, and 2024, our cost of raw materials accounted for 74.6%, 72.9%, and 72.6% of the total cost of sales, respectively. See "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss — Cost of Sales" in this document for details. As such, raw material prices have a significant impact on our cost of sales. The current or expected prices of our key raw materials may fluctuate depending on a number of factors beyond our control, including but not limited to macroeconomic conditions, the availability of resources in the raw materials market, market demand, potential speculation, market disruptions, natural disasters, and other factors. We may not be able to obtain stable, high-quality raw materials at reasonable prices at all times.

We have strategically built a qualified suppliers pool for our supply chain to leverage the advantages of centralized bargaining and price and secure our procurement of critical raw materials. However, we cannot assure that we will not experience material fluctuation in prices for key raw materials in the future. If the prices of our key raw materials increase significantly in the future, we may need to adjust the prices of our products accordingly to pass down the increased costs to our customers or secure other sources of supply of raw materials. During the Track Record Period, we have included price adjustment mechanisms in certain long-term framework agreements with some of our major customers, which allowed us to adjust the selling prices of our products in response to fluctuations in the prices of major raw materials. However, not all agreements with our customers include such price adjustment clauses, and there is no guarantee that such mechanisms will always be effective in mitigating price fluctuations.

If we fail to respond appropriately to increases in the prices of raw materials needed for our products, our business, financial condition, and results of operations may be materially and adversely affected.

We are subject to environmental, hazardous substance handling, chemical manufacturing, health and safety laws and regulations, production standards and ESG requirements, and any inability to comply with such requirements may subject us to liabilities.

Our operations are subject to laws, regulations, administrative determinations, and court decisions, particularly those related to environmental protection, hazardous substance handling, chemical manufacturing, health and safety, and production standards in the countries and regions where we operate. With the global trend of low-carbon transition and the PRC's advancement towards carbon neutrality, some of these jurisdictions have increasingly stringent laws and regulations. In response to the above and given our awareness of environmental, social and governance ("**ESG**") matters, we will integrate risk factors pertaining to sustainability, including climate change, health and safety, business ethics and regulatory compliance, into our risk matrix to mitigate associated impacts and develop best practices in order to achieve long-term growth and sustainability of our business. For more information, see "Business — Risk Management and Internal Control" in this document. We cannot assure you that we can effectively implement the ESG governance protocols, including identifying and mitigating our ESG-related risks effectively. If we fail to address ESG compliance promptly, our business, operating results and financial condition could be materially and adversely affected.

Meanwhile, to comply with extensive environmental laws and regulations in the PRC, including those related to air and water quality, sewage management, and public health and safety, we must obtain approval for environmental impact assessment reports and environmental acceptance of our facilities under construction. Additionally, we undergo annual inspections of our production facilities by relevant PRC authorities to ensure the safety of our equipment. Failure to obtain such environmental approvals or complete required inspections may result in the suspension of our facilities and potential fines imposed by authorities.

Furthermore, environmental and safety regulations in the PRC and other jurisdictions where we operate continue to evolve, often imposing stricter standards, heightened enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed facilities, and increased corporate and individual responsibility. Amendments to these laws and regulations may result in additional capital expenditures, costs that we may not be able to pass on to customers, or other compliance obligations that could impact our financial flexibility and expansion efforts.

We have incurred, and expect to continue incurring, material expenditures to comply with these laws and regulations. Compliance requirements impose substantial costs and burdens, potentially leading to delays in obtaining, failure to obtain or renew, or cancelation of government permits and approvals, all of which could adversely impact our operations. Non-compliance may result in significant penalties or fines, license revocations, termination of government contracts, or suspension of operations. Any of these outcomes could adversely impact our results of operations, financial condition, and reputation, limiting our ability to maintain profitability and attract new customers. There is no assurance that we will not be penalized for breaching these laws and regulations. Additionally, increased regulatory scrutiny on resource consumption, waste management, and environmental impact could further raise compliance and operational costs, negatively affecting our business performance and financial position.

We face certain risks associated with R&D.

Technological innovation is critical to our success, and we have been investing in products R&D since our inception. During the Track Record Period, our R&D expenses amounted to RMB305.8 million, RMB310.0 million, and RMB348.7 million in 2022, 2023, and 2024, respectively. See "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss — Research and Development Expenses" in this document for details. To maintain and expand our competitive advantage in technology, we may devote additional resources to R&D in the future. In addition to our in-house R&D capabilities, we also engage in joint R&D collaboration with third parties to develop new technologies and products.

However, as R&D activities are inherently uncertain, we may not be able to keep up with rapid technological changes and evolving industry standards and derive the desired benefits from our R&D efforts, which may negatively affect our competitiveness and profitability. We cannot assure you that our R&D projects will be successful, completed within the anticipated time and budget, or that our newly developed products will achieve wide market acceptance or the competitive advantages we expect. Our industry is characterized by rapid and innovative technological changes. Our future success will depend on our ability to respond to fast-changing technologies, adapt our products to evolving industry standards and our customers' newly developed products, and improve the performance, functionality, and reliability of our products. Failure to continue adapting to such changes could harm our business and cause a decline in our market share.

Even if we successfully launch new products or upgrade our existing products, there is no assurance that they will be accepted by customers or achieve anticipated sales targets and profitability. The success of our new products depends on factors beyond our control, such as market conditions, competitive landscape, regulatory environment, supply chain dynamics, customer demand, and the positioning of our products. Entering new markets may involve high barriers to entry, making it difficult for new entrants to gain market penetration. There can be no assurance that we will successfully meet customer demand in these markets or operate profitably in the long term. If we are unable to develop, produce, and introduce new products that meet customer demand at favorable margins, whether within or beyond our existing business scope, it could have a materially adverse impact on our business, financial condition, and results of operation. Additionally, our existing or potential competitors may develop products that are similar or superior to ours or offer more competitive pricing that may cause our loss of customers. If we fail to appropriately respond to these challenges, our significant R&D expenditures may not yield corresponding benefits, which may materially and adversely affect our business, prospects, financial condition, and results of operations.

We also face risks associated with sharing relevant R&D results and intellectual properties with our collaboration partners. We have collaborated with them to research and develop projects and have shared R&D results. There is no assurance that our collaboration partners will not inadvertently or deliberately misuse the R&D results that we have developed together or misappropriate the R&D results that are owned solely by us but shared during the course of collaboration. Any such misuse or misappropriation could have a negative impact on our business, financial condition, and results of operations.

We are exposed to operational, transportation-related, occupational and environmental related risks.

Our business and production are subject to various risks, including operational and transportation-related risks and occupational and environmental hazards. We must comply with the extensive environmental, hazardous substance handling, chemical manufacturing, health and safety laws and regulations and stringent standards in relation to the manufacturing and sale of radioisotope and ray devices which are promulgated by the government authorities in the PRC. According to these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. We may experience various types of difficulties in connection with the manufacturing of our products. Some of our raw materials and chemicals are hazardous and their storage and use in the manufacturing process involve inherent risks including the leakage of flammable substances, toxic gasses and liquids, equipment failures, industrial accidents, fires and explosions. Such accidents could materially affect our production and may give rise to personal injuries and fatalities, damages to or destruction of properties or production facilities, and pollution and other environmental damages. Any of these consequences may result in business interruption, legal liability and damages to our reputation and corporate image. While we conduct regular inspections of the facilities we operate and regular equipment maintenance to ensure that our operations comply with applicable laws and regulations, we cannot assure you that we will not experience any major accidents or work-related injuries in our future production processes. Additionally, in the course of operations and production, we implement and require our employees to comply with safety measures and procedures as stipulated in our internal policies. However, there is no assurance that our safety measures and procedures are strictly followed by our employees.

Our operations may also be subject to challenges related to the manufacturing such as capacity constraints, mechanical and systems failures, construction and upgrade delays and equipment delivery delays, any of which could cause suspension of production and reduced output. Scheduled and unscheduled maintenance programs may also affect our manufacturing output. Any significant production suspension or reduction could adversely affect our ability to produce and sell our products, which could have a material adverse effect on our business, financial condition and results of operations.

Our expenditure may not be fully recovered if the major capital expenditure projects under our expansion program are not completed within the expected time frame and budget, or at all, and may not achieve the intended economic results even if completed.

We intend to invest in projects at our existing operations to increase our production efficiency, as well as to expand and develop our production capacities. We may make significant capital expenditures in connection with the expansion of our operations. For more details, see "Future Plans and Use of **[REDACTED]**." We typically conduct feasibility studies to determine whether to undertake significant construction projects. Actual results may differ significantly from those anticipated by our feasibility studies.

Our capital expenditure projects may also be delayed or adversely affected by a variety of factors, including the failure to obtain the necessary regulatory approvals or sufficient funding, construction difficulties, technical difficulties and manpower or other resource constraints. In particular, any disruptions, uncertainty or volatility in the capital and credit markets may limit our ability to obtain financing to meet our funding requirements, and we may postpone certain construction projects if our Directors determine that doing so would be in the interest of our Group after taking into consideration the current market conditions, our financial performance and other relevant factors. Costs of these projects may also exceed our planned investment budget. Even if we are able to complete the projects without any delay and within our budget, as a consequence of changes in market circumstances or other factors, we may not achieve the intended economic benefits of these projects. As a consequence of any delay in completing our capital expenditure projects, cost overruns, changes in market circumstances or other factors, the intended economic benefits from these capital expenditure projects may not materialize, and our business, financial condition and results of operations may be materially and adversely affected.

Our international strategy and ability to conduct business in various jurisdictions is subject to uncertainties and risks.

We derive a portion of our revenues from our overseas operations. During the Track Record Period, we generated 12.1%, 12.7% and 11.7% of our revenue outside mainland China in 2022, 2023 and 2024, respectively. We face certain risks inherent in our export operations and risks associated with our efforts to expand and maintain our export business.

Moreover, we have established a manufacturing base in Vietnam and plan to establish a new plant in Malaysia to enhance our overseas presence. As a result, we face numerous risks, including legal, regulatory, political, economic, and commercial risks associated with manufacturing and operating in various jurisdictions, any of which could negatively affect our financial performance. These risks include:

- lack of familiarity with local culture and operating and market conditions;
- difficulties and costs of staffing, recruiting competent employees locally, and managing overseas operations;

- potential failure to achieve the expected returns from investing in manufacturing bases;

- potential delay in construction plan from third-party service providers;

- trade customer, or local joint venture partner insolvency and the inability to collect accounts receivable;

- labor disputes and work stoppages at our operations and suppliers;

- increased costs associated with maintaining the ability to understand local markets and follow their trends, as well as develop and maintain an effective marketing presence;

- legal, regulatory, political, economic and commercial instability and uncertainty;

- changes in foreign trade policies and regulations by local authorities, including those in relation to sanctions, export controls, and import restrictions, as well in trade barriers such as unfavorable changes in tariffs or quotas, particularly, in light of navigating the changing relationships between major economies;

- difficulty in obtaining or enforcing intellectual property rights and agreements and collecting overdue receivables through local legal systems;

- foreign currency exchange rate fluctuations and strict foreign exchange controls; and

- other obstacles and risks related to overseas manufacturing and operations.

Furthermore, we are subject to various evolving laws and regulations in the PRC and other jurisdictions where we operate, requiring us to obtain and comply with multiple permits, licenses, and regulatory approvals. Failure to obtain necessary approvals or adapt to evolving regulatory requirements may adversely impact our operations. Government inspections and regulatory reviews could also lead to delays or additional compliance costs.

There is no assurance that we will be able to fulfill pre-conditions for necessary approvals or comply with changes in laws and regulations in a timely manner. Delays in administrative processing or breaching of laws and regulations related to export and overseas operations could further disrupt our business and expansion plans, adversely affecting our financial condition and results of operations.

Failure to maintain an effective quality control system could have a material adverse effect on our business, financial condition and results of operations.

As the quality of our products is critical to the success of our business, we must maintain an effective quality control system for our production and other operational activities. We have established a quality management system that complies with relevant national and international standards, covering the raw material supply chain and product manufacturing. See "Business — Quality Control" in this document for more information. However, the effectiveness of our quality control system depends significantly on a number of factors, including the design of the system and the related training programs, as well as our ability to ensure that our employees adhere to our quality control policies and guidelines.

Any failure or deterioration of our quality control system could result in defects in our products, which in turn may subject us to contractual, product liability and other claims. Any such claims, regardless of their merits, could cause us to incur significant costs, harm our business reputation and result in significant disruption to our operations. Furthermore, if any such claims were ultimately successful, we could be required to pay substantial monetary damages or penalties, which could have a material adverse effect on our businesses, financial condition, results of operations and reputation.

We engage third-party distributors for part of the sales of our products. Part of our revenue depends on our distributor partners, and any decrease in sales from or loss of one or more of these distributors could adversely affect our business.

We engage third-party distributors for part of the sales of our products, primarily include our electronic materials products, power transmission products and telecoms cable products. During the Track Record Period, a proportion of our revenue was derived from sales to our distributors. For the years ended December 31, 2022, 2023 and 2024, our total sales to distributors amounted to RMB1,190.8 million, RMB1,215.5 million, and RMB1,289.3 million, respectively, accounting for 22.3%, 21.3% and 18.6% of our total revenue for the corresponding years. The loss or decrease in sales from these distributors could adversely impact our business, operating results, and financial condition.

Our sales volumes to such distributors depend to an extent on the effectiveness of our distributors in selling and delivering our products to the end customers. If our distributors fail to effectively sell and distribute our products or prioritize promoting competing products, it could result in a significant reduction in our sales to such distributors, which would materially and adversely impact our business, financial condition, and results of operations. Furthermore, we may not be able to establish collaborative relationships with new distributors or maintain such relationships with existing ones on terms as favorable as those offered by our competitors, including more attractive discounts or extended credit periods. There is no guarantee that we can maintain collaborative relationships with our existing distributors and attract new distributors on terms that are as favorable as or better than our current ones. Any disruption in our relationships with our distributors could affect our ability to maintain or grow our sales to such distributors, which could materially and adversely impact our business and financial position. We are also exposed to the risk that distributors may impose unfavorable terms on us in the future, such as longer credit periods. These credit arrangements could put pressure on our working capital and expose us to the risks of default and bad debts.

We are required to obtain and maintain requisite licenses for certain aspects of our production. Failure to obtain or renew permits, licenses, certificates and qualifications in relation to our business operation could adversely affect our business, financial condition and results of operations.

As advised by our PRC Legal Adviser and Vietnam Legal Adviser, as of the Latest Practicable Date, we have possessed all material permits, licenses, certificates and qualifications from various governmental authorities necessary for our business operation, and these statutory permits, licenses, certificates and qualifications may be subject to periodic review or renewal. Particularly, certain aspects of our production require us to obtain licenses, such as the radiation safety license, which we currently possess. However, we cannot assure you that we will be able to obtain or maintain all permits, licenses, certificates and qualifications that are necessary for our business. As the regulatory regimes for the industries in which we operate continue to evolve, new laws, regulations and regulatory requirements may be promulgated and implemented from time to time, and the interpretation and application of existing laws, regulations and regulatory requirements are subject to changes. We may be required to obtain additional approvals, licenses, permits and certifications that we do not currently have for our existing business or for a new scope of business that we may expand into in the future. The loss of or failure to obtain or renew any of these permits, licenses, certificates and qualifications could adversely affect our operation, business and financial condition.

Our business and reputation may be materially and adversely affected by product liability claims, litigation, administrative proceedings, customer complaints, quality control concerns or negative publicity in relation to our products or other similar products.

We rely on the strength of our reputation and brands in marketing and selling our products. Certain of our products are used as components in third-party end products, which are designed, assembled and sold by our customers or other downstream manufacturers. As we are not involved in the design, production or quality control of these end products, we cannot practically identify or eliminate all of the potential complexity or risk factors associated with the end-use environment. Therefore, even if our products meet the required specifications and pass all quality inspections at the time of delivery, we cannot assure that they will perform as expected under sophisticated, dynamic or unforeseen application scenarios. Any failure or malfunction of the end products in which our products are embedded, whether or not attributable to our products, may expose us to product liability claims or reputational damage. Our business, financial condition and results of operations could be adversely affected by the occurrence of quality issues, which may result in customer complaints, adverse publicity or media reports, product liability claims, investigations and imposition of penalties by the relevant government authorities, suspension or revocation of our licenses, permits, certificate or qualifications necessary for the operation of our business and interruptions or suspensions of production.

Furthermore, our distributors may engage in activities that violate applicable laws and regulations in connection with the sales or marketing of our products. If our distributors violate laws or otherwise engage in unlawful practices, we could be liable for damages or fines, which could negatively affect our financial condition and results of operations. We cannot guarantee that there will not be any improper or unauthorized use of our trade name by any of our distributors in the future. We have limited control over daily business activities of our distributors as they are generally Independent Third Parties. Non-compliance by any of our distributors with our distribution agreements or our sales policies may harm our brand reputation and image and disrupt our sales, adversely affecting our ability to meet our sales targets.

We may also be involved from time to time in disputes with various parties involved in our business operations, including but not limited to our customers, suppliers, employees, logistics service providers, insurers and banks. Adverse publicity about any regulatory or legal action against us could damage our reputation and brand image, undermine our customers' confidence in us and reduce demand for our products, even if the regulatory or legal action is unfounded or immaterial to our operations.

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

We may become a party to various litigation, legal disputes, claims, administrative proceedings or other administrative measures arising in the ordinary course of our business. Any litigation, legal disputes, claims, administrative proceedings or other administrative measures may divert our management's attention and consume their time and our other resources. We cannot assure you that the outcome of such legal proceedings will not adversely affect our business, financial condition and results of operations.

Furthermore, any litigation, legal disputes, claims, administrative proceedings or other administrative measures which are initially not of material importance may escalate and become important to us due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. Negative publicity arising from litigation, legal disputes, claims, administrative proceedings or other administrative measures may damage our reputation and adversely affect the image of our brands and products. In addition, if any verdict or award is rendered against us, or we are imposed any fines or penalties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business ventures or projects. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

We may encounter interruptions by pandemics, natural disasters, severe weather conditions and other incidents that may affect our production and operations.

Our production and operations depend on a continuous and sufficient supply of utilities, such as electricity, water and gas. If there are any shortages of electricity, water, gas or other utilities in regions where our production facilities are located, the local government may require our production facilities to be fully or partially shut down. Any disruption in the supply of electricity, water or gas at our production facilities would affect our production and could cause deterioration or loss of our production capacity. This could adversely affect our ability to fulfill our orders and consequently may have an adverse effect on our business and operations. In addition, explosions, fires, earthquakes, natural disasters or extreme weather, including droughts, floods, excessive cold or heat, typhoons or other storms could cause power outages, gas or water shortages, damage our production facilities and transportation channels, any of which could significantly affect our operations. We cannot assure you that any backup systems will be adequate to protect us from the effects of such events.

In addition, an outbreak of epidemic or pandemic could cause demands for specific products to decline and affect the transportation of our products. Any failure to take adequate measures to mitigate the potential impact of unforeseeable incidents, or to effectively respond to such incidents if they occur, could adversely affect our business, financial condition and results of operations.

The sizes of the markets for our products may be smaller than estimated, and new market opportunities may not develop as quickly as we expect, or at all, limiting our ability to successfully sell our products.

The markets for electronic materials, cable accessories, high-speed copper cable, and NEV charging connector are rapidly evolving, making it difficult to predict with accuracy the sizes of the markets for our current and future products. For example, we believe new emerging markets such as AI and NEVs, as well as the potential growth in relatively developed markets such as electronic materials and electric power transmission, will drive the demand for our products. However, our estimates of market for our current and future products are based on a number of internal and third-party estimates and assumptions. In addition, our growth strategy involves launching new products and expanding the sales of existing products into new markets in which we have limited or no experience. Sales of new or existing products in response to new market opportunities may take several years to develop and mature, and we cannot be certain that these market opportunities will develop as we expect.

We source raw materials from the market, and we may not be able to secure our supply of such materials in a stable and timely manner.

During the Track Record Period, we procure all of our raw materials from third parties. They may not fulfill their commitments and responsibilities in a timely manner and in accordance with the terms agreed upon or applicable laws. We also cannot assure you that we will be able to maintain stable business relationships with our existing suppliers or that disputes will not arise with our key suppliers. In addition, our current suppliers may be unable to satisfy our future requirements for quality and quantity of raw materials on a timely basis.

If any of our major suppliers fail to meet our requirements for quantity, quality, or timing, we could experience supply shortages, an increase in procurement costs or production disruptions. Our suppliers could be unable to fulfill our needs due to various reasons beyond our control, such as natural disasters, extreme weather, epidemics, strikes, manufacturing issues, transportation disruptions, or changes in government regulations. Furthermore, if a supplier faces financial difficulties, such as bankruptcy, this could also disrupt our supply chain. Changing suppliers may involve a long lead time, and we may not be able to find alternative suppliers who can meet our quantity, quality, or pricing requirements in a timely manner, or at all. Prolonged disruptions in our supply chain could lead to increased costs, which we may not be able to pass on to our customers immediately, or at all. Such disruptions could negatively impact our business, overall profitability, and financial performance.

We depend on certain third parties for various services and products in connection with our business. Any failure on their part to fulfill obligations in contracts could materially and adversely affect our results of operations.

We rely on third-party suppliers for various products and services, including utilities, energy and logistics services, which are in line with industry practice. We endeavor to source goods and services from third-party providers whom we believe are able to meet our quality, delivery schedule and other requirements. However, the products and services provided by any of the third-party service providers may not be provided in a timely manner or of satisfactory quality. If the third-party providers do not perform satisfactorily, substantially reduce the amount and scope of goods and services provided to us, increase their prices or terminate their business relationship with us, we may need to replace the third-party providers or take other remedial measures, which could increase our costs of operations. As we do not have direct control over the third-party providers, if they become involved in unauthorized provision of products or services not complying with our requirements or those of our customers, our reputation may be adversely affected. Any non-compliance with applicable laws and regulations of our third-party providers could also have a negative impact on our reputation. These, in turn, may materially and adversely affect our business, reputation, financial condition and results of operations.

Malfunctions or security breaches of our information technology systems, networks and software could disrupt our operations and negatively impact our business.

We rely on our computer systems and network infrastructure to conduct and monitor the daily operations of our manufacturing bases, manufacturing facilities, and to collect accurate up-to-date financial, operating and other transaction data for business analysis. We also rely on such systems and infrastructure to collect, process and store transaction data concerning our customers, business partners and employees. See "Business — Data Privacy and Cybersecurity" in this document for further information. Therefore, our business is dependent upon the continued maintenance and enhancement of our information technology systems and network infrastructure.

Although we have devoted significant resources to developing our security measures against cybersecurity issues, our cybersecurity measures may not detect or prevent all attempts to compromise our systems that may jeopardize the security of information stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of customer information, or a denial-of-service or other interruption to our business operations. In cases of ransomware attacks, we may be asked to make a large lump-sum payment in order to resume the operation of our system, which may materially and adversely impact our business and financial condition. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, we may be unable to anticipate, or implement adequate measures to protect against these attacks. There is no assurance that we will not be subject to any of those cyber security issues in the future. Any failure to adequately deal with such issues would result in a material and adverse effect on our business and results of operations.

Any failure or perceived failure to comply with data privacy and security laws could subject us to potential liabilities.

We collect and store business data and transaction data generated during or in connection with our business operations, including our business and transactions with our customers, suppliers and business partners. See "Business — Data Privacy and Cybersecurity" in this document for further details. The secure maintenance of such data is critical. We process data in compliance with the applicable legal requirements to ensure data security. Our operations are subject to a variety of laws and regulations concerning data privacy and security. Failure to comply with the increasing number of data protection laws in the PRC, as well as the data security and privacy laws in other jurisdictions where we intend to operate, could result in significant reputation damage and adversely affect our business performance. Should we expand our business globally, we will be subject to a broader array of international laws, regulations and standards, as well as contractual obligations related to data privacy and security in the jurisdictions where we operate.

To ensure compliance with these evolving data privacy laws, regulations and standards, it will be necessary to maintain robust internal control and risk management policies, which will require a substantial commitment of resources and efforts. The unauthorized access, loss, or misuse of data, whether by our company or our partners, could lead to increased security costs, damage to our reputation, regulatory proceedings, litigation, fines, investigations, remediation efforts, indemnification expenditures, and disruptions to our business activities. Such incidents may also result in additional costs associated with defending against legal claims. Concerns from our customers, employees, and third parties, even if unfounded, may also have a detrimental impact on our reputation and operations.

We may be unable to obtain financing on favorable terms, or at all, to fund our business operations, existing and future capital expenditure requirements, acquisition and investment plans and other funding requirements.

We operate in an industry that requires substantial capital and other long-term expenditures. To fund our continuing business operations, existing and future capital expenditure requirements, acquisition and investment plans and other funding requirements, we need sufficient internal sources of liquidity or access to additional financing from external sources. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including:

- obtaining the necessary regulatory approvals to raise financing in the domestic or international markets;
- our future financial condition, operating results and cash flow;
- the condition of the global and domestic financial markets; and
- changes in the monetary policy of the PRC government with respect to bank interest rates and lending practices and conditions.

If adequate funding is not available to us on favorable terms, or at all, it may materially and adversely affect our ability to fund our operations, or develop or expand our business. We cannot assure you that we will not experience any unforeseen circumstances that may adversely affect our working capital in the future. In addition, future capital raised through issue of our Shares or other securities may result in a substantial dilution of the interests of our Shareholders.

Our insurance coverage may be insufficient to cover the risks or losses related to our business and operations.

Our business is subject to a variety of operational risks, including but not limited to production disruptions due to operational errors, power outages, equipment failures and suspension due to other risks; operational restrictions imposed by environmental or other regulatory requirements; social, political and labor unrest, environmental or industrial accidents, and catastrophic incidents such as fires, earthquakes, explosions, floods or other natural disasters. In addition, as we may further expand our operations in overseas markets in the future, we may be exposed to risks related to geopolitical tensions, policy changes and intellectual property and technology protection. These aforementioned risks may result in, including but not limited to, damage to or destruction of production facilities, personal injury or casualties, environmental damage, monetary loss, and legal liability. The occurrence of any of these events may result in disruption of our operations and cause us to suffer substantial losses or incur significant liabilities.

We have purchased and maintained insurance policies that we believe are in line with the industry practice and as required by the relevant laws and regulations. We maintain all property-related risks insurance, cargo transportation insurance and credit insurance for our business operations. We also purchase group accident insurance for our employees. See "Business — Insurance" in this document for further information. However, there is no assurance that our insurance will be adequate to cover our exposure to the foregoing risks. Any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our business and results of operations.

We may not be able to detect or prevent fraud, bribery, negligence, or other misconduct committed by our employees, distributors or other third parties.

We are exposed to fraud or other misconduct committed by our employees, distributors, customers, suppliers or other third parties that could subject us to financial losses and sanctions imposed by governmental authorities as well as seriously harm our reputation. For example, fraudulent acts and forgery by our employees, agents, customers, suppliers or other third parties may cause us to be responsible for compensation liabilities. Although our internal control procedures are designed to monitor our operations and ensure overall compliance, we cannot guarantee that they are able to identify all non-compliance, suspicious transactions, fraud, corruption or bribery in a timely and effective manner. If such misconduct occurs, we will suffer from negative publicity and reputation damage.

In addition, although we have limited control over the behavior of any of these parties, we may be viewed as at least partially responsible for their conduct on contractual or tortious grounds. We may become, or be joined as, a defendant in litigation or other administrative or investigative proceedings and be held accountable for injuries or damages sustained by our employees or third parties. To the extent that we cannot recover related costs from the employees, suppliers, business partners or third parties involved, we may experience material adverse effects on our business, results of operations and financial condition.

Expansion and acquisitions of or investments in our businesses, products, technologies, production capacity or know-how could subject us to risks and uncertainties.

We continually evaluate and pursue strategic opportunities for acquisitions or investments in businesses, products, technologies, production capacity, or know-how that we believe will enhance our product development, R&D capabilities, technology, and distribution network. However, there can be no assurance that we will be able to successfully execute these expansion and acquisition plans or complete the relevant transactions as anticipated.

Our ability to grow through acquisitions and investments depends on our ability to identify suitable targets, integrate them into our operations, and secure necessary financing on reasonable terms. Acquisitions, in particular, carry significant risks and uncertainties, including, but not limited to: (i) challenges in integrating acquired companies, personnel, or products into our business, particularly with regard to quality management, customer service, and other operational functions; (ii) delays or failures in realizing the anticipated benefits of acquisitions and investments; (iii) diversion of our management's focus from other critical business areas; (iv) higher-than-expected integration costs; and (v) challenges in retaining key employees of acquired businesses.

Furthermore, we may uncover deficiencies in internal controls, data integrity, product quality, regulatory compliance, or other liabilities in acquired businesses that were not identified prior to the acquisition. As a result, we may face penalties, lawsuits, or other liabilities related to these deficiencies. Any difficulties in the integration of acquired businesses or products, or unexpected legal and regulatory issues, could materially and adversely impact our business, financial condition, and operational results.

We may be unable to manage our growth or execute our strategies, such as globalizing customer base or integrating industry value chain effectively.

Our business has continued to grow in recent years, along with our business network and employee base. In accordance with our business plans as set out in the section headed "Future Plans and Use of **[REDACTED]**" in this document, we intend to advance core technologies and expand our production capacity. Our business plans are based on the assumptions of future events which are bound to entail certain risks and are inherently subject to uncertainties that are beyond our control. The successful implementation of our business plans may be affected by a number of factors, including the availability of sufficient funds, governmental policies and regulations relevant to our industry, the economic conditions, our ability to maintain our existing competitive advantages, our relationships with our customers, the threat of substitutes and new market entrants, as well as other risk factors disclosed elsewhere in this section. In addition, as we expand our business operations, we may encounter regulatory, cultural and other difficulties that may also increase our costs of operations. We need to enhance and upgrade our infrastructure, improve operational and financial controls, refine reporting systems, and expand and manage our workforce. These efforts require significant resources, and we cannot assure their success. As a result, there can be no assurance that we can effectively manage our growth or our business plan will be implemented successfully as scheduled in terms of, for instance, time and costs. As such, our financial condition, operating results, growth and prospects may be materially and adversely affected if our business plans fall short of our expectations.

Legal defects regarding our leased properties may adversely affect our business, financial condition and results of operations

We lease properties primarily for use as our offices, production facilities, warehouses, workshops and employee dormitories. As of the Latest Practicable Date, among the properties leased by our Company and Major Subsidiaries in the PRC which have a gross floor area of over 1,000 sq.m., there were 11 lease agreements which had not yet been registered with the relevant PRC authorities. See "Business — Properties — Leased Properties" in this document for more information. We cannot assure that we will not be subject to any penalties arising from the non-registration of lease agreements in the future. As advised by our PRC Legal Adviser, according to applicable PRC administrative regulations, the lessor and the lessee of a property lease agreement are required to file the property lease agreement with relevant governmental authorities within 30 days after the execution of the property lease agreement. Notwithstanding that failure to complete such lease registration would not affect the validity and enforceability of such lease agreements, the relevant government authorities may require that the filing be made within a stated period of time, failing which, they may impose a fine ranging from RMB1,000 to RMB10,000 for each agreement that has not been properly filed.

Policies and regulations affecting, among other things, international trade and investment may adversely affect our business and results of operations.

We have operations in certain overseas jurisdictions. Therefore, government policies restricting international trade and investment, such as capital controls, economic or trade sanctions, export controls, tariffs or foreign investment filings and approvals, may affect the demand for our products and services, impact the competitive position of our products, or prevent us from being able to sell products in certain countries or regions. If any new tariffs, legislation, or regulations are implemented (including those imposing economic or trade sanctions, export control restrictions or outbound investments restrictions), or if existing trade agreements are renegotiated, such changes could adversely affect our business, financial condition, and results of operations.

There have been changes in international trade policies and rising political tensions, which could reduce levels of trade, investments, technological exchanges and other economic activities between China and other countries, which would have an adverse effect on global economic conditions, the stability of global financial markets, and international trade policies. It could also adversely affect the financial and economic conditions in the jurisdictions in which we and our business partners operate, which in turn adversely affect our financial condition and results of operations.

Recent changes in U.S. trade policies have created significant uncertainty for global trade. In April 2025, the U.S. government announced substantial new tariffs affecting a wide range of products and jurisdictions and has indicated an intention to continue developing new trade policies. In response, certain other governments announced or implemented retaliatory tariffs and other protectionist measures. In May 2025, China and the U.S. made announcement on a joint statement to substantially move down the tariff levels, followed by further negotiation and plans to ease trade tensions in June 2025. As relevant policies are rapidly evolving, it may be difficult to evaluate their potential future impacts, and we will closely monitor relevant situation. Although we only derived minimal revenue from the U.S. during the Track Record Period, and the majority of our procurement has already been localized, these developments may still have a material adverse impact on global economic conditions, the stability of financial markets and demands in the end markets for our products, which could in turn significantly affect our business and results of operations.

Any unfavorable government policies on international trade or any restriction on Chinese companies may affect our ongoing business relationship with international enterprises, customer demand for our products, impact our competitive position, or prevent us from being able to conduct business in certain countries. We may not be able to adequately anticipate, manage or mitigate the risks and challenges posed by the geopolitical tension and instability in the regions where we operate or have significant interests, or to adapt to the changing political, legal and economic conditions and expectations. We may also face increased competition, pressure, scrutiny and liability from our stakeholders, regulators, customers, suppliers, investors and the public in relation to our involvement or exposure to the geopolitical tension and instability. In addition, our results of operations could be adversely affected if any such tensions or unfavorable government trade policies harm the Chinese economy or the global economy in general.

Any failure to make adequate contributions to various employee benefit plans as required by PRC regulations can result in penalties.

Pursuant to the PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments, and contribute for each of our employees under such plan should be calculated based on a specified percentage of the employee's salary level. Due to the different levels of economic development in different regions, there are no uniform requirements for the implementation of employee benefit plans by local governments. As such, there can be no assurance that any new laws and regulations or changes in the enforcement of existing laws and regulations will not cause us to retroactively make up any historical shortfall in social insurance and housing provident fund contributions. If the relevant authorities order us to pay the outstanding social insurance and/or housing provident funds in accordance with applicable laws and regulations, we will make such payments promptly within the specified period to avoid administrative penalties for overdue payment. In such case, we may incur additional costs to comply with the laws and regulations and even be subject to fines or penalties arising from above non-compliance.

According to the Emergency Notice of the General Office of the Ministry of Human Resources and Social Security on Upholding the Spirit of the Executive Meeting of the State Council and Effectively Stabilizing the Collection of Social Security Fees (《人力資源社會保障部辦公廳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》), governmental authorities are strictly prohibited to organize collective settlement of enterprises' historical shortfall in social insurance. As advised by our PRC Legal Adviser, considering that (i) during the Track Record Period and up to the Latest Practicable Date, we were not aware of any material complaint, litigation or arbitration brought by any of our employees regarding our social insurance and housing provident fund policy; and (ii) none of the Company nor its Major Subsidiaries had been subject to any material administrative penalties in relation to social insurance and housing provident fund contributions during the Track Record Period, the risk of administrative penalties against us for violation of any laws, regulations or rules in relation to social insurance and housing provident fund, or relevant PRC authorities requiring us to fully pay for our historical shortfall in social insurance and housing provident fund contributions is remote. As advised by our PRC Legal Adviser, we were in compliance with applicable laws and regulations related to social insurance and housing provident funds in all material aspects during the Track Record Period.

We have a certain number of dispatched workers and have limited control over them. Any labor shortages, labor disputes or occurrence of accidents and/or product quality issues arising in the process of labor outsourcing and labor dispatching could result in a material and adverse effect on our business, financial condition and results of operations.

We have a certain number of dispatched workers. While these arrangements may lower our operation costs, they also reduce our direct control over service quality. We may experience operational difficulties with our labor dispatching agencies such as their ability to provide experienced and quality workers that meet our needs. Moreover, such labor dispatching agencies may also experience disruption in their own operation due to labor strikes or shortages, natural disasters, cost increases or other issues outside of their control. Any failure of our labor dispatching agencies to perform their responsibilities or to operate in compliance with all applicable laws and regulations may have a negative impact on our workforce or result in disruptions to our operations. Any removal or termination of unsatisfactory labor dispatching agencies would require us to seek new providers, which would create delays and adversely affect our operations as we may not be able to identify suitable substitutes on a timely basis. In the event of fraud or misconduct by labor dispatching agencies, we could also be exposed to material liability and be held responsible for damages, fines, or penalties which in turn may adversely affect our business, results of operations, financial condition, and reputation.

Fluctuation in the industry may impact our business, financial condition, and results of operations.

Our operations in the high-speed data communication and alternative energy power transmission solution industry are subject to fluctuations, characterized by periods of growth and contraction. These fluctuations are influenced by various factors, including technological advancements, shifts in customer demand, and broader macroeconomic conditions. During periods of industry downturn, there may be reduced demand for our products and services, which could lead to declines in revenue. Conversely, during periods of rapid growth, we may face challenges in scaling our operations to meet increased demand, potentially affecting our financial performance.

Changes in the industry cycle may require us to adjust our business strategies and operational plans. For example, during downturns, we may need to implement cost-control measures or adjust production capacities, which could impact our profitability. Additionally, fluctuations in demand may affect our ability to maintain stable pricing, which could lead to increased competition and pressure on our margins. The fluctuation in the industry may also influence our investment decisions, requiring us to balance the need for innovation and expansion with the risks associated with uncertain market conditions. If we fail to effectively manage industry fluctuation, our business, financial condition, and results of operations could be materially and adversely affected.

The volatile nature of the global or regional economic, political, trade or other factors may adversely affect our business.

Our business operation is influenced by global and regional macroeconomic and political conditions, fluctuations in the levels of international and regional trade, changes in maritime and other transportation patterns, and other factors. Any severe or prolonged downturn globally or regionally could materially and adversely affect our business, financial condition and results of operations. Political and trade disputes and trade protectionism may result in imposition of trade barriers or restrictions, sanctions, boycotts, or embargoes, new or increased tariffs and other factors such as acts of war, hostilities, epidemics or terrorism, could also adversely affect the international or regional trade volume and customers demand, which could also adversely affect our business and financial performance.

Additionally, the uncertainty in global economic conditions varies by geographic segment and can result in substantial volatility in global credit markets. Credit volatility could impact our working capital for manufacturing, or result in cost changes or supply interruptions to suppliers whose components we rely upon if we are unable to access the needed credit for our operations. These conditions affect our business by reducing prices that our customers may be able or willing to pay for our products or by reducing the demand for our products, which could in turn negatively impact our sales and result in a material adverse effect on our business, cash flow, results of operations and financial condition.

Our risk management and internal control system, as well as the risk management tools available to us, may not be adequate or effective.

We have designed and implemented risk management and internal control systems comprising organizational framework policies and procedures, financial reporting processes, compliance rules and risk management measures. See "Business — Risk Management and Internal Control" in this document for further information. However, there is no assurance that our risk management, internal control systems and risk management tools are adequate or effective to fully protect us against the potential risks inherent in our business. In the event that we fail to identify and deal with any potential risks or internal control deficiencies, our business, results of operations and prospects may be materially and adversely affected. If we fail to timely update, implement, and modify, or fail to deploy sufficient resources to maintain our risk management and internal control policies and procedures, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Further, the successful implementation of our risk management and internal control systems depends on our management, employees and distributors. There is no assurance that our management, employees and distributors will strictly observe and adhere to relevant measures and policies. There is also no assurance that our management, employees and subcontractors will be able to carry out relevant measures and policies without human errors or mistakes. In addition, as our business expands, we may have to adopt and modify our risk management and internal control measures and policies in a timely manner in response to our business growth. Failure to do so may result in material and adverse effects on our business and results of operations.

RISKS RELATING TO FINANCIAL POSITION

Our historical financial and operating results during the Track Record Period are not indicative of future performance, and we may not be able to achieve and sustain the historical level of revenue and profitability.

You should not rely on our historical results to predict our future financial performance. Our revenue amounted to RMB5,336.6 million, RMB5,718.8 million and RMB6,920.1 million in 2022, 2023 and 2024, respectively. Our gross profit amounted to RMB1,612.0 million, RMB1,788.6 million and RMB2,110.4 million in 2022, 2023 and 2024, respectively. However, our historical revenue and gross profit may not be indicative of our future growth. There is inherent risk in using such historical financial information of us to project or estimate our financial performance in the future, as they only reflect our past performance. There is no assurance that we will be able to maintain our historical growth in the future.

Furthermore, as the market and our business evolve, we may modify our operations, data and technology, sales and marketing, solutions and services. These changes may not achieve the expected results and may have a material and adverse impact on our results of operations and financial condition. Our expenses may grow faster than our revenue, and our expenses may increase or may be greater than we expected. We cannot assure you that we will be able to achieve similar results or grow at the same speed as we did in the past or at all. Rather than relying on our historical operating and financial results to evaluate us, you should consider our business prospects in light of the risks and difficulties we may encounter as a company operating in emerging markets and dynamic industries, including, among other factors, (i) macroeconomic and other factors that affect the markets in the countries and regions where we operate, (ii) our ability to expand our customer base, and to retain and expand the wallet share of our existing customers, (iii) our ability to maintain and expand our business infrastructure and networks, (iv) our ability to manage and further improve operational efficiency, and (v) our ability to execute acquisitions and investments, as well as successful integration. We may not be able to successfully address these or other challenges, which could adversely impact our business, results of operations and financial condition.

Any failure to manage our inventory effectively would increase operating costs and materially and adversely affect our results of operations, financial condition and cash flows.

To operate our business effectively and meet customer demands, we must maintain a certain level of inventory to support production and ensure timely delivery of our products. As of December 31, 2022, 2023 and 2024, we had inventories of RMB701.3 million, RMB710.3 million and RMB865.3 million, respectively. Our inventories comprise finished goods, raw materials and work in progress. We determine our inventory levels based on our experience, customer orders, assessment of demand, and raw material price fluctuations. However, such assessments are inherently uncertain, and demand for our products may change significantly between the order date and the projected delivery date.

There is no assurance that we will always maintain optimal inventory levels. If we fail to accurately assess demand, we may experience inventory obsolescence or shortages. Excess inventory or a substantial decrease in the expected market price of our products may result in inventory write-downs or write-offs, forcing us to sell excess inventory at discounted prices, which could adversely affect our profitability. We recorded impairment losses on inventories of RMB13.8 million, RMB17.5 million and RMB25.4 million in 2022, 2023 and 2024, respectively, as provisions were made for inventory value decline based on the excess of carrying value over net realizable value. Conversely, underestimating demand may result in insufficient production, leading to delays in product delivery and negatively affecting our relationships with customers and reputation. Any of these challenges could materially and adversely affect our business, results of operations, and financial condition.

The preferential tax treatment and government grants that we currently enjoy may be altered or terminated, which could have a material adverse effect on our business, financial condition and results of operations.

We enjoy preferential tax treatments. According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) ("**EIT Law**") and the related implementation rules, several of our subsidiaries of our Company, qualified as high-tech enterprises, are entitled to a preferential tax rate of 15%. For more details, see "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss — Income Tax Expenses" in this document. There is no assurance that PRC policies on preferential tax treatments will remain unchanged or that we will continue to qualify for such preferential rates in the future. If these tax benefits are canceled or discontinued, relevant subsidiaries may be subject to the standard enterprise income tax rate of 25%, which could materially and adversely impact our financial condition and results of operations.

Additionally, we enjoy a number of government grants in China, including non-recurring grants such as industry transformation and upgrading support funds, technological innovation funds, funds for high quality development of manufacturing industry, scientific and technological innovation funds, and electricity cost subsidies. For 2022, 2023 and 2024, the total government grants we received amounted to RMB57.6 million, RMB41.0 million and RMB30.8 million, respectively. All of the government grants received during the Track Record Period were non-recurring in nature. Government grants we received are uncertain and are subject to certain criteria and procedures stipulated by the national and local government. There can be no assurance that the government grants that we enjoy will not be altered or terminated. Any alteration or termination of our current preferential tax treatments or government grants could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may fail to recover our trade and other receivables in a timely manner, which may affect our financial condition and results of operations.

As of December 31, 2022, 2023 and 2024, our trade and other receivables amounted to approximately RMB2,603.8 million, RMB2,966.5 million and RMB3,578.7 million, respectively. See "Financial Information — Discussion of Selected Items From Consolidated Statements of Financial Position — Trade and Other Receivables" in this document for details. If the creditworthiness of our customers deteriorates, or a significant number of our customers fail to settle their trade and bills receivables in full for any reason, we may incur more impairment losses in the future. There is no assurance that we will be able to fully recover our trade and bills receivables from customers or that they will settle their payments in a timely manner. In the event that settlements from customers are delayed or not made at all, our financial condition and results of operations may be materially and adversely affected.

We may incur impairment losses on our intangible assets and goodwill, which could negatively affect our results of operations and financial condition.

Our intangible assets primarily consisted of trademarks, patents and software during the Track Record Period. Our goodwill primarily arose from acquisitions through business combinations allocated to CYG Electronics and Shenzhen Orbit. As of December 31, 2022, 2023 and 2024, we had intangible assets of RMB17.7 million, RMB36.1 million and RMB25.9 million, respectively, and goodwill of RMB760.0 million, RMB731.3 million and RMB694.8 million respectively. During the Track Record Period, impairment loss on our goodwill amounted to nil, RMB28.7 million and RMB36.5 million in 2022, 2023 and 2024, respectively. We may conduct strategic acquisitions in the future to expand our market share and solidify our position in the high-speed data communication and alternative energy power transmission solution market. See "Future Plans and Use of **[REDACTED]**" in this document for further details. Such strategic acquisition may result in acquisition of intangible assets and goodwill. Change in business prospects of investments may result in impairment on our intangible assets and goodwill, which could negatively affect our results of operations. There is no assurance that we will not incur impairment loss on our intangible assets and goodwill in the future. Any significant impairment of our intangible assets and goodwill could have a material adverse effect on our business, financial condition and results of operations.

We recorded negative cash flows from investing activities and financing activities during the Track Record Period, which may have an adverse effect on our business, financial condition, results of operations and prospects.

We recorded net cash used in investing activities of RMB388.3 million, RMB390.6 million and RMB591.1 million for the years ended December 31, 2022, 2023 and 2024, respectively, primarily attributable to purchases of property, plant and equipment and other assets. We recorded net cash used in financing activities of RMB517.7 million, RMB391.5 million and RMB349.5 million for the for the years ended December 31, 2022, 2023 and 2024, respectively. For further details, see "Financial Information — Liquidity and Capital Resources — Cash Flows" in this document.

Net investing and financing cash outflows could impair our ability to make necessary capital expenditures and constrain our flexibility as well as adversely affect our ability to meet our liquidity requirements. We may also experience net cash outflows from our operating activities in the future. If we are unable to maintain adequate working capital, we may default in our payment obligations and may not be able to meet our capital expenditure requirements or pursue our growth strategies, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Share-based payments may lead to shareholding dilution for our existing Shareholders and adversely affect our financial performance.

We adopted share incentive schemes for the benefit of our Directors, senior management, key technicians, and key employees who, in the opinion of the Board, contribute directly to the overall business performance and sustainable development of our Company. In 2022, 2023, and 2024, we incurred share-based payment expenses of RMB0.9 million, RMB1.7 million and RMB2.1 million, respectively.

To further incentivize our Directors, senior management, key technicians, and key employees, we may grant additional share-based payments in the future. The issuance of shares related to such share-based payments may dilute the shareholding percentage of our existing Shareholders. Additionally, such share-based payments may increase our expenses, which could have a material and adverse effect on our financial performance.

We are exposed to foreign exchange risk.

A substantial portion of our revenues and cost of sales is denominated in Renminbi. However, as we operate part of our business in Vietnam and other international jurisdictions, we may continue to make equity and other investments outside of China. During the Track Record period, our revenue from outside Mainland China amounted to RMB648.4 million, RMB728.6 million and RMB812.1 million, accounting for 12.1%, 12.7% and 11.7% of the total revenue in 2022, 2023 and 2024, respectively. Meanwhile, certain equipment or materials required for our operation were partly sourced from imports, and U.S. dollars, euros, HKD and RMB were paid to foreign countries. We are therefore subject to risks associated with foreign currency exchange fluctuations.

Changes in the value of foreign currencies could increase our Renminbi costs for, or reduce our Renminbi revenues from, our foreign operations, or affect the prices of our exported products and the prices of our imported equipment and materials. The fluctuation of foreign exchange rates also affects the value of our monetary and other assets and liabilities denominated in foreign currencies. We recorded net foreign exchange differences gains of RMB14.7 million, RMB4.3 million and RMB8.5 million in 2022, 2023 and 2024, respectively. There is no assurance that future fluctuations in exchange rates would not have a material adverse impact on our financial condition and results of operations. If we face significant volatility in these foreign exchange rates and we cannot procure any specific foreign exchange control measures to mitigate such risks, our results of operations and financial performance may be adversely affected.

Fluctuations in interest rates may adversely affect our results of operations.

Like many other participants in the high-speed data communication and alternative energy power transmission solution industries, we may rely on bank borrowings to finance our capital needs for operations and investments. An increase in the interest rates of our loans may result in a significant increase in our interest expense, adversely affecting our finance costs, which in turn may affect our business and profitability. If structured improperly, certain derivative financial instruments may increase our exposure to interest rate fluctuations.

RISKS RELATING TO CONDUCTING BUSINESS IN COUNTRIES AND REGIONS WHERE WE OPERATE

Changes in economic, regulatory, political and social conditions could materially and adversely affect our business and operations.

Our business, financial condition and results of operations may be influenced by the general political, economic and social conditions in the countries and regions where we operate. Governments worldwide have implemented, and may continue to introduce, among others, various policies and measures to encourage the economic growth and guide the allocation of resources. Our industry in general is affected by macro-economic factors, including international, national, regional and local economic conditions, trade relationships, employment levels, customer demand and discretionary spending. Any changes in these factors, including the frequent changes in US tariff policies recently, may have material and adverse effects on our business, financial condition and results of operations.

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

We are incorporated under the laws of the PRC and majority of our assets are located in the PRC. In addition, most of our Directors and officers reside in the PRC and their assets are substantially located in the PRC. As a result, it may be difficult, complicated and time-consuming for you to effect service of process upon those persons residing in China. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in the PRC only if the jurisdiction has a treaty with the PRC or if the jurisdiction has been otherwise deemed by the courts of the PRC to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of certain other jurisdictions.

On July 14, 2006, the Supreme People's Court of China and Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《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》) ("**2006 Arrangement**") which came into effect on August 1, 2008. Pursuant to the 2006 Arrangement, a party with an enforceable final court judgment rendered by any designated People's Court of mainland China or any designated Hong Kong Court requiring payment of money in a civil and commercial case according to a written choice of court agreement, may apply for recognition and enforcement of the judgment in the relevant People's Court of mainland China or Hong Kong Court. A written choice of court agreement is defined as any agreement in writing entered into between parties after the effective date of the 2006 Arrangement in which a court of mainland China or a Hong Kong court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in mainland China if the parties in the dispute did not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for you to effect service of process against us in order to seek recognition and enforcement of foreign judgments in mainland China.

On January 18, 2019, the Supreme People's Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) ("**2019 Arrangement**"). The 2019 Arrangement broadens the scope of judgments that may be enforced between mainland China and Hong Kong under the 2006 Arrangement. Whereas a choice of jurisdiction needs to be agreed in writing in the form of an agreement between the parties for the selected jurisdiction to have exclusive jurisdiction over a matter under the 2006 Arrangement, the 2019 Arrangement provides that the court where the judgment was sought could apply jurisdiction in accordance with the certain rules without the parties' agreement. The 2019 Arrangement became effective on January 29, 2024, both in mainland China and in Hong Kong and replaced the 2006 Arrangement. Under the 2019 Arrangement, any party concerned may apply to the relevant court of mainland China or Hong Kong for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the 2019 Arrangement. Although the 2019 Arrangement has become effective for a period of time, the outcome and effectiveness of any action brought under it may still be uncertain. We cannot assure you that an effective judgment that complies with the 2019 Arrangement can be recognized and enforced in a mainland China court.

Furthermore, although we will be subject to the Listing Rules and the Takeovers Code upon the **[REDACTED]**, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. Moreover, the Takeovers Code does not have the force of law and provides only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong.

The legal system for certain geographic markets is developing with uncertainties in interpretation and enforcement. The legal protections available to you and us may be limited.

Our operations span across various geographic markets, each with its unique legal system. These legal systems can be broadly categorized into civil law systems based on written statutes, and common law systems. It is noteworthy that in civil law jurisdictions, prior court decisions, while used as references, carry limited precedential value, unlike in common law systems.

We acknowledge the inherent uncertainties within the legal frameworks of some of the markets we operate. Newly enacted laws and regulations may not comprehensively address all facets of economic activities in these markets. The interpretation and enforcement of such laws and regulations are often subject to future implementations, and their applicability to our business operations remains unsettled. Given that local administrative and court authorities are empowered to interpret and implement statutory provisions and contractual terms, it can be challenging to predict the outcomes of administrative and court proceedings, and to ascertain the extent of legal protection we possess in these markets. It is also worth noting that local courts may exercise discretion in refusing to enforce foreign or arbitration awards. These uncertainties could potentially impact our understanding of legal requirements and our capacity to enforce our contractual rights or claims. Moreover, these regulatory uncertainties may be leveraged through unmerited or frivolous legal actions, claims concerning third-party conduct, or threats aimed at extracting payments or benefits from us.

Additionally, many of the legal systems in our operational markets are influenced by their respective government policies and internal rules. Some of these policies and rules may not be published promptly or at all, and could have retroactive effects. There are instances where key regulatory definitions are ambiguous, imprecise, or absent, or where regulatory interpretations diverge from court interpretations in analogous cases. Consequently, we may inadvertently violate certain policies or rules, only becoming aware of such violations after the fact. Furthermore, administrative and court proceedings in some of our markets may be prolonged, leading to significant costs and diversion of resources and management attention.

We recognize the possibility of new laws and regulations being adopted or interpreted as applicable to us in our geographic markets and elsewhere, which could impact our businesses and operations. The industries in which we operate may face increased scrutiny and regulation, necessitating the allocation of additional legal and other resources to comply with these regulations. Changes in existing laws or regulations, or the introduction of new laws and regulations in our markets, could potentially impede the growth of the whole industry and affect our business, financial condition, and results of operations.

We may be subject to additional regulatory requirements under new laws and regulations on overseas offerings and listings issued by PRC government authorities.

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On February 17, 2023, the CSRC issued the Trial Measures for the Administration on 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 five supporting guidelines, which had become effective on March 31, 2023 ("**Overseas Listing Regulations**"). The Overseas Listing Regulations are applicable to overseas securities offering and listing conducted by issuers who are (i) companies incorporated in the PRC ("**PRC domestic companies**") and (ii) companies incorporated overseas with substantial operations in the PRC. The Overseas Listing Regulations lay out the arrangements for regulatory filings for both direct and indirect overseas offerings and clarify the determination criteria for indirect overseas offerings in overseas markets. According to the Overseas Listing Regulations, we, as a PRC domestic company seeking to **[REDACTED]** and **[REDACTED]**, are required to fulfill the filing procedure with the CSRC within three working days after submitting the application documents to the overseas supervisory authorities, and we plan to fulfill the required filing procedures. See "Regulatory Overview — XIV. Laws and Regulations Relating to Overseas Securities Offering and Listings" in this document for details. If a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as orders to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines. We cannot assure you that we could always meet such requirements. Any failure may restrict our ability to complete the proposed **[REDACTED]** or any future capital raising activities, which would have a material adverse effect on our business and financial positions.

In addition, we cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that additional approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the net **[REDACTED]** from the **[REDACTED]** into the PRC or take other actions to restrict our financing activities, which could have a material adverse effect on our business.

We are a PRC enterprise and we are subject to PRC tax on our global income, and any gains on the sales of our H Shares. Investors of our H Shares may become subject to PRC taxation on dividends received from us and gains from the disposition of our H Shares.

We are subject to periodic examinations on fulfillment of our tax obligations under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past, we have acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or action that could adversely affect our business, results of operations, financial condition and prospects, as well as our reputation.

Individual holders of H Shares who are not residents of mainland China and whose names appear on the register of members of H Shares ("**non-mainland China resident individual holders**") are subject to PRC individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011] 348號), dated June 28, 2011, issued by the SAT, dividends paid to non-mainland China resident individual holder of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10.0%, dependent on whether there is any applicable tax treaty between mainland China and the jurisdiction in which the non-mainland China resident individual holder of H Shares resides as well as the tax arrangement between mainland China and Hong Kong. Non-mainland China resident individual holders who reside in jurisdictions that have not entered into tax treaties with mainland China are subject to a 20.0% withholding tax on dividends received from us. In addition, 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, non-mainland China resident individual holders of H Shares are subject to individual income tax at a rate of 20.0% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares in enterprises may be exempt from individual income tax. As of the Latest Practicable Date, no aforesaid provisions have expressly provided that whether individual income tax shall be levied from non-mainland China resident individual holders on the transfer of shares in mainland China resident enterprises listed on overseas stock exchanges, and to our knowledge, in practice the mainland China tax authorities had not collected individual income tax on such gains. If such tax is collected in the future, the value of such individual holders' investments in H Shares may be materially and adversely affected.

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) ("**EIT Law**") and its implementation regulations, a non-mainland China resident enterprise is generally subject to enterprise income tax at a rate of 10.0% with respect to its mainland China-sourced income, including dividends received from a mainland China company and gains derived from the disposal of equity interests in a mainland China company, subject to reductions under any special arrangement or applicable treaty between mainland China and the jurisdiction in which the non-mainland China resident enterprise resides. The interpretation and implementation of the EIT Law and its implementation regulations by mainland China tax authorities, including whether and how enterprise income tax on gains derived upon the sale or other disposal of H Shares will be collected from non-mainland China resident enterprise holders of H Shares, are to be determined in accordance with the relevant laws and regulations in effect at the time. If such tax is collected in the future, the value of such non-mainland China resident enterprise holders' investments in H Shares may be materially and adversely affected.

We are subject to certain regulatory requirements over foreign currency conversion and remittance.

We receive a majority of payments from our operations in the PRC in RMB and may need to convert certain Renminbi into other currencies for payment of dividends, if any, to holders of our Shares, and to fund our business activities outside of the PRC, among other things. The convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC are subject to related regulatory requirements. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments, or otherwise fulfill our foreign currency denominated obligations.

Under current foreign exchange regulations of the PRC, payment of current account items, including profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE or its local branches, through licensed banks for foreign exchange business, by complying with certain procedural requirements. If we cannot fulfill the regulatory requirements over foreign currency conversion to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. However, prior registration and other procedures with competent government authorities are required where Renminbi is to be converted into foreign currency and remitted out of mainland China to pay capital expenses. Further, there is no assurance that new regulations will not be promulgated in the future that would have further requirements on the remittance of Renminbi into or out of the PRC. Any existing and future requirements on currency exchange may limit our ability to purchase raw materials and components outside of the PRC or otherwise fund any future business activities that are conducted in foreign currencies.

RISKS RELATING TO THE [REDACTED]

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

As we are listed on the Shenzhen Stock Exchange and will be listed on the Main Board in Hong Kong, we will be required to comply with the listing rules (where applicable) 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 in continuously complying with all sets of listing rules in the two jurisdictions.

Our A Shares were listed and traded on the Shenzhen Stock Exchange, and 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 of the PRC, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no **[REDACTED]** or **[REDACTED]** 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 **[REDACTED]** bases, as well as different levels of retail and institutional **[REDACTED]** 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 **[REDACTED]** 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. You should therefore not place undue reliance on the **[REDACTED]** history of our A Shares when evaluating the **[REDACTED]** decision in our H Shares.

There has been no [REDACTED] for the H Shares and an active [REDACTED] for the H Shares may not develop or be sustained.

Prior to the **[REDACTED]**, no **[REDACTED]** for the H Shares existed. We cannot assure you that an **[REDACTED]** for the H Shares will develop or be sustained after the **[REDACTED]**. The **[REDACTED]** for the Shares is expected to be fixed by the **[REDACTED]**, and may not be indicative of the **[REDACTED]** of the H Shares following the completion of the **[REDACTED]**. If an **[REDACTED]** for the H Shares does not develop or is not sustained after the **[REDACTED]** the **[REDACTED]** and liquidity of Shares could be materially and adversely affected.

The [REDACTED] and [REDACTED] of our [REDACTED] may be volatile, which could result in substantial losses for [REDACTED] who purchase our [REDACTED] in the [REDACTED].

The **[REDACTED]** and **[REDACTED]** of our **[REDACTED]** may be highly volatile and could fluctuate widely in response to factors beyond our control. Factors impacting the **[REDACTED]** and **[REDACTED]** of our **[REDACTED]** include, but are not limited to, actual or anticipated fluctuations in our revenue, earnings and cash flow, changes in our pricing policy as a result of competition, potential strategic alliances or acquisitions, the addition or departure of key personnel, changes in ratings by financial analysts and credit rating agencies, fluctuations in the selling prices and demand for our products, public perception or negative news about our products, unexpected business disruptions resulting from natural disasters or power shortages, our inability to obtain or maintain regulatory approval for our operations, litigation, government investigation or other legal or regulatory proceeding, or political, economic, financial and social developments in China, Hong Kong and elsewhere in the world. In addition, the Stock Exchange and other securities markets have, from time to time, experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially adversely affect the **[REDACTED]** of our H Shares. Moreover, shares of other companies listed on the Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in **[REDACTED]** not directly related to our performance.

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. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of PRC, 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 laws and regulations of PRC. See "Financial Information — Dividends" in this document. 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.

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 PRC. 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 the A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in mainland 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. As a result, prospective **[REDACTED]** in the H Shares should be reminded that, in making their **[REDACTED]** decisions as to whether to purchase the **[REDACTED]**, they should rely only on the financial, operating and other information included in this document. By applying to purchase the 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]**.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from official government sources or other third-party sources contained in this document.

Certain facts, forecasts and other statistics relating to China, its economic conditions and the industry in which we operate contained in this document have been derived from official government sources and publications and other sources. We believe the sources of these facts and statistics are reliable and appropriate, and has no reason to believe that such information is false or misleading or is rendered so by any omission of facts. We have taken reasonable care in extracting and reproducing such statistics and facts. However, we cannot guarantee the accuracy and completeness of such information. These facts, forecasts and other statistics have not been prepared nor have been independently verified by our Company, our Directors, the **[REDACTED]** and the **[REDACTED]** or any of their respective affiliates or advisers or any other party involved in the **[REDACTED]**, and none of them make any representation as to the correctness, accuracy or completeness of such information. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. Prospective investors should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere, and such information may not be complete or up-to-date. In any event, you should consider carefully the importance placed on such information or statistics.

We may need additional capital, and the sale or issue of additional Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the net **[REDACTED]** from the **[REDACTED]**, we may require additional cash resources to finance our continued growth or other future developments, including any investments or acquisitions we may decide to pursue. The amount and timing of such additional financing needs will vary depending on the timing of investments in and/or acquisitions of new businesses from third parties, and the amount of cash flow from our operations. If our resources are insufficient to satisfy our cash requirements, we may seek additional financing through selling additional equity or debt securities or obtaining a credit facility. The sale of additional equity securities could result in additional dilution to our Shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that may, among other things, restrict our operations or our ability to pay dividends. Servicing such debt obligations could also be burdensome to our operations. If we fail to service the debt obligations or are unable to comply with such debt covenants, we could be in default under the relevant debt obligations and our liquidity and financial conditions may be materially and adversely affected.

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

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

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, and growth opportunities for existing operations, plans and objectives of management, certain **[REDACTED]** information and other matters.

The words "anticipate," "believe," "estimate," "predict," "could," "aim," "potential," "continue," "expect," "intend," "may," "plan," "seek," "will," "would," "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

You should read the entire document carefully and should not rely on any information contained in press articles or other media in making [REDACTED] respect to our H Shares.

Prior to the publication of this document, there may have been press and media coverage regarding us and the **[REDACTED]**, which may include certain information not contained in this document. We have not authorized the disclosure of any such information in the press or other media. We make no representation as to the appropriateness, accuracy, completeness or reliability of such information, and disclaim responsibility for such information. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it. Accordingly, prospective investors are cautioned to make their **[REDACTED]** decisions with respect to our H Shares on the basis of the information contained in this document only and should not rely on any other information. By applying to purchase 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.

WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES AND EXEMPTION FROM COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

In preparation for the **[REDACTED]**, our Company has sought and [has been granted] the following waivers from strict compliance with the relevant provisions of the Listing Rules and the following exemption from compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

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

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

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

(a) we have appointed Mr. Liu Zhanli, our executive Director, and Mr. Tam Ka Lung, our joint company secretary, as our authorized representatives (the "**Authorized Representatives**") pursuant to Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our Company's principal channel of communication with the Stock Exchange. The Authorized Representatives will be readily contactable by phone, facsimile and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange;

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

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

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

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

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARY

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that 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).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

(a) length of employment with the issuer and other issuers and the roles he/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 the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

(a) whether the issuer has principal business activities primarily outside Hong Kong;

(b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and

(c) why the directors consider the individual to be suitable to act as the issuer's company secretary.

Further, pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the "**Waiver Period**") and on the following conditions:

(a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and

(b) the waiver will be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company has appointed Ms. Qiu Wei (邱微) ("**Ms. Qiu**"), our Board secretary, as one of our joint company secretaries. She has considerable experience in administrative management but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Mr. Tam Ka Lung (譚家龍) (''**Mr. Tam**''), a fellow member of the Association of Chartered Certified Accountants, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Ms. Qiu for an initial period of three years from the **[REDACTED]** to enable Ms. Qiu to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Given Mr. Tam's professional qualification and experience, he will be able to explain to both Ms. Qiu and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Mr. Tam will also assist Ms. Qiu in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Mr. Tam is expected to work closely with Ms. Qiu and will maintain regular contact with Ms. Qiu, our Directors and the senior management of our Company. In addition, Ms. Qiu will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance her knowledge of the Listing Rules during the three-year period from the **[REDACTED]**. She will also be assisted by our compliance adviser and our legal advisers as to the Hong Kong laws on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Ms. Qiu does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Qiu may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the **[REDACTED]** on the conditions that (a) Ms. Qiu must be assisted by Mr. Tam, who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) the waiver shall be valid for a period of three years from the **[REDACTED]** and will be revoked immediately if and when Mr. Tam ceases to provide such assistance to Ms. Qiu as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

Before the expiration of the initial three-year period, the qualifications of Ms. Qiu will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange before the expiration of the three-year period to enable it to assess whether Ms. Qiu, having benefited from the assistance of Mr. Tam for the preceding three years, will have acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER AND EXEMPTION IN RELATION TO THE 2025 SHARE OPTION SCHEME

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

(a) Rule 17.02(1)(b) of the Listing Rules stipulates that all the terms of a scheme must be clearly set out in the document. Our Company is also required to disclose in the 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 exercise of such outstanding options;

(b) Paragraph 27 of the Appendix D1A of the Listing Rules requires our Company to set out in the document particulars of any capital of any member of our Group which 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 set out in the document, among other things, 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 certain particulars of the option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given.

As of the Latest Practicable Date, our Company granted outstanding options under the 2025 Share Option Scheme to 479 grantees, including directors, supervisors or chief executive of our subsidiaries and other employees of our Group, to subscribe for an aggregate of 8,137,400 A Shares, representing approximately **[REDACTED]**% of the total issued share capital immediately upon completion of the **[REDACTED]** (including treasury A Shares, and assuming the **[REDACTED]** is not exercised and the options granted under the 2025 Share Option Scheme are not exercised), on the terms set out in the paragraph headed "Statutory and General Information — Further Information about our Directors and Substantial Shareholders — 5. Employee Incentive Schemes — (a) 2025 Share Option Scheme" in the Appendix IV to this document. As of the Latest Practicable Date, none of the Directors and senior management of the Company was granted any options to subscribe A Shares.

Our Company has applied to (i) the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of and paragraph 27 of Appendix D1A to the Listing Rules; and (ii) to the SFC for a certificate of exemption under 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, on the ground that strict compliance with the above requirements would be unduly burdensome for our Company and the waiver and the exemption would not prejudice the interest of the investing public for the following reasons:

(a) given that 479 grantees are involved, strict compliance with the Share Option Disclosure Requirements in setting out full details of all the grantees under the 2025 Share Option Scheme in this document would be costly and unduly burdensome for our Company in light of a significant increase in cost and time for information compilation and document preparation;

(b) as of the Latest Practicable Date, save for 24 grantees who are directors, supervisors or chief executive of our subsidiaries with outstanding options to subscribe for an aggregate of 1,416,000 A Shares, representing approximately [**[REDACTED]**]% of the total issued share capital immediately upon completion of the **[REDACTED]** (including treasury A Shares, and assuming the **[REDACTED]** not exercised and the options granted under the 2025 Share Option Scheme are not exercised), the remaining 455 grantees are employees of our Group and Independent Third Parties with outstanding options to subscribe for an aggregate of 6,721,400 A Shares, representing approximately [**[REDACTED]**]% of the total issued share capital immediately upon completion of the **[REDACTED]** (including treasury A Shares, and assuming the **[REDACTED]** not exercised and the options granted under the 2025 Share Option Scheme are not exercised). Strict compliance with the applicable Share Option Disclosure Requirements to disclose names, addresses and entitlements on an individual basis in this document will require number of additional pages of disclosure that does not provide any material information to the investing public;

(c) the grant and exercise in full of the options under the 2025 Share Option Scheme will not cause any material adverse impact on the financial position of our Company;

(d) lack of full compliance with the above disclosure requirements would not prevent our Company from providing its potential investors with information for them to make an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and (e) material information relating to the options under the 2025 Share Option Scheme will be disclosed in this document, including the total number of A Shares subject to the 2025 Share Option Scheme, the exercise price per A Share, the potential dilution effect on shareholding, and impact on earnings per A Share upon full exercise of the options granted under the 2025 Share Option Scheme. Our Directors consider that the information that is reasonably necessary for the potential investors to make an informed assessment of our Company in their **[REDACTED]** decision making process has been included in this document.

The Stock Exchange [has granted] us a waiver from strict compliance with the relevant requirements under the Listing Rules on the conditions that:

(a) full details of the options under the 2025 Share Option Scheme granted to each of the directors, supervisors or chief executive of our subsidiaries will be disclosed in the paragraph headed "Statutory and General Information — Further Information about our Directors and Substantial Shareholders — 5. Employee Incentive Schemes — (a) 2025 Share Option Scheme" in Appendix IV to this document on an individual basis as required under the applicable Share Option Disclosure Requirements;

(b) for the remaining grantees, disclosure will be made, on an aggregate basis, of (i) the aggregate number of grantees and the number of A Shares underlying the options granted to them under the 2025 Share Option Scheme, (ii) the consideration (if any) paid for the grant of the options under the 2025 Share Option Scheme, and (iii) the exercise period and the exercise price for the options granted under the 2025 Share Option Scheme;

(c) there will be disclosure in the paragraph head "Statutory and General Information — Further Information about our Directors and Substantial Shareholders — 5. Employee Incentive Schemes — (a) 2025 Share Option Scheme" in Appendix IV to this document for the aggregate number of A Shares underlying the options under the 2025 Share Option Scheme and the percentage of our Company's total issued share capital represented by such number of A Shares;

(d) the dilutive effect and impact on earnings per A Share upon full exercise of the options under the 2025 Share Option Scheme will be disclosed in the paragraph headed "Statutory and General Information — Further Information about our Directors and Substantial Shareholders — 5. Employee Incentive Schemes — (a) 2025 Share Option Scheme" in Appendix IV to this document;

(e) a summary of the principal terms of the 2025 Share Option Scheme will be disclosed in the paragraph headed "Statutory and General Information — Further Information about our Directors and Substantial Shareholders — 5. Employee Incentive Schemes — (a) 2025 Share Option Scheme" in Appendix IV to this document;

(f) the particulars of the waiver and the exemption will be disclosed in this document;

(g) a full list of all the grantees (including those persons whose details have already been disclosed in this document) under the 2025 Share Option Scheme, containing all the particulars as required under the applicable Share Option Disclosure Requirements be made available for public inspection in accordance with Appendix V to this document;

(h) further information relating to the grantees who have been granted options is provided to the Stock Exchange; and

(i) the grant of a certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting our Company from the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The SFC [has granted] us the 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 subject to the conditions that:

(a) full details of the options granted by the Company under the 2025 Share Option Scheme to each of directors, supervisors or chief executive of our subsidiaries of our Company who have been granted options to subscribe for 1,416,000 A Shares of the Company or more are disclosed in "Statutory and General Information — Further Information about our Directors and Substantial Shareholders — 5. Employee Incentive Schemes — (a) 2025 Share Option Scheme — (vii) Outstanding options granted under the 2025 Share Option Scheme" in Appendix IV to this document, such details to include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) in respect of the options granted by the Company under the 2025 Share Option Scheme to grantees other than those set out in (a) above, disclosure is made, on an aggregate basis, categorized into lots based on the number of Shares underlying each individual grantee, being: 1 to 5,000 A Shares, 5,001 to 10,000 A Shares, 10,001 to 50,000 A Shares, and 50,001 to 90,000 A Shares. For each lot of A Shares under each of the 2025 Share Option Scheme, the following details are disclosed in the document: (1) aggregate number of grantees and number of A Shares subject to the options, (2) the consideration paid for the grant of the options and (3) the exercise period and the exercise price for the options;

(c) a full list of all the grantees (including the persons referred to in (a) above) who have been granted options to subscribe for Shares under the 2025 Share Option Scheme, containing all the details as required in 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 the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix V to this document; and

(d) the particulars of the exemption will be disclosed in this document.

Further details of the 2025 Share Option Scheme are set forth in the paragraph headed "Statutory and General Information — Further Information about our Directors and Substantial Shareholders — 5. Employee Incentive Schemes — (a) 2025 Share Option Scheme" in Appendix IV to this document.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Zhou Heping (周和平)	Room 1704, Block B, Building 1 Zhongsen Twin Towers Residence Shayuan Road, Longgang District, Shenzhen PRC	Chinese
Ms. Yi Huarong (易華蓉)	Room 1704, Block B, Building 1 Zhongsen Twin Towers Residence Shayuan Road, Longgang District, Shenzhen PRC	Chinese
Mr. Liu Zhanli (劉占理)	Room 8A, Block B, Building 7 Phase 1, Evergrande City Pingshan District, Shenzhen PRC	Chinese
Mr. Xia Chunliang (夏春亮)	Room 37D, Block B, Building 4, Phase 2 Evergrande City, Pingshan Street Pingshan District, Shenzhen PRC	Chinese
Ms. Deng Yan （鄧艷）	Room 404, Block E3 Yuling Mountain Villa, Mid Jixiang Road Longgang District, Shenzhen PRC	Chinese
Non-executive Director		
Dr. Li Wenyou (李文友)	Room 501, Entrance 3, Building 4 Longxingli, Xuefu Street Nankai District, Tianjin PRC	Chinese
Independent Non-executive Directors		
Ms. Chen Yanyan (陳燕燕)	Room 22F, Rose Pavilion, Phase 2 Baihuayuan, Baihua 1st Road Futian District, Shenzhen PRC	Chinese
Mr. Zeng Fanyue (曾凡躍)	Room A401, Building 18 Cuiwei Garden, Shekou Nanshan District, Shenzhen PRC	Chinese
Ms. Dai Bingjie (代冰潔)	Room 2104, Unit 9, No. 52, Zhongnan Road, Hujiachong Community, Baotahe Street, Wujiagang District, Yichang City, PRC	Chinese
Mr. Wang Dong (王棟)	Flat B1, 22/F, Tower B The Holborn Shaukeiwan Road Hong Kong	Chinese (Hong Kong)

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

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors and [REDACTED]

China Securities (International) Corporate Finance Company Limited
18/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

China Merchants Securities (HK) Co., Limited
48/F, One Exchange Square
8 Connaught Place
Central, Hong Kong

[REDACTED]

Legal Advisers to our Company

As to Hong Kong and U.S. laws:
O'Melveny & Myers
31/F, AIA Central
1 Connaught Road Central
Hong Kong

As to PRC laws:
Sundial Law Firm
11-12/F, Taiping Finance Tower
6001 Yitian Road
Futian District
Shenzhen
PRC

As to Vietnamese laws:
Everone Law Firm
23 Nun Huynh Lien
Ward 10, Tan Binh
Ho Chi Minh 72508
Vietnam

Legal Advisers to the Joint Sponsors and [REDACTED]

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

	As to PRC laws: **Beijing Jincheng Tongda & Neal (Shenzhen) Law Firm** 42nd Floor, Media Finance Center No.9 Pengcheng 1st Road Futian District, Shenzhen PRC
Reporting Accountants	**Moore CPA Limited** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 1001-1010, North Tower World Finance Centre Harbour City, 19 Canton Road Tsim Sha Tsui, Kowloon Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Suite 2504, Wheelock Square 1717 Nanjing West Road Shanghai 200040 PRC
Compliance Adviser	**Gram Capital Limited** Room 1209 12/F, Nan Fung Tower 88 Connaught Road Central/ 173 Des Voeux Road Central Central Hong Kong

[REDACTED]

Registered Office, Headquarters and Principal Place of Business in the PRC	No. 53, Qingsong Road Pingshan District Shenzhen Guangdong PRC
Principal Place of Business in Hong Kong	Room 504, 5/F, Cheong Tai Commercial Building 60–66 Wing Lok Street Sheung Wan Hong Kong
Company's Website	**http://www.woer.com** *(Information contained on this website does not form part of this document)*
Joint Company Secretaries	**Ms. Qiu Wei (邱微)** No. 53, Qingsong Road Pingshan District, Shenzhen PRC **Mr. Tam Ka Lung (譚家龍)** *(Fellow member of the Association of Chartered Certified Accountants and member of the Hong Kong Institute of Certified Public Accountants)* Room 504, 5/F Cheong Tai Commercial Building 60-66 Wing Lok Street Sheung Wan Hong Kong
Authorized Representatives	**Mr. Liu Zhanli (劉占理)** Room 8A, Block B, Building 7 Phase 1, Evergrande City Pingshan District, Shenzhen PRC **Mr. Tam Ka Lung (譚家龍)** *(Fellow member of the Association of Chartered Certified Accountants and member of the Hong Kong Institute of Certified Public Accountants)* Room 504, 5/F Cheong Tai Commercial Building 60-66 Wing Lok Street Sheung Wan Hong Kong
Audit Committee	Mr. Zeng Fanyue (*Chairperson)* Ms. Chen Yanyan Dr. Li Wenyou
Remuneration and Appraisal Committee	Ms. Dai Bingjie (*Chairperson)* Ms. Yi Huarong Mr. Zeng Fanyue

CORPORATE INFORMATION

Nomination Committee	Ms. Chen Yanyan (*Chairperson*) Mr. Zhou Heping Ms. Dai Bingjie
Strategy and Investment Decision Committee	Mr. Zhou Heping (*Chairperson)* Ms. Yi Huarong Ms. Chen Yanyan

[REDACTED]

Principal Bankers	**Bank of China Limited, Shenzhen Xili Sub-branch** Rooms 101-103, 207-213, 215-223, 229-233, 235-243, 245-253, 255-263, 265-273, 275-277, 302, 303 East Tower, Dingxin Building Shahe West Road, Nanshan District Shenzhen, PRC **Industrial and Commercial Bank of China, Shenzhen Shajing Sub-branch** Units 1056-1059 (1F) & Unit 2060 (2F) Building 4,Vanke Philia (Residence) Shajing Subdistrict, Bao'an District Shenzhen, PRC **China Everbright Bank Company Limited, Shenzhen Longgang Sub-branch** Unit 102, Zone 101C, Duplex Level Xie Li Garden Phase 3 Shopping Center Longhe Road, Pingnan Community, Longgang Subdistrict, Longgang District Shenzhen, PRC

The information and statistics set out in this section and other sections of this document were extracted from the Frost & Sullivan ("F&S") Report, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged F&S to prepare the F&S Report, an independent industry report, in connection with the **[REDACTED]**. *We believe that the sources of this 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. The information from official government sources has not been independently verified by us, the Joint Sponsors or 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 F&S to conduct market research on global and China high-speed data communication and alternative energy power transmission solution industry and prepare the F&S Report. F&S is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay RMB450,000 to F&S for compiling the F&S Report.

In preparing the F&S Report, F&S conducted detailed primary research which involved discussing the status of the industry with certain leading industry participants and conducting interviews with relevant parties. F&S also conducted secondary research which involved reviewing company reports, independent research reports and data based on its own research database. F&S obtained the figures for the estimated total market size from historical data analysis plotted against macroeconomic data as well as considered the above-mentioned industry key drivers. Its market engineering forecasting methodology integrates several forecasting techniques with the market engineering measurement-based system and relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements primarily include expert-opinion forecasting methodology, integration of market drivers and restraints, integration with the market challenges, integration of the market engineering measurement trends and integration of econometric variables.

The F&S Report is compiled based on the following assumptions: (i) the social, economic and political environment of the globe and mainland China is likely to remain stable in the forecast period; and (ii) related industry key drivers are likely to drive the market in the forecast period.

OVERVIEW OF GLOBAL AND CHINA HIGH-SPEED DATA COMMUNICATION AND ALTERNATIVE ENERGY POWER TRANSMISSION SOLUTION INDUSTRY

Definition and Overview of High-Speed Data Communication and Alternative Energy Power Transmission Solution Industry

High-speed data communication and alternative energy power transmission solution refers to an integrated system solution encompassing essential materials, cables, and related components required for data, signal and power transmission. It is designed to ensure low latency and high reliability in data communication, as well as efficiency and safety in power delivery. This solution is widely used in emerging sectors such as high-speed data communication, smart power systems, industrial automation, industrial robot, and NEVs, playing a key role in ensuring safe, stable, and intelligent connectivity for next-generation technologies driving digitalization and electrification forward.

The global market for high-speed data communication and alternative energy power transmission solution industry is poised for sustained expansion. The continuous technological breakthroughs and rising demand across digital infrastructure and electrified industries such as 5G infrastructure, AI and computing centers are reshaping the landscape of data transmission, accelerating the upgrade of high-speed communication cables and fueling the evolution of high-speed, low-loss transmission technologies. Meanwhile, the global transition towards electrification is reshaping power transmission. New energy sources (e.g., wind, solar and nuclear, etc.) accounted for over 40% of global power generation in 2024, with this share expected to exceed 50% by 2029.

NEV sales surged to 19 million units in 2024 and are projected to surpass 40 million units by 2029, further expanding electricity consumption scenarios. Driven by the transition to alternative energy and the advancement of AI, end-users' demand for both the volume and performance of data communication and alternative energy power-transmission materials and components is expected to rise continuously.

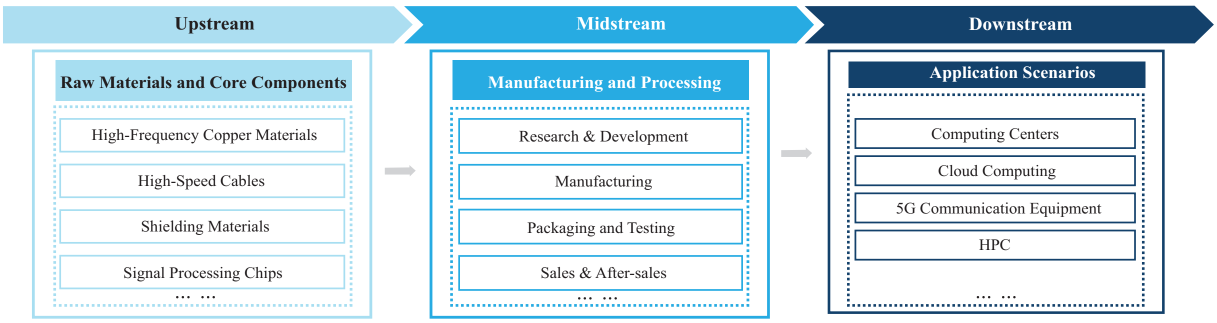
Looking ahead, high-speed data communication and alternative energy power transmission solution technologies are becoming foundational to the ongoing digital and energy transitions.

OVERVIEW OF GLOBAL HIGH-SPEED COMMUNICATION CABLE INDUSTRY

Definition and Overview of High-Speed Communication Cable

High-speed communication cables are specialized cables used to transmit data, typically within high-speed communication devices, enabling high-speed, low-latency data transmission. They are widely applied in rapidly growing fields such as computing centers, network infrastructure, cloud computing and AI. Such cables feature high-speed, low signal loss, high bandwidth, low latency, and strong interference resistance to ensure signal integrity.

Value Chain Analysis of High-Speed Communication Cable Industry

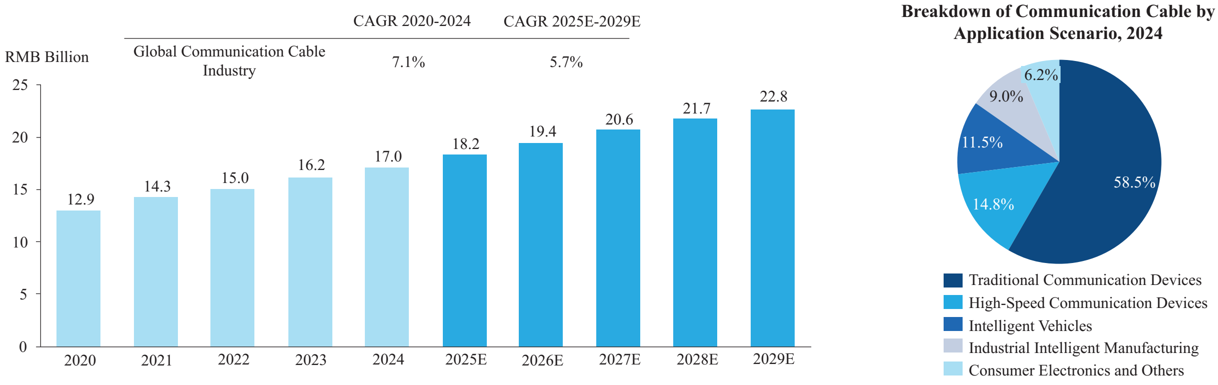


The upstream segment of the high-speed communication cable industry primarily involves the supply of raw materials and core components. The midstream segment focuses on R&D, manufacturing, and testing. Downstream, high-speed communication cables are widely applied in computing centers, cloud computing, high-performance computing ("**HPC**") and 5G equipment.

Market Size of High-Speed Communication Cable Industry

The global communication cable industry has shown steady growth in recent years, driven by the expansion of data traffic, infrastructure upgrades, and diversified application scenarios. From 2020 to 2024, the industry's total revenue increased from RMB12.9 billion to RMB17.0 billion, representing a CAGR of 7.1%, and is projected to reach RMB22.8 billion by 2029, with a CAGR of 5.7% from 2025. The industry can be categorized by application scenarios into traditional communication devices, high-speed communication devices, intelligent vehicles, industrial intelligent manufacturing, and consumer electronics and others. In 2024, traditional communication devices remained the dominant segment, accounting for 58.5% of total revenue. Driven by the rising demand for high-speed, low-latency transmission in AI servers and computing centers, high-speed communication devices represented 14.8% of the market in 2024. Intelligent vehicle, industrial intelligent manufacturing, and consumer electronics and others accounted for 11.5%, 9.0% and 6.2% of the market in 2024, respectively.

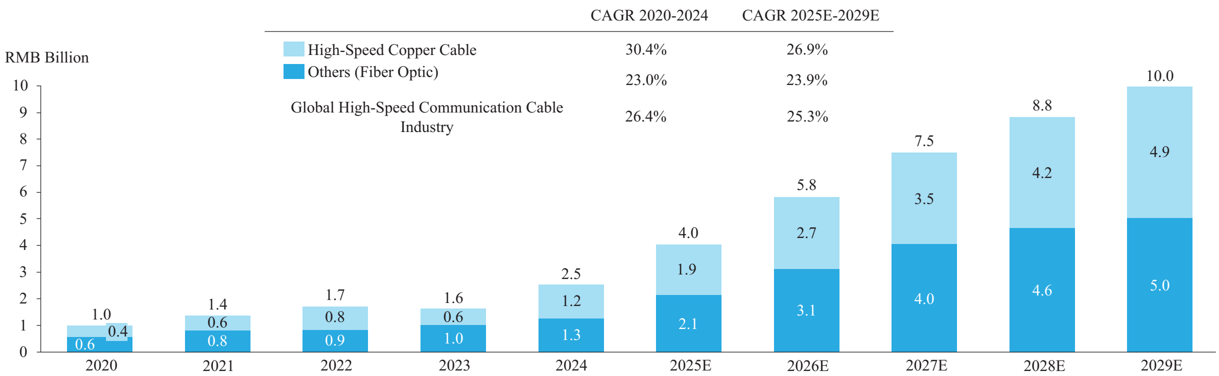
Market Size of Global Communication Cable Industry by Revenue, 2020-2029E



Source: F&S

High-speed copper cables are currently the ideal solution for short-distance interconnections within and between racks in computing centers. Driven by the rapid growth of computing centers and AI computing, the global high-speed copper cable market expanded from RMB0.4 billion in 2020 to RMB1.2 billion in 2024, reflecting a CAGR of 30.4%. Looking ahead, demand for multi-channel 800G, 1600G (1.6T), 3200G (3.2T) and single-channel 224G, 448G high-speed copper cables is expected to rise with the rapid deployment of AI clusters. The global high-speed copper cable market is projected to grow further from RMB1.9 billion in 2025 to RMB4.9 billion by 2029, at a CAGR of 26.9%.

Market Size of Global High-Speed Communication Cable Industry by Revenue, 2020-2029E



Source: F&S

Market Drivers and Trends of High-Speed Communication Cable Industry

Surge in Demand for AI and Computing Centers

With the rapid advancement of AI, computing centers are scaling up quickly, placing increasingly higher requirements on internal data transmission performance. The growing computational power of single AI nodes and the rising server density within individual cabinets are significantly boosting the demand for high-speed copper cable connections. Given the dominance of short-distance interconnection scenarios between servers and switches inside computing centers, copper cables offer distinct advantages in terms of transmission rate, heat dissipation, signal integrity, and cost-effectiveness. As a result, high-speed copper cables are well-suited for these environments, helping to ensure stable and efficient data transmission. Driven by the accelerated deployment of large-scale computing centers, the demand for copper cable interconnections is expected to continue rising.

High-Speed Copper Cable Becoming Ideal Solution for AI Server Interconnection

High-speed, low-latency transmission is essential for AI servers, but traditional copper cables and standard optical fibers often struggle to meet the demands of edge computing and cloud edge collaboration. Earlier generations of AI servers used optical transceivers for GPU interconnection, but newer platforms released by the global largest GPU manufacturer are shifting toward high-speed copper interconnects. Copper performs better for short, in-rack links by eliminating optical electrical conversion, reducing power consumption and latency, and simplifying system design. It also lowers costs by avoiding expensive optical components. This shift is driving the broader industry to speed up the development of next-gen copper interconnect technologies.

Rising Demand for Customization

Industries and enterprises are placing more refined demands on the performance, interface specifications, transmission distance, and power consumption of high-speed copper cables. High-end customers are showing a growing preference for customized copper cable solutions to optimize network architecture, lower deployment costs and enhance transmission efficiency. For instance, some leading companies have developed copper cable products tailored for customer demand. In high-density wiring scenarios, modular and pluggable high-speed copper cables are also expected to gain traction due to the ease of installation and scalability.

Competitive Landscape of High-Speed Copper Cable Industry

The global high-speed copper cable industry is relatively concentrated. Key players include companies from the US, China, and Europe. In 2024, the top five high-speed copper cable manufacturers generated approximately RMB1.08 billion in global revenue, accounting for a combined market share of 86.8%. The Company was the second largest high-speed copper cable manufacturer by global revenue in 2024, with a market share of 24.9%. The Company was also the largest China-based high-speed copper cable manufacturer in the world in 2024.

Top 5 High-Speed Copper Cable Manufacturers by Revenue (Global), 2024

Ranking	Company	Revenue (Billion RMB)	Market Share (%)	China-based Company
1	Company A	0.40	32.2%	
2	**The Company**	**0.31**	**24.9%**	✓
3	Company B	0.15	12.1%	✓
4	Company C	0.12	9.7%	✓
5	Company D	0.10	8.0%	
	TOP 5	**1.08**	**86.8%**	

Source: F&S

Notes:

- *Established in 1932, Company A is a listed company on the New York Stock Exchange, which is a globally leading designer, manufacturer, and seller of coaxial and high-speed specialty cables, interconnect systems, antennas, sensors and sensor products.*

- *Established in 2003, Company B is a listed company on the Shenzhen Stock Exchange, which is primarily engaged in the businesses of high-speed communication cable, coaxial cable and other cable products, mainly applied in computing centers, base stations, consumers electronics and other scenarios.*

- *Established in 1995, Company C is a listed company on the Shenzhen Stock Exchange primarily engaged in the R&D and manufacturing of communication cable systems applied in the computing centers, communication and other specialized fields.*

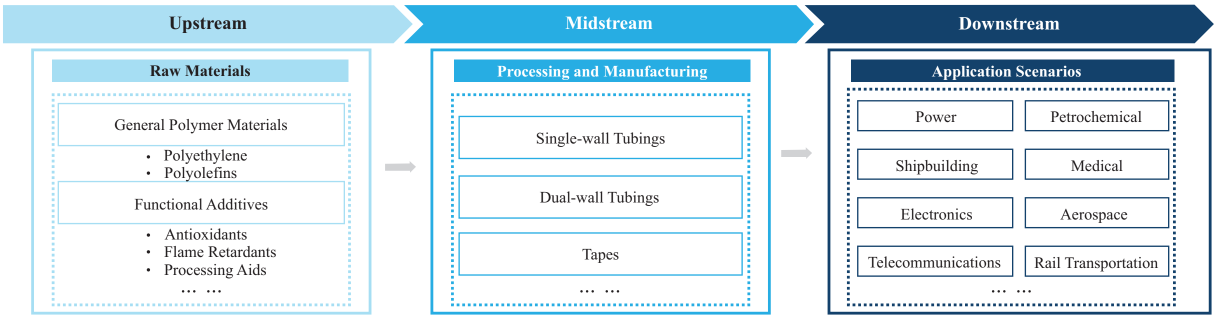
- *Established in 1941, Company D is a listed company on the New York Stock Exchange, which is engaged in the development and production of high-speed copper cable and heat-shrinkable materials.*

OVERVIEW OF GLOBAL AND CHINA HEAT-SHRINKABLE MATERIALS INDUSTRY

Definition and Overview of Heat-Shrinkable Materials

Heat-shrinkable materials are polymeric functional materials that return to a preset shape when heated, enabling insulation, sealing, wear resistance, and mechanical protection. This thermal shrinkage, based on a shape memory effect, allows them to tightly wrap and protect components. Widely used in power, electronics, telecommunications, healthcare, and aerospace industries, these materials provide insulation, corrosion resistance, and mechanical reinforcement. With the growth of sectors such as renewable energy, transportation, and smart manufacturing, demand for heat-shrinkable materials continues to rise, underscoring their essential role in enhancing system reliability and supporting industrial advancement.

Value Chain Analysis of Heat-Shrinkable Materials Industry

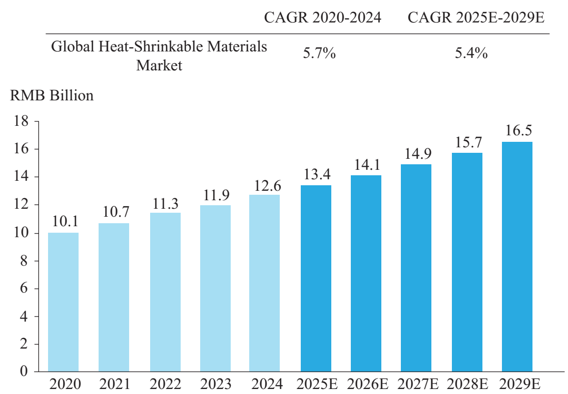


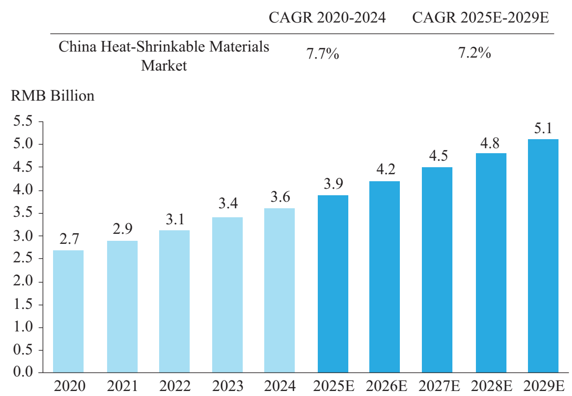
The heat-shrinkable materials industry encompasses upstream raw materials supply, midstream processing and manufacturing, and downstream applications. Upstream, key inputs include general polymer materials and functional additives, which directly affect product performance. Midstream, the industry focuses on producing heat-shrinkable tubes and related products through extrusion, irradiation crosslinking, and thermal shaping—where irradiation crosslinking enhances the heat resistance and mechanical strength of such tubes. Leading players have strong R&D capabilities and are gaining ground in high-end markets. Heat-shrinkable materials are widely used across various downstream industries, including power, aerospace, electronics, telecommunications, petrochemical, medical, shipbuilding, rail transportation, etc.

Market Size of Heat-Shrinkable Materials Industry

The global heat-shrinkable materials market size has demonstrated steady growth, increasing from RMB10.1 billion in 2020 to RMB12.6 billion in 2024, with a CAGR of 5.7%, and is expected to continue to increase from RMB13.4 billion in 2025 to RMB16.5 billion in 2029, with a CAGR of 5.4%. In China, the heat-shrinkable materials market size has increased from RMB2.7 billion in 2020 to RMB3.6 billion in 2024, reflecting a CAGR of 7.7%. This momentum is expected to sustain, with China's market projected to grow from RMB3.9 billion in 2025 to RMB5.1 billion in 2029, representing a CAGR of 7.2%.

Market Size of Global and China's Heat-Shrinkable Materials by Revenue, 2020-2029E





Source: F&S

Market Drivers and Trends of Heat-Shrinkable Materials Industry

Development of Industrial Automation and Rail Transportation

The growth of smart manufacturing, industrial automation, and rail transportation is elevating safety requirements for electrical equipment. High-performance heat-shrinkable materials are increasingly used for insulation and protection in applications such as industrial robot wiring, control systems in intelligent factories, and cables and connectors in rail transportation. As these sectors continue to advance, they are creating new growth opportunities for the heat-shrinkable materials market.

Government Policy Support

China's the "*Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035*" highlights the focus on strategic emerging industries, including next-generation new materials. In addition, the "*Industrial Structure Adjustment Guidance Catalog (2024 Edition)*" emphasizes the importance of breakthroughs in high-end, strategic and green new materials. These policies provide strong support for innovation and industrial upgrading, creating a favorable environment for the development and application of high-performance heat-shrinkable materials.

Development of High-Performance Materials

The market is evolving toward higher-performance materials with enhanced temperature resistance, flame retardancy and environmental sustainability. Demand for high-end materials such as polyvinylidene fluoride ("**PVDF**") and polyimide ("**PI**") is growing, particularly from sectors such as rail transportation and aerospace. These advancements are crucial for meeting the rigorous demands of extreme operating environments.

Competitive Landscape of Heat-Shrinkable Materials Industry

In 2024, the top five manufacturers in the global heat-shrinkable materials industry by revenue accounted for 51.5% of the total market. The Company ranked the first globally with a market share of approximately 20.6%. Also in 2024, the top five manufacturers in China's heat-shrinkable materials industry by revenue accounted for 77.9% of the total market. The Company ranked the first domestically with a market share of approximately 58.5%.

Top 5 Heat-Shrinkable Materials Manufacturers by Revenue (Global and China), 2024

Ranking	Company	Global Revenue (RMB Billion)	Market Share
1	The Company	2.60	20.6%
2	Company D	2.00	15.9%
3	Company E	1.50	11.9%
4	Company F	0.21	1.7%
5	Company G	0.18	1.4%
	Top 5	**6.5**	**51.5%**

Ranking	Company	China's Revenue (RMB Billion)	Market Share
1	The Company	2.11	58.5%
2	Company D	0.40	11.1%
3	Company G	0.15	4.2%
4	Company E	0.10	2.8%
5	Company F	0.05	1.3%
	Top 5	**2.8**	**77.9%**

Source: F&S

Notes:

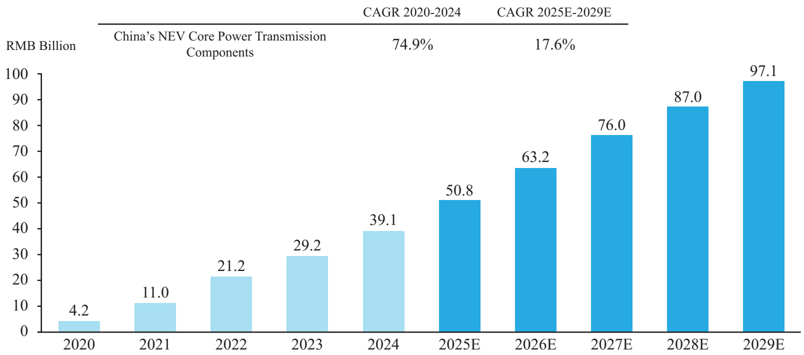
- *Established in 1897, Company E is a listed company on the Tokyo Stock Exchange, which is engaged in the business of heat-shrinkable materials.*
- *Established in 1994, Company F is a listed company on the National Equities Exchange and Quotations ("**NEEQ**"), which specializes in the research, development, production and sales of heat-shrinkable materials.*

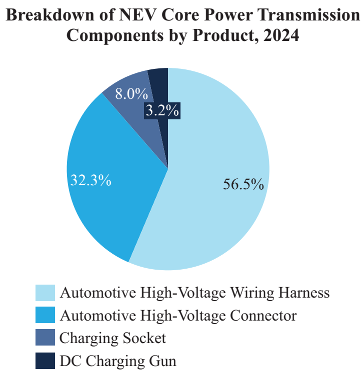
- *Established in 1994, Company G is a private company, which is primarily involved in the research, development, production, and sales of polymer heat-shrinkable material products.*

OVERVIEW OF CHINA NEV CHARGING GUN INDUSTRY

NEV core power transmission components, which primarily include DC charging guns, automotive high-voltage wiring harness, high-voltage connectors and charging sockets, refer to the essential electrical components in NEVs that ensure the efficient, stable, and safe transfer of power within the vehicle's energy system. Driven by the increasing sales volume of NEVs, the market size of NEV core power transmission components in China by revenue has increased from RMB4.2 billion in 2020 to RMB39.1 billion in 2024, reflecting a CAGR of 74.9%. Looking ahead, with the continued penetration of NEVs and the scaling of high-voltage platforms, the market is projected to reach RMB97.1 billion by 2029, representing a CAGR of 17.6% from 2025.

Market Size of China's NEV Core Power Transmission Components Industry by Revenue, 2020-2029E





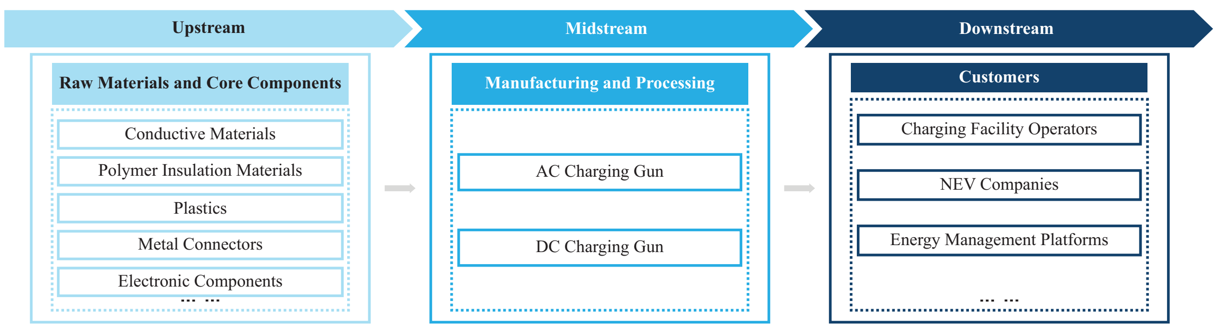
Source: F&S

Definition and Overview of NEV Charging Gun

The NEV charging gun, as a core component of energy replenishment for NEVs, directly impacts charging efficiency, safety, and user experience. With the rapid increase in the number of NEVs, the construction and technological advancement of charging infrastructure have become particularly critical. High-efficiency, reliable, safe, and environmentally friendly charging guns not only shorten charging time and improve grid utilization but also enhance user acceptance of NEVs, thereby promoting industry development.

The NEV charging gun refers to the device that connects the charger to the NEVs, ensuring stable and safe energy transmission between the vehicle and the grid. Acting as an intermediary between the charging pile and the NEV, the gun primarily facilitates the delivery of electrical power during charging, enabling key functions such as AC (Alternating Current) / DC (Direct Current) charging, current regulation, and data transmission. These functions ensure the reliability and compatibility of NEV charging. NEV charging guns can be further categorized into AC charging guns and DC charging guns.

Value Chain Analysis of NEV Charging Gun Industry

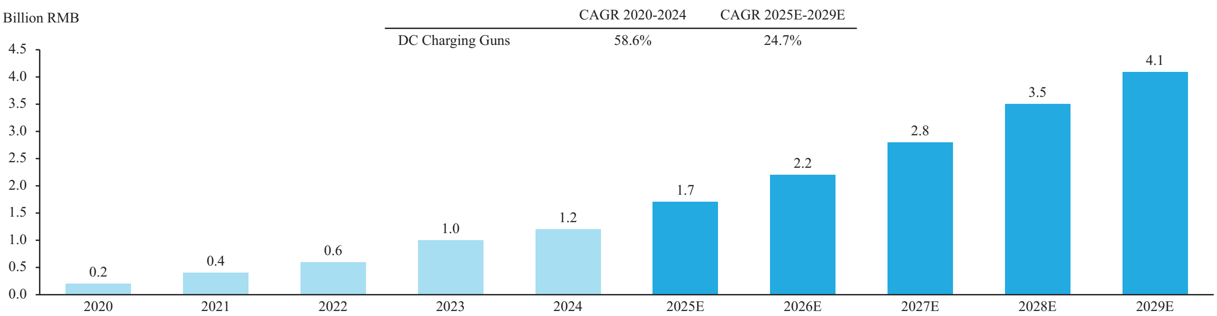


The upstream segment of the NEV charging gun supply chain primarily involves raw materials such as conductive metals (e.g., copper, aluminum), polymer insulation materials (e.g., silicone rubber, polyethylene), plastics, metal connectors (e.g., silver-plated copper terminals), and electronic components (e.g., control chips, relays, sensors). These materials directly influence the conductivity, voltage resistance, and service life of the charging gun. The midstream segment encompasses the R&D and manufacturing of both AC and DC charging guns. Key players include specialized charging device manufacturers, NEV component suppliers and some automakers with in-house production capabilities. The manufacturing process must account for technical requirements such as charging power, high-voltage protection, and connection stability, while also complying with regional charging standards. The downstream segment mainly includes charging facility operators, NEV manufacturers and energy management platforms.

Market Size of the NEV DC Charging Gun Industry

Driven by the increasing adoption of NEVs and the expansion of charging infrastructure, the charging gun market in China is experiencing rapid growth. By the end of 2024, China had over 1.6 million units of DC chargers installed. Looking ahead, the DC charging infrastructure in China is expected to further expand. By 2029, the number of public DC chargers in China is projected to reach 5.0 million units, representing a CAGR of 23.3% from 2025. As the demand for NEVs continues to rise, the need for more efficient, safe, and intelligent charging connectors is growing. The market is expected to see innovations in smart charging technologies, such as vehicle-to-grid ("**V2G**") integration, and the development of more standardized connectors that support faster charging and greater compatibility with various vehicle models. In addition, advanced technologies such as liquid-cooled charging, which allows for faster charging, will further drive the market growth. The market size of China's DC charging gun industry increased from RMB0.2 billion in 2020 to RMB1.2 billion in 2024 at a CAGR of 58.6%, and is expected to reach RMB4.1 billion in 2029 at a CAGR of 24.7% from 2025.

Market Size of China's NEV DC Charging Gun Industry by Revenue, 2020-2029E



Source: F&S

Market Drivers and Trends of NEV Charging Gun Industry

Expansion of Charging Infrastructure

The rapid growth of the NEV market, driven by increasing vehicle production and rising consumer demand for fast and ultra-fast charging solutions, has significantly boosted the demand for charging guns. Governments worldwide are supporting this growth by implementing NEV development goals and subsidy policies, such as China's "dual credit" policy and the EU's carbon emission regulations, which are all accelerating NEV adoption. At the same time, the expansion of charging infrastructure plays a crucial role in this process. Governments and businesses globally are increasing investments in charging stations and related facilities. For instance, China's ambitious plans to expand charging pile construction during the 14th Five-Year Plan are directly driving the demand for charging guns, further supporting the growing NEV market.

Increasingly Smart and Digital Charging Guns

Technological advancements in fields such as vehicle networking, the Internet of Things ("**IoT**"), and big data are driving the evolution of NEV charging guns toward greater intelligence. Charging guns are increasingly integrated with smart features, such as temperature detection, overcurrent protection and remote monitoring. This shift towards smart technologies enhances the safety and convenience of charging, while also fostering the development of new energy management models such as V2G. As a result, NEV charging guns are becoming a key component of smart energy networks.

High-Voltage and High-Power Fast Charging

With the widespread adoption of 800V and higher-voltage platforms, NEV charging guns are required to support greater voltage resistance and lower contact resistance to accommodate charging power of 350 kW and above. This trend is driving the development of charging guns with enhanced voltage and power capabilities. Manufacturers must strengthen core technologies, including materials, thermal management and pressure resistance, to meet the rising demand for ultra-fast charging. In particular, liquid-cooled high-power charging guns are gaining traction, as they effectively manage heat generated during high-current charging and enable safer, more efficient delivery of ultra-fast charging services.

Competitive Landscape of the NEV DC Charging Gun Industry

China's NEV DC charging gun industry is highly concentrated. In 2024, the top three manufacturers in the industry together generated approximately RMB1.0 billion in revenue, accounting for a combined market share of 82.2%. The Company was the largest NEV DC charging gun manufacturers by revenue in 2024, with a market share of 41.7%.

Top 3 NEV DC Charging Gun Manufacturers by Revenue (China), 2024

Ranking	Company	Revenue (Billion RMB)	Market Share (%)
1	**The Company**	**0.51**	**41.7%**
2	Company H	0.30	24.3%
3	Company I	0.20	16.2%
	TOP 3	**1.0**	**82.2%**

Source: F&S

Notes:

- *Established in 1990, Company H is a listed company on the Shenzhen Stock Exchange, focusing on the research and development, manufacturing, sales and technical support of NEV charging guns.*
- *Established in 2006, Company I is a listed company on the Shanghai Stock Exchange, primarily engaged in providing NEV charging guns.*

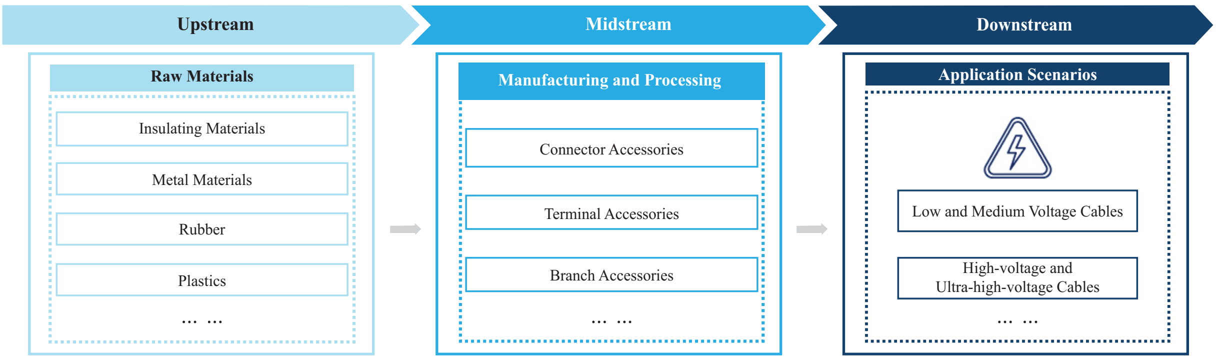
OVERVIEW OF GLOBAL AND CHINA CABLE ACCESSORIES INDUSTRY

Definition and Overview of Cable Accessories

Cable accessories refer to the components and materials used in conjunction with electrical cables to ensure proper installation, insulation, protection and connection. They are essential for maintaining the reliable operation of electrical systems by providing mechanical support, electrical insulation, environmental protection and seamless connectivity between cables or with other equipment.

Cable accessories play a critical role in power transmission systems, particularly within high-voltage (66-220 kV) and ultra-high-voltage (≥220 kV) power networks. High-quality accessories help prevent failures, extend cable service life and enhance overall safety and reliability. In the construction and operation of electrical infrastructure, the performance of cable accessories directly influences the efficiency and stability of the entire power network.

Value Chain Analysis of Cable Accessories Industry

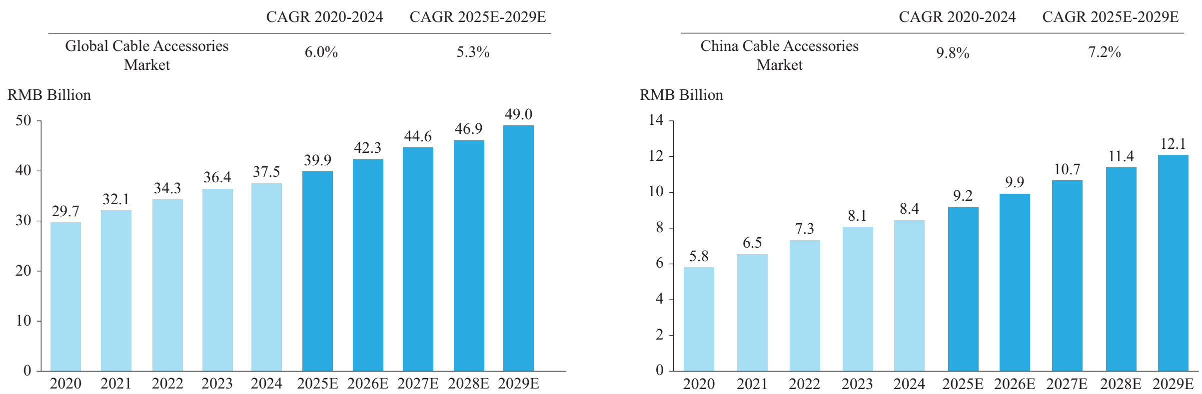


The upstream of the cable accessories industry primarily involves various raw materials such as insulating materials, metal materials, rubber and plastics. The midstream segment focuses on the manufacturing and processing of cable accessories, where manufacturers are continually innovating technologies, improving efficiency, and optimizing designs to meet diverse environmental and application requirements. Downstream, cable accessories are primarily used with cables of various voltages in the power and transportation sectors, especially in high-voltage and ultra-high-voltage systems to ensure stable and safe power transmission.

Market Size of Cable Accessories Industry

The global cable accessories market grew from RMB29.7 billion in 2020 to RMB37.5 billion in 2024 in terms of revenue, representing a CAGR of 6.0%. Driven by rising global electricity demand and the accelerating clean energy transition, the market is projected to reach RMB49.0 billion by 2029, with a CAGR of 5.3% from 2025. The cable accessories market size of China increased from RMB5.8 billion in 2020 to RMB8.4 billion in 2024 in terms of revenue, with a CAGR of 9.8%. Supported by favorable policies and the continued growth of the new energy sector, China's cable accessories market size by revenue is expected to reach RMB12.1 billion by 2029 with a projected CAGR of 7.2% between 2025 and 2029.

Market Size of Global and China's Cable Accessories by Revenue, 2020-2029E



Source: F&S

Market Drivers and Trends of Cable Accessories Industry

Growth in Power Demand

China's electricity consumption grew from 7,511.0 TWh in 2020 to 9,852.1 TWh in 2024 at a CAGR of 7.0%, and is projected to reach 14,104.4 TWh by 2029 with a CAGR of 7.5% from 2025. This sustained growth is accelerating the expansion of power grids. As essential components of the power systems, cable accessories provide reliable insulation, pressure resistance and environmental protection. The "new infrastructure" initiative and ongoing smart grid development will continue to amplify the demand for advanced cable accessories to support the safe and efficient operation of China's power system.

Development of New Energy and Smart Grids

As renewable energy is deployed on a large scale, power transmission networks are becoming increasingly digital and intelligent, requiring cable systems with greater adaptability and higher performance. In smart grids, cable accessories are expected to meet more precise application needs, with enhanced capabilities for sensors and control devices to enable renewable energy integration, remote operation, and intelligent management. This growing demand is directly driving innovation in high-performance, high-standard cable accessories.

Continuous Infrastructure Construction

From 2020 to 2024, completed investments in power grid construction in China rose from RMB469.9 billion to RMB608.3 billion, and are expected to exceed RMB800.0 billion by 2029. Alongside power grid development, urbanization has increased demand for power systems. Cable accessories are widely used in emerging projects such as urban rail transit, power transmission, communication networks and industrial parks. These applications require cable accessories to exhibit high pressure resistance, corrosion resistance and anti-aging properties to suit complex environments. This creates market opportunities for the cable accessories industry.

Competitive Landscape of Cable Accessories Industry in China

In 2024, China's cable accessories market remained relatively fragmented. The top five manufacturers together generated approximately RMB3.0 billion in revenue, accounting for a market share of 35.6%. The Company ranked the first with a market share of 10.6% in 2024.

Top 5 Cable Accessories Manufacturers by Revenue (China), 2024

Ranking	Company	Revenue (Billion RMB)	Market Share
1	**the Company**	**0.90**	**10.6%**
2	Company J	0.88	10.4%
3	Company K	0.60	7.1%
4	Company L	0.32	3.8%
5	Company M	0.30	3.6%
	TOP 5	**3.0**	**35.6%**

Source: F&S

Notes:

- *Established in 1997, Company J is a listed company on the Shenzhen Stock Exchange, which is primarily engaged in businesses of power cable accessories.*
- *Established in 2006, Company K is a subsidiary of a company listed on the Shanghai Stock Exchange, primarily engaged in providing integrated solutions in the field of power cable accessories, cable materials, and other electrical components for the power sector.*
- *Established in 2004, Company L is a listed company on the Shenzhen Stock Exchange, primarily engaging in businesses of high-voltage and extra-high voltage cable accessories, power transmission and distribution equipment, and providing overall solutions for underground power transmission systems.*
- *Established in 1996, Company M is a listed company on the Shanghai Stock Exchange, primarily engaging in businesses of cables and cable accessories.*

ENTRY BARRIER ANALYSIS

The major entry barriers for the four industries above are presented as follows:

Technology Barrier

The high-speed data communication and alternative energy power transmission solutions industry involves complex technologies with significant barriers. High-performance heat-shrinkable materials require precise molecular and crosslinking control, demanding long-term R&D. Cable accessories integrate materials science and electrical engineering, while high-speed copper cables must meet strict requirements for transmission rate, latency, bandwidth, and electromagnetic compatibility. NEV charging guns require advanced power transmission and thermal management technologies, making strong R&D and production capabilities essential.

Customer and Brand Barrier

Customers in this industry demand long-term reliability, strict safety compliance, and stable performance, forming high brand and customer barriers. Heat-shrink materials and cable accessories undergo lengthy qualification cycles, making supplier replacement difficult. High-speed communication cables often involve customer participation from early development, while NEV charging guns require customized design and proven reliability. Customers prefer established brands with strong technical support and delivery assurance, limiting new entrants' access to core customers.

Supply Chain Barrier

The supply chain in the industry must ensure the stability, precision, and consistency of raw materials and components. Heat-shrink materials and cable accessories rely on advanced polymers and specialized additives, which require tightly controlled formulations and processing parameters. High-speed communication cables require strict control of conductor purity, dielectric uniformity, and shielding effectiveness to maintain signal integrity at high frequencies. For NEV charging guns, the selection of high-conductivity, heat-resistant, and lightweight materials is critical, especially under high-voltage and high-current operating conditions. Establishing a stable, high-quality supply chain with long-term partnerships and technical collaboration is difficult and costly for new entrants.

Regulatory and Certification Barrier

Products in the industry are commonly used in critical scenarios such as power grids, computing centers, NEVs, and industrial control systems, which are subject to strict certification standards across electrical performance, fire safety, environmental durability, and electromagnetic compatibility. Heat-shrinkable materials and cable accessories are subject to multi-parameter tests on insulation, flame retardancy, aging resistance, and mechanical stress. High-speed communication cables need to comply with signal transmission and electromagnetic compatibility standards. NEV charging guns must pass region-specific NEV standards. Certification processes are complex, time-consuming, and expensive, creating significant entry barriers.

Capital Barrier

The industry demands continuous investment in R&D, precision equipment, and certification. Developing reliable products such as heat-shrinkable materials or high-speed communication cables requires costly tooling and test systems. To meet diverse customer needs, companies must build flexible production and inventory systems. Without strong capital support, new entrants struggle to scale, certify products, and ensure delivery competitiveness.

RAW MATERIAL ANALYSIS

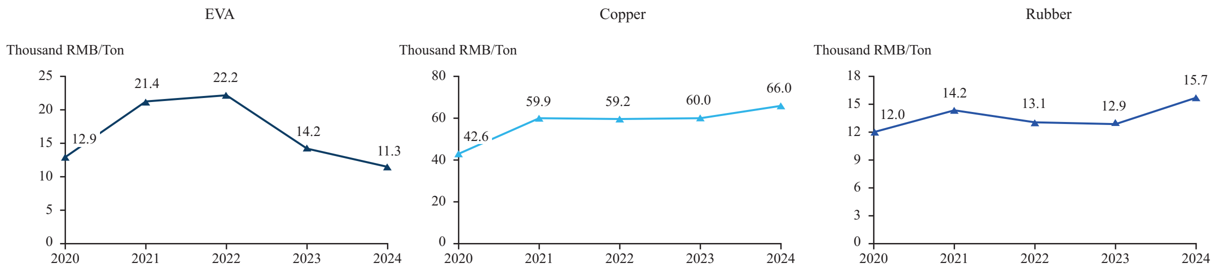
The price analysis of the major raw materials used in the four industries above is presented as follows:

EVA (ethylene-vinyl acetate) is a key polymer used in the production of heat-shrinkable materials, valued for its excellent flexibility, low-temperature resistance, and electrical insulation properties. In recent years, the price of EVA has shown a fluctuating trend, from RMB12.9 thousand per ton in 2020 to RMB11.3 thousand per ton in 2024. This decrease has helped manufacturers control production costs and supported the broader adoption of heat-shrinkable materials across a range of industries.

Copper is a core raw material for cable accessories, high-speed copper cables, and NEV charging guns. In the post-pandemic period, driven by the increasing downstream demand from sectors such as NEVs, home appliances and construction, the global average price of copper has shown an upward trend, rising from RMB42.6 thousand per ton in 2020 to RMB66.0 thousand per ton in 2024.

Rubber is another essential material used in cable accessories. With its superior insulating performance, waterproof sealing, and mechanical elasticity, rubber effectively isolates electrical currents, protects against environmental corrosion, and cushions external impacts. Due to growing demand, the price of rubber has increased from RMB12.0 thousand per ton in 2020 to RMB15.7 thousand per ton in 2024.

Average Prices of EVA, Copper and Rubber, 2020-2024



Source: China-SAE, LME (London Metal Exchange), F&S

OVERVIEW OF CHINA WIND POWER INDUSTRY

Wind power is a renewable energy source that generates electricity by converting wind's kinetic energy into electrical energy through turbine blades and generators. The electricity produced is transmitted to the grid to supply industrial, commercial, and residential users. As a sustainable energy option, wind power plays a vital role in the global shift toward a cleaner and more diversified energy mix. In China, government support has been a key driver of industry growth. Policies such as the "Energy Law of the People's Republic of China" and the "14th Five-Year Plan for Wind Power Development" have reinforced the country's low-carbon ambitions. Policies including subsidies, tax incentives, and financing support have promoted investment for wind power projects, accelerating industry growth.

Driven by policy support and technological progress, China's cumulative installed wind power capacity rose from 281.5 GW in 2020 to 520.7 GW in 2024. It is projected to reach 627.4 GW in 2025 and 1,268.7 GW in 2029, representing a CAGR of 19.2%. Meanwhile, China's newly installed wind power capacity is expected to grow from 106.7 GW in 2025 to 198.1 GW in 2029, representing a CAGR of 16.7%. The continuous expansion of both onshore and offshore wind projects is expected to sustain the sector's strong growth momentum.

OVERVIEW OF THE LAWS AND REGULATIONS IN THE PRC

I. Laws and Regulations Relating to Foreign Investment and Overseas Investment by Domestic Enterprises

1. Laws and Regulations on Foreign Investment

According to the PRC Foreign Investment Law (《中華人民共和國外商投資法》) promulgated by the National People's Congress (the "NPC") on March 15, 2019 and the Implementing Rules of the PRC Foreign Investment Law (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on December 26, 2019, China applies pre-establishment national treatment with a negative list approach to foreign investment. The current industry entry clearance requirements governing investment activities in the PRC conducted by foreign investors are set out in two catalogues, namely the Special Management Measures for the Entry of Foreign Investment (Negative List) (2024 version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) which was promulgated by the National Development and Reform Commission (the "NDRC") and the Ministry of Commerce of the People's Republic of China (the "MOFCOM") on September 6, 2024 and became effective on November 1, 2024, and the Encouraged Industry Catalogue for Foreign Investment (2022 version) (《鼓勵外商投資產業目錄(2022年版)》), which was jointly promulgated by the NDRC and the MOFCOM on October 26, 2022 and came into effect on January 1, 2023. These two catalogues lay out the basic framework for foreign investment in the PRC, classifying businesses into three categories with regard to foreign investment: "encouraged", "restricted", and "prohibited". Industries not listed in the three catalogues are generally deemed as falling into a fourth category, "permitted" for foreign investment unless specifically restricted by other PRC laws and regulations.

According to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) promulgated by the MOFCOM and the State Administration for Market Regulation on December 30, 2019 and came into effect on January 1, 2020, foreign investors or foreign-invested enterprises shall submit investment information in a timely manner, follow the principles of truthfulness, accuracy and completeness, and shall not make false or misleading reports or material omissions.

2. Laws and Regulations on Overseas Investment by Domestic Enterprises

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated on December 26, 2017 and came into effect on March 1, 2018, the NDRC implements classified management of the approval and filing registration system for overseas investment projects (including those in the Hong Kong Special Administrative Region, the Macao Special Administrative Region, and the Taiwan Region) by a domestic enterprise (the "Investment Entity") directly or by way of obtaining overseas ownership, control, operation and management rights, and other related rights and interests by means of investing in assets, interests or providing financing or guarantees by the controlled overseas enterprise. The aforementioned approval procedure shall apply to any sensitive projects carried out by Investment Entity directly or through its controlled overseas enterprises, and the approval authority is the NDRC. The scope of filing registration management is non-sensitive projects directly carried out by Investment Entity, that is, non-sensitive projects involving Investment Entity directly investing in assets, interests or providing financing and guarantees. Among them, if the Investment Entity is a centrally managed enterprise (including centrally managed financial enterprise, the State Council and enterprise directly managed by institutions in the State Council) or the Investment Entity is a local enterprise but the investment amount out of the PRC reaches US$300 million or more, the filing authority will be the NDRC, and if the investor is a local enterprise and the investment amount out of the PRC is below US$300 million, the filing authority will be the development and reform department of the provincial government governing the locality where the Investment Entity is registered.

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

II. Laws and Regulations Relating to Safe Production

According to the PRC Work Safety Law (《中華人民共和國安全生產法》) promulgated by the Standing Committee of the National People's Congress (the "SCNPC") on June 29, 2002, latest revised on June 10, 2021 and effective on September 1, 2021, production and operating business entities must establish the all-staff work safety responsibility system and work safety rules and regulations, and improve the working environment and conditions for workers in a planned and systematic way. Producers and business operators shall provide their employees with education and training on work safety to ensure that the employees acquire the necessary knowledge about work safety, are familiar with the relevant rules for work safety and safe operating procedures, master the safety operating skills for their posts, understand the emergency handling measures for accidents, and are aware of their rights and obligations in respect of work safety. No employee who fails to pass the examination after receiving education and training on work safety may be assigned to work. The emergency administration under the State Council and its local counterparts are responsible for supervision and control over work safety.

III. Laws and Regulations Relating to Radiation Safety

According to the Law of the PRC on Prevention and Control of Radioactive Pollution (《中華人民共和國放射性污染防治法》) promulgated by the SCNPC on June 28, 2003 and came into effect on October 1, 2003, an entity producing, selling or using radioisotope and ray devices shall, in accordance with the relevant provisions of the State Council on prevention of radioactivity from the radioisotope and ray devices, apply to obtain a permit, and make registration accordingly. An entity producing, selling, using or storing radioactive sources shall set up a sound and safe security system, designate specialized personnel to be responsible for the system, ensure the implementation of the system of accountability for safety, and formulate the necessary measures for addressing emergencies in accidents.

According to the Regulation on the Security and Protection of Radioisotope and Radioactive Ray Devices (《放射性同位素與射線裝置安全和防護條例》) promulgated by the State Council on September 14, 2005, last amended on March 2, 2019 and came into effect on the same day, and the Measures for Administration of the Safety Licensing of Radioactive Isotopes and Radioactive Equipment (《放射性同位素與射線裝置安全許可管理辦法》) last amended by the former Ministry of Environmental Protection on January 4, 2021 and came into effect on the same day, any entity producing, selling or using radioisotopes or radiation-emitting devices shall obtain a radiation safety license.

IV. Laws and Regulations Relating to Environmental Protection

According to the PRC Environmental Protection Law (《中華人民共和國環境保護法》) promulgated by the SCNPC on December 26, 1989, last amended on April 24, 2014 and came into effect on January 1, 2015, any entity that discharges or will discharge pollutants in the course of operation or other activities must implement effective environmental protection measures to control and properly handle hazardous substances such as waste gas, waste water, waste residues, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated in the course of such activities. The State implements a pollutant discharge permit management system in accordance with the PRC Environmental Protection Law.

1. Laws and Regulations on Construction Projects

According to the PRC Environmental Impact Assessment Law (《中華人民共和國環境影響評價法》) amended by the SCNPC on December 29, 2018 and came into effect on the same day, the Regulation on the

Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) amended by the State Council on July 16, 2017 and came into effect on October 1, 2017, and the Interim Measures for Environmental Protection Acceptance Inspection Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) promulgated by the former Ministry of Environmental Protection on November 20, 2017 and came into effect on the same day, the PRC implements an environmental impact assessment system for construction projects. Prior to the commencement of a construction project, the construction entity must submit an environmental impact report, an environmental impact statement for approval, or an environmental impact registration form for record filing, as required by the competent environmental protection administrative department under the State Council. Furthermore, upon completion of a construction project for which an environmental impact report or statement has been prepared, the construction entity must conduct an acceptance inspection of the supporting environmental protection facilities in accordance with the standards and procedures prescribed by the competent environmental protection administrative department under the State Council and prepare an acceptance report. For projects constructed or put into operation in phases, the corresponding environmental protection facilities must undergo phased acceptance inspections. The construction project may only be put into production or use after the supporting environmental protection facilities have passed the acceptance inspection. Facilities that have not undergone or failed the acceptance inspection are prohibited from being put into production or use.

2. Laws and Regulations on Atmospheric Pollution

According to the PRC Atmospheric Pollution Prevention and Control Law (《中華人民共和國大氣污染防治法》) promulgated by the SCNPC on September 5, 1987, last amended on October 26, 2018 and came into effect on the same day, enterprises, public institutions, and other business entities shall, according to relevant provisions and monitoring norms of the state, monitor the industrial waste gases and the toxic and hazardous atmospheric pollutants listed in the catalogue mentioned in Article 78 of the PRC Atmospheric Pollution Prevention and Control Law they have discharged, and preserve the original monitoring records. Enterprises and public institutions discharging industrial waste gases or the toxic or hazardous atmospheric pollutants listed in the aforementioned catalogue and other entities subject to pollutant discharging licensing administration shall obtain a pollutant discharge license.

3. Laws and Regulations on Solid Waste

According to the Law of the PRC on the Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) promulgated by the SCNPC on October 30, 1995, which was last amended on April 29, 2020 and came into effect on September 1, 2020, any entity or individual that produces, collects, stores, transports, utilizes, or disposes solid wastes shall take measures to prevent or reduce environmental pollution caused by solid wastes, and be liable for resultant environmental pollution in accordance with the law. In addition, construction projects where solid wastes are generated or projects for storage, utilization or disposal of solid wastes shall be subject to environmental impact assessment in accordance with the law.

4. Laws and Regulations on Water Pollution

According to the PRC Water Pollution Prevention and Control Law (《中華人民共和國水污染防治法》) promulgated by the SCNPC on May 11, 1984, which was last amended on June 27, 2017 and came into effect on January 1, 2018, an enterprise or public institution or other business entity which directly or indirectly discharges industrial waste water or medical sewage to waters or waste water or sewage that may be discharged after a pollutant discharge license has been obtained as required shall obtain a pollutant discharge license.

5. Laws and Regulations on Noise Pollution

According to the Law of the PRC on Prevention and Control of Pollution From Noise (《中華人民共和國噪聲污染防治法》) promulgated by the SCNPC on December 24, 2021 and came into effect on June 5, 2022, the emission of noise and generation of vibration shall comply with the noise emission standards, the relevant ambient vibration control standards and the requirements of relevant laws, regulations and rules.

6. Laws and Regulations on Pollution Permit

According to the Regulation on the Administration of Pollutant Discharge Licensing (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and came into effect on March 1, 2021, enterprises, business units and other producers and operators that implement the pollutant discharge licensing management shall discharge pollutants according to the requirements of the pollutant discharge license, and shall not discharge pollutants without obtaining the pollutant discharge license. The competent environmental protection authorities impose various administrative penalties on individuals or enterprises in violation of the PRC Environmental Protection Law.

According to the Regulations on Urban Drainage and Sewage Treatment (《城鎮排水與污水處理條例》) promulgated by the State Council on October 2, 2013 and effective as of January 1, 2014, as well as the Administrative Measures for the Permit of Urban Sewage Discharge into Drainage Networks (《城鎮污水排入排水管網許可管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on January 22, 2015, which was revised on December 1, 2022 and came into effect on February 1, 2023, enterprises, public institutions, and individual businesses engaged in industrial, construction, catering, medical, and other activities that discharge sewage into urban drainage facilities must apply for and obtain a permit for sewage discharge into the drainage network from the urban drainage authority.

V. Laws and Regulations Relating to Fire Prevention

According to the PRC Fire Prevention Law (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998, last amended and implemented on April 29, 2021, the Emergency Management Authority of the State Council and its local counterparts at or above the county level shall monitor and administer the fire prevention affairs, and the fire prevention design or construction of a construction project must conform to the national fire prevention technical standards.

According to the Interim Provisions on the Administration of Fire Protection Design Review and Final Inspection of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020, last amended on August 21, 2023 and effective on October 30, 2023, special construction projects as defined under the Interim Provisions shall conduct fire protection design review and fire protection acceptance inspection, construction projects other than such special construction projects shall file protection acceptance of the project with competent authority.

VI. Laws and Regulations Relating to Product Quality

According to the PRC Product Quality Law (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993, latest revised on December 29, 2018 and effective on the same day, producers and sellers shall establish a sound internal product quality control system, strictly implement a quality responsibility regime covering both quality standards and liabilities, and adopt corresponding examination and inspection measures. The following acts are expressly prohibited: (i) counterfeiting or unauthorized imitation of quality certification marks; (ii) falsification of product origin; (iii) forgery or unauthorized use of another manufacturer's name or address; (iv) adulteration during production or sale; and (v) fraudulent substitution of genuine products with counterfeit ones or inferior products with superior ones.

Any manufacturer or seller violating the PRC Product Quality Law shall be subject to (i) administrative penalties including but not limited to production/sales suspension, rectification orders, confiscation of non-compliant products, monetary fines, forfeiture of illegal gains, and in severe cases, business license revocation; and (ii) criminal prosecution where the violation constitutes a criminal offense.

VII. Laws and Regulations Relating to Import and Export of Goods

According to the PRC Foreign Trade Law (《中華人民共和國對外貿易法》) promulgated by the SCNPC on May 12, 1994, amended and implemented on December 30, 2022, since December 30, 2022, no registration of foreign trade operators is required. The PRC government allows the free import and export of goods and technologies, unless otherwise provided by laws and administrative regulations. Before December 30, 2022 a foreign trade operator who is engaged in the import and export of goods or technologies shall process the filing and registration with the foreign trade authority under the State Council or its entrusted agencies, unless otherwise provided by the laws, administrative regulations and requirements of the foreign trade authority under the State Council. Where a foreign trade operator fails to do so, Customs shall not handle the formalities for declaration and clearance of the goods imported or exported by the operator.

According to the PRC Customs Law (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987, last amended on April 29, 2021 and effective on the same day, the Customs of the People's Republic of China is the entry and exit customs supervision and administration authority of the PRC. According to the relevant laws and administrative regulations, the Customs supervises the transportation vehicles, goods, luggage, postal articles, and other articles entering and leaving the country, collects customs duties and other taxes and fees, prevents and counters smuggling, compiles customs statistics, and handles other customs operations.

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

VIII. Laws and Regulations Relating to Tendering and Bidding

According to the PRC Tendering and Bidding Law (《中華人民共和國招標投標法》) promulgated by the SCNPC on August 30, 1999, amended on December 27, 2017 and effective from December 28, 2017, tenderers shall not collude with each other in setting bidding prices, nor shall they exclude other tenderers from fair competition and harm the lawful rights and interests of the tenderee and other tenderers. Tenderers shall not participate in the bidding competition by offering a price lower than the cost, nor shall they attempt to win the bid in the name of other persons or through other fraudulent means.

According to the Implementation Regulations for the PRC Tendering and Bidding Law (《中華人民共和國招標投標法實施條例》) which was promulgated by the State Council on December 20, 2011 and amended on March 1, 2017, March 19, 2018 and March 2, 2019 respectively, where the tender invitation and bidding activities of a project required by law to call for tenders violate the provisions of the PRC Tendering and Bidding Law and such regulations, and have a substantive influence on the outcome of award of tender, if it is impossible to adopt remedial measures to rectify the tender invitations, the bidding and award of tender shall be void, and the tender exercise or bid evaluation shall be organized anew pursuant to the law.

IX. Laws and Regulations Relating to Land and Construction

1. Laws and Regulations on Land Use Rights

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

2. Laws and Regulations on Construction Permit

According to the PRC Construction Law (《中華人民共和國建築法》) which was promulgated by the SCNPC on November 1, 1997 and latest amended and implemented on April 23, 2019, and the Measures for the

Administration of Construction Permits for Construction Projects (《建築工程施工許可管理辦法》) which was promulgated by the Ministry of Housing and Urban-Rural Development on June 25, 2014 and latest amended and implemented on March 30, 2021, the construction entity shall apply for a construction permit after obtaining the construction project planning permit, and then start construction.

X. Laws and Regulations Relating to Employment and Labour Security

1. Laws and Regulations on Labour Contracts

According to the PRC Labour Law (《中華人民共和國勞動法》) which was promulgated by the SCNPC on July 5, 1994 and amended on August 27, 2009 and December 29, 2018 respectively, enterprises shall establish and improve their system of work place safety and sanitation, strictly comply with state rules and standards on workplace safety, and provide employees with training on labor safety and sanitation. Labour safety and sanitation facilities shall comply with statutory standards. Enterprises and institutions shall provide employees with a safe workplace and sanitation conditions that are in compliance with the relevant laws and regulations of labour protection.

The PRC Labour Contract Law (《中華人民共和國勞動合同法》), which was promulgated on June 29, 2007, amended on December 28, 2012 and became effective on July 1, 2013, and the Implementation Rules of the PRC Labour Contract Law (《中華人民共和國勞動合同法實施條例》) promulgated and implemented on September 18, 2008, set out specific provisions in relation to the execution, the terms and the termination of a labour contract and the rights and obligations of the employees and employers, respectively. At the time of hiring, the employers shall truthfully inform the employees of the scope of work, working conditions, working place, occupational hazards, work safety, salary, and other matters that the employees request to be informed about.

2. Laws and Regulations on Dispatched Workers

According to the Interim Provisions on Labour Dispatch (《勞務派遣暫行規定》) issued on January 24, 2014 and implemented on March 1, 2014 by the Ministry of Human Resources and Social Security, employers may only use dispatched workers for temporary, ancillary, or substitute positions. The aforementioned temporary positions shall mean positions lasting for no more than six months; ancillary positions shall mean positions of non-major business that serve positions of major business; and substitute positions shall mean positions that can be substituted by other workers for a certain period of time during which the workers who originally held such positions are unable to work as a result of full-time study, being on leave or other reasons. According to the Interim Provisions on Labour Dispatch, the employers should strictly control the number of dispatched workers, and the number of dispatched workers shall not exceed 10% of the total amount of their employees (including the aggregate number of employees and dispatched workers).

3. Laws and Regulations on Social Insurance and Housing Provident Fund

According to the PRC Social Insurance Law (《中華人民共和國社會保險法》) last amended by the SCNPC and effective as of December 29, 2018, and the Regulation on the Administration of Housing Provident Fund (《住房公積金管理條例》) last amended by the State Council and effective as of March 24, 2019, as well as other relevant laws and regulations, employers in PRC are obligated to provide employees with welfare schemes covering basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, work-related injury insurance, and housing provident fund. In addition, any employer that fails to make contributions to the aforementioned social insurance and housing provident fund as required may be ordered to pay the outstanding contributions within a prescribed time limit. If the employer fails to comply within the specified period, a fine may be imposed. For overdue contributions, the people's court may enforce collection.

4. Laws and Regulations on Prevention and Control of Occupational Diseases

According to the provisions of the Law of the PRC on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) promulgated by the SCNPC on October 27, 2001, which was subsequently amended on December 31, 2011, July 2, 2016, November 4, 2017 and December 29, 2018, the employer shall provide environments and conditions that meet the occupational health standards and health requirements of the State, take measures to ensure occupational health protection for the workers, establish and improve the responsibility system for the prevention and control of occupational diseases, reinforce the management of occupational disease prevention and control, enhance the level of occupational disease prevention and control, and assume responsibility for harms caused by occupational diseases.

XI. Laws and Regulations Relating to Intellectual Property Rights

1. Laws and Regulations on Patent

The PRC Patent Law (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, most recently amended on October 17, 2020 and effective on June 1, 2021, and the Implementing Rules for the PRC Patent Law (《中華人民共和國專利法實施細則》) promulgated by the State Council on June 15, 2001, most recently amended on December 11, 2023 and effective on January 20, 2024, provide for three types of patents: "invention", "utility model" and "design". "Invention" refers to any new technical solution in relation to a product, or a process or improvement thereof; "utility model" refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; "design" refers to a new design that is aesthetic and suitable for industrial application for the overall or partial shape, pattern or its combination of products, as well as the combination of color, shape and pattern. The validity period of a patent for an "invention" is 20 years, while the validity period of a patent for a "utility model" is 10 years, and that of a "design" is 15 years, from the date of application.

2. Laws and Regulations on Trademark

Registered trademarks are protected under the PRC Trademark Law (《中華人民共和國商標法》), which was promulgated by the SCNPC on August 23, 1982, most recently amended on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Rules of the PRC Trademark Law (《中華人民共和國商標法實施條例》), which was last amended by the State Council on April 29, 2014 and came into effect on May 1, 2014. Where registration is sought for a trademark that is identical or similar to another trademark that has already been registered or given preliminary examination and approval for use in the same or similar category of commodities or services, the application for registration of this trademark may be rejected. Trademark registrations are effective for 10 years, which may be renewed for consecutive 10-year periods upon request by the trademark owner, unless otherwise revoked.

3. Laws and Regulations on Copyright

According to the PRC Copyright Law (《中華人民共和國著作權法》), last amended by the SCNPC on November 11, 2020 and effective as of June 1, 2021, works of Chinese citizens, legal persons, or unincorporated organizations — defined as intellectual achievements in the fields of literature, art, and science that are original and can be expressed in a certain form, whether published or not — are entitled to copyright protection in accordance with the law. Copyright encompasses a series of personal and property rights, including but not limited to the right of publication, the right of authorship, the right of modification, the right to protect the integrity of the work, and the right of reproduction.

According to the Measures for the Computer Software Copyright Registration (《計算機軟件著作權登記辦法》) last amended on June 18, 2004 and effective as of July 1,2004, and the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) amended by the State Council on January 30, 2013 and effective as of March 1, 2013, the National Copyright Administration is the competent governmental authority responsible for the nationwide administration of software copyright registration. The China Copyright Protection Center is designated as the software registration authority, which shall issue registration certificates to computer software copyright applicants in accordance with the Measures for the Computer Software Copyright Registration and the Regulations on the Protection of Computer Software.

4. Laws and Regulations on Domain Name

According to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology (the "MIIT") on August 24, 2017 and effective on November 1, 2017, the MIIT supervises and administers domain services nationwide. The principle of "first come, first served" is followed for the domain name registration service. Applicants of domain name registration shall provide the domain name registration authority with true, accurate, and complete information about the identity of the domain name holder for registration purposes, and sign a registration agreement with it. After completing the domain name registration, the applicant becomes the holder of such domain name.

XII. Laws and Regulations Relating to Tax

1. Laws and Regulations on Enterprise Income Tax

According to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) promulgated by the SCNPC on March 16, 2007, most recently amended on December 29, 2018 and effective on the same day, and the Implementation Regulations for the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007, most recently amended on December 6, 2024 and effective on January 20, 2025, enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises are enterprises that are set up in the PRC in accordance with the law, or that are set up in accordance with the law of a foreign country (region) whose actual administrative institution is in the PRC. Non-resident enterprises are enterprises that are set up in accordance with the law of a foreign country (region) and whose actual administrative institution is not in the PRC, but which have institutions or establishments in the PRC, or have no such institutions or establishments but have income generated from inside China. Resident enterprises are subject to a uniform 25% enterprise income tax rate on their worldwide income. The enterprise income tax rate is reduced to 20% for qualified small and micro-sized enterprises. Enterprises that are recognised as high-tech enterprises in accordance with the Administrative Measures on Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》) are entitled to enjoy the preferential enterprise income tax rate of 15%.

2. Laws and Regulations on Value-Added Tax

According to the PRC Provisional Regulations on Value-Added Tax (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on December 13, 1993, most recently amended on November 19, 2017 and effective on the same day, and the Detailed Rules for the Implementation of the Interim Regulations of the PRC Provisional Regulations on Value-Added Tax (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the Ministry of Finance on December 25, 1993, which was most recently amended on October 28, 2011 and effective on November 1, 2011, all entities and individuals engaged in sale of goods or provision of processing, repair and maintenance services or importation of goods in mainland China are subject to the Value-Added Tax (the "VAT"). Unless otherwise specified in the above-mentioned regulations, the VAT rate is generally 17% in respect of the sale or importation of goods by taxpayers.

According to the Notice on the Adjustment to VAT Rates (《關於調整增值稅稅率的通知》) promulgated by the Ministry of Finance and the State Administration of Tax on April 4, 2018 and became effective as of 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 the Announcement on Relevant Policies for Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》) promulgated by the Ministry of Finance, the State Administration of Tax and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

XIII. Laws and Regulations Relating to Cybersecurity and Data Security

On November 7, 2016, the SCNPC promulgated the PRC Cybersecurity Law (《中華人民共和國網絡安全法》) which became effective on June 1, 2017 and applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the PRC Cybersecurity Law, network operators shall comply with laws and regulations and fulfill the obligations to safeguard the security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures in accordance with the mandatory requirements of laws, regulations and national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data, and network operators shall not collect the personal information irrelevant to the services provided, or collect or use the personal information in violation of the provisions of laws or agreements between both parties.

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》) which became effective on September 1, 2021. The PRC Data Security Law mainly sets forth specific provisions regarding the establishment of basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency response system. In addition, the PRC Data Security Law clarifies the data security protection obligations of organizations and individuals carrying out data activities and implements data security protection responsibilities.

On December 28, 2021, the Cyberspace Administration of China (the "CAC") and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) which became effective on February 15, 2022. The Measures for Cybersecurity Review provides that, among others, (i) critical information infrastructure operators that purchase network products and services or network platform operators that engage in data processing activities that affect or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) network platform operators with personal information data of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and (iii) the relevant regulatory authorities may initiate cybersecurity review if such regulatory authorities determine that the enterprise's network products or services, or data processing activities affect or may affect national security.

On September 24, 2024, the State Council published the Network Data Security Management Regulation (《網絡數據安全管理條例》) which became effective on January 1, 2025, stipulate that the network data handlers shall be subject to national security review if their network data handling activities affect or may affect national security, and it provides no further explanation or interpretation as to how to determine what constitutes "affecting national security". In addition, the Network Data Security Regulations requires network data handlers handling personal information involving over 10 million individuals to comply with certain regulations on important data handlers, including, among others, specifying the person in charge of network data security and the management organization for network data security, and conducting security background review of the person in charge of network data security and personnel in key positions and strengthen the training for the relevant personnel when controlling important data of specific type and scale specified by the relevant competent authority.

XIV. Laws and Regulations Relating to Overseas Securities Offering and Listings

1. Laws and Regulations on Overseas Securities Offering and Listings

On February 17, 2023, China Securities Regulatory Commission (the "CSRC") released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "Trial Measures") together with 5 supporting guidelines (together with the Trial Measures, collectively referred to as the "New Regulations on Filing"), which was implemented on March 31, 2023. Under New Regulations on Filing, an enterprise within the PRC that directly or indirectly issues securities overseas or lists and deals in its securities overseas shall comply with the laws, administrative regulations and relevant national rules on foreign investment, state-owned assets management, industrial supervision, overseas investment, cyber security, and data security etc., and shall not disturb the domestic market order or do harm to national interests, social public interests, and the legitimate rights and interests of domestic investors.

An issuer seeking an overseas initial public offering or listing shall, within 3 working days after submitting the issuance and listing application documents overseas, file a registration with the CSRC and submit the filing report, legal opinions, and other relevant documents, ensuring a true, accurate, and complete description of shareholder information. Once the filing documents are complete and comply with the stipulated requirements, the CSRC will, within 20 working days of receiving such documents, conclude the review procedure and publish the filing results on its official website. If the filing documents are incomplete or do not conform to the stipulated requirements, the CSRC will, within 5 working days of receiving the filing documents, request supplementary materials. The issuer shall provide the additional documents within 30 working days. During the review of the filing documents, the issuer may encounter circumstances that are prohibited under the regulations governing overseas offerings and listings. In such cases, the CSRC may seek opinions from the relevant competent authorities of the State Council.

On February 24, 2023, the CSRC and other three relevant government authorities jointly published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "Archives Rules"), which became effective from March 31, 2023. The Archives Rules requires that, in relation to the overseas listing activities of domestic enterprises, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with the relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. Under the Archives Rules, the "domestic enterprises" refer to the domestic joint stock limited companies listing overseas directly and the domestic operation entities of a non-PRC company listing overseas. According to the Archives Rules, during the course of an overseas offering and listing, if a domestic enterprise needs to publicly disclose or provide to securities companies, accounting firms or other securities service providers and overseas regulators, any materials that contain relevant state secrets, government work secrets or that have a sensitive impact (i.e. be detrimental to national security or the public interest if divulged), the domestic enterprise should complete the relevant approval/filing and other regulatory procedures.

2. Laws and Regulations on Foreign Exchange Management

According to the provisions of the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued and implemented on December 26, 2014, where a joint stock limited company incorporated in the PRC issues shares overseas and is publicly listed and outstanding on overseas exchanges upon the approval by the CSRC, it shall, within 15 business days after the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment, and present its certificate of overseas listing to open a "special account for overseas listing of domestic company" at a local bank to handle the exchange, remittance and transfer of funds for the business concerned. The proceeds raised by the domestic companies through overseas listing may be remitted to the domestic account or deposited in an overseas account, provided that the use of the proceeds shall be consistent with the content of the document and other public disclosure documents.

Meantime, where a domestic shareholder of a domestic company intends to decrease his/her overseas listed shares in accordance with relevant regulations following the overseas listing of the domestic company, such domestic shareholder shall register with the State Administration of Foreign Exchange (the "SAFE") branch in the place of domicile of the shareholder within 20 working days after the decrease of shares to obtain the business registration certificate; where a domestic shareholder of the domestic company intends to increase his/her overseas listed shares in accordance with relevant regulations, the shareholder shall, after obtaining the approval, filing, or no-objection letter from the relevant regulatory authorities regarding the increase in shareholdings (except where such documents are not required under applicable regulations), register with the SAFE branch in the place of domicile of the shareholder within 20 working days before the increase of shares to obtain the business registration certificate.

OVERVIEW

We are a leading provider of comprehensive solutions for both high-speed data communication and alternative energy power transmission. Our history traces back to 1998 when our Company was established. In September 2004, our Company was converted into a joint stock company and was renamed as Shenzhen Woer Heat-Shrinkable Material Co., Ltd. (深圳市沃爾核材股份有限公司). Since 2007, our A Shares have been listed on the Shenzhen Stock Exchange with the stock code 002130.

We are a market leader for manufacturing and sales of high-speed copper cables, a core component of high-speed data communication. In particular, our high-speed copper cables enable high-speed connection between functional modules in computing centers, increasing intra-cluster data transfer efficiency while ensuring optimized energy consumption and strong reliability. This effectively promoted rapid deployment of quality infrastructures driving expansive application of LLMs across different industries.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following is a summary of our Group's key corporate and business development milestones:

1998	Our Company was established.
2002	We officially started producing cable accessories.
2004	Our Company was converted into a joint stock company with limited liability.
2007	Our A Shares were listed on the Shenzhen Stock Exchange (stock code: 002130).
2013	We acquired LTK Electric Wire (Huizhou) Ltd. (惠州樂庭智聯科技股份有限公司), thereby extending our industrial chain and optimizing our industrial system.
2014	Our subsidiary, Shanghai Keter New Materials Co., Ltd., was listed on the NEEQ (stock code: 831474).
2016	Our subsidiary, Shenzhen Woer New Energy Electric Technology Co., Ltd. (深圳市沃爾新能源電氣科技股份有限公司), completed its equity restructuring, marking our entry into the new energy vehicle industry.
2018	We acquired 75% equity interests in CYG Electronics.
2019	Our manufacturing base in Vietnam was completed, expanding our Group's overseas manufacturing presence.
2020	We became a company in the heat-shrinkable industry to obtain authorization as a "UL Witness Testing Laboratory." (UL目擊測試實驗室授權)
	We were recognized as a "Shenzhen Key Enterprise Research Institute." (深圳市重點企業研究院)
2023	Our crosslinked heat-shrinkable products were recognized as Guangdong Province's Manufacturing Single Champion Products.
	We were honored as a "National Intellectual Property Demonstration Enterprise." (國家知識產權示範企業)
2024	We completed the development of 224G single-channel high-speed copper cables, which served as the basis for initiating mass production.
	We also launched mass production of 800G multi-channel high-speed copper cables.
	We completed the development of 1600G multi-channel high-speed copper cables.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Incorporation of our Company

Our Company, then known as Shenzhen Woer Heat-shrink Materials Co., Ltd. (深圳市沃爾熱縮材料有限公司), was established in the PRC on June 19, 1998 as a limited liability company with an initial registered capital of RMB1,000,000. At the time of establishment, our Company was owned as to 45% by our executive Director and chairperson, Mr. Zhou, and an aggregate of 33% by his associates at the relevant time respectively. Mr. Zhou had remained as our Company's largest shareholder since then. For details of the background of Mr. Zhou, see "Directors and Senior Management".

Conversion of joint stock company and Listing on the Shenzhen Stock Exchange

In September 2004, our Company was converted from a limited liability company to a joint stock limited company with registered capital of RMB40,350,000.

In 2007, we completed the listing of our A shares on the Shenzhen Stock Exchange (stock code: 002130) (the "**A Share Listing**"). In the A Share Listing, we issued an aggregate of 14,000,000 A Shares, accounting for approximately 25.76% of our Company's share capital immediately following the A Share Listing. Following the A Share Listing, Mr. Zhou held approximately 55.70% of our Company's total issued Shares at the time, while his associates at the relevant time held approximately an aggregate of 16.12% of our Company's total issued Shares.

Bonus Issues from 2008 to 2010

In 2008, 2009 and 2010 respectively, the Company completed the following bonus issues to the then existing Shareholders by way of conversion of capital reserve:

Completion Date	Bonus ratio
May 6, 2008	10 new A Shares for every 10 existing A Shares
June 2, 2009	5 new A Shares for every 10 existing A Shares
June 8, 2010	5 new A Shares for every 10 existing A Shares

Rights Issue in 2011

On June 3, 2011, the Company completed a rights issue on the basis of two new A Shares for every 10 Shares held by the shareholders of the Company on the record date (the "**Rights Issue**"). 46,311,345 A Shares were subscribed.

Bonus issues in 2012 and 2013

In 2012 and 2013 respectively, the Company completed the following bonus issues to the then existing Shareholders by way of conversion of capital reserve:

Completion Date	Bonus ratio
June 1, 2012	5 new A Shares for every 10 existing A Shares
May 24, 2013	3 new A Shares for every 10 existing A Shares

Non-Public Issuance of A Shares to Investors in 2016

To advance our growth into the alternative energy power sector, on October 31, 2016, the Company completed the non-public issuance of 54,340,622 A Shares, representing approximately 8.71% of our Company's share capital immediately following the non-public issuance of A Shares. These A Shares were issued to five investors, all of whom, to the best knowledge of our Directors, were Independent Third Parties.

Bonus issue in 2017

On May 15, 2017, the Company completed the bonus issues to the then existing Shareholders by way of conversion of capital reserve at the ratio of 10 new A Shares for every 10 existing A Shares.

Issuance and Repurchase of Shares Relating to Employee Incentive Schemes

Other than the major shareholding changes in the Company as disclosed above, pursuant to the Employee Incentive Schemes and relevant administration measures, the Company also from time to time issued and allotted Shares to eligible participants or repurchased and canceled certain Shares. For the details of the Employee Incentive Schemes, please refer to "—Employee Incentive Schemes" under this section and "Appendix IV — Statutory and General Information—Employee Incentive Schemes."

[REDACTED]

EMPLOYEE INCENTIVE SCHEMES

Since our A Share Listing, we adopted share incentive plans in 2011 and 2017 (the "**Share Incentive Plans**") to attract and retain talents and to motivate our employees. Under these Share Incentive Plans, a total of 14,604,275 restricted A Shares (adjusted after taking into account the bonus issues and rights issue of the Company) were granted, of which 8,362,351 were vested and the remaining restricted A Shares were canceled. Furthermore, 51,543,350 A Share Options (adjusted after taking into account the bonus issues and rights issue of the Company) were granted, of which 3,472,411 A Share Options were exercised while the remainder either lapsed or were canceled. As of the Latest Practicable Date, no outstanding A Share Options or restricted A Shares remained to be granted or vested under these Share Incentive Plans.

In April 2025, the Shareholders adopted the 2025 Share Option Scheme to grant up to 8,233,800 options to our employees to subscribe our A Shares. These options have a vesting period of at least 12 months since the date of grant. As of the Latest Practicable Date, 479 employees have been granted outstanding options under the 2025 Share Option Scheme in respect of an aggregate 8,137,400 A Shares, representing approximately **[REDACTED]**% of the total issued Shares immediately after the completion of the **[REDACTED]** (including treasury A Shares, and assuming the **[REDACTED]** is not exercised and the options granted under the 2025 Share Option Scheme are not exercised).

In April 2025, the Shareholders also adopted the 2025 Restricted Share Scheme to grant up to 3,324,600 restricted A Shares to eligible participants. As of the Latest Practicable Date, 3,281,400 restricted A Shares were granted to our employees, of which 240,000 restricted A Shares were granted to our Directors. These restricted A Shares were satisfied using treasury A Shares, all of which had been transferred to the designated stock account for the administration of the 2025 Restricted Share Scheme as of the Latest Practicable Date. The restricted A Shares are subject to a minimum lock-up period of 12 months. The 2025 Restricted Share Scheme is administered by a committee, whose members are elected by the participants of the scheme and consist of employees who are Independent Third Parties.

For the details of the 2025 Share Option Scheme and the 2025 Restricted Share Scheme, please refer to the section headed "5. Employee Incentive Schemes" in Appendix IV to this document.

OUR SINGLE LARGEST SHAREHOLDER

As of the Latest Practicable Date, Mr. Zhou and his associates held as to 189,563,801 A Shares, representing approximately 15.17% (excluding 10,283,600 treasury A Shares). For details regarding the shareholdings of Mr. Zhou and his associates, see "Substantial Shareholders".

MAJOR SUBSIDIARIES

As of the Latest Practicable Date, our Group comprised our Company and our 68 subsidiaries. For details, see Note 1 to the Accountants' Report as set out in Appendix I to this document. Details of our Major Subsidiaries are set out as below.

Name of company	Principal business activities	Date of establishment	Approximate Equity Interest attributable to our Group
Shenzhen Heat-Shrinkable	R&D, production and sales of products	August 10, 2018	100%
Huizhou LTK	R&D, production and sales of products	January 4, 1988	94.32%(1)
Changzhou Woer	R&D, production and sales of products	November 10, 2010	100%
Dongguan Changyuan	R&D, production and sales of products	February 14, 2014	75%(1)
Woer New Energy	R&D, production and sales of products	December 2, 2003	76.71%(1)
Changzhou LTK	R&D, production and sales of products	July 23, 2013	94.32%(1)
Shanghai Changyuan	R&D, production and sales of products	July 17, 2000	75%(1)
Shanghai Keter	R&D, production and sales of products	August 28, 1997	78.76%(1)
Qingdao Wind Power	Wind power development, construction and operation	June 22, 2011	100%
Shenzhen Orbit	R&D, production and sales of products	September 19, 2005	62.90%(1)

Note: (1) For the information of the minority shareholders, see notes under "—Our Shareholding and Corporate Structure Immediately Before the **[REDACTED]**"

The Company held majority equity interests in the above Major Subsidiaries throughout the Track Record Period. All of the Major Subsidiaries were established in the PRC.

See "Appendix IV—Statutory and General Information—Further Information about Our Company and Our Major Subsidiaries" for more details on share capital changes of the Major Subsidiaries.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any material acquisitions or disposals that would require disclosure under applicable rules.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

Since 2007, our Company has been listed on the Shenzhen Stock Exchange. During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shenzhen Stock Exchange. Our PRC Legal Adviser are of the view that the confirmation of our Directors above with regard to our compliance records is accurate and reasonable. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

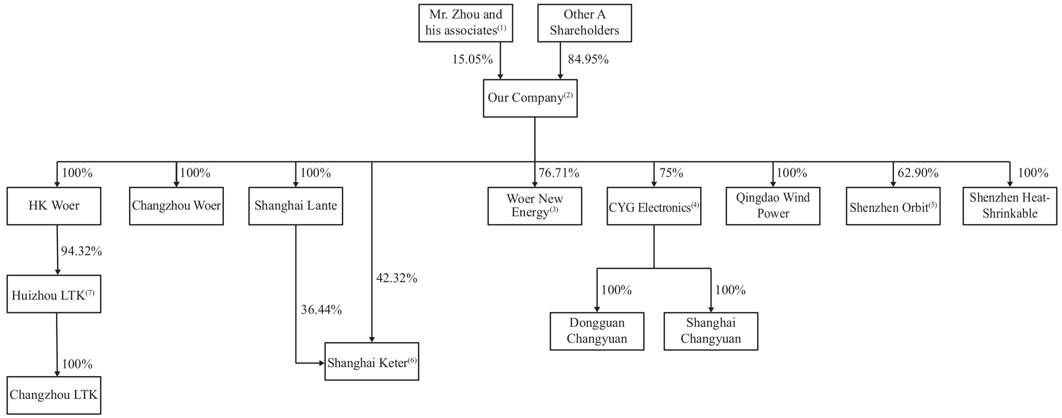
Our Company seeks to be **[REDACTED]** on the Hong Kong Stock Exchange in order to further advance our internationalization strategy, optimize our global production capacity layout, strengthen our core competitiveness, and improve our operational and management capabilities. See "Business—Development Strategies" and "Future Plans and Use of **[REDACTED]**" for more details.

[REDACTED]

OUR SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY BEFORE THE [REDACTED]

Shareholding and corporate structure immediately before the [REDACTED]

The following chart depicts our simplified corporate and shareholding structure immediately prior to the **[REDACTED]** (including the 10,283,600 A Shares as treasury shares, and without taking into account any A Shares to be issued upon exercise of the share options granted under the 2025 Share Option Scheme):



Notes:

1. As of the Latest Practicable Date, Mr. Zhou directly held 139,563,801 A Shares, representing approximately [11.08]% of the total issued Shares of our Company. Another 50,000,000 A Shares, representing approximately [3.97]% of the total issued Shares of our Company, were held by private investment funds, whose beneficial owners are Mr. Zhou and his spouse, Ms. Yi Huarong who is our executive director.

2. Including the subsidiaries depicted in this chart, our Company has 68 subsidiaries established in various jurisdictions as of the Latest Practicable Date.

3. As of the Latest Practicable Date, it is owned as to 6.92% by Shenzhen Woxin No. 2 Venture Capital Partnership (Limited Partnership) (深圳市沃新貳號創業投資有限合夥企業（有限合夥）), 6.27% by Shenzhen Woxin No. 1 Venture Capital Partnership (Limited Partnership) (深圳市沃新壹號創業投資有限合夥企業（有限合夥）), 3.72% by Shenzhen Woxin No. 5 Venture Capital Partnership (Limited Partnership) (深圳市沃新伍號創業投資有限合夥企業（有限合夥）), 3.42% by Shenzhen Woxin No. 3 Venture Capital Partnership (Limited Partnership) (深圳市沃新叁號創業投資有限合夥企業（有限合夥）), 0.43% by Shenzhen Woxin No. 6 Investment Partnership (Limited Partnership) (深圳市沃新陸號投資合夥企業（有限合夥）), 2.28% by our executive Director Mr. Zhou, and 0.25% by our executive Director, Ms. Yi Huarong. Shenzhen Woxin No. 2 Venture Capital Partnership (Limited Partnership) (深圳市沃新貳號創業投資有限合夥企業（有限合夥）) is beneficially owned as to approximately 5.20% by Huping (胡平), 5.07% by He Shuhui (和淑慧), 5.07% by Kang Shufeng (康樹峰), 5.07% by Li Yanhui (李艷輝), 2.53% by Gao Yufeng (高玉峰), 2.53% by Gao Chenghua (高承華), 2.53% by Zhong Jincheng (鐘金城), 0.84% by Ma Pengfei (馬鵬飛), 0.84% by Huang Lulu (黃璐璐), 1.18% by Kong Jianjun (孔建軍), and 1.86% by Qi Xinghua (祁興華), all of whom are directors, supervisors or general managers in certain of our subsidiaries. Shenzhen Woxin No. 1 Venture Capital Partnership (Limited Partnership) (深圳市沃新壹號創業投資有限合夥企業（有限合夥）) is beneficially owned as to approximately 5.59% by Zhang Qiang (張強), 2.79% by Wang Yuming (王玉明), 2.61% by Zhou Bailian (周白蓮), 1.49% by Ma Pengfei (馬鵬飛), 5.59% by Lei Xueyin (雷學銀), and 5.59% by Kong Jianjun (孔建軍).all of whom are directors or supervisors or general managers in certain of our subsidiaries. Shenzhen Woxin No. 5 Venture Capital Partnership (Limited Partnership) (深圳市沃新伍號創業投資有限合夥企業（有限合夥）) is beneficially owned as to approximately 3.56% by Ma Pengfei (馬鵬飛), 1.12% by Huping (胡平), 1.02% by Lei Xueyin (雷學銀), 1.02% by Zhang Qiang (張強), 0.18% by Qi Xinghua (祁興華), 0.56% by Kong Jianjun (孔建軍), all of whom are directors or supervisors in certain of our subsidiaries. Shenzhen Woxin No. 3 Venture Capital Partnership (Limited Partnership) (深圳市沃叁三號創業投資有限合夥企業（有限合夥）) is beneficially owned as to approximately 1.71% by Qi Chunjie (戚春杰), 1.71% by our executive Director Deng Yan (鄧艷), 3.42% by Kong Meng (孔蒙), 1.71% by Chen Mianxing (陳綿星), 1.91% by Ma Pengfei (馬鵬飛), 1.91% by Lei Xueyin (雷學銀), 3.62% by Huping (胡平), 1.71% by Li Jing (李菁), 0.20% by Kong Jianjun (孔建軍), and 0.20% by Zhang Qiang (張強) , all of whom are directors or supervisors in certain of our subsidiaries. Shenzhen Woxin No. 6 Investment Partnership (Limited Partnership) (深圳市沃新陸號投資合夥企業（有限合夥）) is beneficially owned as to approximately 5.52% by Ma Pengfei (馬鵬飛), 2.76% by Li Yanhui (李艷輝), and 1.38% by Qi Xinghua (祁興華) , all of whom are directors or supervisors in certain of our subsidiaries.

4. As of the Latest Practicable Date, it is owned as to 25% by Changyuan (Nanjing) Smart Grid Equipment Co., Ltd. (長園（南京）智能電網設備有限公司), an Independent Third Party save for its interest therein.

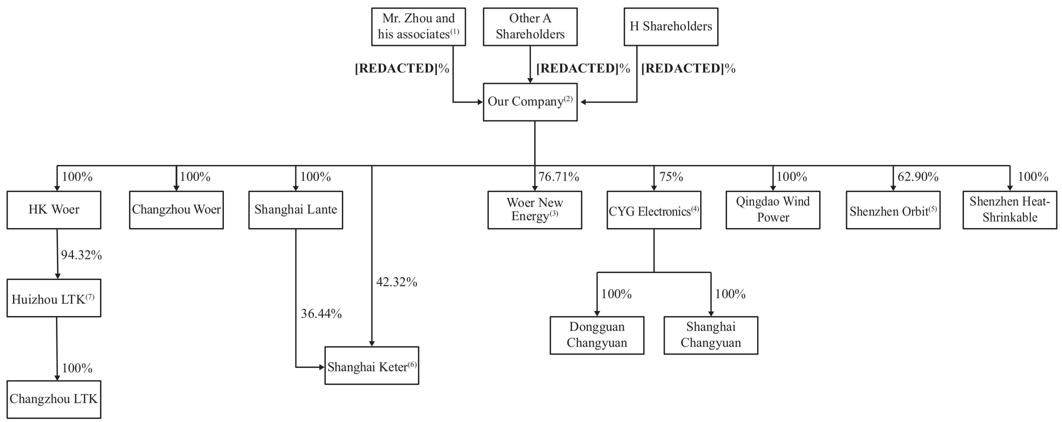
5. As of the Latest Practicable Date, it is owned as to 27.1% by its director and general manager, Huang Rui (黃睿), and 10% by Shenzhen Huaju Technology Venture Capital Partnership (Limited Partnership) (深圳市華聚科技創業投資合夥企業（有限合夥）), both of which are Independent Third Parties save for their interests therein.

6. To the best knowledge of the Company, as of the Latest Practicable Date, it is listed on the National Equities Exchange and Quotation (stock code: 831474) and is owned as to approximately 11.31% by Jiang Mingshu (姜明淑), 2.67% by Shanghai Xinwo Investment Management Center (Limited Partnership) (上海欣沃投資管理中心（有限合夥）), 0.93% by Shanghai Keter's director Shi Yuzheng (史宇正), 0.83% by Hou Liming (侯李明), 0.49% by Ren Jingzhu (任井柱), 0.40% by Zhang Jing (張璟), 0.10% by Li Yanhui (李艷輝), who is also a director and general manager in certain of our subsidiaries, 0.09% by Zhou Guohua (周國華) and other shareholders. Shanghai Xinwo Investment Management Center (Limited Partnership) (上海欣沃投資管理中心（有限合夥）) is beneficially owned as to approxiamately 9.22% by Zhao Guangjing (趙廣經) , a director of our subsidiaries, 6.15% and 4.10% by Shanghai Keter's supervisors Zhang Lifang (張麗舫) and Zang Yufeng (臧育鋒) respectively, 2.87% by Cao Jun (曹俊), a general manager of one of our subsidiaries. To the best of the Company's knowledge, save for their interests therein, and Shi Yuzheng（史宇正）and Li Yanhui (李艷輝)'s directorship position in our subsidiaries, they are Independent Third Parties.

7. As of the Latest Practicable Date, it is owned as to 4.16% by Dongguan Jinhuihuang Urban Renewal Equity Investment Co., Ltd. （東莞市金輝煌城市更新股權投資有限公司）, 0.33% by Shenzhen Lechuang No.1 Investment Partnership (Limited Partnership) (深圳市樂創壹號投資合夥企業（有限合夥）), 0.22% by Huizhou Lerong No.2 Enterprise Management Consulting Partnership (Limited Partnership) (惠州市樂融貳號企業管理諮詢合夥企業（有限合夥）), 0.39% by Shenzhen Lechuang No.2 Investment Partnership (Limited Partnership) (深圳市樂創貳號投資合夥企業（有限合夥）), 0.17% by Shenzhen Lechuang No.3 Investment Partnership (Limited Partnership) (深圳市樂創叁號投資合夥企業（有限合夥）), 0.39% by Huizhou Lerong No.1 Enterprise Management Consulting Partnership (Limited Partnership) (惠州市樂融壹號企業管理諮詢合夥企業（有限合夥）), and 0.08% by Huizhou Lerong No.3 Enterprise Management Consulting Partnership (Limited Partnership) (惠州市樂融叁號企業管理諮詢合夥企業（有限合夥）). Dongguan Jinhuihuang Urban Renewal Equity Investment Co., Ltd. （東莞市金輝煌城市更新股權投資有限公司） is beneficially owned as to 50% each by Mr. Zhou and Ms. Yi Huarong, our executive Directors. Shenzhen Lechuang No.1 Investment Partnership (Limited Partnership) (深圳市樂創壹號投 資合夥企業（有限合夥）) is beneficially owned as to approximately 37.04% by Kang Shufeng (康樹峰), 18.52% by Hu Ping (胡平), and 12.35% by Zhong Jincheng (鐘金城), all of whom are directors in certain of our subsidiaries. Huizhou Lerong No.2 Enterprise Management Consulting Partnership (Limited Partnership) (惠州市樂融貳號企業管理諮詢 合夥企業（有限合夥）) is beneficially owned as to approximately 27.88% by Ma Pengyu (馬鵬宇), a general manager of one of our subsidiary. Shenzhen Lechuang No.2 Investment Partnership (Limited Partnership) (深圳市樂創貳號投資合夥企業（有限合夥）) is beneficially owned as to approximately 4.19% by Chen Jiaxu(陳枷旭), and 8.39% by Wang Yuming (王玉明), both of whom are directors in certain of our subsidiaries. Shenzhen Lechuang No.3 Investment Partnership (Limited Partnership) (深圳市樂創叁號投資合夥企業（有限合夥）) is beneficially owned as to approximately 9.30% by our executive Director, Mr. Liu Zhanli (劉占理). Huizhou Lerong No.1 Enterprise Management Consulting Partnership (Limited Partnership) (惠州市樂融壹號企業管理諮詢合夥企業（有限合夥）) is beneficially owned as to approximately 8.98% by our executive Director Xia Chunliang (夏 春亮), and 12.14% by Li Yanhui (李艷輝), who is a director in certain of our subsidiaries.

Shareholding and corporate structure immediately after the [REDACTED]

The following chart depicts our simplified corporate and shareholding structure immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and without taking into account any A Shares to be issued upon exercise of the share options granted under the 2025 Share Option Scheme):



Notes (1) to (7): Please refer to the details on the preceding pages.

OVERVIEW

About Us

We are a leading provider of comprehensive solutions for both high-speed data communication and alternative energy power transmission. Our products are vital to both telecoms and alternative energy industries, which support, drive and reshape global economic development and technological progress.

China's No.1 high-speed copper cable manufacturer	**World's No.1** heat-shrinkable materials manufacturer	**China's No.1** NEV DC charging gun manufacturer	**China's No.1** cable accessories manufacturer
Among China's 1st to develop high-speed copper cables between GPUs	**500+** invention patents as of December 31, 2024	**RMB943 million** Net cash flows from operating activities in 2024 **RMB921 million** Net profit in 2024	**Over 18%** net profit CAGR from 2007 to 2024*

Note:

* Net profit from 2007 to 2021 was based on financial reports prepared in accordance with PRC GAAP; while net profit from 2022 to 2024 was based on consolidated financial statements prepared in accordance with IFRS Accounting Standards.

Our Contributions to the Telecoms Industry

- We are a market leader for the manufacturing and sales of high-speed copper cables, a critical component of high-speed data communication. These products enable high-speed connection between the functional modules in computing centers, increasing intra-cluster data transfer efficiency while ensuring optimized energy consumption and strong reliability. This effectively promoted the rapid deployment of quality infrastructure, driving the expansive application of LLMs across different industries. Our high-speed copper cables have been certified and admitted to be used for computing servers of several globally leading AI enterprises with strong GPU designing or manufacturing capability, which ensures stable and quality signal transmission between different GPUs, therefore allowing its infrastructure to realize its full potential. According to F&S, we are the second largest manufacturer of high-speed copper cables in the world and the largest in China based on global revenue in 2024, claiming 24.9% of the global market share.

- We are an industry leader in heat-shrinkable materials, a type of high-end electronic materials. According to F&S, we ranked first in the global heat-shrinkable materials industry, with a 20.6% global market share in terms of global revenue in 2024; and we pioneered and led the industrialization process of heat-shrinkable materials in China, holding a 58.5% China market share in terms of China revenue in 2024 and maintaining an absolute leading position in China. Heated during installation, our tubings shrink to conform to virtually any shape, providing dependable insulation, mechanical robustness, strain relief, as well as esthetic appeal, to significantly withstand challenges in harsh environments, such as collision and abrasion, pollution and contamination, UV-light, as well as extreme temperature and humidity conditions.

Our Contributions to Alternative Energy Industries

- Our NEV power transmission products provide high-performance electrical solutions to NEVs. These products have been widely adopted by many leading automakers in China and around the world, as well as many ultra-fast charging station operators enjoying strong market share in China. According to F&S, we are the largest NEV DC charging gun manufacturer in terms of China revenue in 2024, with a China market share of 41.7%.

- Through offering power transmission products for grids and stations, we provide customers with power transmission solutions for critical energy infrastructure, including high-voltage power grids and nuclear power plants, featuring high-performance, highly safety and strong reliability. As of the Latest Practicable Date, our products had been adopted by many leading power enterprises in China, including two largest power grid operators, a leading nuclear power plant operator and a leading power producer. According to F&S, we ranked first among manufacturers of cable accessories in terms of China revenue in 2024, claiming a China market share of 10.6%.

Outstanding Achievements

Since our listing on the Shenzhen Stock Exchange in China in 2007, we have achieved an annualized revenue growth of 20.5% and an annualized growth of 18.3% in net profit by 2021, based on financial reports prepared in accordance with PRC GAAP. Based on financial reports prepared in accordance with IFRS Accounting Standards, in 2022, 2023 and 2024, our revenue were RMB5,336.6 million, RMB5,718.8 million and RMB6,920.1 million, respectively; our net profit amounted to RMB660.2 million, RMB757.7 million and RMB920.5 million, respectively; and our return on equity amounted to 14.8%, 14.8% and 15.9%, respectively.

We have always maintained a stable cash flow position. In 2022, 2023 and 2024, our net cash generated from operating activities was RMB1,035.8 million, RMB860.1 million and RMB942.9 million, respectively.

The following table sets out our continuous innovation capabilities and achievements:

Electronic Communications Business	Year	Alternative Energy Power Transmission Business
Crosslinked heat-shrinkable tubing products was awarded Shenzhen Science and Technology Progress Award (深圳市科學進步獎)	2004	
	2009	National 863 Program "75-meter-long high-temperature superconducting cable" project won the second prize of China Machinery Industry Science and Technology Award
Products including "Environmentally friendly flame-retardant cross-linked polyolefin heat-shrinkable marker tubing" were recognized as "Guangdong Province Indigenous Innovation Products 2010" (2010年廣東省自主創新產品)	2010	
"CEHS1000 series heat-shrinkable insulation tubing" was certified by a leading Chinese aircraft manufacturer	2014	
	2016	Developed and mass-applied 250A GB/T DC charging guns
Completed the development and commenced the mass production of 100G multi-channel high-speed copper cables	2017	Developed 500A high-power liquid-cooled charging gun, and participated in the pre-research of high-power charging technology and standards for NEVs in China
	2018	Developed and mass-applied the 500A high-current metal connector; and Hualong One 1E-Class Heat-Shrinkable Cable Accessory was awarded the Third Prize in Science and Technology by the China Nuclear Energy Association
	2020	Our 3rd Generation Nuclear Power 1E-Class Heat-Shrinkable Cable Accessory was awarded the Second Prize for Scientific and Technological Progress by the Shenzhen Municipal Government
Commenced the mass production of 400G multi-channel high-speed copper cables and completed the development of heat-shrinkable medical tubing	2022	
Completed the development of 800G multi-channel high-speed copper cables, 25G Ethernet automotive cables and 150°C dual wall tubings	2023	The 330kV and 500kV ultra-high voltage cable accessories independently designed and developed by us have successfully passed the pre-qualification test in the Power Industry Electrical Equipment Quality Inspection and Testing Center; and completed the development of rated current 800A high-power oil-cooled DC charging guns
Completed the development and commenced the mass production of 224G single-channel high-speed copper cables; commenced the mass production of 800G multi-channel high-speed copper cables; and completed the development of 1600G multi-channel high-speed copper cables, 20G in-vehicle coaxial cable and 1G and 10G hybrid in-vehicle Ethernet cables.	2024	Launched the 1,000A/1,500V mega-watt liquid-cooled charging guns
	2025	Completed the development of nuclear safety (1E-class) cable accessory with the lifespan of 80 years

Sustainable Development Measures

We are committed to advancing sustainable development through rigorous ESG practices, integrating environmental responsibility across our operations. In particular, we invested in building green supply chain system, including continuously optimizing our supply chain network and layout, monitoring ecological impacts, and ensuring cooperating enterprises to meet strict sustainability standards, through which, we keep minimizing our environmental footprint. Our product design embeds circular economy principles, while our manufacturing process prioritizes energy efficiency, waste reduction and closed-loop material recycling. We reduce carbon emissions by utilizing existing wind power stations, installing rooftop photovoltaics and energy storage projects in factory areas, and monitoring energy consumption data through facility management systems to optimize energy scheduling and energy-saving management, comprehensively practicing green development in all aspects.

COMPETITIVE STRENGTHS

We are a leading provider of comprehensive solutions for both high-speed data communication and alternative energy power transmission.

As a leading provider of comprehensive solutions for high-speed data communication and power transmission for alternative energies, we had a successful track record of taking the lead in launching premium products and solutions, exhibiting outstanding technology commercialization by leveraging our advanced proprietary and patented technologies. We own several renowned brands, such as WOER and LTK, which enjoy strong customer reputation and trust.

Our high-speed copper cable products provide high-performance interconnect solutions for computing centers, effectively balancing data transmission performance and cost associated with high-speed connection between functional modules in computing centers, increasing intra-cluster data transfer efficiency while ensuring optimized energy consumption and strong reliability. Our high-speed copper cables have been certified and admitted to be used for computing servers of several global leading AI enterprises with strong GPU designing or manufacturing capability, which ensures stable and quality signal transmission between different GPUs, therefore allowing its infrastructure to realize its full potential. According to F&S, we are the second largest manufacturer of high-speed copper cables in the world and the largest in China based on global revenue in 2024, claiming 24.9% of the global market share.

We are industry leaders in high-end electronic materials, particularly heat-shrinkable materials. According to F&S, we ranked first in the global heat-shrinkable materials industry, with a 20.6% global market share in terms of global revenue in 2024; and we pioneered and led the industrialization process of heat-shrinkable materials in China, holding a 58.5% China market share in terms of China revenue in 2024 and maintaining a leading position in China. Our NEV power transmission products offer high-performance fast-charging solutions, and have been widely adopted by many globally renowned automakers. According to F&S, we are the largest NEV DC charging gun manufacturer in terms of China revenue in 2024, with a China market share of 41.7%.

Our power transmission products for grids and stations deliver high-performance, ultra-secure solutions for high-voltage grids and nuclear power plants. In particular, in line with wide deployment of power-intensive industries like AI computing and NEVs, power networks face challenges associated with extreme load fluctuations, overlapping peak-valley demands, and stringent requirements for electromagnetic shielding, isolation, and thermal management. Our advanced power transmission solutions are engineered to meet these demands, ensuring resilience and safety of the grid. Leveraging our strong technology capability and premium product quality, our products have been widely adopted by industry players in China, including two largest power grid operators, a leading nuclear power plant operator and a leading power producer. According to F&S, we ranked first among manufacturers of cable accessories in terms of China revenue in 2024, claiming a China market share of 10.6%.

Our market leadership stems from our persistent efforts and strong commitment to promptly identifying customers' unmet or underserved needs, as well as development bottlenecks. Once these challenges are recognized, we can quickly leverage our robust technological capabilities and R&D resources to develop high-value products that directly address these needs. This allow us to achieve the dynamic balance between launching new products and capturing market demands. Our robust technology capability, quick product development and iteration strength, and lean manufacturing techniques enable us to repeatedly launch cutting-edge products in new application scenarios in relation to high-speed data communication and power transmission, continuously achieving successful technology commercialization. In particular, we completed the development and commenced mass production of 100G multi-channel high-speed copper cables in 2017 and have continuously improved data transmission rates since then, maintaining our position as an industry technology leader.

Our leading industry position enables us to achieve commercialization ahead of competitors, strengthening our competitive advantages while enhancing customer loyalty. In addition, this allows us to quickly seize future growth opportunities to rapidly achieve business expansion.

We possess leading technology R&D and agile new product development capabilities focusing on high-speed data communication and power transmission related industries.

We have established a strong in-house R&D team with cross-discipline academic background and rich cross-industry experience, which comprised over 820 staff as of December 31, 2024. In addition, we have strategically deployed R&D teams in select cities with close proximity to regions where strategic customers are located in, including Shenzhen, Shanghai and Huizhou, allowing us to collaborate closely with customers while attracting top talent from various areas. In particular, we set a regular program to identify and promote talented technicians into our R&D team, through which we created a dynamic mechanism where practical experience in handling real-world conditions and know-hows in relation to mass production, could be seamlessly and efficiently merged with our pioneering R&D projects.

We invested in developing advanced facilities and engaging latest R&D equipment to ensure our pioneering industry position. For instance, our WOER Lab owns a fully-shielded high-voltage test hall. It is the largest research facility of its kind in Southern China's cable industry. Staffed by certified testing personnel trained and qualified by national authorities, this lab operates many world-class equipment constituting multiple sophisticated test systems. This grants us end-to-end R&D capabilities spanning new materials, structural innovations, process improvements and equipment development. We also collaborate with well-recognized institutions and leading industry players to enhance R&D efforts and developing key process equipment, through which we managed to continuously enhance production automation and refine lean manufacturing process, driving higher yield rates and operational efficiency across our production lines. During the Track Record Period, we recorded research and development expenses of RMB305.8 million, RMB310.0 million and RMB348.7 million, respectively.

We have an extensive intellectual property portfolio. As of December 31, 2024, we held 503 invention patents, 1,422 utility model patents, 119 design patents, 595 registered trademarks and 72 software copyrights in China. As of the same date, we held six patents and 167 registered trademarks in overseas jurisdictions, including the U.S., Japan and Europe. In addition, in recognition of our strong technological capabilities and leading industry position, we have been invited to participate in the formulation of 25 national standards and 28 industry standards, as of the same date. While investing in improving our agility in product innovation, we place safety, reliability, and high performance of end products as key parameters of our R&D work. As of the Latest Practicable Date, we have obtained certifications for quality and safety management systems such as ISO9001, IATF16949 and UL certification.

Leveraging our comprehensive technological capabilities, we have developed core materials and critical components in relation to high-speed data communication and power technologies, enabling us to deliver industry-leading products and solutions, including:

- **Electronic Communications Solutions**. We focus on high-end applications such as high-speed copper cables and own all core technologies. Our key technological milestones include:

  - **2017**: Completed the development and commenced the mass production of 100G multi-channel high-speed copper cables.

  - **2019**: Completed the development of 400G multi-channel high-speed copper cables.

  - **2023**: Completed the development of 800G multi-channel high-speed copper cables.

- **2024**: Completed the development and commenced the mass production of 224G single-channel high-speed copper cables; and completed the development of 1600G multi-channel high-speed copper cables, 20G in-vehicle coaxial cable and 1G and 10G hybrid in-vehicle Ethernet cables.

As of the Latest Practicable Date, our 800G high-speed copper cable products have passed customer qualification and commenced mass production, while 224G single-channel copper cables have achieved batch delivery, underscoring our deep technical expertise and performance leadership in the high-speed copper cable sector.

In addition, we have successfully brought our heat-shrinkable materials into more diversified markets, including those with advanced technology standards and demand stringent specifications, including aviation, medical, automotive, and marine applications. Notable breakthroughs in high-performance product deployment include N80500 room-temperature marking tapes used in aviation industry, ultra-thin medical heat-shrinkable tubing for medical applications, and 150°C dual-wall tubing for high-temperature environments in automotive industries. In particular, we were among the first heat-shrinkable material manufacturers to be listed in the qualified supplier directory of a leading Chinese aircraft manufacturer. Our products provided to the aircraft manufacturer have all received SGS test reports, proving that such products comply with the stringent product standards of this aircraft manufacturer, fully exhibiting our technology strength and premium quality. SGS is a Swiss multinational company headquartered in Geneva and a leading provider of inspection, verification, testing and certification services.

- **Alternative Energy Power Transmission Solutions**. Our self-developed megawatt-level high-power liquid-cooled charging guns feature a maximum operating current of 1,000A and a maximum voltage rating of 1,500V. As of the Latest Practicable Date, we are in the process of developing innovative charging gun products carrying improved charging power and better performance in order to address evolving customer needs. Our power grid and power station transmission products have also achieved breakthroughs in nuclear power and offshore wind power sectors. For instance, in collaboration with a leading third party research institute in China, we completed the national major science and technology project "Development of 1E-Class Cable Joints and Terminal Kits for Harsh Environments," which has passed the comprehensive performance evaluation organized by the National Energy Administration in China in 2022, laying a solid foundation for further advancement for high-performance power transmission technology. Furthermore, our 220kV submarine cable accessories have passed type test, and 72.5kV transformer outlet bushings have been successfully deployed in offshore wind power projects, fully exhibiting our strong technology and engineer service capability.

The extensive application of our high-speed data communication and power transmission products allowed us to accumulate rich industry insight and practical experience. This has further enhanced our ability to consistently identify new technology development trend and launch successful new products accordingly, further improving the agility of our R&D capabilities.

Our ever-expanding comprehensive product portfolio allows us to enhance customer loyalty and capture evolving market demands.

We offer a comprehensive, end-to-end product matrix that comprises core advanced materials to key functional components and premium end products, delivering one-stop solutions for diverse customers across the supply chain to meet customized requirements. This enables customers in various sectors of the industrial supply chain, as well as those with unique batch production requirements, to conveniently select the products they need, all with consistent technology and quality assurance. By doing so, we have established and kept enhancing deep cooperation relationship with premium customers along the supply chain of different industries. In addition, this integrated product development strategy allows us to enhance profitability by effectively improving crossproduct synergies in terms of manufacturing cost control, while enhancing our competitive edges over industry peers.

- **Telecoms Cable Products**. We have been steadily expanding our presence in the high-speed copper cables and accessories market, with a particular focus on, and a prominent industry position in, cables and critical function component widely used in information technology infrastructure. These include computing centers, electric vehicles, autonomous systems, industrial robotics, as well as smart consumer electronics. This demonstrates our strong technological capability to address industry-specific and component-specific demands. Our high-speed copper cable products cover a broad range of specifications, including single-channel 28G, 56G, 112G, 224G, and multi-channel 100G, 400G, 800G and 1600G, serving diverse needs of customers in various application scenarios. In the meantime, we are investing in innovative single-channel and multi-channel high-speed copper cables with higher transmission rate to meet evolving market demand while maintaining our leading market positions.

- **Electronic Materials Products**. We offer heat-shrinkable tubing and tapes in a variety of materials, colors and sizes, designed to realize and optimize high-performance power and signal transmission. In particular, by producing tubing products with different specifications, highly flexible or semi-rigid, which are designed for operation in high- or low-temperature environments, halogen-free and/or flame-retardant, we become the one-stop platform for customers across many mission-critical industries, including NEVs, power infrastructure, rail transit, telecom, aerospace, and medical applications.

- **NEV power transmission products**. We are committed to developing a full-chain NEV charging product portfolio ranging from basic materials to charging guns. We have developed products such as basic materials, wires, connectors, charging stations, and charging guns, providing one-stop electrical solutions for many leading NEV industry players in China and around the world.

- **Power transmission products for grids and stations**. We offer a comprehensive product portfolio, comprising a wide range of polymeric, ceramic insulators and composite insulators and surge arresters, terminations, tubing and joints, serving customers in many mission-critical industries, including power generation, power distribution, complete equipment, rail transit, metallurgical mines, petrochemicals, high-speed rail, marine and aerospace. In addition, while further strengthening our market advantages in the traditional medium- and low-voltage segments, we keep deepening our penetration in high-voltage and ultra-high-voltage markets. In the field of high-voltage cable accessories, we have established full coverage on products serving voltage range between 66kV and 500kV. Our cold-shrinkable and heat-shrinkable cable accessory products can serve 1kV to 35kV voltage range and cover indoor terminals, outdoor terminals and intermediate joints. We offer both European and American standard products and can provide customized solutions for the inlet and outlet connections of high-voltage cables and electrical equipment.

Benefiting from our full-chain product matrix and highly flexible business model, we can continuously attract new customers to use our products and expand our market share.

We enjoy premium customer portfolio featuring outstanding long-term business relationship and robust growth potential.

Human society has been undergoing a digital revolution driven by AI as its core accelerator, and an energy revolution powered by renewable technologies and electrification. The AI-driven digital revolution, marked by rapid development of infrastructure like computing centers and accelerated adoption of applications like autonomous driving vehicles, has created substantial new market opportunities for the electronics and telecoms industries. In the meantime, the energy transition centered on alternative energies is fundamentally transforming and reshaping the power "generation—transmission—utilization" value chain, promoting quick growth in alternative energies.

In the above-mentioned fields, we have a large base of industry leading customers with strong loyalty. We have established and been continuously enhancing long-term and in-depth strategic cooperation relationship with global renowned AI and telecoms enterprises, NEV manufacturers, and energy and power companies. These customers represent application of the latest technologies, influence prevailing market trend, and command significant production scale and market share, leading the development of global digital and energy revolutions. Our strong cooperation relationship with them keeps us at the forefront of market development and continuously strengthens our position as a leading provider of comprehensive solutions for high-speed data communication and power transmission.

We invest in building long-term business relationships with customers by collaborating with them to develop products that can meet their specific function needs, through which we have successfully integrated our high-speed data communication and power transmission products and solutions into the supply chain system of many globally leading enterprises. Our achievements in passing the certification of these global leading enterprise fully exhibited our superior technology capability and premium quality. In particular, for industries featuring sophisticated and extended supply chain like NEVs and advanced telecoms devices, suppliers face a rigorous dual-approval requirement, where they shall obtain certification from both immediate purchasers and final product manufacturers, further increasing switching costs, which include considerable time commitments, material expenditures and production line downtime. Furthermore, by continuously accumulating valuable know-how and optimizing process through offering customized manufacturing services for customers, we strengthen our technological differentiation and industry credibility, progressively deepening our penetration across high-value supply chains.

In particular, through the trust established by our long-term and in-depth cooperation with leading customers, such as a global leader in interconnect solutions, we have effectively assisted the expansion of its telecoms business by we continuously provide R&D and customized manufacturing services focusing on high-speed copper cable products. Capitalizing on our technology capability and rich experience accumulated therein, our high-speed copper cables have been certified and admitted to be used for computing servers of several global leading AI enterprises with strong GPU designing or manufacturing capability, which ensures stable and quality data transmission between different GPUs, therefore allowing its infrastructure to realize its full potential. According to F&S, we are the second largest manufacturer of high-speed copper cables in the world and the largest in China based on global revenue in 2024, claiming 24.9% of the global market share.

We believe our long-term cooperation relationship and the solid technology-backed integration and collaboration can ensure the establishment of a symbiotic effect that fosters mutual trusts and shared success.

Our lean manufacturing and supply chain system with global vision and reach allows us to achieve fast and large-scale delivery while maintaining cost advantages.

We are committed to developing and continuously enhancing production processes and advanced equipment that can facilitate rapid and stable mass production at optimized costs, as well as related supply chain system to support such production model. We consider this crucial for us to secure first-mover advantage in the market of high-speed data communication and power transmission. In particular, we consider the following factors critical to our success in achieving production efficiency and cost reduction:

- **Lean Manufacturing Capability**. We invested in developing and/or fine tuning key process equipment through our in-house R&D efforts to achieve optimization of production processes and production line layouts. This allows us to ensure high precision manufacturing while reducing production costs. According to F&S, we operate one of the largest irradiation production clusters in China and have successfully commissioned one of the largest key production equipment clusters for high-speed copper cables in China. By collaborating with premium suppliers of critical equipment in China and overseas, we continuously enhance the automation level of production equipment, implement lean manufacturing improvements, strengthen product quality control, and ensure the safety and consistency of production. Meanwhile, by fully leveraging the scale and synergy advantages of our plant network in China and overseas, as well as optimizing production planning, we can effectively control production costs and optimize product delivery cycles.

- **Well-established Overseas Production Capability.** Our first overseas production facility, our Vietnam LTK Plant, commenced construction in 2019 and have commenced production in October

2019. As of December 31, 2024, this plant has evolved into an advanced manufacturing base, offering premium product quality with yield rate comparable to international advanced standards. As of the Latest Practicable Date, products manufactured at our Vietnam LTK Plant have been sold to and deployed by several leading companies in industries such as high-speed data communications, automotive, medical and consumer electronics. The rapid commencement of production and smooth operation of our plant in Vietnam has enabled us to accumulate extensive experience in overseas production operations, laying a solid foundation for our subsequent expansion of overseas production.

- **Smart Manufacturing and Digital Production Process Control.** We invested in developing smart plant where we digitalize the entire work flow to ensure data-driven task dispatch, real time supervision on equipment performance and reduce human errors. We also introduce smart hardware that can properly handle repeated work stream in a highly automated and efficient manner, such as defect inspection, select manufacturing procedure, logistics and transportation of raw materials/components between production lines. In addition, we invested in utilizing technology and equipment that can complete tasks in a highly automated way, such as heat-shrinkable tube printing and automatic inkjet coding control, continuously improving our production efficiency. Broad adoption of digitalization further allows us to benefit from data technology, where we may engage proper AI algorithms to analyze massive historical and real-time data to accurately predict and respond to, inventory needs, purchase order settlement status and production progress, thus further enhancing our cost control and profitability. In addition, we actively promote the development and implementation of application systems, bringing transparent and paperless management on relevant business operations, while allowing our management to view visualized presentation on business progress on a real-time basis.

- **Stringent Quality Control System.** We have been committed to establishing and implementing stringent quality control system in line with applicable international or industry standards, while setting specific groups of quality parameters and product performance indicators for different types of products and/or specific customers. We have a comprehensive quality control system, supported by complete international certifications and industry access qualifications. Our products hold relevant international certifications, such as UL, TÜV and CE certifications, as well as the nuclear power 1E-class qualification and radiation safety license, earning deep trust from customers.

- **Stable and Optimized Supply Chain System**. We have built a robust and efficient supply chain through digital transformation and continuous optimization. By implementing a supplier relationship management system, we enable data-driven procurement processes, competitive supplier bidding, and centralized sourcing to maximize cost efficiency. Through digital management and efficient sourcing, we competitively select preferred suppliers and leverage centralized procurement advantages to control costs and enhance efficiency in the procurement process. Leveraging economies of scale in bulk purchasing, we secure optimal pricing and terms while maintaining stringent quality standards. This integrated approach enhances supply chain resilience and delivers significant cost savings across our operations.

We have a technology-driven corporate culture founded by our visionary and seasoned founder.

Our founder, executive Director and chairman, Mr. Zhou, holds a senior engineering title and graduated from the Changchun Institute of Applied Chemistry, Chinese Academy of Sciences, with a specialization in polymer science. With over 40 years of industry experience, Mr. Zhou pioneered and led the industrialization of heat-shrinkable materials in China. Under his leadership, our Group grew to become the world's largest provider in this field. Through Mr. Zhou's long-standing guidance, we have cultivated a technology-driven corporate culture that attracts and develops a large cohort of young engineers with innovation spirit and interdisciplinary expertise, enabling us to achieve continuous technological breakthroughs in the high-speed data communication and alternative energy power transmission industry. Under his guidance and through our continuous efforts, we have established a strong in-house R&D team with cross-discipline academic background and rich cross-industry experience, which comprised over 820 staff as of December 31, 2024. Within this team, over 180 staff hold master's degrees or above. In particular, we set a regular program to identify and promote talented technicians into our R&D team, through which we managed to create a dynamic mechanism where practical experience and know-hows in relation to mass production could be seamlessly and efficiently merged with our pioneering R&D projects. This corporate culture, which places a high value on R&D capabilities, has laid a solid foundation for our sustainable development.

DEVELOPMENT STRATEGIES

Focus on high-speed data communication and power transmission of alternative energy, with continued investment in R&D to enhance agile new-product development and product competitiveness.

According to F&S, driven by the transition to alternative energy and the advancement of AI, end-users' demand for both the volume and performance of data communication and alternative energy power-transmission materials and components is expected to rise substantially. We intend to continue to investing in our R&D in order to capture this growth opportunity and meet evolving customer requirements.

We will further consolidate and extend our leadership in the field of high-speed data communication and alternative energy power transmission materials by researching and developing innovative single-channel 448G and multi-channel 3200G (3.2T) high-speed copper cables, lightweight, novel-material, recyclable cable accessories, higher-power, megawatt-class charging guns; and more environmentally friendly high-speed data-communication and alternative energy power-transmission materials based on innovative compound formulations and advanced manufacturing processes.

We also plan to invest in complementary high-speed data communication and alternative energy power-transmission cable and component technologies that are co-designed and optimized with our self-developed new materials. This will further enrich our technology reserves and enhance the speed, efficiency, stability and safety of our data communication and power transmission solutions, while enabling full-lifecycle product traceability and AI-powered fault-diagnosis functions.

We are also committed to attracting renowned industry R&D experts to strengthen our capabilities in developing high-speed data communication and alternative energy power transmission materials and components.

Optimize global production capacity prudently and orderly in response to market demand.

To satisfy rapidly growing downstream demand, we plan to further expand our global footprint. In line with our business expansion strategy, we plan to expand the scale of our manufacturing bases. For example, we plan to establish a new plant in Malaysia. For details, please see "— Our Production — Our Manufacturing Bases." These measures will enable us to enhance our global operations, situate closer to local natural resources and key raw materials, and diversify geopolitical risk.

Moreover, we plan to invest in the development of new manufacturing technologies, the R&D and installation of advanced equipment and machinery, and the optimization of production processes and techniques. In recent years, we have implemented multiple initiatives to enhance production efficiency, and we aim to further reduce raw material consumption per watt-hour through continuous efficiency improvements. As we accumulate lean-manufacturing expertise for high-speed data communication and alternative energy power transmission materials and components, our workforce will become increasingly proficient in production line operations and management, thereby driving further efficiency gains and cost reductions.

Expand sales network and maintain long-term strategic cooperation relationship.

We intend to further consolidate and develop our relationships with customers in the AI computing power, NEV, electric power, and rail transportation industries, while also cultivating cooperation relationships in aerospace, healthcare and other industries. Through these efforts, we will build a robust ecosystem of customers and continuously expand our sales channels.

By positioning ourselves as a key partner to end-users across downstream industries, we will not only reinforce existing relationships but also enhance our ability to secure a wider variety of contracts for data-communication and NEV solutions. We believe this approach will ensure our products and services are deeply embedded in our partners' offerings. Moreover, by growing alongside our customers, we will align closely with their expansion plans, solidify our role as a trusted collaborator and participate in the co-development of their new products. Leveraging our industry-leading position and technical expertise, we will also pursue opportunities to offer our solutions for our partners' new projects, thereby continuously broadening our customer base.

Make investments and acquisitions in a prudent manner.

We plan to further integrate resources across the industrial chain through targeted strategic investments or acquisitions when we deem appropriate. Potential targets may include industry peers with strong R&D and delivery capabilities in core high-speed data communication and alternative energy power-transmission materials and components that can generate synergies with us or that have innovative technologies that are amenable and complementary to ours, from which we expect to broaden our R&D capabilities and expertise. We believe such strategic investments or acquisitions will enable us to extend our reach along the value chain, effectively integrate business resources, ensure supply chain stability and better serve the needs of downstream application scenarios. As of the Latest Practicable Date, we have not yet identified any specific targets or entered into any letter of intent with respect to an acquisition.

Our Business

During the Track Record Period, we derived revenue primarily from our (i) electronic communications business, which includes the sales of telecoms cable products and electronic materials products; and (ii) alternative energy power transmission business, which includes the sales of NEV power transmission products, power transmission products for grids and stations, and wind power business. Through our two foundational pillars of business, we strive to offer comprehensive solutions for high-speed data communication and power transmission for alternative energies to support, drive and reshape global economic development and technological progress.

The tables below set forth a breakdown of our revenue, gross profit and gross profit margin by product and business line during the Track Record Period:

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB in thousands, except for percentages)					
Revenue						
Electronic Communications Business						
Telecoms cable products	1,362,366	25.5	1,164,501	20.4	1,702,272	24.6
Electronic materials products	2,104,868	39.5	2,198,264	38.4	2,599,375	37.6
Subtotal	**3,467,234**	**65.0**	**3,362,765**	**58.8**	**4,301,647**	**62.2**
Alternative Energy Power Transmission Business						
NEV power transmission products	823,878	15.4	1,082,420	18.9	1,381,421	20.0
Power transmission products for grids and stations	781,147	14.6	953,522	16.7	926,973	13.4
Wind power business	146,768	2.8	158,713	2.8	151,724	2.2
Subtotal	**1,751,793**	**32.8**	**2,194,655**	**38.4**	**2,460,118**	**35.6**
Others*	117,622	2.2	161,421	2.8	158,337	2.2
Total	**5,336,649**	**100.0**	**5,718,841**	**100.0**	**6,920,102**	**100.0**

Note:

* Others mainly include revenue from provision of implementation services of MOM and MES platforms.

	Year Ended December 31,					
	2022		2023		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB in thousands, except for percentages)					
Electronic Communications Business						
Telecoms cable products	259,899	19.1	173,487	14.9	278,801	16.4
Electronic materials products	686,155	32.6	787,313	35.8	1,015,122	39.1
Alternative Energy Power Transmission Business						
NEV power transmission products	240,193	29.2	286,383	26.5	321,207	23.3
Power transmission products for grids and stations	299,961	38.4	393,547	41.3	342,281	36.9
Wind power business	98,268	67.0	109,933	69.3	101,753	67.1
Others*	27,486	23.4	37,978	23.5	51,199	32.3
Total	**1,611,962**	**30.2**	**1,788,641**	**31.3**	**2,110,363**	**30.5**

Note:

* Others mainly include gross profit and gross profit margin from provision of implementation services of MOM and MES platforms.

Electronic Communications Business

In our electronic communications business, we derived revenue from manufacturing and sales of telecoms cable products and electronic materials products.

Telecoms Cable Products

With robust R&D and commercialization capabilities and a proven history of breakthroughs in advanced crosslinking technology, we have steadily expanded our presence in data communication accessories and parts. Our focus and industry leadership are especially strong in high-speed copper cables and critical functional components, which are widely used in IT infrastructure, including computing centers, NEVs, autonomous systems, industrial robotics, and smart consumer electronics.

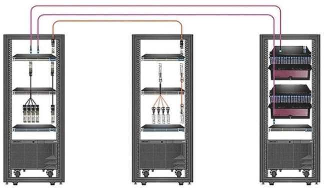
In particular, computing infrastructure serving LLMs has experienced rapid growth and is expected to continue to grow at a fast pace. According to F&S, the majority of leading technology companies plan to increase their investments in AI infrastructure development consistently over the next three years, starting in 2025. In particular, according to F&S, as of December 31, 2024, the total number of computing center racks in the world was 33.9 million, which is expected to grow to 139.8 million by 2029, representing a projected CAGR of 32.8%.

Our high-speed copper cable products provide high-performance interconnect solutions, effectively balancing data transmission performance and cost associated with high-speed connection between functional modules in computing centers, increasing intra-cluster data transfer efficiency while ensuring optimized energy consumption and strong reliability. According to F&S, we are the second largest manufacturer of high-speed copper cables in the world and the largest in China based on global revenue in 2024, claiming 24.9% of the global market share. In addition, our high-speed copper cable products can also be used in fast-growing industries such as industrial and medical.

According to F&S, we are one of the first manufacturers in China to achieve stable mass production of 800G multi-channel high-speed copper cables and 224G single-channel high-speed copper cables. As of the Latest Practicable Date, our products have been qualified for deployment in a number of industry-leading programs, including one of the most advanced AI GPU racks developed by a leading global manufacturer of AI GPUs. Based on inspections and evaluations by this end customer, our products stood out from many competitors due to their premium quality, superior insulation and shielding properties, which contribute to increased dielectric strength and reduced signal loss.

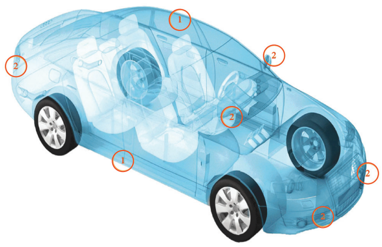
The graph below illustrates the different application scenarios of our telecoms cable products:

High-speed Communication Market



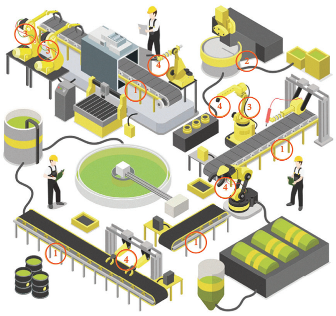
DAC/ACC/AEC high-speed copper cables

Automobile Market



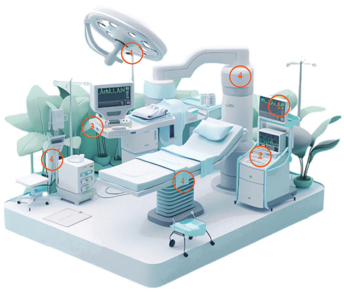
1- Automotive low-voltage electronic cable
2- Automotive networking data cable (including automotive Ethernet cable, high-speed coaxial cable and HSD cable)

Industrial Market



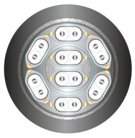
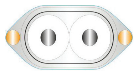
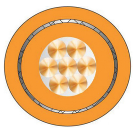
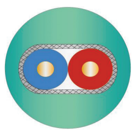
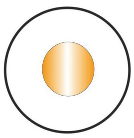
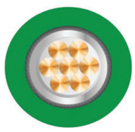
1- Flexible drag chain cable
2- Industrial fieldbus cable
3- Robot body cable
4- Robot vision cable

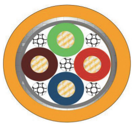
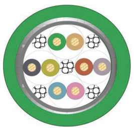
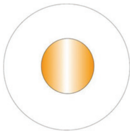
Medical Market



1- Pulse oximeter cable
2- ECG lead cable
3- Medical data cable
4- Medical device cable

The table below sets out details of our key products sold under this product line:

Product	Picture (cross-section)	Description	Average Selling Price (tax exclusive)
High-speed copper cables	 800G multi-channel high-speed copper cable  224G single-channel high-speed copper cable  112G single-channel high-speed copper cable	Our high-speed copper cables are mainly used in critical IT infrastructure like computing centers, cloud computing platform, and server switch interconnects. We developed a comprehensive product portfolio to serve different demands, each have claimed leading market position based on its premium quality and superior technological performance, including cables used for connection between servers, as well as intra-switch connections. and cables used for rack-level connections. Our single-channel products offer 224G/112G/56G/28G transmission speed, while multi-channel products can realize 1600G/800G/400G/100G transmission speed. We provide customers with a broad range of options to fit in their specific design, making flexible solutions possible. We hold strong technological capabilities in terms of products electrical performance and high-temperature resistance	Range from approximately RMB240.0/km to RMB69,000.0/km
Automobile data communication cables	 NEV data communication cable  In-vehicle communication cable  Thin wall automotive cable  Single core shielded cable	Our products mainly serve signal transmission between key function modules within electrical vehicles, such as ADAS domain controllers, gateways, camera systems, radar sensors and antenna arrays. We adopt flexible product design to bring customers products addressing specific challenges associated with particular conditions of utilization scenes, including transmission speed, mechanic requirements, temperature and humidity and insulation needs.	Range from approximately RMB75.0/km to RMB390,000/km

Product	Picture (cross-section)	Description	Average Selling Price (tax exclusive)
Industrial automation and robot cables	 Power cable  Coding cable  Robot cable  Control cable	We mainly offer robotic arm cables and drag chain cables, both of which are designed for complex industrial automation systems and robotic applications. Our products have distinctive technical features, including high flexibility for continuous motion, superior abrasion resistance for demanding environments, bringing customers extended service life with reliable performance.	Range from approximately RMB367.0/km to RMB288,000.0/km
Consumer electronics cables	 Power cable  Single core cable	According to F&S, we offer one of the industry's most comprehensive product portfolios of more than 1,000 types of cables, making us a one-stop platform for customers in consumer electronic industry to select the cables they need.	Range from approximately RMB59.0/km to RMB215,000.0/km
Medical-grade cable	 Blood oxygen sensor cable  Core-wire joint branch line  Medical data cable	Our products mainly include those used for medical equipment and non-implantable human-contact applications, such as pulse oximeter cables, electrocardiogram lead wires, electrosurgical pencil cords, and cardiac monitor cables. These products feature flexible, non-toxic wire constructions with excellent biocompatibility.	Range from approximately RMB97.0/km to RMB61,000.0/km

Since our inception, we have been committed to driving product innovation to address market demands arising from highly technical challenges. By aligning with high-growth trends, such as AI, automation and electrification, we combine deep R&D expertise with scalable manufacturing to serve global leaders across medical, industrial, automotive, and data communication markets. In line with this strategic position, we managed to achieve comprehensive coverage and deep penetration in cutting-edge products across rapidly growing industries with sustained high-growth potential, while maintaining our leading market share in heat-shrinkable industry.

- For high-speed copper cables, we have been investing in the continuous development and iteration of high-speed copper cables that can ensure low-latency, high-speed data transmission under heavy loads.

Through advanced material selection and process engineering, we deliver ultra-stable signal integrity, earning industry recognition for performance in innovative computing infrastructure. In particular, leveraging our leading technology capabilities and premium quality, our high-speed copper cables have been certified and admitted to be used for computing servers of several globally leading AI enterprises with strong GPU designing or manufacturing capability.

- For industrial automation cables, we set our R&D and innovation focus on solving challenges associated with complex industrial environments, such as high-frequency, high-precision, and multi-axis robotic applications under harsh environment.

- For automobile data communication cables, our technological breakthroughs allow us to assist customers achieve high-speed data communication between key function modules that may come from a broad range of brands laying a solid infrastructure to ensure superior performance of the vehicle. Our products can achieve 120,000 torsion cycles and pass 320-hour high-temperature/humidity waterproof testing.

- For medical cables, we invested in studying technological challenges brought up by medical automation and intelligent solutions for diagnostics, surgical procedures, and imaging analysis. Through our efforts, we successfully launched products that can meet stringent industry requirements for temperature resistance, flex endurance, sterilization compatibility, and EMI shielding.

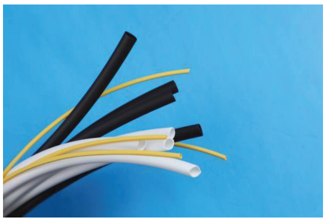
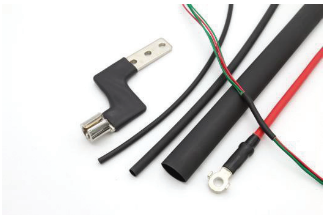
Electronic Materials Products

In managing this product line, we offer heat-shrinkable tubing and tapes in a variety of materials, colors and sizes, designed to realize and optimize high-performance power and signal transmission. Heated during installation, our tubings shrink to conform to virtually any shape, providing dependable insulation, mechanical robustness, strain relief, as well as esthetic appeal, to significantly withstand challenges in harsh environments, such as collision and abrasion, pollution and contamination, UV-light, as well as extreme temperature and humidity conditions. This results in substantial improvement in reliability and safety of power/signal transmission architectures.

In addition, our tubing products have different specifications, highly flexible or semi-rigid, designed for operation in high- or low-temperature environments, halogen-free and/or flame-retardant, making us the one-stop platform for customers of different industries to select products needed.

Since our inception, we have been investing in the development and application of advanced crosslinking and heat-shrinkable technologies to continuously optimize our product for customers' applications. Our products are well recognized for their distinctive quality and reliability, and serve as the cornerstone of a broad range of customers' premium end products deployed across mission-critical industries including NEVs, power infrastructure, rail transit, telecom, aerospace, and medical applications.

The table below sets out details of our key products sold under this product line:

Product	Picture	Description	Average Selling Price (tax exclusive)
Single-wall tubings		Possessing full stack technology, we offer customers a broad range of solutions utilizing serving diverse industries, including cable and component insulation for various industrial and electronic sectors. In particular, our products are certified by a leading Chinese aircraft manufacturer to be deployed on China's first domestically developed passenger jet, fully exhibiting our technology strength and premium quality.	Approximately RMB0.2/m to RMB0.3/m
Dual-wall tubings		Our dual-wall heat-shrinkable tubing features a composite structure where the outer layer uses crosslinked polyolefin to offer premium insulation, corrosion resistance and aging resistance, while the inner layer uses thermoplastic adhesive material to ensure waterproof sealing and high bonding strength.	Approximately RMB0.2/m to RMB70.8/m
Tapes		Our products can ensure printed texts thereupon stay clear even under extreme conditions. They are widely used in rail transport, aerospace, ship building, wind power and telecoms industries.	Approximately RMB0.2/m to RMB113.3/m
Heat-shrinkable busbar insulation tubings		This product exhibits excellent flame retardancy, insulation properties, and thermal stability, delivering high dielectric strength and resistance to tracking currents. In particular, we prohibit or limit the use of environmentally hazardous substances such as PBB, PBDE, and heavy metals, preventing them for releasing toxic gasses during combustion. They are widely used for corrosion protection and insulation of busbars and electrical equipment.	Approximately RMB0.9/m to RMB141.6/m

Product	Picture	Description	Average Selling Price (tax exclusive)
Medical-grade tubings		The ultra-thin yet durable structure of our medical tubing improves space utilization in medical devices, facilitating minimally invasive and compact designs. The tube's lubricious surface provides exceptional non-stick properties, preventing adhesion of biological contaminants while enabling easy cleaning.	Approximately RMB1.0/m to RMB60.0/m

Alternative Energy Power Transmission Business

We primarily develop, manufacture and offer a comprehensive product portfolio for the safe and reliable transmission of electricity for NEVs, power grids and power stations, and rail transportation. We also operate wind farms in line with our commitment to promote the utilization of alternative energy. During the Track Record Period, we derived revenue primarily from the manufacture and sales of NEV power transmission products, power transmission products for grids and stations, and the sales of power generated from our wind power stations.

NEV Power Transmission Products

Our product portfolio comprises (i) NEV charging guns and sockets for DC fast/ultra-fast charging, where we occupied over 41.7% of market share in China for NEV DC charging guns in terms of China revenue in 2024, according to F&S; and (ii) in-vehicle power charging accessories, including high-voltage wiring harnesses and connectors facilitating power charge function, where we have become among the recognized suppliers for many global leading vehicle manufacturers.

We are committed to developing a full-chain NEV charging product portfolio ranging from basic materials to charging guns. Our strategic focus is on products that have strong synergies in terms of underlying technology and market penetration with our well-recognized heat-shrinkable and power transmission businesses, as well as relatively high value-added ones. Over the years, we have successfully served a large number of notable power projects with complex technical challenges and have gained a deep understanding of power transmission and distribution materials and accessories. Capitalizing on these deep insights and advanced technologies, we have developed products such as basic materials, wires, connectors, charging stations, and charging guns, providing one-stop electrical solutions for many leading NEV industry players in China and around the world. As of the Latest Practicable Date, we have established strong business relationships with many leading NEV industry players in China and around the world.

The table below sets out details of our key products sold under this product line:

Product	Picture	Descriptions	Average Selling Price (tax exclusive)
DC charging guns for NEVs		Our DC charging guns enable rapid NEV charging through high-current power delivery. According to F&S, we are the largest NEV DC charging gun manufacturer in terms of China revenue in 2024, with a China market share of 41.7%. We have been awarded "Little Giant (小巨人)" by Ministry of Industry and Information Technology in China in 2024, in recognition of our distinguished achievements and technology capabilities in relation to development of premium DC charging guns. We launched our latest technological breakthrough, the 1,000A/1,500V mega-watt liquid-cooled charging guns, in 2024, which have been deployed by many ultra-fast charging pilot programs operated by leading power and energy enterprises. We are one of the few manufacturers in China with massive production capacity for high power charging guns with oil or water based cooling systems. We are also one of the key drafters of the national industry standards, including GB/T20234.1-2023 and GB/T20234.4-2023.	Approximately range from RMB600.0/unit to RMB3,500.0/unit
High-voltage cables		These products mainly used for power and electrical connection among different components within electrical vehicles, facilitating high-voltage power transmission.	Approximately range from RMB100.0/piece to RMB500.0/piece
High-voltage connectors		Our connectors facilitate reliable connection between different electrical components in electrical vehicles, heavy-duty trucks, fork lifts and ships, with outstanding performance in solving challenges associated with high-voltage utilization scenario.	Approximately range from RMB10.0/unit to RMB200.0/unit

Product	Picture	Descriptions	Average Selling Price (tax exclusive)
AC and DC charging socket		Leveraging our proprietary technologies, our charging sockets have been widely adopted by many leading automobile manufacturers in China.	Approximately range from RMB100.0/set to RMB1,000.0/set
Power battery safety protection products		Our power battery safety protection products are mainly used in new energy battery box, cell to cell, end plate, module to module, to play the role of buffer, fire, heat insulation. They can also absorb the excess stress generated by the core bulge and, through the material's own highly elastic structure, act as a cushion to dampen vibration during normal core operation. Specifically, in the event of thermal runaway of the cell, our power battery safety protection products can help insulate, inhibit heat diffusion or reduce stress transfer, buying more escape time for passengers.	Approximately range from RMB1.0/piece to RMB20.0/piece

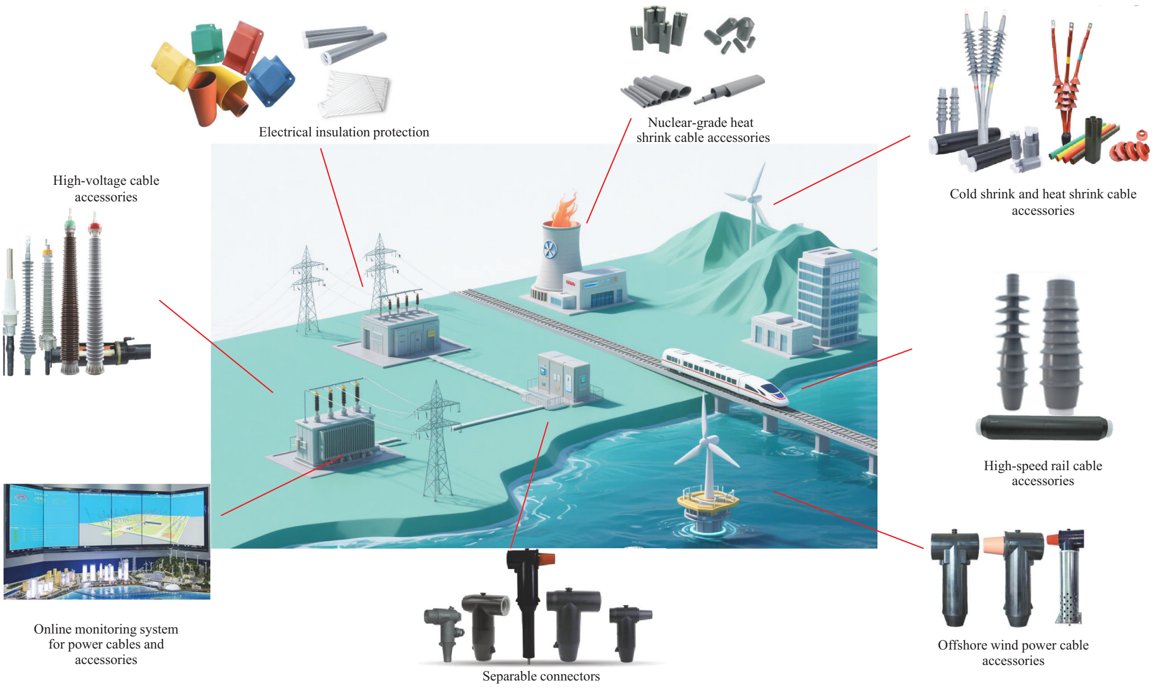
We pride ourselves on strong R&D and technology capability that allow us to continuously launch innovative products that can lead development in power cable accessories, particularly in those sectors enjoy rapid growth track record and strong increase potential. For instance, to meet quick expansion of NEVs that driving demands for ultra-fast charging technology, we successfully developed high-power liquid-cooled charging guns, exhibiting significant technological breakthrough. Our products upgraded from 600A to 800A with peak current exceeding 1,000A, making us one of the few manufacturers in China that can achieve mass production of high-power liquid-cooled charging guns.

Power Transmission Products for Grids and Stations

As of the Latest Practicable Date, this product line included four main categories, comprising nuclear-grade heat-shrinkable cable accessories, high-voltage cable accessories, cold-shrinkable and heat-shrinkable cable accessories, and separable connectors.

We have been devoted in developing and manufacturing power cable accessories for over 25 years, delivering entrusted reliability and protection on a broad range of industrial and urban power projects, including grids serving energy generation, transmission and distribution, rail transportation, oil and gas, as well as chemical industries. Leveraging our strong technology capability, our products have been recognized as the premium selection being used in many prominent projects and have successfully established field-proven track record of ensuring continuity of power and minimizing the risk of outages, including many critical projects featuring extreme challenges associated with remote location, harsh environment, extensive geographic coverage and design constraints.

The following chart illustrates key applications of our major products under this product line:



The table below sets out details of our key products sold under this product line:

Product	Picture	Description	Average Selling Price (tax exclusive)
Nuclear-grade heat-shrinkable cable accessories		We offer a comprehensive portfolio of K1 and K3 certified nuclear-grade heat-shrinkable cable accessories. In particular, we are the first Chinese manufacturer who successfully developed Class 1E K1 certified nuclear-grade heat-shrinkable cable accessories, exhibiting superior performance parameters compared with then prevailing overseas competing products, including 80-year design lifespan. In recognition of our premium quality and distinguished technology capability, our products have been widely adopted in critical national projects in China, and have received certification by all three national nuclear enterprises in China. In 2018, our Hualong One 1E-Class Heat-Shrinkable Cable Accessory was awarded the Third Prize in Science and Technology by the China Nuclear Energy Association and was also recognized as	K1 certified series range from approximately RMB130.0/set to RMB4,500.0/set. K3 certified series range from approximately RMB40.0/set to RMB1,300.0/set.

Product	Picture	Description	Average Selling Price (tax exclusive)
		"Outstanding Product of the Machinery Industry in Celebration of the 40th Anniversary of Reform and Opening-Up." In 2020, our 3rd Generation Nuclear Power 1E-Class Heat-Shrinkable Cable Accessory was further honored with the Second Prize for Scientific and Technological Progress by the Shenzhen Municipal Government. These prestigious accolades collectively underscore the milestone significance of this technology in advancing the localization of nuclear power equipment. We group our nuclear-grade heat-shrinkable cable accessories based on material used and expected utilization scenario, each of which goes with great variety of length, color and material based on customers' specific demands.	
High-voltage cable accessories		We have a comprehensive high-voltage cable accessory products portfolio, covering all key types of components used in 66kV to 500kV applications. Our products have been used in large number of landmark projects offering critical connection solutions between power cables and transformers/overhead lines across generation and transmission networks. We have been recognized as a qualified core supplier for key power infrastructure developers in China.	Price varies based on auxiliary materials used and the voltage to be sustained, with selling price of 66kV to 100kV products range from approximately RMB5,700.0/set to RMB23,490.0/set, while that of 220kV to 500kV products ranging from approximately RMB33,200.0/set to RMB254,800.0 /set.
		In 2023, our 500kV ultra-high-voltage series cable accessory products has passed inspections held by industry authorities in China, with proven record of fully achieving International Electrotechnical Commission ("**IEC**") certification	

Product	Picture	Description	Average Selling Price (tax exclusive)
		standards. This technological breakthrough fully exhibited our technology capabilities to achieve continuous innovation.	
Cold-shrinkable and heat-shrinkable cable accessories		Our cold-shrinkable and heat-shrinkable cable accessory products include different types of terminals and joints, that are used in 1kV to 35kV applications, indoor or outdoor. They provide connection solutions between power cables and overhead lines/electrical equipment across generation and distribution networks. Engineered with high-performance composite materials, our products provide multi-layer protection against pollution, aging, corrosion and UV exposure, delivering outstanding reliability even in extreme environments like high-altitude, frigid, humid, coastal and heavily polluted areas. We have been recognized as a qualified core supplier for key power infrastructure developers in China.	1kV series range from approximately RMB20.0/set to RMB470.0/set. 10kV to 35kV series range from approximately RMB80.0/set to RMB7,520.0/set.
Separable connectors		We provide a complete range of 10kV-66kV separable connectors in both European and American standard configurations, delivering system solutions for connecting high-voltage cables to electrical equipment. Leveraging our premium quality, since our inception, our products have been accepted by over 1,000 electrical equipment manufacturers in China for their services in national critical infrastructure projects in China.	10kV-35kV series range from approximately RMB180.0/set to RMB4,110.0/set. 66kV series range from approximately RMB10,000.0/set to RMB16,800.0/set.

During the Track Record Period, underpinned by steady growth in investments in national power and grid infrastructure projects, we consistently advanced the upgrading of our existing products and the development of new products, as well as increased our investment in developing products that can effectively serve digitalized and intelligent power grid initiatives in China. While further strengthening our market advantages in the traditional medium- and low-voltage segments, we keep deepening our penetration in high-voltage and ultra-high-voltage markets. In particular, we focus on development of cable accessories and intelligent products for alternative energy sector in observation on the continuous expansion, including wind and photovoltaic power sectors.

Wind power business line

In managing this business line, we generated revenue from sales of power that being generated from our wind power stations. We have strategically self-established wind farms in Shandong Province—a region with rich wind resources and robust power transmission infrastructure. Currently, we are operating three wind farms with an aggregated installed capacity of 144.2MW.

During the Track Record Period, we generated 283 million kWh, 314 million kWh and 282 million kWh of power, respectively. During the Track Record Period, all of the power generated from our wind power stations was sold to a state-owned electric utility corporation.

We benefited from this business line by creating strong synergy among our product and business lines, while making contributions to carbon reduction in line with our ESG commitments. In particular, by operating wind farms, we are able to access first-hand experience and industry insight on grid infrastructure demands for power transmission products for grids and stations, as well as conveniently undertake product performance testing in real-world conditions, which in turn, enhanced our technological competitiveness and market responsiveness.

RESEARCH AND DEVELOPMENT

We are the pioneer in China in developing technologies in relation to application of crosslinking and heat-shrinkable polymer products. We believe development and implementation of advanced technology, as well as continuous innovation across different product lines, are crucial for us to achieve sustainable growth and maintain our competitive edge.

We have established a strong in-house R&D team with cross-discipline academic background and rich cross-industry experience, which comprised over 820 staff as of December 31, 2024. Within this team, over 180 staff hold master's degrees or above. We established WOER Research Institute as our core force to lead R&D efforts across group. By setting different departments, each focuses on a particular technology area, such as automation, material, equipment, testing and technological process, while establishing cross-department and project-based R&D mechanism, we are able to quickly call up qualified staff to achieve technology breakthroughs.

In addition, we invested in developing advanced facilities and engaging latest R&D equipment to ensure our pioneer industry position. For instance, our WOER Lab owns a fully-shielded high-voltage test hall. It is the largest research facility of its kind in Southern China's cable industry. Staffed by certified testing personnel trained and qualified by national authorities, this lab operates many world-class equipment constituting multiple sophisticated test systems. For instance, capitalizing on this lab and our in-house R&D team, we have completed comprehensive evaluation of 550kV-class power cables, accessories, insulators and bushings. This grants us critical competitive edges over industry peers to lead R&D trend and continuously enjoy first-mover advantages in developing and implementing new technology.

As of December 31, 2024, we had obtained 2,044 and six patents in China and overseas jurisdictions, respectively, and have participated in preparation of 25 national and 28 industry standards in China, exhibiting our strong technology capability and strong market recognition. Our robust R&D capabilities form the cornerstone of our competitive edge. Our R&D initiatives are primarily focused on improving our technological capabilities, strengthening the foundation of our core competencies, and exploring novel application scenarios for our existing capabilities. During the Track Record Period, we recorded research and development expenses of RMB305.8 million, RMB310.0 million and RMB348.7 million in 2022, 2023 and 2024, respectively.

In recent years, we have taken proactive approach in implementing innovative and smart technology, including big-data analytical tools and AI technology, to enhance R&D and operation efficiency. For instance, we have engaged AI algorithm to assist our material R&D projects, significantly improved breakthrough efficiency gains through enhanced material analysis, performance prediction, and optimization in designing paired manufacturing process. Such AI-empowered material R&D capability reduces development timelines while enhancing product reliability, bringing us a key advantage in advancing crosslinking solutions study.

During the Track Record Period, we also collaborate with well-recognized institutions and leading industry players to promote our R&D efforts, through which, we are able to access latest development trend in relevant industry, as well as most recent practical challenges and demands, further enhancing our ability to capture potential market opportunities.

Key Technology Achievements

We have achieved distinguished R&D breakthroughs across different business and product lines. Leveraging continued successful innovation and iteration, we have achieved enhanced competitiveness in existing product portfolio, continuous expansion of application for new products, and optimization of cost efficiency. All of these served as solid base for our sustainable development and strong market leadership. Our historical key technology achievements include:

Electronic communications business

Telecoms cable products	• High-speed data communication	We have completed development of our 224G single-channel and 1600G multi-channel high-speed copper cables, featuring industry-leading performance and reliability. Our 224G products have realized two important technological breakthroughs, including FEP 32AWG dual-core extrusion and 26 and 27AWG large gage physical FEP insulation foam technology. In particular, due to the high temperature requirements of the environment, we have also replaced the traditional foamed PE material with the more technically demanding high temperature resistant foamed FEP material.
	• Automotive data communication	We have developed 10G Ethernet automotive data communication products for radar and advanced driver assistance systems.
	• Industrial automation and robot cables	We have completed the development of industrial Ethernet PROFINET series products, which can be widely used in the construction of intelligent factories and production automation workshops. In addition, we have successfully developed flat dust-free and static-free drag chain cables, which are made of special materials with the characteristics of high flexibility, no dust accumulation, flame retardant and oil resistance. These products can be applied to the occasions that require high cleanliness of the production environment, such as medical treatment, microchips, and clean rooms with static electricity requirements.
	• Medical cables	We invested in study technology challenges brought up by medical automation and intelligent solutions for diagnostics, surgical procedures, and imaging

		analysis. Through our efforts, we successfully developed and launched products that can meet stringent industry requirements for temperature resistance, flex endurance, sterilization compatibility, and EMI shielding.
Electronic materials products	• Aviation	We have passed the testing and certification of 12 products of a leading Chinese aircraft manufacturer. Our products can meet such aircraft manufacturer's strict requirements for liquid resistance, high temperature resistance, flame retardant and mold resistance. As a result, we were included in its list of qualified suppliers and have provided wire harness insulation and protection solutions for some of its civil aircrafts, including a large civil aircraft.
	• Automotive	We have successfully developed a highly abrasion-resistant and highly flame retardant self-coiling textile tubing. It is flame retardant to class UL 94 V-0 in accordance with EN45545-R23-HL3. In addition, its abrasion resistance is higher than the industry standard, with a scratch resistance ≥ 30,000 times. As of the Latest Practicable Date, we have begun mass deployment in China's leading NEV manufacturers. We have also completed the development of 125°C high-temperature adhesive automotive dual-wall heat-shrinkable tubing, which can work for a long period of time at a high temperature of 125°C, with no dripping of the inner hot-melt adhesive and excellent waterproofing and sealing, meeting the high-temperature resistance and sealing performance requirements for components such as wiring harnesses and engines in NEVs. As of the Latest Practicable Date, our heat-shrinkable tubing has been widely used by automobile manufacturers in China and around the world.
	• Medical	We have successfully developed medical heat-shrinkable tubing based on fluorinated ethylene propylene ("**FEP**") and polyolefin by conducting material formulation and process research and developing our own high-precision expansion equipment. As of the Latest Practicable Date, we have developed medical heat-shrinkable tubing with a wide range of sizes, high quality consistency, and biocompatibility that meets the requirements of the ISO10993 test, which provides a reliable solution for auxiliary molding, insulation protection, and soldering for medical catheters, endoscopes, and balloon aids, among other applications.

Alternative energy power transmission business

Power transmission products for grids and stations	• High-voltage products	The 330kV and 500kV ultra-high voltage cable accessories independently designed and developed by us have successfully passed the pre-qualification test in the Power Industry Electrical Equipment Quality Inspection and Testing Center, which marks our entry into the ranks of ultra-high voltage cable accessories manufacturers in China, and lays a solid foundation for the market development and R&D of our ultra-high voltage cable accessories.
	• Rail transportation	Leveraging our own advantages in material R&D and cable accessory structure design, we have independently developed special functional memory materials and cable terminals for high-speed rail, which solved the technical problems of multi-layer composites and not being able to "breathe the same breath" that existed in high-speed rail cable accessories at present. We also enhances the performance of our high-speed rail cable accessories and broadens the application fields of such cable accessories.
	• Nuclear safety (1E-class) cable accessories	We jointly developed nuclear safety (1E-class) cable accessories with several state-owned energy corporations and research institutes. We also took the lead in the national scientific and technological major special project "Development of 1E-class Cable Connector and Terminal Kits for Severe Environment," and have realized the qualification of halogen-free, low-smoke, flame-retardant nuclear safety (1E-class) cable accessory with the lifespan of 80 years under the long-term working temperature of 90°C. We are one of the cable accessory manufacturers with civil nuclear safety equipment design and manufacturing license, and our independently designed and manufactured nuclear safety cable accessories have been applied to various types of nuclear power reactors.

NEV power transmission products

In terms of megawatt-class charging products, by optimizing the thermal conductive materials of liquid cooling tubing to enhance the efficiency of thermal conductivity and heat dissipation, we have been developing charging products with higher voltage and higher current, with the current being raised from 1,000A to 1,500A, and in the future to 3,000A, to solve the problem of rapid charging of heavy-duty trucks and mining trucks to replenish the energy of the electric vehicles. At the same time, for the charging scenarios in harsh environments such as high salt spray, high sand and dust, and high and low temperatures, we plan to continue to optimize and launch charging products with higher levels of protection that meet the harsh environments to meet the needs of our customers.

Key R&D Programs

We set our R&D strategic position to focus on (i) development of advanced technology that serve as fundamental stepstone for our competitive edge, (ii) technological solutions that tailored to address industry and customer specific challenges or demands, and (iii) continuous product optimization and iteration that are critical for us to achieve sustainable leadership. As of the Latest Practicable Date, our key on-going R&D projects are set out below:

Product/Technology	Key Features	Key Applications
Development of 448G high-speed copper cable series for computing centers	Transmission rate is 100% higher than the current 224G single-channel high-speed copper cable, with higher test frequency and smaller cable size.	Applicable for high-speed data communication for next generation computing centers.
Development of 32G automotive Ethernet cable for in-vehicle communications	The construction of twintax cable and FEP insulation can provide better signal integrity performance and electromagnetic compatibility.	Can be used as the high speed signal transmission channel between the controller and the major sensors such as camera and radar.
Development of MT-BT PA12 balloon tubing	We expect the balloon tubing we are developing to have concentricity greater than 90%, a yield strength of more than 27 MPa, a conventional specification outside diameter tolerance of ±0.02 mm or less, and the ability to withstand fatigue of more than 30 times.	Used as medical balloons, which, as the core component of balloon catheters, serve the important roles of vascular pre-dilatation, shaping and thrombolysis, stent delivery and post-dilatation in human angioplasty.
Development of COMBO interface high current charging gun product	By optimizing the thermal conductive material of liquid cooling tube to enhance the thermal conductivity and heat dissipation efficiency, we have been developing charging products with higher voltage and higher current, and plan to increase the current level to 3000A, which can solve the problem of rapid charging and replenishment of heavy trucks and mining trucks. Meanwhile, for the charging scenarios in harsh environments such as high salt spray, high sand and dust, and high and low temperatures, we plan to continue to optimize and launch charging products with higher levels of protection that meet the harsh environments to meet the needs of our customers.	Applicable for high current charging for heavy trucks and mining trucks.
Development of environmentally friendly and intelligent ultra-high voltage and high current cable connectors	We are developing cable connectors with (i) high transmission efficiency and low transmission rates; (ii) high insulation and safety; (iii) environmental friendliness through the use of halogen-free and low smoke materials; and (iv) intelligent monitoring and diagnostics.	Applicable for power transmission; photovoltaic panels, wind turbines and grid connections; rail transportation; and industrial and mining manufacturing

Product/Technology	Key Features	Key Applications
Development of high viscosity dual-wall tubing for NEV wiring harnesses	We are developing a dual-wall tubing for automotive wire harnesses that has strong adhesion at both ends and does not slip after shrinkage, solving the problem of existing tubing for wire harnesses loosening at room temperature and slipping at high temperatures.	Can be used for high temperature resistance and anti-slip performance of wiring harness bellows and wires for NEVs.
Development of impact resistant high density orange self-coiling tubing	We are developing NEV aluminum busbars that have better impact protection in adapting to the development trend of NEVs.	Can be used for impact protection of NEV aluminum busbars

OUR PRODUCTION

In line with our development strategy, we invested in developing and enhancing automated, intelligentized, and lean manufacturing management across multiple manufacturing bases. In particular, we focus on achieving improvement in cost efficiency by continuously optimizing processes and formulations, and adopting highly flexible and transparent inventory management policy. In the meantime, we emphasize on implementing standardized workflow, and technology-backed automation, through which, we can achieve mass production capability with premium product consistency.

In recent years, we invested in developing smart plant where we digitalize entire work flow to ensure data-driven task dispatch, real time supervision on equipment performance and reduce human related errors. We also introduce smart hardware that can properly handle repeated work stream in a highly automated and efficient manner, such as defect inspection, select manufacturing procedure, logistics and transportation of raw materials/components between production lines. Broad adoption of digitalization further allows us to benefit from data technology, where we may engage proper AI algorithms to analyze massive historical and real time data to accurately predict, and respond to, inventory needs, purchase order settlement status and production progress, thus further enhancing our cost control and profitability.

Our Manufacturing Bases

As of December 31, 2024, we had nine manufacturing bases in China and one overseas manufacturing base in Vietnam. We strategically locate our manufacturing bases to places with close proximity to our customers, allowing comprehensive coverage of, and quick response to, their production need and supply chain management demands. Details of which are set out in graphics below:

Manufacturing Bases	Electronic Communications Business		Alternative Energy Power Transmission Business		Description	Land-use Rights
	Telecoms cable products	Electronic materials products	NEV power transmission products	Power transmission products for grids and stations		
Shenzhen Pingshan Plant (深圳坪山基地)	—	√	√	√	This plant is located in Shenzhen, Guangdong province, and commenced commercial production before the Track Record Period.	Owned
Shanghai Keter Plant (上海科特基地)	—	—	√	—	This plant is located in Shanghai, and commenced commercial production before the Track Record Period.	Partially owned and partially leased
Tianjin Woerfar Plant (天津沃爾法基地)	—	—	—	√	This plant is located in Tianjin, and commenced commercial production before the Track Record Period.	Owned
Huizhou Zhongkai Plant (惠州仲愷基地)	√	—	—	—	This plant is located in Huizhou, Guangdong province, and commenced commercial production before the Track Record Period.	Owned

	Electronic Communications Business		Alternative Energy Power Transmission Business			
Manufacturing Bases	**Telecoms cable products**	**Electronic materials products**	**NEV power transmission products**	**Power transmission products for grids and stations**	**Description**	**Land-use Rights**
Changzhou Jintan Plant (常州金壇基地)	√	√	√	√	This plant is located in Changzhou, Jiangsu province and commenced commercial production before the Track Record Period.	Owned
Dongguan Changyuan Plant (東莞長園電子基地)	—	√	—	—	This plant is located in Dongguan, and commenced commercial production before the Track Record Period.	Leased
Shanghai Changyuan Electronic Plant (上海長園電子基地)	—	√	—	—	This plant is located in Shanghai, and commenced commercial production before the Track Record Period.	Owned
Vietnam LTK Plant (越南樂庭基地)	√	—	—	—	This plant is located in Que Vo industrial park, Bac Ninh Province, Vietnam and commenced commercial production before the Track Record Period. The Que Vo industrial park is one of the largest and most important industrial zones in Bac Ninh Province. Its strategic location makes it a key hub connecting major economic centers such as Hanoi, Haiphong and Quang Ninh Province.	Leased
Huizhou Shuikou Plant (惠州水口基地)	√	—	—	—	This plant is located in Huizhou, Guangdong province, and commenced commercial production in August 2022.	Owned
Wuhan Caidian Plant (武漢蔡甸基地)	—	—	√	√	This plant is located in Wuhan, Hubei province, and commenced commercial production in June 2024.	Owned

We plan to optimize our production capacity layout in China and overseas. As of the Latest Practicable Date, we have signed a land purchase agreement and purchased 160,000 sq.m. of land to establish a manufacturing base in the Pengerang area of Johor, Malaysia. Johor is strategically located as a gateway to the ASEAN market and is a key economic hub in Malaysia. The region is home to industries such as electronics, electrical equipment, shipbuilding, and petrochemicals. See "Risk Factors — Risks Relating to Our Business and Industry — Our expenditure may not be fully recovered if the major capital expenditure projects under our expansion program are not completed within the expected time frame and budget, or at all, and may not achieve the intended economic results even if completed."

The following table sets forth the production capacity and utilization rate of our manufacturing bases and other related metrics during the periods indicated.

	Metrics	*Unit*	For the year ended December 31, 2022	2023	2024
Electronic Communications					
Telecoms cable products	Production volume	Million meter	2,054.0	1,860.0	2,325.0
	Production capacity	Million meter	2,721.0	2,571.1	2,870.0
	Utilization rate (i)	%	75.5	72.3	81.0
Electronic materials products	Production volume	Million meter	5,012.0	5,250.1	5,267.7
	Production capacity	Million meter	5,240.4	5,340.2	5,584.8
	Utilization rate (i)	%	95.64	98.31	95.69
Alternative Energy Power					
NEV power transmission products . . .	Production volume	Million unit	2.3	2.4	2.5
	Production capacity	Million unit	2.9	2.7	3.2
	Utilization rate (i)	%	79.3	88.9	79.6
Power transmission products for grids and stations	Production volume	Million set	4.8	5.2	5.1
	Production capacity	Million set	5.3	5.7	5.6
	Utilization rate (i)	%	90.9	90.8	90.3

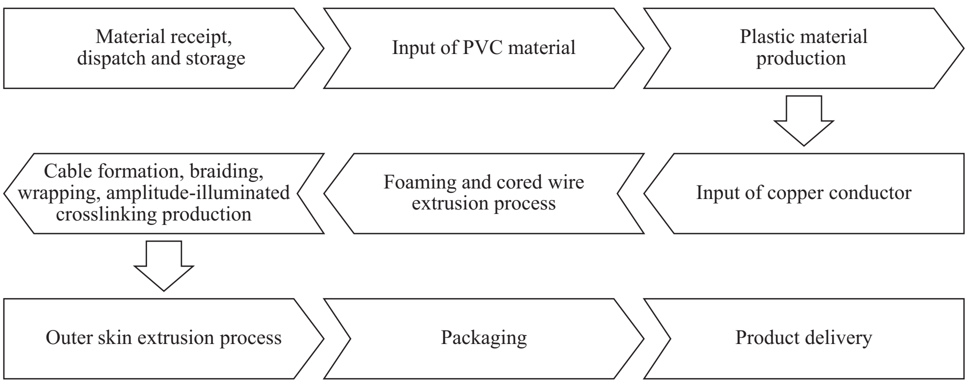
Note:

(i) Assuming that the relevant production lines operate 250 days per year and 20 hours per day.

Manufacturing Process

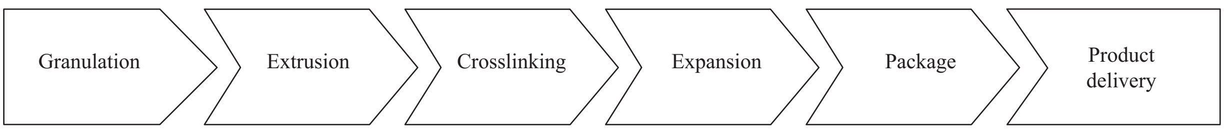
Telecoms cable products

The chart below sets out key steps of production process for our telecoms cable products.



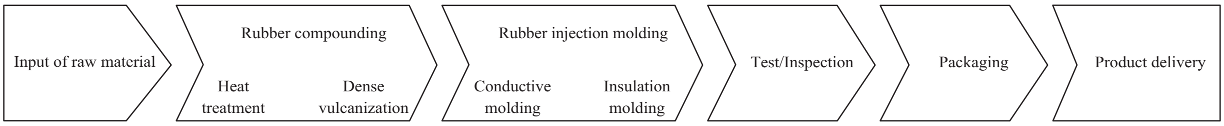
Electronic materials products

The chart below sets out general key steps of production process for our electronic materials products.



Power transmission products for grids and stations

The chart below sets out key steps of production process for our power transmission products for grids and stations.



Our Production Equipment

During the Track Record Period, we sourced production equipment from reputable suppliers from China and around the world. We rely on our in-house technicians to conduct regular maintenance work to ensure the safe and proper operations of our equipment and production line. During the Track Record Period and as of the Latest Practicable Date, we did not encounter any major interruptions in the production process due to facility or equipment failures or malfunction, nor did we experience any major accidents.

We fully recognize the importance of advanced and quality manufacturing equipment for our business operations and invested in enhancing our long-term relationship with suppliers of critical equipment in China and overseas. Leveraging our leading market position, digitalization achievements and financial strength, we thoroughly plan our equipment procurement taking into account expected purchase orders and the lead time for relevant suppliers to complete equipment production. During the Track Record Period, we did not encounter any delay in equipment delivery, or dispute with our equipment suppliers that caused material and adverse impact to our business operations.

We have developed some of our own production equipment and technologies, such as dry expanders and automatic loading technology for thin tubing. For our proprietary dry expander, we replaced glycerin heating technology with infrared heating technology, which successfully increased the expansion speed from 6m/s to 9m/s while reducing energy consumption. In addition, our proprietary automatic thin tube loading technology has increased per capita capacity from 7,000m/h to 18,000m/h and solved quality-related problems such as twisting and folding during heat shrink tube loading, paving the way for our customers to automate their production and breaking a key bottleneck in automation for the industry.

With five state-of-the-art Rosendahl physical foam extrusion lines and more than 50 irradiators, we had one of the largest portfolios of relevant equipment in China which allows us to consistently mass-produce high-quality telecoms cables and electronic materials as of the Latest Practicable Date, according to F&S. Upon reception of advanced equipment, we rely on our in-house R&D staff and experienced technicians to conduct fine tune and adjustment to relevant specifications to ensure expected performance and meet customized production requirements. For instance, leveraging our expertise and deep industry experience, we possessed an expert team in this area. All of our technicians hold necessary qualifications. During the Track Record Period, we did not experience any material work safety accident.

SEASONALITY

Due to the nature of our products, we are not subject to material fluctuations in seasonality.

QUALITY CONTROL

Quality control is of strategic importance to ensure product consistency and uniformity, which is crucial for many of our key customers operating in critical infrastructure and/or engaging in advanced manufacturing business, who treat reliability and high-performance with top priority. We have been committed to establishing and implementing stringent quality control system in line with applicable international or industry standards, while setting specific groups of quality parameters and product performance indicators for different types of products and/or specific customers. For instance, for production of electronic materials products, we have established a series of quality control procedures in line with ISO 9000 system certification, IATF 16949 automotive system, AS 9100 aviation system, nuclear power quality assurance system and ISO 13485 medical system, all being fully merged into our production steps and procedures.

We invested in implementing advanced equipment and latest technologies to enhance the accuracy and efficiency of our quality inspections. In particular, given the fact that our products are designed for long-term service in harsh environments, we have included our product performance tracking and customer's feedback system into our quality control system as well, where we may rely on data-driven analytical tools to make timely adjustment to our quality control procedures, as well as R&D efforts. By doing so, we ensure that our products meet the highest quality standards right from the source.

During the Track Record Period, we did not experience any dispute in relation to our product quality that caused material and adverse impact to our business operations.

OUR INFORMATION TECHNOLOGY

We believe that information technology is crucial for maintaining our competitive position. During the Track Record Period, we invested in developing our IT systems to ensure our business management could enjoy technology-backed benefits in terms of automation, informatization, intelligence and digitization.

- **Production Management.** We actively promote the development and implementation of application systems such as manufacturing execution system ("**MES**"), warehouse execution system ("**WES**") and supervisory control and data acquisition ("**SCADA**"), bringing transparent and paperless management on relevant business operations, while allowing our management to view visualized presentation on business progress on a real-time basis. In particular, we developed our own MES, which can mainly be used in manufacturing to track and document the transformation of raw materials to finished goods. MES can provide information that helps manufacturers understand how to optimize current conditions on the factory floor to increase production and can be used as a real-time monitoring system to control multiple elements of the production process, such as inputs, people, machines and support services. We consider these systems are crucial for us to achieve smart manufacturing, resulting in optimized profitability and sustainable competitiveness. In addition, we invested in utilizing technology and equipment that can complete tasks in a highly automated way, such as heat-shrinkable tube printing and automatic inkjet coding control, continuously improving our production efficiency.

- **Financial Management**. We capitalize on digital tools and cloud computing technologies to solve challenges associated with management on massive number of transactions and financial reporting work, achieving highly accurate tracking, real-time supervision and prompt response towards business needs. We also invested in continuously optimizing fund management and financial reporting mechanism to keep enhancing the efficiency and quality of financial management, in the way to keep the pace with, and support, our business expansion. Our technology-backed financial management capability allows us to effectively reduce risks and/or errors associated with manual operations and enjoy efficiency brought up by highly intelligent and automated procedures.

- **Sales and Procurement Management.** We adopt customer relationship management system ("**CRM**") and supplier relationship management ("**SRM**") system, which, working together with other IT function components, allow us to achieve sustainable and lean sales and supply chain management. We leverage big data analytical tools to derive valuable insights from large number of transactions, in the way to assist our team achieving operation efficiency, while allowing our management to identify potential issues that may affect our overall profitability. In particular, we utilize AI-empowered tools significant improve our work efficiency.

We have established network and information security emergency plans, setting procedures to properly handle emergencies. In addition, our current system networks and servers are equipped with redundancy mechanisms to ensure robust backup and inspection mechanisms for our systems. During the Track Record Period and up to the Latest Practicable Date, our IT systems did not experience any major failures or complete breakdowns that had a significant adverse impact on our overall business operations.

MARKETING, SALES AND CUSTOMERS

Our Customers

Our customers primarily consist of direct sales customers and distributors, of which direct sales customers contributed to the majority of our revenue during the Track Record Period. During the Track Record Period, we derived the largest share of our revenue from mainland China. In 2022, 2023 and 2024, our five largest customers contributed 12.6%, 11.5% and 12.7%, respectively, to our total revenue. Sales to our largest customer in each year during the Track Record Period accounted for 5.5%, 5.2% and 4.0% of our total revenue for the respective years. As of the Latest Practicable Date, we had maintained stable business relationship with our major customers for approximately 13 years in average.

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

For the year ended December 31, 2022

No.	Customer	Background	Products/services purchased from us	Revenue	% of total revenue	Year of commencement of business relationship with us	Credit terms and payment method
				(RMB '000)			
1	Customer A	A Beijing-based state-owned electric utility corporation focusing on power grid investment and operation	Power transmission products for grids and stations, and wind power	294,638	5.5%	2010	One month; bank transfer
2	Customer B	A Connecticut-based global connector manufacturer designing electrical/optical connectors listed on the New York Stock Exchange	Telecoms cables	137,939	2.6%	2003	60 days; bank transfer
3	Customer C	A Ningde-based new energy technology company specializing in EV batteries and energy storage systems, listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange	NEV power transmission products	95,630	1.8%	2017	90 days; banker's acceptance
4	Customer D	A Chongqing-based automobile manufacturer	NEV power transmission products	75,379	1.4%	2019	120 days; wire transfer or banker's acceptance

No.	Customer	Background	Products/services purchased from us	Revenue	% of total revenue	Year of commencement of business relationship with us	Credit terms and payment method
				(RMB '000)			
5	Customer E	A Shenzhen-based manufacturer focusing on related components, modules, and system-integration in fields such as consumer electronics, communications and data centers, automotive, and medical, listed on the Shenzhen Stock Exchange	Telecoms cables	68,620	1.3%	2002	90 days; bank transfer
	Total			**672,206**	**12.6%**		

For the year ended December 31, 2023

No.	Customer	Background	Products/services purchased from us	Revenue	% of total revenue	Year of commencement of business relationship with us	Credit terms and payment method
				(RMB '000)			
1	Customer A	A Beijing-based state-owned electric utility corporation focusing on power grid investment and operation	Power transmission products for grids and stations, and wind power	298,092	5.2%	2010	One month; bank transfer
2	Customer F	A Hangzhou-based automotive company, listed on the Hong Kong Stock Exchange	NEV power transmission products	118,702	2.1%	2021	90 days; banker's acceptance
3	Customer B	A Connecticut-based global connector manufacturer designing electrical/optical connectors listed on the New York Stock Exchange	Telecoms cables	99,090	1.7%	2003	60 days; bank transfer

No.	Customer	Background	Products/services purchased from us	Revenue	% of total revenue	Year of commencement of business relationship with us	Credit terms and payment method
				(RMB '000)			
4	Customer G	A Qingdao-based power equipment and EV charging network provider, listed on the Shenzhen Stock Exchange	NEV power transmission products	77,759	1.4%	2011	120 days; banker's acceptance
5	Customer C	A Ningde-based new energy technology company specializing in EV batteries and energy storage systems, listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange	NEV power transmission products	60,098	1.1%	2017	90 days; banker's acceptance
	Total			**653,741**	**11.5%**		

For the year ended December 31, 2024

No.	Customer	Background	Products/services purchased from us	Revenue	% of total revenue	Year of commencement of business relationship with us	Credit terms and payment method
				(RMB '000)			
1	Customer B	A Connecticut-based global connector manufacturer designing electrical/optical connectors listed on the New York Stock Exchange	Telecoms cables	279,588	4.0%	2003	60 days; bank transfer
2	Customer A	A Beijing-based state-owned electric utility corporation focusing on power grid investment and operation	Power transmission products for grids and stations, and wind power	267,575	3.9%	2010	One month; bank transfer

No.	Customer	Background	Products/services purchased from us	Revenue	% of total revenue	Year of commencement of business relationship with us	Credit terms and payment method
				(RMB '000)			
3	Customer F	A Hangzhou-based automotive company, listed on the Hong Kong Stock Exchange	NEV power transmission products	147,076	2.1%	2021	90 days; banker's acceptance
4	Customer H	A Liuzhou-based automotive company	NEV power transmission products	98,345	1.4%	2018	90 days; banker's acceptance
5	Customer E	A Shenzhen-based manufacturer focusing on related components, modules, and system-integration in fields such as consumer electronics, communications and data centers, automotive, and medical, listed on the Shenzhen Stock Exchange	Telecoms cables	93,191	1.3%	2002	90 days; bank transfer
	Total			**885,775**	**12.7%**		

As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholder which to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company, had any interest in our five largest customers in each year during the Track Record Period. To the best knowledge of our Directors, each of our five largest customers in each year during the Track Record Period was an Independent Third Party.

During the Track Record Period, certain of our major customers were also our suppliers in the respective years, which is in conformity with the industry norm. Specifically, two of our five largest customers in certain years in the Track Record Period (being Customer B and Customer F) procured telecoms cables and NEV power transmission products from us and supplied us with connectors and other components used in the manufacture of wire harnesses and an outdoor energy storage cabinet to us. In 2022, 2023 and 2024, our sales amount attributable to these suppliers amounted to RMB148.5 million, RMB217.8 million and RMB426.7 million, which accounted for 2.8%, 3.8% and 6.2% of our sales amount, respectively; and our purchase amount attributable to these customers amounted to RMB8.7 million, RMB1.3 million and RMB2.7 million, which accounted for 0.3%, 0.0% and 0.1% of our purchases, respectively.

According to F&S, the overlapping of our customers and suppliers is common in the high-speed data communication and alternative energy power transmission solution industry, where companies often operate multiple business lines across various parts of the value chain. It is typical for industry participants to act both as upstream component suppliers and downstream solution integrators. In our case, overlapping relationships typically arise when high-speed copper cable manufacturers supply connectors or other components for our high-speed data communication solution while also procuring our telecoms cables, NEV power transmission products or other components for integration into their own product lines. This dual role is reflective of our ecosystem-driven commercialization model and the collaborative structure of the high-speed data communication and alternative energy power transmission solution industry.

Our Directors confirm that all transactions with these overlapping customers and suppliers were conducted in the ordinary course of business, on normal commercial terms, and were not inter-conditional. The contractual terms were substantially the same as those with our other customers and suppliers. To the best knowledge of our Directors, all of these parties were Independent Third Parties.

Sales and Marketing

We implement a multi-brand marketing strategy to cater to the diverse needs of our customers. By adopting different branding strategies for each customer category, we ensure that our brands, such as WOER, LTK, and KTG, have established a strong reputation within the industry. Our widespread network of sales subsidiaries and offices forms a comprehensive marketing network, reaching both domestic and select international markets, which also supports our foundation for providing high-quality and timely delivery services.

As of December 31, 2024, our sales and marketing department consists of 799 employees, primarily responsible for developing sales and marketing plans, identifying product markets, acquiring customers, conducting business negotiations, and establishing cooperative relationships with our customers. We acquire customers through multiple channels, including attending industry exhibitions to showcase our products and technologies, actively collecting customer information through potential customer websites, expanding our customer base, and leveraging existing industry connections for referrals. Our sales model combines direct sales with distributors.

We typically sell our products through purchase orders or purchase agreements entered into with our customers where they set out purchasing price, volume, delivery details, warranty terms and product specifications of respective procurement batches. We typically charge a fixed purchasing price for our products and grant to our customers credit terms of up to 90 days. We typically only allow our customers to return products with defects or other quality issues. Such agreements can be terminated upon mutual consent. As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, there have been no material breaches of contract or any significant defaults between our Company and our customers.

Pricing

In determining the pricing of our products, we take into account a broad range of factors, including strategic value and our business relationship with relevant customer, prevailing market competition of similar products, costs of raw material price, manufacturing complexity and costs, as well as our production capacity and purchase order backlog. We believe our long-standing relationship, product quality, wide coverage of product use cases and unique value propositions to customers help us negotiate for more premium pricing for our products while remaining competitive in the market. While we promulgate and regularly update guided selling price of our products for our sales team, we allow them to make flexible adjustment within a specified range to ensure negotiation efficiency. In cases where the quoted price falls below relevant guidance, the discount shall be approved by the vice president, general manager, or Chairman, depending on the extent of the discount, before execution.

After-Sales Service

We attach great importance to the after-sales service provided to customers and have formulated policies that share unified guiding principles with specific flexibility tailored for characteristics of different business lines. We generally require our staff to respond customers' requests within 24 hours and propose solutions within 48 hours. To ensure timely response, we generally assign a particular service team from subsidiaries or branches with close proximity to relevant customers, who shall make regular visit to collect feedback and improve service quality.

Distributors

During the Track Record Period, we sold our products through (i) direct sales and (ii) distributors. During the Track Record Period, we engaged distributors for sales of products, primarily electronic materials products, power transmission products and telecoms cable products. During the Track Record Period, the vast majority of our distributors transact with us via purchase orders instead of fixed-term distribution agreements as we believe this provides additional flexibility. We consider we benefit from this practice by leveraging relevant distributors' wide market access and well-established distribution network to achieve quick expansion and market penetration.

The table below sets out the changes in the number of distributors during the Track Record Period:

	Year ended December 31,		
	2022	**2023**	**2024**
Distributors who had revenue contribution in the immediately preceding year	3,980	3,791	3,944
- Addition(1)	959	1,008	376
- Reduction(2)	1,148	855	869
Distributors who had revenue contribution in the current year	3,791	3,944	3,451

Notes:

(1) Refers to distributors who had revenue contribution in the current year but had no revenue contribution in the immediately preceding year.

(2) Refers to distributors who had revenue contribution in the immediately preceding year but had no revenue contribution in the current year.

The significant changes in the number of our distributors during the Track Record Period was primarily due to the fact that many of our products, particularly electronic materials products, are commodities that can be used in a wide range of industries and in many day-to-day production or maintenance scenarios, and have a long shelf life. As a result, we deal with a large number of distributors with small purchasing volumes from time to time. According to F&S, this practice has become the industry norm due to the nature of such products and the increasing number of end-users seeking flexible inventory management. Through this flexible distribution arrangement, we believe we can strengthen the market penetration of our products and cultivate the loyalty and trust of end customers, laying the foundation for us to launch different types of products with large sales volumes in the future.

Revenue generated from distributors amounted to RMB1,190.8 million, RMB1,215.5 million and RMB1,289.3 million during the Track Record Period, amount to 22.3%, 21.3% and 18.6% of our total revenue from the respective periods. We did not rely on any single distributor or a limited number of distributors. During the Track Record Period, we believe that we maintained a good business relationship with our distributors. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material disputes with our distributors.

We maintain a buyer-seller relationship with our distributors. For our sales to distributors, we recognized revenue upon their reception and generally do not allow returns of products sold to distributors, except for defective products. According to F&S, our product return policy with distributors is in line with the industry practice. Our typical purchase orders generally specify the products and the unit price, quantity and warranty period for such products. We do not set minimum purchase requirements.

We carefully select our distributors based on a set of strict criteria, including their financial condition, certifications and qualifications, geographic coverage, sales channels, existing customer base, and sales performance. We regularly review the performance of distributors through a selection process and annual assessment. We consider various factors in renewing relationships with distributors, including their qualifications, sales and marketing capabilities, sales network, financial resources, customer resources and synergies with our brands. We proactively manage our distributors by adopting and implementing a suite of distributor management policies to ensure distributors are in compliance with the legal requirements. Our distributor management policies typically set out a variety of operational guidelines.

We strive to minimize the channel stuffing risks with our distributors by maintaining a relatively stringent return policy for our distributors. Product returns by distributors are only allowed for defective products, which is in line with market practice. We believe such a stringent return policy discourages distributors from over-purchasing. We had a return rate of 0.8%, 0.9% and 0.6% from our distributors in 2022, 2023 and 2024, respectively.

We have adopted and implemented distribution guidelines to guide our distributors and ensure their compliance with legal requirements. We have also established a distributor management mechanism to manage our distributors and avoid cannibalization. We will terminate our business relationship with distributors who act in violation against our distribution guidelines. We do not restrict distributors from appointing sub-distributors. During the Track Record Period, we did not enter into sub-distribution agreements with sub-distributors. To the best knowledge of our Directors, we had only a limited number of sub-distributors during the Track Record Period.

To the best of our Directors' knowledge, in 2022, 2023 and 2024, 25, 30 and 26 distributors were controlled by our former employees, respectively. During the Track Record Period, revenue generated from distributors controlled by our former employees represented 0.6%, 0.7% and 0.7% of our revenue, respectively. Except for this, during the Track Record Period, to the best of our Directors' knowledge, all of our distributors were Independent Third Parties and were not controlled by our current or former employees. During the Track Record Period, we did not provide any material advance or financial assistance to our distributors. There were no other relationship or arrangement (family, business, financing, guarantee or otherwise) between our distributors and our Group, our Directors, shareholders and senior management and their respective associates.

OUR SUPPLIERS

Major Suppliers

Our suppliers primarily include suppliers for raw materials, equipment and packaging services. In each year during the Track Record Period, our purchases from our five largest suppliers accounted for 21.9%, 22.6% and 18.0% of our total purchases in 2022, 2023 and 2024, respectively, while our purchase from the largest supplier accounted for 8.3%, 7.1% and 6.6% of our total purchases, respectively, for the same years.

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

For the year ended December 31, 2022

No.	Supplier	Background	Products/services provided to us	Purchase amount	% of total purchase amount	Year of commencement of business relationship with us	Credit terms and payment method
				(RMB'000)			
1	Jin's Copper Industries Co., Limited (金氏銅業有限公司)	Huizhou-based subsidiaries of a Hong Kong-based industrial manufacturer specializing in copper products processing and metal casting	Raw materials	260,900	8.3%	2010	75 days; interest-bearing note or wire transfer
2	Supplier A	A Beijing-based state-owned energy company engaged in petroleum exploration, refining, and chemical production	Raw materials	166,178	5.3%	2021	Prepayment; bank transfer

No.	Supplier	Background	Products/services provided to us	Purchase amount	% of total purchase amount	Year of commencement of business relationship with us	Credit terms and payment method
				(RMB'000)			
3	Huizhou Cable-net Material Co., Ltd. (惠州聯電電工材料有限公司)	A Huizhou-based electrical materials manufacturer producing copper-clad aluminum wires, enameled wires, and electronic cables for automotive and industrial applications	Raw materials	95,466	3.0%	2018	75 days; interest-bearing note or wire transfer
4	Xinxieji Electronics (Changshu) Co., Ltd. (新協基電子（常熟）有限公司)	A Changshu-based specialized wire producer focused on high-flexibility tin-plated/copper foil wires for robotics and charging piles	Raw materials	87,753	2.8%	2016	30 days; interest-bearing note or wire transfer
5	Jiangxi Xingcheng Copper Co., Ltd. (江西興成銅業有限公司)	A Guixi-based copper wire manufacturer supplying high-precision bare copper wires	Raw materials	77,071	2.5%	2021	Nil; bank transfer
	Total			**687,368**	**21.9%**		

For the year ended December 31, 2023

No.	Supplier	Background	Products/services provided to us	Purchase amount	% of total purchase amount	Year of commencement of business relationship with us	Credit terms and payment method
				(RMB'000)			
1	Jin's Copper Industries Co., Limited (金氏銅業有限公司)	Huizhou-based subsidiaries of a Hong Kong-based industrial manufacturer specializing in copper products processing and metal casting	Raw materials	227,103	7.1%	2010	75 days; interest-bearing note or wire transfer
2	Huizhou Cable-net Material Co., Ltd. (惠州聯電電工材料有限公司)	A Huizhou-based electrical materials manufacturer producing copper-clad aluminum wires, enameled wires, and electronic cables for automotive and industrial applications	Raw materials	173,481	5.4%	2018	75 days; interest-bearing note or wire transfer
3	Supplier A	A Beijing-based state-owned energy company engaged in petroleum exploration, refining, and chemical production	Raw materials	126,155	3.9%	2021	Prepayment; bank transfer

No.	Supplier	Background	Products/services provided to us	Purchase amount	% of total purchase amount	Year of commencement of business relationship with us	Credit terms and payment method
				(RMB'000)			
4	Jiangxi Xingcheng Copper Co., Ltd. (江西興成銅業有限公司)	A Guixi-based copper wire manufacturer supplying high-precision bare copper wires	Raw materials	114,859	3.6%	2021	Nil; bank transfer
5	Xinxieji Electronics (Changshu) Co., Ltd. (新協基電子(常熟)有限公司)	A Changshu-based specialized wire producer focused on high-flexibility tin-plated/copper foil wires for robotics and charging piles	Raw materials	83,291	2.6%	2016	30 days; interest-bearing note or wire transfer
	Total			**724,889**	**22.6%**		

For the year ended December 31, 2024

No.	Supplier	Background	Products/services provided to us	Purchase amount	% of total purchase amount	Year of commencement of business relationship with us	Credit terms and payment method
				(RMB'000)			
1	Jin's Copper Industries Co., Limited (金氏銅業有限公司)	Huizhou-based subsidiaries of a Hong Kong-based industrial manufacturer specializing in copper products processing and metal casting	Raw materials	278,296	6.6%	2010	75 days; interest-bearing note or wire transfer
2	Huizhou Cable-net Material Co., Ltd. (惠州聯電電工材料有限公司)	A Huizhou-based electrical materials manufacturer producing copper-clad aluminum wires, enameled wires, and electronic cables for automotive and industrial applications	Raw materials	191,020	4.5%	2018	75 days; interest-bearing note or wire transfer
3	Xinxieji Electronics (Changshu) Co., Ltd. (新協基電子(常熟)有限公司)	A Changshu-based specialized wire producer focused on high-flexibility tin-plated/copper foil wires for robotics and charging piles	Raw materials	103,868	2.5%	2016	30 days; interest-bearing note or wire transfer
4	Guangdong Huachuangying Hardware Technology Co., Ltd. (廣東華創盈五金科技有限公司)	A Foshan-based precision copper wire produce, supplying electronic wires	Raw materials	98,967	2.4%	2021	Nil; bank transfer

No.	Supplier	Background	Products/services provided to us	Purchase amount	% of total purchase amount	Year of commencement of business relationship with us	Credit terms and payment method
				(RMB'000)			
5	Zhenxiong Copper Group Co., Ltd. (震雄銅業集團有限公司)	A Kunshan-based advanced conductor solutions provider developing ultra-fine alloy wires for medical, aerospace, and robotics applications	Raw materials	84,533	2.0%	2010	75 days; interest-bearing note or wire transfer
	Total			**756,684**	**18.0%**		

As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who owned or to the knowledge of the Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers. To the best knowledge of our Directors, each of our five largest suppliers in each year during the Track Record Period was an Independent Third Party.

We believe that our operation is not dependent on any particular supplier. During the Track Record Period, we maintained multiple suppliers to avoid overreliance on any of suppliers and we believe there is no significant difficulty to find suitable substitutes for our suppliers.

Raw Material Procurement

Our business requires the procurement of large volumes of raw materials and we procure from suppliers a variety of materials necessary for the manufacturing of our products. Most of our raw materials are procured from local suppliers in China. To optimize supply chain resources and effectively reduce overall procurement costs, we centrally purchase bulk materials at our Group level, while our subsidiaries are responsible for procuring other materials. This centralized procurement approach allows us to leverage negotiation and pricing advantages.

We generally enter into legally binding framework agreements with our suppliers, based on which we issue purchase orders for different batch of procurement, where we set price, volume and other conditions. Suppliers typically charge us a fixed purchasing price for their products and grant to us credit terms of 30 days to 90 days. The suppliers are typically responsible for the delivery of products to our designated location specified in each purchase order, and we accept goods upon completion of inspections. The duration of the framework supply agreements typically spans a period of one year. Suppliers typically allow us to return products with defects or other quality issues. Such agreements can be terminated upon mutual consent.

Market price of raw material like copper set significant impact on our business results and we have implemented several measures to mitigate the effects of procurement cost volatility. During the Track Record Period, we generally require suppliers to agree to adjust their selling price in line with changes in market price of relevant raw materials as published on the relevant industry association websites such as Shanghai Futures Exchange, either based on price linkage clauses in the agreement, or through renegotiation upon parties noticed occurrence of such incident. During the Track Record Period, we did not experience any shortages, delays in delivery or quality issues with respect to supplies of our raw materials that had a material impact on our operations.

Inventory Management

Our inventory primarily comprises finished goods, raw materials and consumables, and work in progress. We manage our inventory levels based principally on expected demand, production schedules and volume of sales orders. In particular, our inventory management follows a "make-to-order with appropriate inventory" approach based on customer demand characteristics. For regular and standard products, we maintain a safety stock level determined by market demand to ensure immediate fulfillment of customer needs. For products with special structures or performance requirements, we adopt a made-to-order production model, manufacturing according to customer orders and delivering on schedule to meet customized requirements promptly. We regularly monitor our inventories to reduce the risk of overstocking. As of December 31, 2022, 2023 and 2024, we had inventories of RMB701.3 million, RMB710.3 million and RMB865.3 million, respectively.

LICENSES, PERMITS AND APPROVALS

We are required to maintain various licenses, approvals and permits in order to operate our business. We continually monitor our compliance with these requirements in order to ensure that we have all such approvals, licenses and permits as are necessary to operate our business.

As of the Latest Practicable Date, as advised by our PRC Legal Adviser and Vietnam Legal Adviser, we had obtained all material licenses, approvals and permits necessary for our business operations in the PRC and Vietnam, and such business licenses had remained in full effect. We had not experienced any material difficulties in renewing material licenses, permits or approvals during the Track Record Period and do not expect there to be any material difficulties in renewing them upon their expiry.

The table below sets forth a summary of the material license, permits and approvals that we have obtained for our business operations as of the Latest Practicable Date:

Licenses/Permits/Approvals	Issuing Authority	Issue Date	Expiry Date[1]
Civil Nuclear Safety Equipment Design License (民用核安全設備設計許可證)	National Nuclear Safety Administration (國家核安全局)	June 28, 2023	June 30, 2028
Civil Nuclear Safety Equipment Manufacturing License (民用核安全設備製造許可證)	National Nuclear Safety Administration (國家核安全局)	June 28, 2023	June 30, 2028
National Industrial Product Production License (全國工業產品生產許可證)	Guangdong Administration for Market Regulation (廣東省市場監督管理局)	September 20, 2023	September 19, 2028
Radiation Safety License (輻射安全許可證)	Department of Ecology and Environment of Guangdong Province (廣東省生態環境廳)	August 23, 2022	May 7, 2026
Electricity Business License (電力業務許可證)	Shandong Energy Regulatory Office of National Energy Administration of the PRC (國家能源局山東監管辦公室)	September 29, 2017	September 28, 2037
Radiation Safety License (輻射安全許可證)	Department of Ecology and Environment of Guangdong Province (廣東省生態環境廳)	August 6, 2024	August 21, 2028
Radiation Safety License (輻射安全許可證)	Changzhou Municipal Bureau of Ecology and Environment (常州市生態環境局)	November 12, 2024	November 11, 2029
Radiation Safety License (輻射安全許可證)	Department of Ecology and Environment of Guangdong Province (廣東省生態環境廳)	November 18, 2024	May 13, 2026
Radiation Safety License (輻射安全許可證)	Shanghai Municipal Bureau of Ecology and Environment (上海市生態環境局)	November 7, 2024	June 28, 2026
Radiation Safety License (輻射安全許可證)	Department of Ecology and Environment of Guangdong Province (廣東省生態環境廳)	December 26, 2023	December 25, 2028

Licenses/Permits/Approvals	Issuing Authority	Issue Date	Expiry Date[(1)]
Radiation Safety License (輻射安全許可證)	Changzhou Municipal Bureau of Ecology and Environment (常州市生態環境局)	January 16, 2023	January 15, 2028
Investment Registration Certificate (投資執照)	Management Board of Bac Ninh Industrial Zones of Vietnam (越南北寧省各工業區管委會)	October 18, 2019	N/A
Environmental License (環境許可證)	Bac Ninh Provincial People's Committee of Vietnam (越南北寧省人民委員會)	March 27, 2025	March 26, 2035

Note:

(1) "N/A" represents licenses that do not have an expiration date and will remain valid unless revoked.

INTELLECTUAL PROPERTIES

Our success and competitive advantages depend in part on our ability to develop and protect our core technologies and intellectual property. We own a large portfolio of intellectual properties, including patents, registered trademarks, software copyrights and domain names in the PRC. Specifically, our R&D efforts have produced 503 invention patents, 1,422 utility model patents, 119 design patents, 595 registered trademarks and 72 software copyrights in the PRC as of December 31, 2024. As of the same date, we were also granted six patents and 167 registered trademarks in overseas jurisdictions, including the U.S., Japan and Europe. See "Appendix IV — Statutory and General Information — Further Information about the Business of Our Company — 2. Intellectual Property Rights" in this document for more information.

In particular, our product brands such as WOER, LTK and KTG have built a good reputation in the industry. Our registered trademark "WOER" has been recognized as a well-known trademark by the China Patent and Trademark Office. We are deeply committed to our main business and will continue to focus on the inheritance of brand culture. In the future, we plan to continue to deepen the influence of our existing brands, actively create other star products and strengthen our brand strategy.

We rely on a combination of patents, copyrights, trademark law, trade secret protection and confidentiality agreements with customers, suppliers and employees to protect our intellectual property rights. We have also adopted a comprehensive set of internal rules for intellectual property management. These guidelines set out the obligations of our employees and create a reporting mechanism in connection with the protection of our intellectual property. Our legal department is primarily responsible for protecting our intellectual properties. We proactively manage and expand our intellectual property portfolio and use confidentiality and non-compete agreements to protect our intellectual properties and trade secrets.

AWARDS AND RECOGNITION

Our leading market position and brand recognition are reflected in the numerous awards we have received. The following table sets forth a selection of the notable awards and recognition we received in the recent years:

Year of Award	Awards and Recognition	Issuing Authority/Institution
2023	National High and New Technology Enterprise (國家級高新技術企業)	Shenzhen Science and Technology Innovation Commission (深圳市科技創新委員會), Shenzhen Municipal Bureau of Finance (深圳市財政局), and Shenzhen Tax Service of the State Taxation Administration (國家稅務局深圳市稅務局)
2023	National Intellectual Property Demonstration Enterprise (國家知識產權示範企業)	China National Intellectual Property Administration (國家知識產權局)
2023	National Green Factory Certification (國家級綠色工廠)	Ministry of Industry and Information Technology of the People's Republic of China (中華人民共和國工業和信息化部)
2023	Accreditation from China National Accreditation Service for Conformity Assessment (CNAS實驗室認可)	China National Accreditation Service for Conformity Assessment (中國合格評定國家認可委員會)
2023	Guangdong Manufacturing Industry Single Product Champion (廣東省製造業單項冠軍產品)	Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳)
2023	Shenzhen Artisan Cultivation Demonstration Unit (深圳工匠培育示範單位)	Shenzhen Hundred Excellent Craftsmen Expert Appraisal Committee (深圳百優工匠專家評定委員會), Federation of Shenzhen Industries (深圳工業總會)
2021	Shenzhen Key Enterprise Research Institute (深圳市重點企業研究院)	Shenzhen Science and Technology Innovation Commission (深圳市科技創新委員會)
2020	Shenzhen Famous Brand (深圳知名品牌)	Shenzhen Famous Brand Evaluation Committee (深圳知名品牌評價委員會)
2020	UL Recognized Witnessed Test Laboratory[(1)] (UL 認可目擊測試實驗室)	UL-CCIC Company Ltd[(2)]

Notes:

(1) Passing the audit of UL Witnessed Test Laboratory means that the testing of recognized items can be carried out in the authorized laboratory together with the witness of UL engineers, thus greatly shortening the period of delivering samples and waiting for testing, improving the efficiency of certification, shortening the R&D cycle, enhancing the market competitiveness of products, and seizing the first opportunity in the market. Getting the authorization of UL witnessed test laboratory means that our testing center has been more comprehensively upgraded in terms of laboratory management, equipment types, equipment precision and operation standard. We are the first enterprise in the heat-shrinkable industry to obtain UL 224 extruded insulation tubing standard witnessed laboratory authorization.

(2) UL, stands for Underwriters Laboratories, is an American organization that provides testing, certification, and safety standards for various products. Established in 1894, UL has grown to become a trusted authority in ensuring the safety and performance of consumer goods, industrial equipment, and workplace environments.

COMPETITION

We operate in a competitive market, and we compete with other manufacturers of data communication and alternative energy power transmission products. Our ability to maintain and grow our market share depends on us competing effectively against our competitors. The competitive landscape is shaped by multiple factors, including the growth of our customers and their respective industries, advancements in technology, emergence of new materials or technology, production capacity, regulatory changes and general economic conditions. Despite high barriers to entry, new market participants may emerge, introducing innovative or cost-effective products that challenge existing players. See "Industry Overview" in this document for details relating to our competitive landscape.

Our Directors believe that we will maintain our competitiveness over other competitors and our market position by strengthening and developing our competitive strengths. For more information, please see "— Competitive Strengths" in this section.

EMPLOYEES

As of December 31, 2024, we had 7,506 full-time employees, with approximately 97.9% of our employees located in mainland China. The following table sets forth a breakdown of our employees by function as of December 31, 2024:

	As of December 31, 2024	
Function	**Number**	**%**
Manufacturing	5,134	68.4%
Sales & Marketing	799	10.7%
R&D	828	11.0%
Finance	172	2.3%
Administrative	573	7.6%
Total	**7,506**	**100%**

The following table sets forth a breakdown of our employees by geographic locations as of December 31, 2024:

	As of December 31, 2024	
Location	**Number**	**%**
Mainland China	7,348	97.9%
Overseas	158	2.1%
Total	**7,506**	**100%**

To streamline human resource management, we established a comprehensive set of internal management measures, outlining the procedures and criteria for recruitment, training, internal referrals, among others.

We use various recruitment methods, including campus recruitment, online recruitment, other external recruitment channels as well as internal referrals and transfers. We generally offer employees competitive salaries, performance-based bonuses, and other incentives and continually refine our remuneration and incentive polices through market research. As required under PRC labor laws, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, housing provident funds and unemployment benefit plans, under which we make contributions at specific percentages of the salaries of our employees. For more details, see "Risk Factors — Risks Relating to Our Business and Industry — Any failure to make adequate contributions to various employee benefit plans as required by PRC regulations can result in penalties."

We have established a comprehensive system for employee training and development, including general training covering corporate culture, employee rights and responsibilities, workplace safety, data security and other logistics aspects, as well as specific training provided by company instructors, external courses, and expert lectures that improve employee knowledge and expertise in certain important areas related to our business. We are committed to making continual efforts to provide an engaging working environment for our employees.

In line with industry practice, we also engage labor dispatching agencies which provide workers for us based on our requirements from time to time for certain entry-level and non-technical positions. We regularly review the qualifications of labor dispatching agencies and specify the rights and obligations of labor dispatching agencies, dispatched workers and us in the dispatching agreements. As advised by our PRC Legal Adviser, we were in compliance with applicable laws and regulations related to the use of labor dispatching in all material aspects during the Track Record Period.

Our employees in China and Vietnam are represented by labor unions. We believe that we maintain good working relationships with our employees and we did not experience any strikes, work stoppages, labor disputes or actions which had a material adverse effect on our business and operations during the Track Record Period and up to the Latest Practicable Date.

DATA PRIVACY AND CYBERSECURITY

In recent years, data privacy and cybersecurity have emerged as critical governance priorities for companies worldwide. In particular, the PRC legislative and government authorities regularly introduce new cybersecurity, data security and privacy laws and regulations. Consequently, our practices regarding the collection, process and transfer of various types of data may come under increased administrative scrutiny. See "Risk Factors — Risks Relating to Our Business and Industry — Any failure or perceived failure to comply with data privacy and security laws could subject us to potential liabilities."

We collect and store business data, management data and transaction data generated during or in connection with our business operations, including data related to our business and transactions with our customers, suppliers and other relevant parties. We generally do not collect or process individual customers' personal information since our customers are brand companies rather than individuals.

We have established a comprehensive data compliance system that consists of organizational structure and internal policies. In addition, we provide various data security trainings to our employees (including trainings during their on-boarding process) to ensure that our employees are well aware of our data security policies and their responsibilities in terms of data protection. We require our employees to pass our data security tests before they can commence working for us. We have a comprehensive data backup system to encrypt and store data on servers in different locations in order to minimize the risk of data loss. We also conduct data restoration tests to examine the status of the backup system on a regular basis.

Our Directors confirm that, as of the Latest Practicable Date, we were not subject to any material claims, lawsuits, penalties or administrative actions relating to non-compliance with applicable laws and regulations related to cybersecurity and data protection.

INSURANCE

We believe that our insurance coverage is in line with the industry practice and adequate to cover our key assets, facilities and liabilities, including but not limited to all property-related risks insurance, cargo transportation insurance and credit insurance. Our employee-related insurance includes pension insurance, maternity insurance, employment insurance, work-related injury insurance, medical insurance and housing funds, as required by PRC laws and regulation. We also purchase group accident insurance for our employees. We procured insurance policies by type and amount that we consider sufficient, and evaluated such insurance policies from time to time based on our past experience, changes in production and industry developments. During the Track Record Period, we did not make any material insurance claims in relation to our business. See "Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may be insufficient to cover the risks or losses related to our business and operations" in this document.

PROPERTIES

We are headquartered in Shenzhen, China, and own and lease certain land parcels and buildings in the PRC for our business operations. These owned properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules.

Owned Properties

As of December 31, 2024, our Company and Major Subsidiaries owned 84 land parcels with a total site area of 320,512.4 sq.m. and 13 properties with a total gross floor area of 372,848.3 sq.m. These properties are primarily used as our production facilities, warehouses, dormitories and offices to support our business operations.

Our Group has no owned single property interest that forms part of our non-property activities that has a carrying amount of 15% or more of total assets pursuant to Rule 5.01B(2)(b) of the Listing Rules.

Our PRC Legal Adviser confirmed that, we had obtained the real property title certificates and other relevant land use rights certificates of the above land parcels and properties as of December 31, 2024.

Leased Properties

As of December 31, 2024, our Company and Major Subsidiaries had 19 leased properties which have a gross floor area of over 1,000 sq.m., with an aggregate gross floor area of approximately 324,328.1 sq.m. Such leased properties are primarily used as our offices, production facilities and warehouses.

As of the Latest Practicable Date, we have not completed the registration of the lease agreements for 11 of the above leased properties. We have taken proactive steps to register these lease agreements. Pursuant to the applicable laws and regulations in China, property lease agreements for leased properties must be registered with the relevant real estate administration bureaus in China.

If rectification is not made within the specified time, we may be subject to a fine ranging from RMB1,000 to RMB10,000 for our unregistered lease agreement. According to our PRC Legal Adviser, under the Civil Code of the PRC (《中華人民共和國民法典》), the non-registration of the lease agreement does not affect the validity and enforceability of the lease agreement. Our Directors are of the view that the failure to complete the filing of these lease agreements does not have any material or adverse effect on our business operations or financial conditions, because if we have to terminate the leases or relocate from such leased properties with defects, we are able to relocate to qualified alternative premises within a short period of time under comparable terms without incurring substantial additional costs.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become involved in legal proceedings in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any claims, damages or losses which would have a material adverse effect on our financial position or results of operations as whole. As of the Latest Practicable Date, no material litigation, arbitration or administrative proceedings had been threatened against us. We may also bring lawsuits against third parties seeking damages for, among other things, failure to fulfill their obligations with respect to investment returns. There is no assurance that the outcome of such legal proceedings will not adversely affect our business, financial condition and results of operations.

For more details, see "Risk Factors—Risks Relating to Our Business and Industry—Any litigation, legal and contractual disputes, claims or administrative proceedings against us could be costly and time-consuming to defend or settle, and could result in negative publicity."

Regulatory Compliance

We are committed to complying with the laws and regulations applicable to our business. During the Track Record Period and up to the Latest Practicable Date, we did not have non-compliance incidents which our Directors believe would, individually or in the aggregate, have a material operational or financial impact on our business and operation as a whole.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

As a leading high-tech enterprise in the high-speed data communication and alternative energy power transmission solution industry, we deeply integrate ESG principles into our corporate strategy and daily operations, and we are committed to enhancing energy efficiency and promoting sustainable development. We actively reduce energy consumption to support low-carbon goals while strictly adhering to green manufacturing standards and optimizing supply chain management to ensure our products meet environmental requirements throughout their lifecycle.

While driving industry progress, we prioritize social responsibility, uphold fair and transparent corporate governance, empower employee growth, and actively engage in community development. Guided by our corporate vision, we leverage technological innovation to implement ESG practices and advance the sustainable development of the new materials sector.

ESG Governance Framework

A sound and robust ESG governance framework serves as the cornerstone of our sustainable development. We have deeply embedded sustainability principles into our daily management and operations, establishing a top-down, three-tier ESG governance structure. At the highest level, the Board of Directors acts as the strategic decision-making body for ESG, responsible for setting sustainability policies and major initiatives, reviewing ESG performance reports, and overseeing ESG disclosure. Under the Board, the Strategy and Investment Committee evaluates ESG priorities and key issues, regularly reviews ESG progress and risk management updates from management, and provides expert recommendations. At the executive level, we have established a cross-departmental collaboration mechanism, with dedicated ESG liaisons in each functional division and subsidiary to ensure effective implementation of ESG initiatives.

When making major strategic decisions, evaluating significant transactions, or assessing internal control effectiveness, our directors incorporate ESG responsibilities into their evaluations, identifying and mitigating ESG-related risks while proposing improvements for any control deficiencies. In risk management, the Board mandates that management annually updates the ESG risk matrix and discloses climate-related financial impacts using the TCFD framework.

ESG Risk Identification, Assessment, and Response Summary

By leveraging the MSCI ESG Key Issues Framework, SASB Materiality Map, and industry-specific priority analysis, we have identified and consolidated material ESG issues relevant to our Group from a multi-stakeholder perspective. Corresponding mitigation measures have been developed as follows:

Category	Material Issues	Importance/Relevance to Us	Our Corresponding Measures
Environment	**Climate Change Mitigation**	Actively explore our business development opportunities, optimize operational costs, and gain competitive advantages.	Focus on the impact of climate change on national policies, industry development trends, and customer needs. Systematically identify and analyze the risks faced, as well as analyze the opportunities related to climate change.

Category	Material Issues	Importance/Relevance to Us	Our Corresponding Measures
	Greenhouse Gas Management	Enhance resource utilization efficiency by optimizing production processes through energy conservation and emission reduction.	Systematically advance the annual emission reduction plan each year, with energy transition, energy efficiency improvement, and process innovation as the core, to achieve emission reduction targets.
	Water Resource Management	Establish our positive green image by improving the efficiency and management processes of water resource utilization.	Strengthen water management, promote water-saving technological transformation, and improve the water recycling system.
	Waste Management	Reduce pollution and achieve sustainable resource use through waste sorting and recycling.	Strictly comply with local laws and regulations, and continuously optimize the waste management system.
	Energy Management	Promote energy-saving and consumption-reducing efforts, advance green production, and highlight the philosophy of green development.	Improve the energy management system, adopt energy-saving equipment and technologies, and enhance measures for energy use supervision.
Social	**Employee Rights**	Protect employee rights and improve their work enthusiasm and performance, thereby enhancing management efficiency.	Establish a comprehensive welfare system and employee care initiatives, fully safeguard the legitimate rights and interests of employees, and achieve common development between the enterprise and its employees.
	Occupational Health & Safety	Ensure employee safety and health, reduce the risk of accidents, and enhance production efficiency and corporate reputation.	Establish a sound safety production management system, develop standardized operating procedures, conduct regular risk assessments, and enhance employees' safety awareness and skills through regular training.
	Diversity & Equal Opportunity	Promote an inclusive culture to stimulate innovation and improve organizational performance.	Utilize diverse recruitment channels, establish standardized recruitment processes and evaluation criteria, and build a fair and transparent promotion mechanism.

Category	Material Issues	Importance/Relevance to Us	Our Corresponding Measures
	Community Engagement & Impact	Fulfill social responsibilities to enhance corporate image and gain social recognition and support.	Actively fulfill corporate social responsibility and strive to enhance the social value of the enterprise. Actively participate in the formulation of national and industry standards.
Governance	**Business Ethics**	Adhere to honest business practices to reduce compliance risks and establish a good corporate image.	Adhere to the core value of integrity in business operations. Establish internal audit and legal departments as part of the risk control functions. Implement anti-corruption management for employees, suppliers, and others. Set up a dedicated complaint channel to report violations of laws, regulations, and discipline.
	Corporate Governance	Refine governance structures to improve decision-making efficiency and protect the rights of shareholders and stakeholders.	Strictly comply with relevant laws and regulations, establish a standardized corporate governance structure, and continuously optimize the internal control environment and improve the internal control system through various rules and regulations, effectively safeguarding the interests of the company and its shareholders.
	Risk Management	Identify and control potential risks to ensure stable corporate operations and achieve sustainable development.	Strengthen the risk identification mechanisms of various departments, set clear risk warning indicators, and establish corresponding response measures.

Environmental Metrics & Management

We place environmental protection at the core of our sustainable development strategy, driving green operations and low-carbon transformation through a scientific environmental metrics system and systematic management measures. We continuously optimize energy and resource efficiency, reduce carbon emissions and environmental footprints in production and operations, and actively adopt clean technologies and renewable energy to implement green manufacturing principles.

Furthermore, we have established a comprehensive environmental management system. For example, one of our subsidiaries, Tianjin Wo'erfa Power Equipment Co., Ltd., invested approximately RMB389,000 in 2024 for pollution control facility construction and maintenance, waste treatment and resource recovery, and environmental monitoring and evaluation. These efforts ensure compliance with national environmental regulations and international standards, further strengthening our environmental management as we advance toward a more sustainable green development model.

Emissions

As a core component of our corporate sustainability strategy, we have established scientific and effective management systems for all emission indicators—including exhaust gasses, solid waste, and industrial wastewater. While pursuing economic growth, we proactively fulfill our environmental and social responsibilities, contributing to the development of a green, low-carbon, and sustainable ecosystem. We have established policy documents and have actively implemented multiple measures for emissions management. Owing to these efforts, our emission data of exhaust gasses, wastewater, and waste during the Track Record Period are as follows:

Classification	Unit	2022	2023	2024
Exhaust Gas				
Nox	kg	3,661,995	4,665,743	4,539,486
Sox	kg	111,242	85,030	3,781
PM	kg	111,777	163,781	165,893
Wastewater				
Total Water Consumption	tons	399,837	369,254	412,794
Recycled Amount	tons	17,200	22,200	37,200
Waste				
Hazardous Waste	kg	110,985	130,586	156,720
Non-hazardous Waste	kg	1,521,959	2,268,168	3,210,241
Recycled Volume of Hazardous Waste	kg	38,474	43,866	419,769
Recycled Volume of Non-hazardous Waste	kg	1,444,693	2,079,440	2,715,142

Resource Consumption

We prioritize resource consumption management. To that end, we have implemented various projects initiatives:

- **Waste Heat and Lighting Usage**: including recycling waste heat from the air compressor into the hot water system for use in dormitory shower, and improving workshop lighting and control mode.

- **Hopper Energy-saving Retrofit for Extruders**: Reutilizing waste heat generated by the barrel heating system of extruder main units, reducing workshop air conditioning electricity costs by approximately 10%;

- **SFP Core Wire Extrusion Equipment & Process Upgrade**: Enabled "one operator for two machines" production mode. Currently implemented across 20 core wire extrusion units, reducing labor costs by 50% per process; and

- **Dual-extrusion Single-machine System**: Achieved 50% reduction in operators while doubling production capacity, realizing large-scale standardized production.

We attach high importance to energy consumption management in production operations. By optimizing process flows, actively enhancing energy reuse, and reducing resource waste, we have established a scientific energy management system to ensure compliance with China's "Dual Carbon" policy and alignment with global low-carbon development trends.

During the Track Record Period, our resource consumption were as follows:

Resource Classification	Unit	2022	2023	2024
Electricity	MWh	115,648	125,462	151,663
Water Resources	tons	382,637	347,054	375,594

During the Track Record Period, we also generated wind and solar power, serving as a testament to our commitment to sustainability:

Resource Classification	Unit	2022	2023	2024
Wind Power Generation	MWh	283,081	313,914	295,684
Solar Power Generation	MWh	479	623	589

Based on current business operations and industry practices, in order to actively promote the sustainable transformation of the industry, we plan to reduce energy intensity by 3% annually in the future.

To ensure the effective implementation of our goals, we have developed a detailed energy management plan, which includes measures such as improving equipment energy efficiency, optimizing production processes, and integrating renewable energy sources. We have established and implemented an energy management system, conducted irregular inspections to promptly identify and address energy waste issues, and regularly assessed the performance of energy management. Through rigorous goal-setting and review and evaluation processes, we have comprehensively enhanced the efficiency of resource utilization.

Carbon Management

We prioritize carbon emission management and have implemented various measures to enable comprehensive emission control and continuous optimization of management practices.

Our carbon emission during the Track Record Period is as follows:

Classification	Unit	2022	2023	2024
Scope 1	Metric tons of carbon dioxide equivalent	452.5	525.8	662.3
Scope 2	Metric tons of carbon dioxide equivalent	65,957.8	71,554.9	86,497.9
Scope 3	Metric tons of carbon dioxide equivalent	4,417.3	4,693.0	5,042.1

Based on current business operations and industry practices, and in active response to China's 2030 carbon neutrality goal, we plan to gradually reduce our carbon emission intensity and continuously reduce total carbon emissions, ultimately reaching carbon neutrality. This will be done on the basis of meeting our production and operation needs as well as ensuring sustainable development, through measures such as optimizing the energy structure, improving energy efficiency, enhancing production processes, and strengthening carbon emission management. In this way, we will make a positive contribution to combating climate change.

Climate-Related Risks and Opportunities Identification

We recognize the profound impact of climate-related governance issues on business development, and actively transform challenges into opportunities to build a solid foundation for sustainable corporate growth. Through systematic identification and evaluation, we have assessed the specific potential impacts of climate-related risks on our operations as follows:

- **Climate Physical Risks**

  Short-Term Risks**:** Extreme weather events such as heatwaves and droughts may impact the surrounding ecosystem of wind farms, thereby challenging the stability of wind power generation. To minimize potential climate-related risks, our wind farms are strategically located in Laixi City, Qingdao. Benefiting from the region's maritime climate, Qingdao experiences fewer extreme weather events while maintaining abundant and stable wind resources. This ensures that wind power equipment operates under relatively mild climatic conditions, reducing the risk of damage caused by extreme temperature fluctuations and providing a stable energy foundation for wind power generation.

  Long-term risks**:** Climatic conditions, such as sustained high temperatures, may have a direct impact on the occupational safety and health of employees, such as an increased risk of heat stroke and a decrease in the comfort level of the working environment. This will force us to increase investment in workplace optimization and employee health management, which may significantly increase labor costs and affect employee productivity and satisfaction, posing a long-term challenge to our operations.

- **Climate Transition Risks**

  Policy and Compliance Risks**:** As global climate policies and environmental regulations tighten, companies must promptly adapt to meet stricter emission control requirements. Failure to comply may result in fines for excessive emissions, increased compliance costs, and adverse impacts on brand reputation.

Market and Customer Demand Risks**:** Climate change will further drive the growth in customer demand for "green products." To maintain market competitiveness, companies need to actively promote green transformation and develop new types of polymer materials that are in line with the concept of sustainable development. If they fail to adapt to these changes, companies may face the risk of losing market share.

While addressing the challenges brought about by climate change, we are also actively exploring the climate-related opportunities embedded within it to drive our long-term sustainable development. The specific climate opportunities are as follows:

- **Clean Energy:** For example, some of our products are an essential part of wind power generation, helping to achieve clean energy output. The practice of driving green development through technological innovation not only reflects our environmental responsibility, but also establishes a virtuous cycle of sustainable development at the industrial chain level. This further improves the social environment and contributes to the achievement of the carbon peak and carbon neutrality "3060" goals.

- **Green Supply Chain:** With the strengthening of environmental regulatory policies, downstream customers may increasingly demand more stringent control over energy consumption and emissions in the supply chain production process, to align with market trends. Our greener production management will create new market opportunities. Our ability to meet customers' demands for high-performance products will not only help us expand our market share, but also advance the realization of sustainable development goals throughout the supply chain.

Employee Well-being

We attach great importance to the rights and welfare of employees, and are committed to building a scientific, reasonable, fair and just employment system. We strictly comply with relevant labor laws and regulations to ensure that employees' legitimate rights and interests are fully protected. Our compensation and benefits system aims to improve employee well-being through clear performance evaluation criteria and incentive policies, while also attracting and cultivating young talents through employee retention measures. During each year of the Track Record Period, around 30% of our employees were females, and around two thirds were 30-50 years old. Furthermore, we provide comprehensive employee benefits, including statutory and supplementary options, foster a supportive work environment with advanced facilities and training, and values employee rights through a robust trade union system with regular meetings and multiple feedback channels such as suggestion boxes, staff congresses, complaint mailboxes, and annual satisfaction surveys.

Occupational Safety

We attach great importance to the establishment of our occupational safety system. During the Track Record Period, a total of over 3,000 occupational safety training sessions were implemented, with more than 40,000 cumulative employee participations. The total training duration was approximately 5,000 hours, and the average training duration per session was about 1.5 hours. During the same period, no employee deaths occurred due to work-related causes. We have established a comprehensive safety and health management system that strictly adheres to laws and regulations. We have also obtained certifications for the ISO 45001 Occupational Health and Safety Management System and ISO 14001 Environmental Management System.

In daily management, we systematically identify hazardous positions and implement key control measures, including daily inspections of personal protective equipment ("**PPE**") wearing, posting hazard warning signs on machinery, installing protective covers, and setting safety distances. Meanwhile, we organize annual occupational disease medical examinations for employees, establish health records, and monitor their health status in real time.

Employee Development and Training

We uphold the people-oriented development philosophy, attaching great importance to and fully supporting employees' career development path planning and continuous improvement of professional skills. In order to fully stimulate employees' potential for innovative thinking and promote their in-depth growth and extensive exploration in professional fields, we have specially established a series of carefully planned training programs. During the Track Record Period, we have coordinated and implemented more than 20,000 online and offline training sessions for employees. We have established clear recruitment and promotion systems to ensure fairness and support employees' career growth, including objective assessment criteria, a dual-channel career development path, and flexible job rotation opportunities. Our performance evaluation and incentive mechanisms are standardized and reward outstanding work, while our comprehensive training programs, which are supported by annual plans, special budgets, and mentorship initiatives, encourage continuous learning, professional certification, and personal development.

Sustainable Supply Chain

We integrate sustainable development into supply chain management. Through scientific supplier screening criteria, strict scoring systems, and dynamic daily management mechanisms, we have built a green, efficient, and shared-responsibility supply chain ecosystem to support our long-term sustainable development. These management measures have not only improved supply chain efficiency and transparency but also comprehensively ensured supply chain stability and compliance with responsibilities, setting an industry benchmark for the brand in the fields of green development and social responsibility, and promoting the full implementation of the sustainable development strategy.

Community and Public Welfare

We have continuously engaged in public welfare undertakings, actively participating in areas such as voluntary blood donation, charitable donations, educational assistance, and rural development. We have received honors as "loving enterprises for voluntary blood donation" and organized employees to participate in voluntary blood donation activities multiple times. We have also donated funds and materials to village committees, nursing homes, charitable organizations, and other entities in various regions, and have won honors related there to. In addition, we have donated scholarships and computer equipment to schools, providing targeted support for educational undertakings and helping improve teaching conditions.

Anti-Corruption

To maintain an honest business environment and prevent illegal and unethical behaviors such as commercial bribery and duty-related embezzlement, we have established a sound anti-corruption system. Through regular training, supervision, and punishment mechanisms, we ensure that all employees strictly adhere to the norms of clean and honest professional conduct. We have established and strictly enforce regulations prohibiting commercial bribery, embezzlement, and improper interest transfer, with clear penalties for violations. We maintain a zero-tolerance policy toward corruption: employees found in violation are suspended, investigated, dismissed if confirmed, and reported to authorities if criminal acts are involved. To ensure compliance, we provide comprehensive training for all staff, require signed Clean Conduct Commitment Letters, and mandate regular self-inspections and rectifications.

Collaboration with Social Impact Organizations

As of December 31, 2024, we have cumulatively led and participated in the formulation of various national, industrial, and group standards. Among them, 25 national standards, 26 industrial standards, and 8 group standards have been promulgated and implemented, testifying to our industry leadership.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established, and currently maintain, risk management and internal control systems consisting of policies and procedures that we consider appropriate for our business operations. We are dedicated to continually improving these systems. We have adopted and implemented comprehensive risk management policies in various aspects of our business and operations such as information technology, financial reporting, and internal control. Furthermore, we conduct periodic review of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency. We are dedicated to upholding the legal compliance of our operations and management, safeguarding assets and ensuring the accuracy and completeness of financial reports and related information. Our commitment extends to enhancing operational efficiency and effectiveness, thereby fostering the achievement of the company's strategic development goals.

Our Board of Directors is responsible for the establishment and regular updates of our internal control systems, ensuring they remain aligned with our strategic objectives, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each subsidiaries and functional departments. Our internal audit department jointly with our Board's Audit Committee regularly assesses and evaluates our internal controls, identifying areas of improvement and ensuring compliance with corporate policies.

BOARD OF DIRECTORS

Our Board currently comprise 9 Directors, comprising 5 executive Directors, 1 non-executive Director and 3 independent non-executive Directors, namely:

Name	Age	Position(s)	Date of appointment as Director[(1)]	Date of founding/ joining our Group	Role and responsibilities	Relationship with other Directors and senior management
Mr. Zhou Heping (周和平)	61	Executive Director, Chairperson of the Board	June 3, 2025	June 19, 1998	Responsible for the overall management, overall strategic planning, R&D and business development of our Company	Spouse of Ms. Yi Huarong
Ms. Yi Huarong (易華蓉)	45	Executive Director, vice Chairperson of the Board, general manager	November 2, 2022	August 25, 2014	Responsible for the overall management, overall strategic planning, and business development of our Company	Spouse of Mr. Zhou Heping
Mr. Liu Zhanli (劉占理)	44	Executive Director	October 30, 2019	July 1, 2007	Responsible for daily operation of the Company	None
Mr. Xia Chunliang (夏春亮)	37	Executive Director	June 28, 2020	July 2, 2012	Responsible for R&D and daily operation of the Huizhou LTK	None
Ms. Deng Yan (鄧艷)	42	Executive Director	October 30, 2019	July 22, 2010	Responsible for financial management and corporate governance of the Company	None
Dr. Li Wenyou (李文友)	59	Non-executive Director	June 29, 2020	June 29, 2020	Responsible for providing strategic advice to the management and corporate governance of the Company	None
Ms. Chen Yanyan (陳燕燕)	62	Independent non-executive Director	October 30, 2019	September 20, 2010	Primarily responsible for providing independent advice and judgment to our Board	None

Name	Age	Position(s)	Date of appointment as Director[(1)]	Date of founding/ joining our Group	Role and responsibilities	Relationship with other Directors and senior management
Mr. Zeng Fanyue (曾凡躍)	62	Independent non-executive Director	November 2, 2022	September 20, 2010	Primarily responsible for providing independent advice and judgment to our Board	None
Ms. Dai Bingjie (代冰潔)	34	Independent non-executive Director	November 2, 2022	November 2, 2022	Primarily responsible for providing independent advice and judgment to our Board	None
Mr. Wang Dong (2) (王棟)	47	Proposed independent non-executive Director	June 3, 2025	upon **[REDACTED]**	Primarily responsible for providing independent advice and judgment to our Board	None

Notes:

(1) For the avoidance of doubt, the date of appointment as Director refers to the most recent appointment for director who had previously ceased to hold office.

(2) Mr. Wang Dong shall replace one of the current independent non-executive Directors at the **[REDACTED]**.

The following sets forth the biographies of our Directors:

EXECUTIVE DIRECTORS

Mr. Zhou Heping (周和平), aged 61, founded the Company in June 1998. He served as the Chairperson of the Board from June 1998 to October 2019. He served as the chief technology officer of the Company since November 2019, and has served as an executive Director and chairperson of the Board since June 2025. He is responsible for the overall management, overall strategic planning, R&D and business development of our Company.

Mr. Zhou acquired a master's degree in science from Changchun Institute of Applied Chemistry Chinese Academy of Sciences in Jilin in July 1991. In December 2004, Mr. Zhou was awarded the title of Senior Engineer by the Human Resources and Social Security Department of Guangdong Province (formerly known as the "Department of Personnel of Guangdong Province").

Ms. Yi Huarong (易華蓉), aged 45, joined the Company in August 2014, and since then she has served as the person in charge of electronic product business operations, corporate culture management as well as investment business, respectively. Since November 2022 to present, she has served as the vice Chairlady of the Board and general manager of the Company. Since June 2025, she was re-designated as Executive Director. She is responsible for the overall management, overall strategic planning, and business development of our Company.

From July 2006 to June 2011, Ms. Yi served as a teacher at Guangdong University of Finance and Economics.

Ms. Yi obtained a bachelor's degree in engineering from Wuhan University in Hubei in June 2003, and further acquired a master's degree in engineering from Wuhan University in Hubei in December 2005.

Mr. Liu Zhanli (劉占理), aged 44, joined the Company in July 2007, and since then he has served as a product engineer, workshop technical director, and workshop production manager, respectively. From October

2019 to present, he has served as a Director of the Company. Since June 2025, he was re-designated as Executive Director. He is responsible for the daily operation of the Company.

Mr. Liu obtained a bachelor's degree in science from Hebei Agricultural University in Hebei in June 2004, and further acquired a master's degree in engineering from Hebei University in Hebei in June 2007.

Mr. Xia Chunliang (夏春亮), aged 37, joined the Company in July 2012, and since then he has served as a R&D engineer, director of the electronic product development group and manager of the R&D management department, respectively. From June 2020 to present, he has served as a Director of the Company. Since June 2025, he was re-designated as Executive Director, and he is responsible for the daily operation and technology R&D of Huizhou LTK.

Mr. Xia obtained a bachelor's degree in engineering from Shandong University of Science and Technology in Shandong in June 2010, and further acquired a master's degree in engineering from Shandong University of Science and Technology in Shandong in June 2012. In April 2021, Mr. Xia was awarded the title of Senior Engineer by the Human Resources and Social Security Bureau of Shenzhen Municipality (深圳市人力資源和社會保障局).

Ms. Deng Yan (鄧艷), aged 42, joined the Company in July 2010, and since then she has served as a cost accountant, cost director, senior finance manager, and deputy finance director, respectively. Since October 2019, she has served as a Director of the Company. In June 2025, she was re-designated as Executive Director, and she is responsible for financial management and corporate management of the Company.

Ms. Deng obtained a bachelor's degree in economics from Southwest Jiaotong University in Sichuan in July 2007, and further acquired a master's degree in management from Southwest Jiaotong University in Sichuan in January 2010.

NON-EXECUTIVE DIRECTOR

Dr. Li Wenyou (李文友), aged 59, joined the Company as Director in June 2020. In June 2025, he was re-designated as Non-executive Director. He is responsible for providing strategic advice to the management and corporate governance of the Company.

From August 1988 and prior to his pursuit of his doctorate degree, Dr. Li served as a teacher at Taiyuan University of Technology. From May 1999 to present, he has served as a teacher at Nankai University.

Dr. Li obtained a bachelor's degree in science from Hebei University in Hebei in July 1985, and obtained a mater of science degree at the Shaanxi Normal University of Shaanxi Province in June 1988. Dr. Li further acquired a doctorate degree in science from Xiamen University in Fujian in July 1997, and obtained a post-doctorate diploma in biomedical engineering from Southeast University in Jiangsu in May 1999.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chen Yanyan (陳燕燕), aged 62, first joined the Company as an independent Director from September 2010 to October 2016, and she has served as an independent Director again since October 2019. In June 2025, she was re-designated as an independent non-executive Director. She is responsible for providing independent advice and judgment to our Board.

Ms. Chen has extensive experience in the fields of corporate management and high-tech industry development, and she has served as an independent director of several listed companies. From January 2009 to July 2015, she served as a director of Shenzhen Hangsheng Electronics Co., Ltd. (深圳市航盛電子股份有限公司). From July 2011 to July 2014, she served as an independent director of Shenzhen Mason Technologies Co., Ltd. (a company listed on the main board of the Shenzhen Stock Exchange, stock code: 002654). From June 2013 to July 2019, she served as an independent director of Shenzhen Comix Group Co., Ltd. (a company listed on the main board of the Shenzhen Stock Exchange, stock code: 002301). From April 2016 to November 2019, she served as a director of Guangdong Misun Technology Co., Ltd. (a company listed on the ChiNext of the Shenzhen Stock Exchange, stock code: 301577). From October 2014 to April 2020, she served as an independent director of Shenzhen JAME Technology Corp., Ltd. (深圳市傑美特科技股份有限公司). From July 2014 to July 2020, she served as an independent director of Guangdong Wenke Green Technology Corp., Ltd. (a company listed on the main board of the Shenzhen Stock Exchange, stock code: 002775). From September 2017 to September 2020, she served as an independent director of Shenzhen Everbest Machinery Industry Co., Ltd (a company listed on the main board of the Shenzhen Stock Exchange, stock code: 002980). From September 2018 to February 2024, she served as an independent director of Shenzhen Cheng Chung Design Co., Ltd. (a company listed on the main board of the Shenzhen Stock Exchange, stock code: 002811). Since December 2012, she has served as an independent non-executive director of China Gas Holdings Limited (a company listed on the main board of Hong Kong Stock Exchange, stock code: 00384). Since December 2020, she has served as an independent director of Shenzhen Manst Technology Co., Ltd. (a company listed on the main board of the Shenzhen Stock Exchange, stock code: 301325).

Ms. Chen obtained a bachelor's degree in economics management (經濟管理) from the Party School of the Guangdong Provincial Committee of Communist Party of China in Guangdong (中共廣東省委黨校) through correspondence education in February 1997, a master's degree in economics from the Party School of the Guangdong Provincial Committee of Communist Party of China in Guangdong in July 1999, and further acquired a doctorate degree in business management from the Research Institute of Advanced Studies in Social Sciences (Shenzhen) of Renmin University of China (中國人民大學社會科學高等研究院(深圳)) (formerly known as Shenzhen Research Institute of Renmin University of China (中國人民大學深圳研究院)) in Guangdong in June 2006. In December 1999, Ms. Chen was awarded the title of senior political analyst by the Office of Assessment Leading Group for Ideological and Political Staff at Enterprises in Guangdong (廣東省企業思想政治工作人員專業職務評定工作領導小組辦公室). In November 2000, she was awarded the middle level of qualification in human resources (economics) by Shenzhen Zhi Cheng Guan Li Office (深圳市職稱管理辦公室).

Mr. Zeng Fanyue (曾凡躍), aged 62, first joined the Company as an independent Director from September 2010 to October 2016, and he rejoined the Company as an independent Director from December 2018 to October 2019, and has served as an independent Director again since November 2022. In June 2025, he was re-designated as an independent non-executive Director. He is responsible for providing independent advice and judgment to our Board.

Mr. Zeng has extensive experience in the fields of financial management, accounting and corporate governance. From December 2001 to April 2005, he served as the executive director (主任幹事) of Shenzhen Institute of Certified Public Accountants. From June 2005 to October 2007, he served as a senior manager of Deloitte Touche Tohmatsu Certified Public Accountants LLP. From November 2007 to October 2023, he served as the deputy general manager and consultant of finance department of China Merchants Shekou Industrial Zone Holdings Co., Ltd. Mr. Zeng has also served as an independent director of several listed companies. From July 2019 to May 2022, he served as an independent director of Shenzhen KTC Technology Co., Ltd. (a company listed on the main board of the Shenzhen Stock Exchange, stock code: 001308). Since December 2023, he has served as an independent director of Shenzhen Fuanna Bedding and Furnishing Co., Ltd. (a company listed on the main board of the Shenzhen Stock Exchange, stock code: 002327). Since January 2024, he has served as an independent director of Shenzhen Maxonic Automation Control Co., Ltd (a company listed on the ChiNext of the Shenzhen Stock Exchange, stock code: 300112).

Mr. Zeng obtained an associate's degree in accounting through long distance learning from Southwestern University of Finance and Economics in Sichuan in December 1990. He has been a certified public accountant recognized by the Ministry of Finance of the People's Republic of China since April 1995, and obtained the Intermediate Accountant Certificate granted by the Ministry of Finance of the People's Republic of China in October 1994.

Ms. Dai Bingjie (代冰潔), aged 34, joined the Company as an independent Director in November 2022. In June 2025, she was re-designated as an independent non-executive Director. She is responsible for providing independent advice and judgment to our Board.

From July 2013 to present, she has served as a supply chain management personnel of Yichang Tongshida Transportation Development Co., Ltd. (宜昌通世達交通開發有限公司).

Ms. Dai obtained an associate's degree in news editing and production from Zhixing College of Hubei University in Hubei in June 2011, and is currently pursuing her bachelor's degree in law through long distance learning at The Open University of China in Beijing since March 2023.

Mr. Wang Dong (王棟), aged 47, was appointed by the Company as an independent non-executive Director in June 2025 with effect from the **[REDACTED]**. He is responsible for providing independent advice and judgment to our Board.

From June 2011 to June 2019, he served as the deputy general manager of BOCOM International Holdings Company Limited and BOCOM International Securities Limited. From June 2019 to present, he has served as an executive committee member of Soochow Securities (Hong Kong) Financial Holdings Limited. From April 2020 to May 2022, he served as an independent non-executive director of Forgame Holdings Limited (a company listed on the main board of Hong Kong Stock Exchange, stock code: 00484).

Mr. Wang obtained a bachelor's degree in economics from Zhongnan University of Economics and Law in Hubei in June 2000, and obtained a master's degree in economics from Zhongnan University of Economics and Law in Hubei in June 2003, and further acquired an Executive MBA degree from China Europe International Business School in Shanghai in November 2018.

General

Save as disclosed in this section and the section headed "Further Information about Our Directors and Substantial Shareholders" in Appendix IV to this document, each of our Directors has confirmed that:

(1) he/she obtained the legal advice referred to under Rule 3.09D of the Listing Rules on June 3, 2025, and understood his/her obligations as a director of a listed issuer;

(2) he/she does not have any existing or proposed service contract with our Group other than contracts expiring or determinable by the relevant member of our Group within one year without payment of compensation (other than statutory compensation);

(3) he/she has no interest in the Shares within the meaning of Part XV of the SFO;

(4) he/she has not been a director of any other publicly listed company during the three years immediately preceding the Latest Practicable Date;

(5) other than being a Director and/or member of our Company's senior management, he/she does not have any relationship with any other Directors, senior management or substantial shareholders of our Company; and

(6) he/she has not completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

Each of our independent non-executive Directors has confirmed:

(1) his/her independence after taking into consideration each of the factors referred to under Rules 3.13(1) to 3.13(8) of the Listing Rules;

(2) that he/she does not have any past or present financial or other interest in the business of our Company or our subsidiaries, or any connection with any core connected person of our Company; and

(3) that there are no other factors which may affect his/her independence at the time of his/her appointment as our independent non-executive Director.

SENIOR MANAGEMENT

The following individuals hold senior managerial positions and are responsible for the day-to-day management and operation of our business. Details about the senior management team of the Company are provided below:

Name	Age	Position(s)	Date of appointment as senior management	Date of joining our Group	Role and responsibilities	Relationship with Directors and other senior management
Mr. Zhou Heping （周和平）	61	Executive Director, Chairperson of the Board	June 19, 1998	June 19, 1998	Responsible for the overall management, overall strategic planning, R&D and business development of our Company	Spouse of Ms. Yi Huarong
Ms. Yi Huarong (易華蓉)	45	Executive Director, vice Chairperson of the Board, general manager	November 2, 2022	August 25, 2014	Responsible for the overall management, overall strategic planning, and business development of our Company	Spouse of Mr. Zhou Heping
Mr. Xiang Keshuang (向克雙)	58	Vice general manager	September 27, 2010	February 16, 2003	Responsible for daily operation of the Company	None
Mr. Yao Chenhang (姚晨航)	48	Vice general manager and financial director	January 2, 2025	January 2, 2025	Responsible for financial management and corporate governance of the Company	None
Ms. Qiu Wei (邱微)	38	Board secretary	February 18, 2021	October 13, 2010	Responsible for corporate governance	None

The following sets forth the biographies of our senior management:

Mr. Zhou Heping (周和平) is our executive Director and chairperson of our Board. For further details, see " — Board of Directors — Executive Directors" in this section.

Ms. Yi Huarong (易華蓉) is our executive Director, and general manager. For further details, see " — Board of Directors — Executive Directors" in this section.

Mr. Xiang Keshuang (向克雙), aged 58, joined the Company in February 2003, and has served as the manager and director of the Company since then. From September 2010 to present, he has served as vice general manager of the Company.

Mr. Xiang obtained a bachelor's degree in agricultural economics and management from Yangtze University (formerly known as "Hubei Agricultural College") in Hubei in July 1989. In November 1997, he was awarded the qualification of an economist by the Ministry of Human Resources and Social Security of the

People's Republic of China (formerly known as the "Ministry of Personnel of the People's Republic of China"). In July 1992, he was awarded the title of political analyst by Intermediate Evaluation Committee for Professional Positions of Enterprise Political Workers of the Provincial Farm Reclamation Corporation (省農墾總公司企業政工人員專業職務中級評審委員會).

Mr. Yao Chenhang (姚晨航), aged 48, joined the Company in January 2025, and has served as the vice general manager and financial director since then.

Mr. Yao has extensive experience in the fields of capital operation and corporate governance. From September 2000 to August 2007, he served as an executive director at the investment banking division at Southwest Securities Company Limited (西南證券有限責任公司). From August 2007 to September 2017, he served as a general manager of the investment banking division headquarters of Hongta Securities Co., Ltd. (紅塔證券股份有限公司). From May 2020 to December 2024, he served as the managing director at Shenzhen Kunpeng Equity Investment Management Co., Ltd. (深圳市鯤鵬股權投資管理有限公司) and as the director and general manager at Shenzhen Kunpeng Guoxin Investment Co., Ltd. (深圳市鯤鵬國鑫投資有限公司).

Mr. Yao obtained a bachelor's degree in economics from Zhongnan University of Economics and Law in Hubei in June 2000, and further obtained a master's degree in laws from Wuhan University in Hubei in December 2006, and acquired an Executive MBA degree from China Europe International Business School in Shanghai in November 2017. He obtained the securities professional qualification (證券從業資格) and the sponsor representative qualification (保薦代表人資格) granted by the Securities Association of China and the secretary of the board of directors qualification (董事會秘書資格) granted by the Shenzhen Stock Exchange, and the fund professional qualification (基金從業資格) granted by the Asset Management Association of China.

Ms. Qiu Wei (邱微), aged 38, joined the Company in October 2010, and has served as financial specialist, securities specialist and securities affairs representative since then. From February 2021 to present, she has served as the secretary of the Board of the Company.

Ms. Qiu obtained a bachelor's degree in economics from Hunan University of Technology and Business in Hunan in July 2009, and obtained a master's degree in administration from Renmin University of China in Beijing in December 2021. In September 2017, she obtained the Intermediate Accountant Certificate granted by the Ministry of Human Resources and Social Security of the People's Republic of China. In July 2014, she obtained the secretary of the board of directors qualification (董事會秘書資格) granted by the Shenzhen Stock Exchange.

General

Save as disclosed in this section and the paragraph headed "Further Information about Our Directors and Substantial Shareholders" in Appendix IV to this document, each of our senior management members has confirmed that:

(1) he/she does not hold and has not held any other positions in our Group and any other members of our Group as of the Latest Practicable Date;

(2) other than being a Director and/or member of our Company's senior management, he/she does not have any relationship with any Directors, other members of senior management or substantial shareholders of our Company as of the Latest Practicable Date;

(3) he/she does not hold and has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the Latest Practicable Date; and

(4) he/she has not completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

JOINT COMPANY SECRETARIES

Ms. Qiu Wei, the secretary of our Board, was appointed as one of our joint company secretaries on May 12, 2025. For the biographical details of Ms. Qiu, see "– Senior Management" in this section.

Mr. Tam Ka Lung (譚家龍), aged 47, was appointed as one of our joint company secretaries on May 12, 2025.

Mr. Tam graduated from the Hong Kong University of Science and Technology with a Bachelor of Business Administration (Hons) Accounting degree. Mr. Tam is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Tam has over 20 years' experience in auditing, financial management, company secretary and corporate governance, merger and acquisitions and IPO. Mr. Tam has worked in KPMG with last position as audit senior manager. He is currently the chief financial officer and company secretary of China Huajun Group Limited, a company listed in the Main Board of Hong Kong Stock Exchange (stock code: 377). He is the director of Danok Corporate Services Limited.

COMPLIANCE ADVISER

We have appointed Gram Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any announcements, circulars or financial reports;
- where a transaction, which might be a notifiable or connected transaction under Chapters 14 and 14A of the Listing Rules is contemplated, including share issues and share repurchases;
- where we propose to use the **[REDACTED]** of the **[REDACTED]** in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and
- where the Stock Exchange makes an inquiry of us regarding unusual price movement and trading volume or other issues under Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, Gram Capital Limited will, in a timely manner, inform us of any amendment or supplement to the Listing Rules and new or amended laws and regulations in Hong Kong applicable to us.

The terms of the appointment shall commence on the **[REDACTED]** and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the **[REDACTED]**.

BOARD COMMITTEES

We have established the following committees on our Board: an audit committee, a remuneration and appraisal committee, a nomination committee, and a strategy and investment decision committee. The committees operate in accordance with the terms of reference established by our Board.

Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"). The Audit Committee consists of Mr. Zeng Fanyue, Ms. Chen Yanyan and Dr. Li Wenyou, with Mr. Zeng Fanyue being the chairperson of the committee. Mr. Zeng Fanyue holds the appropriate accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit Committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management systems, overseeing the audit process, and performing other duties and responsibilities as assigned by our Board, which includes amongst other things:

- proposing to our Board the appointment and replacement of external audit firms;
- supervising the implementation of our internal audit system;
- liaising between our internal audit department and external auditors;
- reviewing our financial information and related disclosures; and
- other duties conferred by our Board.

Remuneration and Appraisal Committee

We have established a remuneration and appraisal committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of part 2 of the Corporate Governance Code. The Remuneration and Appraisal Committee consists of Ms. Dai Bingjie, Mr. Zeng Fanyue and Ms. Yi Huarong, with Ms. Dai Bingjie being the chairperson of the committee.

The primary duties of the Remuneration and Appraisal Committee are to develop remuneration and appraisal policies of our Directors, evaluate the performance, make recommendations on the remuneration packages of our Directors and senior management and evaluate and make recommendations on employee benefits, which include amongst other things:

- establishing, reviewing and making recommendations to our Board on our policy and structure concerning remuneration and appraisal of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and appraisal;
- determining the terms of the specific remuneration package of each Director and members of senior management;
- reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time;
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and
- other duties conferred by our Board.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with paragraph B.3 of part 2 of the Corporate Governance Code. The Nomination Committee consists of Ms. Chen Yanyan, Ms. Dai Bingjie and Mr. Zhou Heping, with Ms. Chen Yanyan being the chairperson of the committee.

The primary duties of the Nomination Committee are to make recommendations to our Board in relation to the appointment and removal of Directors which includes, amongst other things:

- reviewing the structure, size and composition of our Board on a regular basis, assisting our Board in maintaining a board skills matrix, and making recommendations to our Board regarding any proposed changes;

- identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorships;

- assessing the independence of independent non-executive Directors;

- making recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors;

- supporting our Company's regular evaluation of our Board's performance; and

- other duties conferred by our Board.

Strategy and Investment Decision Committee

Our Board has established a strategy and investment decision committee (the "Strategy and Investment Committee") with written terms of reference. The primary duties of the Strategy and Investment Decision Committee are to research on making recommendations to our Board on our long-term development strategies, major decisions, and environmental, social and governance matters. The Strategy and Investment Decision Committee comprises Mr. Zhou Heping, Ms. Yi Huarong and Ms. Chen Yanyan, with Mr. Zhou Heping as the chairperson.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with the corporate governance requirements under the Corporate Governance Code after the **[REDACTED]**.

Board Diversity

We seek to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. We have adopted a board diversity policy (the "**Board Diversity Policy**") to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a range of diversity perspectives with reference to our Company's business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry, regional experience and length of service. Furthermore, the Nomination Committee is responsible for reviewing the diversity of our Board, reviewing the Board Diversity Policy from time to time, developing and reviewing measurable objectives for implementing the Board Diversity Policy, and monitoring the progress on achieving these measurable objectives in order to ensure that the Board Diversity Policy remains effective.

Our Directors have a balanced mix of knowledge and skills, including but not limited to R&D, engineering, education, finance, accounting and corporate governance. They obtained degrees in various majors including chemistry, physics, engineering, finance, economics and accounting. Furthermore, our current Board has a relatively wide range of ages, ranging from 34 years old to 62 years old, and consists of 5 male members and 4 female members. Our Company has reviewed the membership, structure and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operation.

Our Company will, among others, (i) disclose the biographical details of each Director and (ii) report on the implementation of the Board Diversity Policy (including whether we have achieved board diversity) in its annual corporate governance report. In particular, our Company will take opportunities to increase the proportion of female members of our Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices. Our

Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that our Company will have a pipeline of female senior management and potential successors to our Board. We believe that such merit-based selection process with reference to our Board Diversity Policy and the nature of our business will be in the best interests of our Group and our Shareholders as a whole.

COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, he/she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

COMPENSATION OF DIRECTORS

We offer our Directors remuneration in the form of fees, salaries, allowances, benefits in kind, performance related bonuses, retirement benefit scheme contribution, and share-based compensation. Our Directors' remuneration is determined with reference to the relevant Director's experience and qualifications, level of responsibility, performance and the time devoted to our business, and the prevailing market conditions. Our independent non-executive Directors receive emolument based on their responsibilities.

The aggregate amounts of remuneration (including fees, salaries, allowances, benefits in kind, performance related bonuses, retirement benefit scheme contribution, and share-based compensation) which were paid or payable to our Directors for the three financial years ended December 31, 2022, 2023 and 2024 were RMB4.2 million, RMB4.9 million and RMB4.6 million, respectively.

It is estimated that the aggregate amount of remuneration (including fees, salaries, allowances, benefits in kind, performance related bonuses, retirement benefit scheme contribution, and share-based compensation) payable to our Directors for the financial year ending December 31, 2025 would be approximately RMB12.0 million under arrangements in force as of the date of this document.

For the three financial years ended December 31, 2022, 2023 and 2024, there were nil, one and one Directors among the five highest paid individuals, respectively. The aggregate amounts of remuneration (including fees, salaries, allowances, benefits in kind, performance related bonuses, retirement benefit scheme contribution, and share-based compensation) which were paid or payable by our Group to our five highest paid individuals (excluding Directors) for the three financial years ended December 31, 2022, 2023 and 2024 were RMB11.1 million, RMB9.4 million and RMB10.1 million, respectively.

During the Track Record Period, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors, past Directors, or the five highest paid individuals for the loss of office as a director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group, and (iii) none of our Directors waived or agreed to waive any emoluments.

Except as disclosed above, no other payment has been paid, or is payable, by our Group to our Directors or the five highest paid individuals of our Group during the Track Record Period.

For additional information on remuneration of Directors during the Track Record Period as well as information on the five highest paid individuals, see notes 11 and 12 to the Accountants' Report.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised and the options granted under the 2025 Share Option Scheme are not exercised, the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Hong Kong Stock Exchange 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 nominal value of any class of share capital (excluding the 10,283,600 A Shares as treasury A Shares) carrying rights to vote in all circumstances at general meetings of our Company:

			As of the Latest Practicable Date and immediately prior to the [REDACTED]			Immediately after the [REDACTED] (assuming the [REDACTED] is not exercised and the options granted under the 2025 Share Option Scheme are not exercised)			
Name of Shareholder	**Capacity/ nature of interest**	**Description of Shares**	**Number of Shares(1)**	**Approximate percentage of interest in our Company(2)**	**Approximate percentage of voting rights in our Company(4)**	**Number of Shares(1)**	**Approximate percentage of interest in our Company(3)**	**Approximate percentage of interest in our A Shares(3)**	**Approximate percentage of voting rights in our Company(5)**
Mr. Zhou(6)	Beneficial Owner Interest in Controlled Corporation	A Shares	189,563,801	15.05%	15.17%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%
Ms. Yi Huarong(6)	Spousal interest Interest in Controlled Corporation	A Shares	189,563,801	15.05%	15.17%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%
Ms. Qiu Limin(7)	Beneficial Owner Interest in Controlled Corporation	A Shares	121,500,827	9.64%	9.72%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 1,259,898,562 A Shares in issue as of the Latest Practicable Date.

(3) The calculation is based on the total number of **[REDACTED]** Shares in issue immediately following the completion of the **[REDACTED]**, including treasury A Shares but without taking into account any Shares which may be issued pursuant to the exercise of the **[REDACTED]** or the options granted under the 2025 Share Option Scheme.

(4) The calculation is based on the total number of 1,259,898,562 A Shares in issue and excluding the 10,283,600 A Shares as treasury A Shares shares as of the Latest Practicable Date.

(5) The calculation is based on the total number of **[REDACTED]** Shares in issue immediately following the completion of the **[REDACTED]** excluding the treasury A Shares and without taking into account any Shares which may be issued pursuant to the exercise of the **[REDACTED]** or the options granted under the 2025 Share Option Scheme.

(6) Our executive Director, Mr. Zhou, directly holds 139,563,801 A Shares. In addition, through Shanghai Tongyi Investment Management Co., Ltd. - Tongyi Qingtong No. 1 Private Securities Investment Fund (上海通怡投資管理有限公司－通怡青桐1號私募證券投資基金), Shanghai Tongyi Investment Management Co., Ltd. - Tongyi Qingtong No. 3 Private Securities Investment Fund (上海通怡投資管理有限公司－通怡青桐3號私募證券投資基金), Shanghai Tongyi Investment Management Co., Ltd. - Tongyi Qingtong No. 6 Private Securities Investment Fund (上海通怡投資管理有限公司－通怡青桐6號私募證券投資基金), and Shanghai Tongyi Investment Management Co., Ltd. - Tongyi Furong No. 17 Private Securities Investment Fund (上海通怡投資管理有限公司－通怡芙蓉17號私募證券投資基金) (collectively, the "**Tongyi Funds**"), Mr. Zhou and Ms. Yi Huarong, our executive Director and Mr. Zhou's spouse, who are the only beneficial owners of the Tongyi Funds, are interested in 50,000,000 A Shares.

(7) To the best knowledge of the Company, Ms. Qiu Limin directly holds 14,237,371 A Shares. In addition, through Xuanyuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuanyuan Kexin No. 109 Private Securities Investment Fund (玄元私募基金投資管理（廣東）有限公司－玄元科新109號私募證券投資基金), Xuanyuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuanyuan Kexin No. 178 Private Securities Investment Fund (玄元私募基金投資管理（廣東）有限公司－玄元科新178號私募證券投資基金), Xuanyuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuanyuan Kexin No. 201 Private Securities

Investment Fund (玄元私募基金投資管理（廣東）有限公司－玄元科新201號私募證券投資基金), Xuanyuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuanyuan Kexin No. 202 Private Securities Investment Fund (玄元私募基金投資管理（廣東）有限公司－玄元科新202號私募證券投資基金), Xuanyuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuanyuan Kexin No. 203 Private Securities Investment Fund (玄元私募基金投資管理（廣東）有限公司－玄元科新203號私募證券投資基金), Shenzhen Yingfu Huizhi Private Securities Fund Co., Ltd. - Yingfu Zengxin Tianli No. 12 Private Securities Investment Fund (深圳盈富匯智私募證券基金有限公司－盈富增信添利12號私募證券投資基金), Shenzhen Yingfu Huizhi Private Securities Fund Co., Ltd. - Yingfu Zengxin Tianli No. 13 Private Securities Investment Fund (深圳盈富匯智私募證券基金有限公司－盈富增信添利13號私募證券投資基金), Zhuhai Abama Private Fund Investment Management Co., Ltd. - Abama Yuanshare Dividend No. 88 Private Securities Investment Fund (珠海阿巴馬私募基金投資管理有限公司－阿巴馬元享紅利88號私募證券投資基金), and Zhuhai Abama Private Fund Investment Management Co., Ltd. - Abama Yuanshare Dividend No. 89 Private Securities Investment Fund (珠海阿巴馬私募基金投資管理有限公司－阿巴馬元享紅利89號私募證券投資基金), she is interested in 107,263,456 A Shares. To the best knowledge of the Company, the aforementioned investment funds are controlled by Ms. Qiu Limin.

For details of the substantial shareholders who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group other than our Company, see "Further Information about Our Directors and Substantial Shareholders—1. Disclosure of Interests" in Appendix IV to this document.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and the options granted under the 2025 Share Option Scheme are not exercised), without taking into account the **[REDACTED]** that may be taken up under the **[REDACTED]**, have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company (excluding the 10,283,600 A Shares as treasury A Shares in case of our Company).

This section presents certain information regarding our share capital prior to and upon the completion of the **[REDACTED]**.

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB1,259,898,562, comprising 1,259,898,562 A Shares (including 10,283,600 A Shares as treasury A Shares) with a nominal value of RMB1.00 each, all of which are listed on the Shenzhen Stock Exchange.

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
		(%)
A Shares	1,259,898,562[(1)]	100.00

Note: (1) These A Shares include 10,283,600 A Shares which are held by our Company as treasury A Shares.

UPON COMPLETION OF THE [REDACTED]

Immediately upon completion of the **[REDACTED]**, assuming the **[REDACTED]** is not exercised and the options granted under the 2025 Share Option Scheme are not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
		(%)
A Shares	1,259,898,562	**[REDACTED]**
H Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**100.00**

Note: (1) These A Shares include 10,283,600 A Shares which are held by our Company as treasury A Shares.

Immediately upon completion of the **[REDACTED]**, assuming the **[REDACTED]** is fully exercised and the options granted under the 2025 Share Option Scheme are not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
		(%)
A Shares	1,259,898,562	**[REDACTED]**
H Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**100.00**

Note: (1) These A Shares include 10,283,600 A Shares which are held by our Company as treasury A Shares.

SHARE CLASSES

Upon the completion of the **[REDACTED]**, the Shares will consist of A Shares and **[REDACTED]**. The A Shares and **[REDACTED]** are all ordinary Shares in the share capital of the Company. Apart from certain qualified domestic institutional investors in mainland China, the qualified investors in mainland China under the Shenzhen-Hong Kong Stock Connect (if our **[REDACTED]** are eligible securities for that purpose) and other persons who are entitled to hold our **[REDACTED]** pursuant to relevant PRC Law or upon approvals of any competent authorities, **[REDACTED]** generally cannot be subscribed for by or traded between legal or natural persons in mainland China.

Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between mainland China and Hong Kong. Our A Shares can be subscribed for and 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 subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by investors in mainland China in accordance with the rules and limits of Shenzhen-Hong Kong Stock Connect.

A Shares and H Shares are regarded as one class of Shares under the Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. Dividends in respect of our Shares may be paid by us in Renminbi or Hong Kong dollars. In addition to cash, dividends may be distributed in the form of Shares.

As of the Latest Practicable Date, 10,283,600 A Shares were held by our Company as treasury A Shares, which shall only be used by our Company in connection with employees' share incentive scheme(s) of our Company. Upon adoption of any share scheme(s) of our Company which will be funded by such treasury A Shares, such as the 2025 Restricted Share Scheme, such treasury A Shares may be transferred out of treasury for the purpose of and pursuant to such share scheme(s) of our Company and our Company will comply with applicable requirements under Rule 19A.39E of the Hong Kong Listing Rules as and when appropriate and required.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

We have obtained approval from our A Shareholders to **[REDACTED]** H Shares and seek the **[REDACTED]** of the H Shares on the **[REDACTED]**. Such approval was obtained at the general meeting of our Company held on June 3, 2025 and is subject to the following conditions:

(i) Size of the [REDACTED]

The proposed number of H Shares to be **[REDACTED]** initially shall not exceed **[REDACTED]** H Shares (that is, not exceeding **[REDACTED]**% of the total issued number of shares as **[REDACTED]** by the H Shares to be **[REDACTED]** pursuant to the **[REDACTED]**). The number of H Shares to be **[REDACTED]** pursuant to the exercise of the **[REDACTED]** shall not exceed **[REDACTED]** H Shares (that is, not exceeding **[REDACTED]**% of the total number of H Shares to be **[REDACTED]** initially pursuant to the **[REDACTED]**).

(ii) Method of [REDACTED]

The method of **[REDACTED]** shall be by way of a **[REDACTED]** for **[REDACTED]** in Hong Kong and an international **[REDACTED]** to institutional and professional **[REDACTED]**.

(iii) Target [REDACTED]

The H Shares shall be **[REDACTED]** to Hong Kong public **[REDACTED]**, other overseas **[REDACTED]** who meet the relevant requirements, qualified domestic **[REDACTED]** eligible to **[REDACTED]** in overseas securities according to PRC Law and other **[REDACTED]** who comply with the relevant regulatory requirements.

(iv) [REDACTED] Basis

The **[REDACTED]** of the H Shares will be determined after due consideration of the interests of existing Shareholders, the acceptance of **[REDACTED]** and **[REDACTED]** risks and in accordance with international practices through the demands for **[REDACTED]** and **[REDACTED]** 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) Valid Period

The **[REDACTED]** of H Shares and **[REDACTED]** of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date when the Shareholders' meeting was held on June 3, 2025.

There is no other approved **[REDACTED]** plans for any other shares except for the **[REDACTED]**.

2025 SHARE OPTION SCHEME

We have adopted the 2025 Share Option Scheme, the principal terms of which are summarized in the section headed "5. Employee Incentive Schemes" in Appendix IV to this document.

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstances under which our Shareholders' general meetings are required, see "Shareholders and Shareholders' Meeting" in Appendix III.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included in the Accountants' Report in Appendix I to This document. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. You should not place undue reliance on any such statements. Our actual future results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors," "Forward-Looking Statements" and elsewhere in This document.

For the purpose of this section, unless the context otherwise requires, reference to the years of 2022, 2023 and 2024 refer to the years ended December 31, 2022, 2023 and 2024, respectively.

OVERVIEW

We are a leading provider of comprehensive solutions for both high-speed data communication and alternative energy power transmission. Our products are vital to both telecoms and alternative energy industries, which support, drive and reshape global economic development and technological progress.

Our Contributions to the Telecoms Industry

- We are a market leader for the manufacturing and sales of high-speed copper cables, a critical component of high-speed data communication. These products enable high-speed connection between the functional modules in computing centers, increasing intra-cluster data transfer efficiency while ensuring optimized energy consumption and reliability. This effectively promoted the rapid deployment of quality infrastructure, driving the expansive application of LLMs across different industries.

- Our high-speed copper cables have been certified and admitted for usage in the computing servers of several globally leading AI enterprises with strong GPU designing or manufacturing capabilities. These cables ensure stable and quality signal transmission between GPUs to unleash their full designed potential. According to F&S, we are the second largest manufacturer of high-speed copper cables in the world and the largest in China based on global revenue in 2024, claiming 24.9% of the global market share.

- We are an industry leader in heat-shrinkable materials, a type of high-end electronic materials. According to F&S, we ranked first in the global heat-shrinkable materials industry, with a 20.6% global market share in terms of global revenue in 2024; and we pioneered the industrialization of heat-shrinkable materials in China, holding a 58.5% China market share in terms of China revenue in 2024 and maintaining a leading position. When heated during installation, our tubings would shrink to conform to virtually any shape, providing dependable insulation, mechanical robustness, strain relief, as well as esthetic appeal. These products can also withstand challenges in harsh environments, such as collision and abrasion, pollution and contamination, UV-light, as well as extreme temperature and humidity conditions.

Our Contributions to Alternative Energy Industries

- Our NEV power transmission products provide high-performance electrical solutions to NEVs. These products have been widely adopted by leading automakers in China and around the world, as well as ultra-fast charging station operators enjoying strong market share in China. According to F&S, we are the largest NEV DC charging gun manufacturer in terms of China revenue in 2024, with a China market share of 41.7%.

- Through offering power transmission products for grids and stations, we provide customers with power transmission solutions for critical energy infrastructure, including high-voltage power grids and nuclear power plants, featuring high performance, high safety and strong reliability. As of the Latest Practicable Date, our products had been adopted by many leading power enterprises in China, including two largest power grid operators, a leading nuclear power plant operator and a leading power producer. According to F&S, we ranked first among manufacturers of cable accessories in terms of China revenue in 2024, claiming a China market share of 10.6%.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations, and financial condition are influenced by various factors impacting the industries in which we operate. These factors include macroeconomic conditions, regulatory developments, and market competition.

In addition to these general factors, our results of operations are affected by the following specific factors:

Market Demand

As we possess a leading position in the high-speed data communication and alternative energy power transmission solution industry, the robust growth in the various key markets, such as heat-shrinkable materials, data communication cables and DC charging guns, drives demand for our solutions. Therefore, shifts in the growth trends of these markets could affect customer demand for our products and materially affect our results of operations.

According to F&S, among these markets,

- The global high-speed copper cable market expanded from RMB0.4 billion in 2020 to RMB1.2 billion in 2024, reflecting a CAGR of 30.4%. It is projected to grow further from RMB1.9 billion in 2025 to RMB4.9 billion by 2029 at a CAGR of 26.9%.

- For the heat-shrinkable materials industry, its global market grew at a CAGR of 5.7% from RMB10.1 billion in 2020 to RMB12.6 billion in 2024, and is expected to grow at a CAGR of 5.4% from 2025 to RMB16.5 billion in 2029. Its market size in China increased at a CAGR of 7.7% from RMB2.7 billion in 2020 to RMB3.6 billion in 2024, and is expected to increase at a CAGR of 7.2% to RMB5.1 billion by 2029.

- The market size of China's DC charging gun industry increased from RMB0.2 billion in 2020 to RMB1.2 billion in 2024 at a CAGR of 58.6%, and is expected to reach RMB4.1 billion in 2029 at a CAGR of 24.7% from 2025.

Our main products play a key role in these growing sectors. Changes in market dynamics, such as increased competition or reduced demand, could adversely impact our business performance.

R&D Capabilities and Operational Efficiency

Our ability to deliver innovative, high-performance solutions tailored to customer needs is critical to sustaining our competitive advantage and achieving long-term growth. We have strategically invested in R&D to advance technologies for data communication and power transmission, focusing on areas such as high-speed copper cables, liquid-cooled charging guns, and high-voltage cable accessories. Our R&D efforts are also closely integrated with our customers to ensure alignment with their current and future needs. Such endeavors not only strengthen customer relationships but also create high switching costs, as customers rely on our customized solutions.

To support our innovation efforts, we have established comprehensive R&D facilities, including UL-certified laboratories, and formed partnerships with leading academic institutions. As of December 31, 2024, we had a dedicated R&D team of over 820 members, representing 11.0% of our total workforce. In 2022, 2023 and 2024, our research and development expenses amounted to RMB305.8 million, RMB310.0 million and RMB348.7 million, respectively, making up 5.7%, 5.4% and 5.0% of our revenue in the same years, respectively.

In addition to R&D, our operational efficiency plays a key role in optimizing costs and enhancing profitability. Through the adoption of advanced manufacturing technologies, such as automated production lines, robotics, and IoT solutions, we have achieved significant improvements in production quality and cost-effectiveness. For instance, our proprietary MES system enables real-time monitoring of production processes, ensuring consistent product quality and operational efficiency, helping us control our costs without compromising on quality.

Product Mix

Our financial performance is influenced by the mix of products we sell, as unit prices and average selling prices vary across and even within our businesses and product lines. For example, for telecoms cable products in our electronic communications business, the average selling price for medical-grade cables, can be significantly higher than those for consumer electronics cables, reflecting the difference in the complexity of their R&D and manufacturing processes. See "Business—Our Business—Electronic Communications Business—Telecoms Cable Products." Even for the same product series, the average selling price may also have significant variance. See "Business—Our Business—Alternative Energy Power Transmission Business—Power transmission products for grids and stations."

Given the rapid development and robust growth in the downstream markets, such dynamic customer demands will influence each of our products' sales volume and change the product mix, requiring our agile response. Therefore, we have been constantly monitoring and evaluating our product mix and dynamically adjusting the same to not just increase our profitability but also optimally position us to fulfill anticipated customer demands.

Raw Material Costs

The raw materials for our key products primarily include EVA (ethylene-vinyl acetate, a key polymer used in the production of heat-shrinkable materials), copper, and rubber. Fluctuations in the prices of these raw materials directly affect our production costs and product pricing, which in turn has a significant impact on our operations. For example, according to F&S,

- The global EVA price increased from RMB12.9 thousand per metric ton in 2020 to RMB22.2 thousand per metric ton in 2022, before decreasing to RMB11.3 thousand per metric ton in 2024;
- The global copper price increased from RMB42.6 thousand per metric ton in 2020 to RMB66.0 thousand per metric ton in 2024; and
- The global rubber price increased from RMB12.0 thousand per metric ton in 2020 to RMB15.7 thousand per metric ton in 2024.

In view of such fluctuation, we consider market benchmarks for relevant raw materials, such as those published on the relevant industry association websites, e.g., Shanghai Futures Exchange, in sourcing raw materials and in determining the pricing of our products. To mitigate the impact of price fluctuations, we implement cost-control measures, such as strategic sourcing, bulk purchasing, and dynamic pricing mechanisms, which help us maintain competitiveness and preserve margins.

In addition, our vertically integrated business model enables us to capture value at multiple stages of production, optimize costs, and maintain supply chain stability, as we can benefit from the entire value chain, from product development to production. For instance, our manufacturing bases allow us to process raw materials across these locations, maintain high production efficiency, and ensure timely delivery.

Furthermore, our integrated operation also provides us with the flexibility to respond to changing market conditions, as different products require different raw material profile. For example, as our telecoms cable products and electronic materials products achieve comprehensive coverage of electronic communications, we have been able to also benefit from the growth in alternative energy power transmission through our corresponding solutions, such as NEV power transmission products, power transmission products for grids and stations and wind power business.

BASIS OF PRESENTATION

Our 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 (the "**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 us in the preparation of the historical financial information throughout the Track Record Period.

The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain material accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information, are disclosed in Note 5 to the Accountants' Report included in Appendix I to This document.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Note 4 to "Appendix I — Accountants' Report" to This document sets forth certain material accounting policy information, which are important for understanding our financial conditions and results of operations.

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experiences and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between 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 in these estimates and assumptions in the foreseeable future.

Revenue Recognition

Revenue from sales of goods

We sell telecoms cables, electronic materials, NEV power transmission products and power transmission products for grids and stations directly to customers in accordance with the contracts entered into with the customers. Revenue is recognized when control of the products has been transferred to the customer, at the point the goods are delivered to the customer. Delivery occurs when the products have been accepted by the customer. The typical credit term is within 90 days effective from the date when the goods are accepted by the customers. When the customer pays in advance for the orders, the transaction price received by us is recognized as a contract liability until the goods have been delivered to the customer.

Revenue from sales of wind power

Revenue from the sales of wind power represents the amount of tariffs billed for electricity generated and transmitted to the respective power companies. Revenue is recognized when the electricity is transmitted as the consideration becomes unconditional at this point in time.

Others

Revenue from provision of the implementation services of MOM and MES

We recognizes revenue from the services rendered for software implementation over time, using an input method to measure progress towards complete satisfaction of the service, because our performance creates or enhances an asset that the customer controls as the asset is created or enhanced and the customer simultaneously receives and consumes the benefits provided by us. The input method recognizes revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes other than assets under construction as described below. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets in functioning properly and, for qualifying assets, borrowing costs capitalized in accordance with our accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When we make payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as ''right-of-use assets'' in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of assets other than assets under installation less their residual values over their estimated useful lives, using the straight-line method, as follows:

Buildings	20 – 40 years
Plant and machinery	3 – 10 years
Motor vehicles	3 – 10 years
Electricity generation and related equipment	20 years
Leasehold improvements	2 – 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

We transfer a property to investment property when its use has changed as evidenced by the end of owner-occupation.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Impairment on property, plant and equipment, right-of-use assets, intangible assets other than goodwill and investment properties

At the end of the reporting period, we review the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful and investment properties to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, intangible assets and investment properties are estimated individually. When it is not possible to estimate the recoverable amount individually, we estimate the recoverable amount of the cash- generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash- generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash- generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash- generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade and bills receivables and contract assets arising from contracts with customers which are initially measured in accordance with IFRS 15 ''Revenue from Contracts with Customers" ("**IFRS 15**"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL except that at initial recognition of a financial asset we may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 "Business Combinations" applies.

Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or fair value through other comprehensive income ("**FVTOCI**") or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income, gains and losses" line item.

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI on initial recognition are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the fair value reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will continue to be held in the fair value reserve.

Dividends from these investments in equity instruments are recognized in profit or loss when our right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income, gains and losses" line item in profit or loss.

*Impairment of financial assets subject to impairment assessment under IFRS 9 "Financial Instruments" ("**IFRS 9**")*

We performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade and bills receivables, other receivables, restricted and pledged bank deposits and bank balances and cash), and contract assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on our historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

We always recognizes lifetime ECL for trade and bills receivables and contract assets. The ECL on these assets are assessed individually.

For all other instruments, we measure the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case we recognize lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

<u>Significant increase in credit risk</u>

In assessing whether the credit risk has increased significantly since initial recognition, we compare 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. In making this assessment, we consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, we presume that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless we have reasonable and supportable information that demonstrates otherwise.

We regularly monitor the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount become past due.

Definition of default

For internal credit risk management, we consider an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including us, in full (without taking into account any collaterals held by us).

Irrespective of the above, we consider that default has occurred when a financial asset is more than 1 year past due unless we have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

Write-off policy

We write off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under our recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. We use a practical expedient in estimating ECL on trade and bills receivables and contract assets using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to us in accordance with the contract and the cash flows that we expect to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade and bills receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, we take into consideration the following characteristics when formulating the grouping:

- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

We measure ECL for the remaining trade and bills receivables and contract assets on an individual basis.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

We recognize an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and bills receivables, contract assets and other receivables where the corresponding adjustment is recognized through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'Other income, gains and losses' line item (note 7) as part of the net foreign exchange gains/ (losses);
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'Other income, gains and losses' line item as part of the gain/(loss) from changes in fair value of financial assets (note 7); and
- For equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the fair value reserve.

Derecognition of financial assets

We derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in equity instrument which we have elected on initial recognition to measure at FVTOCI, the cumulative gains or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is transferred to retained profits.

Material Accounting Judgments and Estimate

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of property, plant and equipment, right-of-use assets, intangible assets and investment properties

Property, plant and equipment, right-of-use assets, intangible assets and investment properties are stated at costs less accumulated depreciation/amortization and impairment, if any. In determining whether an asset is impaired, we have to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicator that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), we estimate the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flows projections, growth rate and discount rate are subject to greater uncertainties due to uncertainty on how the international conflicts and tensions/volatility or disruptions in financial, foreign currency or commodity markets may progress and evolve.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value-in-use calculation requires us to estimate the future cash flows expected to arise from the cash-generating unit (or group of cash-generating units) and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss/further impairment loss may arise. Furthermore, the estimated cash flows and discount rate are subject to change due to ongoing uncertain macroeconomic and geopolitical environment, which includes the persistent effects of climate changes, higher interest rates and inflation, elections in major economies and international conflicts and tensions. The information about the impairment of goodwill are disclosed in Note 17 to "Appendix I — Accountant's Report".

Provision of ECL for trade and other receivables and contract assets

Trade and other receivables and contract assets with significant balances and credit-impaired are assessed for ECL individually. In addition, we uses practical expedient in estimating ECL on trade and bills receivables and contract assets which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration our historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL on our trade and other receivables and contract assets are disclosed in Note 37(b) to "Appendix I — Accountants' Report".

Fair value measurement of financial instruments

As at December 31, 2022, 2023 and 2024, we had (i) unlisted equity investments classified as equity instruments at FVTOCI, (ii) equity investments listed in National Equities Exchange and Quotations ("**NEEQ**") classified as equity instruments at FVTOCI, and (iii) investments in wealth management products classified as financial assets at FVTPL, which are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See Note 37(d) to "Appendix I — Accountants' Report" for further disclosures.

Inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sales. These estimates are based on the current market condition and the historical experience of distributing and selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles or other changes in market condition. The Group will reassess the estimations at each statement of financial position date.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

RESULTS OF OPERATIONS

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB in thousands, except for percentages)					
Revenue	**5,336,649**	**100.0**	**5,718,841**	**100.0**	**6,920,102**	**100.0**
Cost of sales	(3,724,687)	(69.8)	(3,930,200)	(68.7)	(4,809,739)	(69.5)
Gross profit	**1,611,962**	**30.2**	**1,788,641**	**31.3**	**2,110,363**	**30.5**
Other income, gains and losses	91,145	1.7	88,339	1.5	91,919	1.3
Selling expenses	(314,238)	(5.9)	(323,933)	(5.7)	(353,553)	(5.1)
Administrative expenses	(248,248)	(4.7)	(297,873)	(5.2)	(345,659)	(5.0)
Research and development expenses	(305,808)	(5.7)	(309,962)	(5.4)	(348,694)	(5.0)
Share of results of associates	6,060	0.1	9,877	0.2	9,807	0.1
Finance costs	(89,595)	(1.7)	(66,778)	(1.2)	(60,439)	(0.9)
Impairment losses on financial assets, net	(23,922)	(0.4)	(15,434)	(0.3)	(29,881)	(0.4)
Profit before taxation	**727,356**	**13.6**	**872,877**	**15.2**	**1,073,863**	**15.5**
Income tax expense	(67,109)	(1.3)	(115,150)	(2.0)	(153,360)	(2.2)
Profit for the year	**660,247**	**12.3**	**757,727**	**13.2**	**920,503**	**13.3**

Revenue

During the Track Record Period, we principally derived revenue from two businesses, namely:

- **Electronic Communications Business**, including
  - *Telecoms cable products*: primarily high-speed copper cables, automobile data communications cables, and industrial automation equipment and robot cables.
  - *Electronic materials products*: primarily single-wall tubings, dual-wall tubings, tapes, and heat-shrinkable busbar insulation tubings.
- **Alternative Energy Power Transmission Business**, including
  - *NEV power transmission products*: primarily DC charging guns for NEVs, high-voltage cables, high-voltage connectors, and AC and DC charging socket.
  - *Power transmission products for grids and stations*: primarily nuclear-grade heat-shrinkable cable accessory, high-voltage cable accessory, and cold-shrinkable and heat-shrinkable cable accessory.
  - *Wind power business*: primarily electricity from wind power stations.

See "Business – Our Business" of this document for further details.

Revenue by Product and Business Line

The table below sets forth the breakdown of our revenue by product and business line for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB in thousands, except for percentages)					
Electronic Communications Business						
Telecoms cable products	1,362,366	25.5	1,164,501	20.4	1,702,272	24.6
Electronic materials products	2,104,868	39.5	2,198,264	38.4	2,599,375	37.6
Subtotal	**3,467,234**	**65.0**	**3,362,765**	**58.8**	**4,301,647**	**62.2**
Alternative Energy Power Transmission Business						
NEV power transmission products	823,878	15.4	1,082,420	18.9	1,381,421	20.0
Power transmission products for grids and stations	781,147	14.6	953,522	16.7	926,973	13.4
Wind power business	146,768	2.8	158,713	2.8	151,724	2.2
Subtotal	**1,751,793**	**32.8**	**2,194,655**	**38.4**	**2,460,118**	**35.6**
Others*	117,622	2.2	161,421	2.8	158,337	2.2
Total	**5,336,649**	**100.0**	**5,718,841**	**100.0**	**6,920,102**	**100.0**

Note:

* Others mainly include revenue from provision of implementation services of MOM and MES platforms.

During the Track Record Period, our revenue was primarily influenced by the following factors:

- **Telecoms cable products**: The revenue generated from this product line decreased from 2022 to 2023, primarily because of the decrease in its sales volume, as we, having identified evolving market trend, proactively adjusted our product mix to focus on premium products that we believe have strong growth potential in emerging application scenarios and pivoted away from the production and sale of other products. From 2023 to 2024, our revenue from this product line increased primarily driven by the success in our product mix adjustment, where we increased the sales of premium products, e.g., high-speed copper cables.

- **Electronic materials products**: Revenue growth of this product line throughout the Track Record Period was primarily driven by the increase in its sales volume, which in turn results from strong demand from customers in the automotive, electronics, and medical industries, e.g., dual-wall tubing used in NEV and medical equipment.

- **NEV power transmission products**: Revenue growth of this product line throughout the Track Record Period was attributable to increase in customer demand, which was in turn primarily driven by the rapid expansion of charging infrastructure that gave rise to an increase in the sales volume of key products, including liquid-cooled DC charging guns.

- **Power transmission products for grids and stations**: Revenue from this product line grew from 2022 to 2023 and decreased from 2023 to 2024, which was in line with the fluctuation in sales volume, reflecting changing market demand arising from grid and station construction.

- **Wind power**: Revenue from this business line remained stable, contributing 2.2% to 2.8% of total revenue in each year during the Track Record Period. This reflects steady wind electricity generation and demand in our wind farm in Qingdao.

During the Track Record Period, the sales volume of our products was primarily influenced by:

- **Demand in Key End Markets**, including growth in application scenarios such as computing centers, NEVs, cloud computing, power and charging infrastructure. These trends directly increased orders for our products, such as high-speed copper cables, dual wall tubing, and cable accessories.

- **Regulatory and Policy Support**, notably China's emphasis on alternative energy and technological self-reliance under the 14th Five-Year Plan, which spurred investments in charging infrastructure, smart grid systems, and wind power.

- **Production Capacity**, underpinned by our manufacturing bases both in and outside China and optimization of manufacturing processes. This enabled efficient large-scale production that allows us to meet the growing customer demand of our premium products, such as high-speed copper cables.

The average selling price of our products was shaped by:

- **Raw Material Cost Volatility**, particularly fluctuation in EVA, copper and rubber prices, which necessitated pricing adjustments in response to or in anticipation of such fluctuation.

- **Product Mix Optimization**, with premium products such as 224G single-channel high-speed copper cables and 800A liquid-cooled charging guns featuring high average selling prices.

- **Technology-Driven Differentiation**, including proprietary formulations (e.g., flame-retardant medical-grade polymers) and internationally recognized certifications (e.g., UL, TÜV), which justified price resilience in competitive markets.

For the sales volume and selling price of our products during the Track Record Period, please see "Business — Our Business."

Revenue by Geographical Location

Geographical location is solely based on the places of registration of our direct customers, which may not align with the delivery destinations or end markets of our products for the years indicated. The table below sets forth the breakdown of our revenue by geographical location for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB in thousands, except for percentages)					
Mainland China	4,688,295	87.9	4,990,212	87.3	6,108,050	88.3
Outside mainland China	648,354	12.1	728,629	12.7	812,052	11.7
Total	**5,336,649**	**100.0**	**5,718,841**	**100.0**	**6,920,102**	**100.0**

During the Track Record Period, we derived the largest share of our revenue from mainland China, particularly Southern and Eastern China. Such significant revenue contribution was primarily driven by demand in the automotive, industrial robotics and electronics manufacturing sectors and power infrastructure projects.

For the market outside mainland China, revenue grew in tandem with our total revenue and therefore contributed to a steady portion of our total revenue. Revenue growth during the Track Record Period was primarily attributable to the increase in the sale of electronic materials products in key markets, including India, U.S., Singapore and Vietnam.

Cost of Sales

Our cost of sales primarily consists of: (i) raw material costs, primarily including the cost of EVA, which is a key raw material for our electronic materials products, copper materials, which is critical for NEV power transmission products and high-speed copper cables, and auxiliary chemicals such as flame-retardant additives and crosslinking agents; (ii) labor costs, associated with production personnel across our manufacturing bases, (iii) overheads, comprising utilities, repair and maintenance fees and leasing expenses, (iv) depreciation and amortization costs primarily associated with our production plants and machinery and (v) other costs, primarily taxes and transportation costs.

The table below sets forth the breakdown of our cost of sales by nature for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB in thousands, except for percentages)					
Raw materials	2,778,208	74.6	2,865,565	72.9	3,493,149	72.6
Direct labor	442,476	11.9	475,895	12.1	627,589	13.0
Overheads	147,442	4.0	166,347	4.2	194,670	4.1
Depreciation and amortization	96,474	2.5	112,596	2.9	119,070	2.5
Others	260,087	7.0	309,797	7.9	375,261	7.8
Total	**3,724,687**	**100.0**	**3,930,200**	**100.0**	**4,809,739**	**100.0**

During the Track Record Period, cost of raw material was the largest component of our cost of sales, accounting for over 70% in each year. The continuous increase in our cost of sales during the Track Record Period was primarily due to the increased sales volume of our products. Our cost of labor, overheads and depreciation and amortization as a percentage of our total cost of sales remained relatively stable during the Track Record Period.

For illustrative purposes only, assuming that all other factors affecting our financial performance remain constant (including assuming that material price fluctuations cannot be passed on to customers), the sensitivity analysis of the impact of fluctuations in the average price of raw materials being 1% and 5% (the actual average fluctuation may be smaller as we use various types of materials in our production) on our profit before income tax during the Track Record Period is as follows:

	Year Ended December 31,		
	2022	2023	2024
	(in RMB in thousands)		
Fluctuations in the average price of direct materials			
-/+1%	27,782	28,656	34,931
-/+5%	138,910	143,278	174,657

The average price fluctuations of raw materials illustrated above only account for variations in a single factor, whereas our operating performance is influenced by numerous factors. For details on our measures to address material price fluctuations and supply risks, please see "Business—Raw Material Procurement".

Gross Profit and Gross Profit Margin

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

	Year Ended December 31,					
	2022		2023		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB in thousands, except for percentages)					
Electronic Communications Business						
Telecoms cable products	259,899	19.1	173,487	14.9	278,801	16.4
Electronic materials products	686,155	32.6	787,313	35.8	1,015,122	39.1
Alternative Energy Power Transmission Business						
NEV power transmission products	240,193	29.2	286,383	26.5	321,207	23.3
Power transmission products for grids and stations	299,961	38.4	393,547	41.3	342,281	36.9
Wind power business	98,268	67.0	109,933	69.3	101,753	67.1
Others*	27,486	23.4	37,978	23.5	51,199	32.3
Total	**1,611,962**	**30.2**	**1,788,641**	**31.3**	**2,110,363**	**30.5**

Note:

* Others mainly include gross profit and gross profit margin from provision of implementation services of MOM and MES platforms.

During the Track Record Period, our gross profit showed continuous growth, and our gross profit margin remained relatively stable. The gross profit margin was primarily influenced by (i) improving unit economics attributable to our continuous R&D, increase in automation and operating efficiency, (ii) product mix optimization, and (iii) raw material price trends.

During the Track Record Period, raw material costs for EVA and copper remained in fluctuation. EVA price decreased from RMB22.2 thousand per metric ton in 2022 to RMB11.3 thousand per metric ton in 2024, whereas copper price increased from RMB59.2 thousand per metric ton in 2022 to RMB66.0 thousand per metric ton in 2024. While price decreases may improve our margin, price increases may adversely affect our margin. As such, to protect our margin against price increases, we have adopted strategic procurement practices and long-term supplier agreements, which helped mitigate upward price pressures.

Other Income, Gains and Losses

Our other income and gains primarily include (i) government grants, mainly representing incentives received from governments, including non-recurring grants such as tax refunds, operating subsidies and various industry-specific subsidies to reward our effort in technological innovation, on which no unfulfilled condition was recognized, (ii) additional VAT deductible, representing the amount that the tax authority allows advanced manufacturing enterprises to deduct an additional 5% of their deductible input VAT payables, (iii) interest income from our deposits in banks, and (iv) net exchange gains.

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Other income			
Government grants	57,635	40,997	30,814
Additional VAT deductible	–	16,200	28,826
Interest income	7,781	12,368	16,747
Gross rental income	4,205	4,380	6,430
Dividend income received from equity instruments at FVTOCI	3,200	1,663	3,313
VAT refund	3,352	2,790	2,130
Subtotal	76,173	78,398	88,260
Other gains and losses			
Loss on disposal of property, plant and equipment, net	(3,025)	(2,582)	(7,632)
Loss on disposal of right-of-use assets	(8)	–	–
Gain on early termination of leases	20	–	–
Gain from changes in fair value of financial assets at FVTPL	93	590	6,330
Impairment loss on property, plant and equipment	(1,652)	(83)	(5,228)
Exchange gains, net	14,683	4,291	8,530
Others	4,861	7,725	1,659
Subtotal	14,972	9,941	3,659
Total	91,145	88,339	91,919

Selling Expenses

Our selling expenses primarily include (i) salaries, compensation, and benefits for our selling and marketing employees, (ii) business development expenses, and (iii) transportation and travel expenses. Others primarily include depreciation and amortization and utility expenses.

The table below sets forth the breakdown of our selling expenses for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB in thousands, except for percentages)					
Employee compensation	176,031	56.0	174,599	53.9	184,449	52.2
Business development expenses	29,840	9.5	43,528	13.4	48,676	13.8
Transportation and travel expenses	24,475	7.8	28,536	8.8	29,668	8.4
Consulting and advisory fees	18,823	6.0	24,959	7.7	30,138	8.5
Sales service expenses	17,506	5.6	10,353	3.2	12,980	3.7
Advertising and promotion expenses	21,163	6.7	15,157	4.7	19,438	5.5
Office and rental expenses	9,180	2.9	8,321	2.6	7,391	2.1
Others	17,220	5.5	18,480	5.7	20,813	5.8
Total	**314,238**	**100.0**	**323,933**	**100.0**	**353,553**	**100.0**

The increase in our selling expenses during the Track Record Period was primarily attributable to our increase in operating scale and sales. The decrease of our selling expenses as a percentage of our revenue during the Track Record Period was primarily attributable to economies of scale, as we derived an increasing amount of revenue from major customers who already have an established relationship with us, increasing the effectiveness of our selling expenses.

Administrative Expenses

Our administrative expenses primarily comprise (i) salaries, compensation, and benefits for our employees in administrative functions, (ii) office and rental expenses, which include renovation, utilities and material expenses incurred, and (iii) depreciation and amortization.

The table below sets forth the breakdown of the administrative expenses for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB in thousands, except for percentages)					
Employee compensation	122,415	49.3	141,204	47.4	160,088	46.3
Office and rental expenses	29,586	11.9	29,867	10.0	43,181	12.4
Depreciation and amortization	27,230	10.9	35,559	11.9	38,556	11.2
Impairment losses on goodwill	—	—	28,665	9.6	36,479	10.6
Consulting and advisory fees	18,910	7.6	15,670	5.3	15,659	4.5
Transportation and travel expenses	5,009	2.1	5,990	2.0	6,277	1.8
Bank service fees	4,122	1.7	3,969	1.3	5,465	1.6
Catering expenses	3,543	1.4	3,855	1.3	4,603	1.3
Property insurance expenses	5,714	2.3	9,250	3.1	5,986	1.7
Product testing and certification fees	3,754	1.5	1,641	0.6	1,750	0.5
Others	27,965	11.3	22,203	7.5	27,615	8.1
Total	**248,248**	**100.0**	**297,873**	**100.0**	**345,659**	**100.0**

The increase in our administrative expenses during the Track Record Period was primarily attributable to our increase in operating scale and sales. Our administrative expenses as a percentage of our revenue during the Track Record Period was relatively stable.

Research and Development Expenses

Our research and development expenses primarily comprise (i) employee compensation for our research and development employees, (ii) testing materials and utilities consumed during the research and development process, and (iii) depreciation and amortization for equipment associated with our research and development activities.

The table below sets forth the breakdown of the research and development expenses for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB in thousands, except for percentages)					
Employee compensation	168,631	55.1	181,090	58.4	190,062	54.5
Testing materials & utilities	68,147	22.3	67,477	21.8	92,926	26.6
Depreciation and amortization	33,105	10.8	14,799	4.7	21,466	6.1
Product testing and certification fees	9,872	3.2	12,875	4.2	18,023	5.2
Patent fees and consulting fees	6,842	2.2	7,916	2.6	9,515	2.7
Others	19,211	6.4	25,805	8.3	16,702	4.9
Total	**305,808**	**100.0**	**309,962**	**100.0**	**348,694**	**100.0**

The increase in our research and development expenses during the Track Record Period was primarily attributable to our intensifying R&D efforts, which required adequately compensating our employees, procuring raw materials and conducting relevant testing and certification.

Share of Results of Associates

Our share of results of associates represents our proportionate share of the net profit or loss of the associates in which we have significant influence but do not exercise control. In 2022, 2023, and 2024, share of results of associates amounted to RMB6.1 million, RMB9.9 million, and RMB9.8 million.

Finance Costs

Our finance costs mainly include interest on bank borrowings and interest on lease liabilities. Finance costs amounted to RMB89.6 million, RMB66.8 million and RMB60.4 million in 2022, 2023 and 2024, respectively.

Impairment Losses on Financial Assets, Net

Impairment losses on financial assets, net primarily represent provisions for expected credit losses on trade receivables, contract assets, and other receivables. Impairment losses on financial assets, net amounted to RMB23.9 million, RMB15.4 million and RMB29.9 million in 2022, 2023 and 2024, respectively.

Income Tax Expenses

Our income tax expenses comprise current tax and deferred tax. See Note 10 to the Accountants' Report in Appendix I to this document. We are subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which the members of our Group are domiciled and operate.

Pursuant to the existing legislation, interpretations and practices, the income tax provision of some of our entities in mainland China was calculated at the statutory tax rate of 25% on the assessable profits during the Track Record Period. Several of our subsidiaries in mainland China were qualified as high-tech enterprises. Accordingly, they enjoyed a preferential income tax rate of 15% for the Track Record Period. Several subsidiaries in PRC were qualified as small and micro-sized enterprises, which also enjoyed preferential tax rates.

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits for the Track Record Period. The income tax rate for companies incorporated in Vietnam is generally 20%, except those which are subject to tax concession. Income tax expenses amounted to RMB67.1 million, RMB115.2 million and RMB153.4 million in 2022, 2023 and 2024, respectively. As of the Latest Practicable Date and during the Track Record Period, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased from RMB5,718.8 million in 2023 to RMB6,920.1 million in 2024. Such increase was primarily attributable to the increase in revenue from (i) telecoms cable products, (ii) electronic materials products, and (iii) NEV power transmission products, partially offset by a decrease in revenue from power transmission products for grids and stations.

The increase in revenue from our telecoms cable product line from RMB1,164.5 million to RMB1,702.3 million was mainly due to the increase in sales volume, primarily that of high-speed copper cables. Such an increase in sales volume was primarily attributable to our success in our proactive product mix adjustment, where we increased the sales of premium products, e.g., high-speed copper cables, due to the market's rapid increase in demand of computing infrastructure.

The increase in revenue from our electronic materials product line from RMB2,198.3 million to RMB2,599.4 million was mainly due to the increase in sales volume, especially that of our heat-shrinkable tubing and dual-wall tubing. Such an increase in sales volume was primarily attributable to strong demand from customers in the automotive, electronics, and medical industries.

The increase in revenue from our NEV power transmission product line from RMB1,082.4 million to RMB1,381.4 million was mainly due to the increase in sales volume, primarily that of polymer materials and charging guns. Such an increase in sales volume was primarily driven by strong demand from customers in the NEV industry, which was in turn attributable to policy support, technological development and growing market acceptance.

The decrease in revenue from our power transmission product line for grids and stations from RMB953.5 million to RMB927.0 million was mainly due to the decrease in sales volume, primarily that of cable accessories. Such a decrease in sales volume was primarily attributable to the fluctuation in the demand arising from grid and station construction in 2024.

Cost of Sales

Our cost of sales increased from RMB3,930.2 million in 2023 to RMB4,809.7 million in 2024, primarily due to the increase in costs of raw materials and direct labor in 2024.

Gross Profit and Gross Profit Margin

Our gross profit increased from RMB1,788.6 million in 2023 to RMB2,110.4 million in 2024, largely in line with our growth in revenue, as we benefited from the increase in our economies of scale and operating efficiency and the decrease in the price of certain raw materials, primarily EVA. Such an increase was primarily attributable to the increase in gross profit from (i) electronic materials products, (ii) telecoms cable products and (iii) NEV power transmission products, partially offset by the decrease in gross profit of power transmission products for grids and stations. Our gross profit margin slightly decreased from 31.3% in 2023 to 30.5% in 2024.

Our gross profit from our electronic materials product line increased from RMB787.3 million in 2023 to RMB1,015.1 million in 2024, and our gross profit margin from the same product line increased from 35.8% to 39.1%, primarily because of improvements in unit economics, increase in automation and operating efficiency and decrease in raw material price, primarily EVA.

Our gross profit from our telecoms cable product line increased from RMB173.5 million in 2023 to RMB278.8 million in 2024, and our gross profit margin from the same product line increased from 14.9% to 16.4%, primarily because of our product mix optimization, where we experienced an increase in the sales of premium products, (such as high-speed copper cables), that we believe have strong growth potential in emerging application scenarios.

Our gross profit from our NEV power transmission product line increased from RMB286.4 million in 2023 to RMB321.2 million in 2024, and our gross profit margin from the same product line decreased from 26.5% to 23.3%, primarily because of the change in our product mix, in which the sale of charging guns increased due to rapid increase in market demand and in turn increased its revenue contribution in this product line.

Our gross profit from our power transmission product line for grids and stations decreased from RMB393.5 million in 2023 to RMB342.3 million in 2024, and our gross profit margin from the same product line decreased from 41.3% to 36.9%, primarily because of the decrease in revenue due to the fluctuation in demand arising from grid and station construction in 2024.

Other Income, Gains and Losses

Other income, gains and losses increased from RMB88.3 million in 2023 to RMB91.9 million in 2024. This increase was mainly due to the increase in: (i) additional VAT deductible, which increased from RMB16.2 million in 2023 to RMB28.8 million in 2024; (ii) gain from changes in fair value of financial assets at FVTPL, which increased from RMB0.6 million in 2023 to RMB6.3 million in 2024, and (iii) interest income, which increased from RMB12.4 million in 2023 to RMB16.7 million in 2024, primarily due to higher cash balances and improved returns on deposits.

Such an increase was mitigated primarily by a decrease in government grants from RMB41.0 million in 2023 to RMB30.8 million in 2024, as fewer subsidies were received during the year.

Selling Expenses

Selling expenses increased from RMB323.9 million in 2023 to RMB353.6 million in 2024. This increase was mainly due to the increase in: (i) employee compensation, which increased from RMB174.6 million in 2023 to RMB184.4 million in 2024, primarily due to the expansion of our sales team and rising salary in line with our business growth; (ii) consulting and advisory fees, which increased from RMB25.0 million in 2023 to RMB30.1 million in 2024, as we utilized more external consulting services given our business needs for selling and promoting activities; and (iii) business development expenses, which increased from RMB43.5 million in 2023 to RMB48.7 million in 2024, reflecting our increase in business scale and customer base.

Administrative Expenses

Administrative expenses increased from RMB297.9 million in 2023 to RMB345.7 million in 2024. This increase was mainly due to the increase in: (i) employee compensation, which increased from RMB141.2 million in 2023 to RMB160.1 million in 2024, primarily due to the growing size of our administrative team and rising salary, (ii) office and rental expenses, which increased from RMB29.9 million to RMB43.2 million, primarily due to increase in rental expenses and utilities to support our administrative functions, and (iii) impairment losses on goodwill, which increased from RMB28.7 million in 2023 to RMB36.5 million in 2024, reflecting the reassessment of goodwill associated with the acquisition of Shenzhen Orbit based on its performance after acquisition.

Research and Development Expenses

Our research and development expenses increased from RMB310.0 million in 2023 to RMB348.7 million in 2024. This increase was mainly due to the increase in: (i) testing materials and utilities, which increased from RMB67.5 million in 2023 to RMB92.9 million in 2024, primarily as a result of increased usage of materials for new product development and testing, (ii) employee compensation, which increased from RMB181.1 million in 2023 to RMB190.1 million in 2024, primarily due to the expansion of our R&D team and salary adjustments, (iii) depreciation and amortization, which increased from RMB14.8 million in 2023 to RMB21.5 million in 2024, primarily due to the amortization of software and IT system and the depreciation of R&D equipments; and (iv) product testing and certification fees, which increased from RMB12.9 million in 2023 to RMB18.0 million in 2024, reflecting the growing scale of testing requirements for newly developed products.

Share of Results of Associates

Share of results of associates remained stable at RMB9.9 million in 2023 and RMB9.8 million in 2024.

Finance Costs

Our finance costs remained stable at RMB66.8 million in 2023 and RMB60.4 million in 2024.

Impairment Losses on Financial Assets, Net

Impairment losses on financial assets, net increased from RMB15.4 million in 2023 to RMB29.9 million in 2024, mainly due to the increase in our trade receivables balance as of December 31, 2024 as a result of our revenue increase in 2024.

Income Tax Expense

Our income tax expense increased from RMB115.2 million in 2023 to RMB153.4 million in 2024, mainly due to the increase in profit before income tax.

Profit for the Year

As a result of the foregoing, our profit for the year increased from RMB757.7 million in 2023 to RMB920.5 million in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased from RMB5,336.6 million in 2022 to RMB5,718.8 million in 2023. Such an increase was primarily attributable to the increase in revenue from (i) NEV power transmission products, (ii) power transmission products for grids and stations, and (iii) electronic materials products, partially offset by a decrease in revenue from telecoms cable products.

The increase in revenue from our NEV power transmission product line from RMB823.9 million in 2022 to RMB1,082.4 million in 2023 was mainly due to the increase in sales volume, primarily that of charging guns. Such an increase in sales volume was primarily driven by strong demand from customers in the NEV industry, which was in turn attributable to policy support, technological development and increasing market acceptance.

The increase in revenue from our power transmission product line for grids and stations from RMB781.1 million in 2022 to RMB953.5 million in 2023 was mainly due to the increase in sales volume, primarily that of cable accessories. Such an increase in sales volume was primarily attributable to the increase in the demand arising from grid and station construction in 2023.

The increase in revenue from our electronic materials product line from RMB2,104.9 million in 2022 to RMB2,198.3 million in 2023 was mainly due to the increase in sales volume, primarily that of heat-shrinkable tubing. Such an increase in sales volume was primarily attributable to strong demand from customers in the automotive industry.

The decrease in revenue from telecoms cable products from RMB1,362.4 million in 2022 to RMB1,164.5 million in 2023 was mainly due to the decrease in sales volume, primarily that of electronic wires and cables. Such a decrease in sales volume of electronic wires and cables was primarily attributable to our proactive product mix adjustment where we, having identified evolving market trend, proactively focused on the research and manufacturing of premium products that we believe have strong growth potential in emerging application scenarios and pivoted away from the production and sale of other products.

Cost of Sales

Our cost of sales increased from RMB3,724.7 million in 2022 to RMB3,930.2 million in 2023, primarily due to the increase in costs of raw materials and direct labor in 2023.

Gross Profit and Gross Profit Margin

Our gross profit increased from RMB1,612.0 million in 2022 to RMB1,788.6 million in 2023, largely in line with our growth in revenue, as we benefit from the increase in our economies of scale and operating efficiency and the decrease in the price of certain raw materials, primarily EVA. Such an increase was primarily attributable to the increase in gross profit from (i) electronic materials products, (ii) power transmission products for grids and stations, and (iii) NEV power transmission products, partially offset by the decrease in gross profit from telecoms cable products. Our gross profit margin slightly increased from 30.2% in 2022 to 31.3% in 2023.

Our gross profit from our electronic materials product line increased from RMB686.2 million in 2022 to RMB787.3 million in 2023, and our gross profit margin from the same product line increased from 32.6% to 35.8%, primarily because of improvements in unit economics, increase in automation and operating efficiency and decrease in raw material price, primarily EVA.

Our gross profit from our power transmission product line for grids and stations increased from RMB300.0 million in 2022 to RMB393.5 million in 2023, and our gross profit margin from the same product line increased from 38.4% to 41.3%, primarily because of improvements in unit economics, increase in automation and operating efficiency and decrease in raw material price, primarily rubber.

Our gross profit from our NEV power transmission product line increased from RMB240.2 million in 2022 to RMB286.4 million in 2023, and our gross profit margin from the same product line decreased from 29.2% to 26.5%, primarily because of the change in our product mix, in which the sale of charging guns increased due to rapid increase in market demand and in turn increased its revenue contribution in this product line.

Our gross profit from our telecoms cable product line decreased from RMB259.9 million in 2022 to RMB173.5 million in 2023, and our gross profit margin from the same product line decreased from 19.1% to 14.9%, primarily because of our product mix optimization, where we, having identified evolving market trend, proactively focused on the research and manufacturing of premium products that we believe have strong growth potential in emerging application scenarios and pivoted away from the production and sale of other products, resulting in a decrease in utilization rate, allowing us to subsequently increase the sales of premium products in 2024.

Other Income, Gains and Losses

Other income, gains and losses decreased from RMB91.1 million in 2022 to RMB88.3 million in 2023. This decrease was mainly due to: (i) government grants, which decreased from RMB57.6 million in 2022 to RMB41.0 million in 2023, as fewer subsidies were received during the year; and (ii) net exchange gains, which decreased from RMB14.7 million in 2022 to RMB4.3 million in 2023.

Such a decrease was mitigated primarily by an increase in additional VAT deductible from nil to RMB16.2 million that we are entitled to given our status as an advanced manufacturing enterprise.

Selling Expenses

Selling expenses increased from RMB314.2 million in 2022 to RMB324.0 million in 2023. This increase was mainly due to the increase in: (i) business development expenses, which increased from RMB29.8 million in 2022 to RMB43.5 million in 2023, reflecting or increase in business scale and customer base; (ii) consulting and advisory fees, which increased from RMB18.8 million in 2022 to RMB25.0 million in 2023, as we obtained more external consultant advice to support our increase in business scale and implement our development strategies; and (iii) transportation and travel expenses, which increased from RMB24.5 million in 2022 to RMB28.5 million in 2023, reflecting higher logistics and travel costs associated with business expansion.

These increases were partially offset by a decrease in sales service expenses from RMB17.5 million in 2022 to RMB10.4 million in 2023, as we incurred less expenses for installation.

Administrative Expenses

Administrative expenses increased from RMB248.2 million in 2022 to RMB297.9 million in 2023. This increase was mainly due to the increase in: (i) impairment losses on goodwill, which increased from nil in 2022 to RMB28.7 million in 2023, reflecting the reassessment of goodwill associated with the acquisition of Shenzhen Orbit based on its performance after acquisition; (ii) employee compensation, which increased from RMB122.4 million in 2022 to RMB141.2 million in 2023, primarily due to the expansion of our administrative team and rising salary, and (iii) depreciation and amortization, which increased from RMB27.2 million in 2022 to RMB35.6 million in 2023, primarily as a result of additional investments in fixed assets to support business operations.

These increases were partially offset by a decrease in consulting and advisory fees, which decreased from RMB18.9 million in 2022 to RMB15.7 million in 2023, as fewer external consulting services were utilized given our business needs.

Research and Development Expenses

Our research and development expenses increased from RMB305.8 million in 2022 to RMB310.0 million in 2023. This increase was mainly due to: (i) employee compensation, which increased from RMB168.6 million in 2022 to RMB181.1 million in 2023, primarily due to the expansion of our R&D team and rising salary; and (ii) product testing and certification fees, which increased from RMB9.9 million in 2022 to RMB12.9 million in 2023, as we conducted more testing and certifications for new products.

These increases were partially offset by a decrease in depreciation and amortization, which decreased from RMB33.1 million in 2022 to RMB14.8 million in 2023, primarily due to amortization of intangible assets.

Share of Results of Associates

Share of results of associates increased from RMB6.1 million in 2022 to RMB9.9 million in 2023, due to the increase in net profit of our associates.

Finance Costs

Our finance costs decreased from RMB89.6 million in 2022 to RMB66.8 million in 2023. This decrease was primarily due to interest expenses on bank borrowings, which decreased from RMB66.8 million in 2022 to RMB58.2 million in 2023 mainly attributable to the decrease in interest rate. This was partially offset by an increase in interest expenses on lease liabilities, which increased from RMB1.2 million in 2022 to RMB2.2 million in 2023, due to the addition of new lease agreements.

Impairment Losses on Financial Assets, Net

Impairment losses on financial assets, net decreased from RMB23.9 million in 2022 to RMB15.4 million in 2023, mainly due to the change of expected credit loss allowance on trade and other receivables and contract assets.

Income Tax Expense

Our income tax expense increased from RMB67.1 million in 2022 to RMB115.2 million in 2023, mainly due to the increase in profit before income tax.

Profit for the Year

As a result of the foregoing, our profit for the year increased from RMB660.2 million in 2022 to RMB757.7 million in 2023.

DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I to this document:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	2,721,815	2,837,427	3,055,160
Right-of-use assets	317,937	295,850	487,622
Goodwill	759,972	731,307	694,828
Intangible assets	17,724	36,064	25,874
Investment properties	14,342	15,700	14,321
Interests in associates	48,424	54,464	57,373
Equity instruments at fair value through other comprehensive income	161,122	186,346	175,843
Deferred tax assets	73,247	55,276	61,081
Contract assets	8,216	4,189	8,016
Trade and other receivables	62,480	45,716	113,318
Total non-current assets	**4,185,279**	**4,262,339**	**4,693,436**
CURRENT ASSETS			
Inventories	701,251	710,277	865,307
Contract assets	18,728	20,163	32,205
Trade and other receivables	2,541,348	2,920,745	3,465,350
Tax recoverable	7,566	1,303	596
Financial assets at fair value through profit or loss	—	60,245	145,169
Restricted bank deposits	23	4,154	1,264
Pledged bank deposits	64,721	62,140	59,489
Bank balances and cash	799,820	939,070	967,510
Total current assets	**4,133,457**	**4,718,097**	**5,536,890**
CURRENT LIABILITIES			
Trade and other payables	1,324,804	1,516,042	1,899,931
Tax payables	46,440	63,457	89,497
Bank and other borrowings	1,332,271	1,059,933	774,452
Lease liabilities	16,372	4,937	32,980
Contract liabilities	71,106	90,284	79,306
Deferred income	8,426	8,325	8,474
Total current liabilities	**2,799,419**	**2,742,978**	**2,884,640**
NET CURRENT ASSETS	**1,334,038**	**1,975,119**	**2,652,250**
TOTAL ASSETS LESS CURRENT LIABILITIES	**5,519,317**	**6,237,458**	**7,345,686**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	57,075	53,718	62,398
Bank and other borrowings	554,675	622,632	901,473
Lease liabilities	37,543	32,338	193,410
Deferred income	70,630	66,266	60,076
Total non-current liabilities	**719,923**	**774,954**	**1,217,357**
Net assets	**4,799,394**	**5,462,504**	**6,128,329**
EQUITY			
Share capital	1,259,899	1,259,899	1,259,899
Reserves	3,082,723	3,647,648	4,274,906
Total equity attributable to owners of the Company	4,342,622	4,907,547	5,534,805
Non-controlling interests	456,772	554,957	593,524
Total equity	**4,799,394**	**5,462,504**	**6,128,329**

Property, Plant and Equipment

Property, plant, and equipment primarily consisted of buildings, plant and machinery, electricity generation and related equipment, leasehold improvements, motor vehicles and construction in progress. 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	1,057,590	1,058,584	1,166,889
Plant and machinery	605,651	638,124	738,844
Electricity generation and related equipment	726,613	691,631	665,779
Leasehold improvements	67,373	90,338	95,023
Motor vehicles	9,107	8,443	8,887
Construction in progress	255,481	350,307	379,738
Total	**2,721,815**	**2,837,427**	**3,055,160**

Property, plant, and equipment increased from RMB2,721.8 million as of December 31, 2022, to RMB2,837.4 million as of December 31, 2023, primarily due to an increase in construction in progress and plant and machinery, which reflected the expansion of our production capacity to meet customer demand. It subsequently increased to RMB3,055.2 million as of December 31, 2024 primarily due to an increase in buildings and plant and machinery, which reflected the expansion of our production capacity to meet customer demand. For details on our manufacturing bases, see "Business — Our Business — Our Production — Our Manufacturing Bases."

Right-of-Use Assets

Right-of-use assets primarily consisted of land use rights and leased properties.

Our right-of-use assets decreased from RMB317.9 million as of December 31, 2022, to RMB295.9 million as of December 31, 2023, mainly due to depreciation of RMB21.6 million.

Our right-of-use assets increased from RMB295.9 million as of December 31, 2023, to RMB487.6 million as of December 31, 2024. This increase was primarily due to (i) additions of RMB172.8 million, reflecting new leases for office premises, warehouses, and factories to support our expanded business operations; and (ii) a lease modification that added RMB53.5 million. These increases were partially offset by depreciation of RMB34.6 million during the year.

Goodwill

Our goodwill arose from our acquisition of Shenzhen Orbit and CYG ELECTRONICS. The cost of our goodwill remained unchanged at RMB807.9 million as of December 31, 2022, 2023 and 2024. The carrying amount of goodwill decreased from RMB760.0 million as of December 31, 2022 to RMB731.3 million as of December 31, 2023, and further decreased to RMB694.8 million as of December 31, 2024.

These decreases were primarily due to the recognition of impairment losses of RMB28.7 million for 2023 and RMB36.5 million for 2024. We incurred such impairment losses because the recoverable amount based on the value-in-use of the cash-generating unit of Shenzhen Orbit was lower than its carrying amount. Goodwill allocated to CYG ELECTRONICS remained unchanged at RMB694.8 million as of December 31, 2022, 2023, and 2024. For details of the impairment test for our goodwill during the Track Record Period, please refer to Note 17 to the Accountants' Report in Appendix I to this document.

Intangible Assets

Our intangible assets primarily consisted of trademarks, patents and software. Our intangible assets increased from RMB17.7 million as of December 31, 2022 to RMB36.1 million as of December 31, 2023, primarily due to the addition of our internally generated patent assets. Our intangible assets decreased to RMB25.9 million as of December 31, 2024, primarily due to amortization. Please also see Note 18 to the Accountants' Report in Appendix I to this document.

Investment Properties

Our investment properties primarily consisted of buildings and structures held for investment purposes. Investment properties increased from RMB14.3 million as of December 31, 2022 to RMB15.7 million as of December 31, 2023, primarily because we leased out certain of our vacant properties due to production capacity relocation. Investment properties decreased to RMB14.3 million as of December 31, 2024 primarily due to amortization. Please also see Note 19 to the Accountants' Report in Appendix I to this document.

Interests in Associates

We have invested in a number of associates. As of December 31, 2022, 2023 and 2024, the carrying amounts of our interests in associates amounted to RMB48.4 million, RMB54.5 million and RMB57.4 million, respectively.

Equity Instruments at Fair Value through Other Comprehensive Income

Equity instruments at fair value through other comprehensive income primarily consisted of investments in listed and unlisted equity. Such investments were classified with Level 1 and Level 3 fair value measurement as appropriate. Equity instruments at fair value through other comprehensive income increased from RMB161.1 million as of December 31, 2022 to RMB186.3 million as of December 31, 2023, mainly due to the increase in the fair value of such equity instruments. Equity instruments at fair value through other comprehensive income slightly decreased to RMB175.8 million as of December 31, 2024 mainly due to the decrease in the fair value of such equity instruments.

Deferred Tax Assets

Our deferred tax assets decreased from RMB73.2 million as of December 31, 2022 to RMB55.3 million as of December 31, 2023, mainly due to a reduction in changes in fair value and the tax-accounting difference of lease liabilities. It increased to RMB61.1 million as of December 31, 2024, mainly due to a reduction in changes in fair value and the tax-accounting difference of lease liabilities.

Inventories

Our inventories primarily consisted of finished goods, raw materials and consumables, and work in progress. The following table sets forth the breakdown of our inventories as of the date indicted:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Raw materials and consumables	244,221	238,081	292,617
Work in progress	23,673	22,889	27,532
Finished goods	433,357	449,307	545,158
Total	**701,251**	**710,277**	**865,307**
(Inventory written-down recognized for the years)	13,766	17,514	25,378

Our inventories increased from RMB701.3 million as of December 31, 2022, to RMB710.3 million as of December 31, 2023, primarily attributable to an increase in finished goods from RMB433.4 million to RMB449.3 million to meet growing customer demand, partially offset by a decrease in raw materials and consumables from RMB244.2 million to RMB238.1 million due to the decrease in raw material price, primarily EVA. Our inventories further increased from RMB710.3 million as of December 31, 2023, to RMB865.3 million as of December 31, 2024. Such increase was primarily attributable to (i) an increase in finished goods due to increased production to support sales growth; and (ii) an increase in raw materials and consumables, reflecting higher procurement in anticipation of production needs.

The following is an aging analysis of our inventories as of the dates indicated.

	As of December 31,		
	2022	2023	2024
Within 1 year	672,456	680,108	847,010
Over 1 year	28,795	30,169	18,297
Total	701,251	710,277	865,307

The following table sets forth a summary of our inventories turnover days for the years indicated:

	Year Ended December 31,		
	2022	2023	2024
Inventories turnover days*	63.6	65.5	59.9

Note:

* Inventories turnover days were calculated based on the arithmetic mean of opening and closing balance of inventories for the relevant year, divided by our cost of sales for the same year and multiplied by 365 days for 2022, 2023 and 2024.

Our inventories turnover days were 63.6 days, 65.5 days and 59.9 days in 2022, 2023 and 2024, respectively. The increase of our inventories turnover days from 2022 to 2023 was mainly due to our increase in inventory reserves to meet higher sales demand given our revenue growth. The decrease of our inventories turnover days from 2023 to 2024 was mainly due to our rapid increase in revenue in 2024, where the growth in cost of sales significantly outpaced the growth in inventory.

As of April 30, 2025, RMB749.3 million, or 82.6% of our inventories outstanding as of December 31, 2024, was subsequently utilized. Based on our assessments during the Track Record Period, we have made adequate provisions for our inventories to account for potential uncertainties.

Trade and Other Receivables

Our trade and other receivables primarily represented trade receivables and bills receivables, which represents receivables arising from the sales of products and provision of services to our customers, and other receivables, primarily comprising accounts deposits and security deposits and prepaid expenses. All bills received by us have a maturity period of less than one year. The following table sets forth the breakdown of our trade and other receivables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade receivables	1,904,347	2,300,451	2,652,617
Bills receivables	537,350	549,187	701,546
Other receivables	294,835	265,963	399,824
(Less): Expected credit loss allowance	(132,704)	(149,140)	(175,319)
Trade and Other Receivables, net	**2,603,828**	**2,966,461**	**3,578,668**

Our gross trade and bill receivables increased from RMB2,441.7 million as of December 31, 2022 to RMB2,849.6 million as of December 31, 2023, and further increased to RMB3,354.2 million as of December 31, 2024, which was generally in line with the increase in our revenue for the same years.

Expected credit loss allowance on trade and other receivables increased from RMB132.7 million as of December 31, 2022, to RMB149.1 million as of December 31, 2023, and further to RMB175.3 million as of December 31, 2024, reflecting higher trade receivables given our revenue increase.

The following table sets forth an aging analysis of the net trade receivables based on the date of revenue recognition, as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 3 months	1,173,661	1,449,662	1,683,335
Over 3 months but within 6 months	317,606	308,621	300,948
Over 6 months but within 9 months	68,779	89,921	88,908
9 months to 1 year	110,403	168,923	212,088
1 year to 2 years	105,712	121,374	153,021
2 years to 3 years	6,390	21,463	51,445
Trade receivables, net	**1,782,551**	**2,159,964**	**2,489,745**

The following table sets forth a summary of our trade receivables turnover days for the years indicated:

	Year Ended December 31,		
	2022	2023	2024
Trade receivables turnover days *	120.5	125.8	123.0

Note:

* Trade receivables turnover days were calculated based on the average of opening and closing balance of trade receivables less allowance for impairment for the relevant year, divided by the revenue for the same year and multiplied by 365 days for 2022, 2023 and 2024.

Our trade receivables turnover days were 120.5 days, 125.8 days and 123.0 days in 2022, 2023 and 2024, respectively, remaining relatively stable throughout the Track Record Period.

As of April 30, 2025, RMB1,881.0 million or 68.3% of our trade receivables outstanding as of December 31, 2024, was subsequently settled. Based on our assessments during the Track Record Period, we have made adequate provisions for our trade receivables to account for potential uncertainties.

Bank Balances and Cash

Our bank balances and cash primarily consisted of cash and bank balances. Our cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods within 12 months, depending on the immediate cash requirements of our Group, and earn interest at the respective short-term time deposit rates. Our bank balances and cash increased from RMB799.8 million as of December 31, 2022, to RMB939.1 million as of December 31, 2023, and further to RMB967.5 million as of December 31, 2024, mainly in line with our business expansion.

Trade and Other Payables

Our trade and other payables primarily consisted of trade and bills payables in relation to purchase of raw materials from suppliers, and other payables, comprising other accounts payables, project and equipment payables, and employee compensation payables. Our trade payables are non-interest-bearing and are typically settled within a period ranging from 30 days to 90 days. Our bills payable are guaranteed by banks in the PRC and generally have maturities of 6 months to 1 year. The following table sets forth the breakdown of our trade and other payables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade payables	614,332	709,886	975,403
Bills payables	285,912	342,886	369,105
Other payables	424,560	463,270	555,423
Total	**1,324,804**	**1,516,042**	**1,899,931**

Our trade and other payables increased from RMB1,324.8 million as of December 31, 2022, to RMB1,516.0 million as of December 31, 2023. This increase was generally in line with the expansion of our business. Our trade payables further increased from RMB709.9 million as of December 31, 2023, to RMB975.4 million as of December 31, 2024, mainly due to increased procurement of raw materials and consumables to meet increased production demands, as well as extended payment terms from suppliers to support our business expansion.

The following table sets forth an aging analysis of the trade payables based on the invoice date as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 180 days	533,265	639,938	732,030
180 days to one year	63,620	38,361	168,825
One to two years	9,051	15,670	61,004
Two to three years	3,630	9,023	3,182
Over three years	4,766	6,894	10,362
Total	**614,332**	**709,886**	**975,403**

The following table sets forth a summary of our trade payables turnover days for the years indicated:

	Year Ended December 31,		
	2022	2023	2024
Trade payables turnover days*	53.9	61.5	64.1

Note:

* Trade payables turnover days were calculated based on the average of opening and closing balance of trade payables for the relevant year, divided by the cost of sales for the same year, and multiplied by 365 days for 2022, 2023 and 2024.

Our trade payables turnover days were 53.9 days, 61.5 days and 64.1 days in 2022, 2023 and 2024, respectively. The increase of our trade payables turnover days was mainly due to our success in extending the payment period with suppliers.

As of April 30, 2025, RMB858.3 million or 88.0% of our trade payables outstanding as of December 31, 2024, was subsequently settled.

Contract Liabilities

Our contract liabilities refer to the advanced payments from our customers for which we had not transferred the products or services to our customers yet as of the end of each year during the Track Record Period. Our contract liabilities was RMB71.1 million, RMB90.3 million and RMB79.3 million as of December 31, 2022, 2023 and 2024, respectively. The fluctuation was primarily attributable to the difference in the settlement methods adopted by our customers, which led to changes in contract payments received in advance at year-end according to the terms of our contracts with them.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Our use of cash primarily related to operating activities and capital expenditure. We have historically financed our operations primarily through a consolidation of cash flow generated from our operations and bank borrowings.

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

	Year Ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Net cash flows from operating activities	1,035,843	860,089	942,949
Net cash flows used in investing activities	(388,275)	(390,629)	(591,112)
Net cash flows used in financing activities	(517,747)	(391,537)	(349,464)
Net increase in cash and cash equivalents	**129,821**	**77,923**	**2,373**
Cash and cash equivalents at beginning of the year	657,398	799,820	879,070
Effect of foreign exchange rate changes, net	12,601	1,327	(3,958)
Cash and cash equivalents at end of the year	**799,820**	**879,070**	**877,485**

Net Cash Flows From Operating Activities

Net cash flows from operating activities were RMB942.9 million in 2024, primarily due to profit before tax of RMB1,073.9 million, as adjusted for certain non-cash and/or non-operating items, mainly including (i) depreciation of property, plant, and equipment of RMB239.4 million, (ii) finance costs of RMB60.4 million, (iii) impairment losses on goodwill of RMB36.5 million, (iv) depreciation of right-of-use assets of RMB34.6 million, and (v) negative changes in working capital. Adjustments for changes in working capital primarily included (i) an increase in trade and other receivables of RMB847.6 million and (ii) an increase in inventories of RMB180.4 million, partially offset by an increase in trade and other payables of RMB631.7 million.

Net cash flows from operating activities were RMB860.1 million in 2023, primarily due to profit before tax of RMB872.9 million, as adjusted for certain non-cash and/or non-operating items, mainly including (i) depreciation of property, plant, and equipment of RMB212.4 million, (ii) finance costs of RMB66.8 million, (iii) impairment losses on goodwill of RMB28.7 million, (iv) impairment losses on trade receivables of RMB21.6 million, and (v) negative changes in working capital. Adjustments for changes in working capital primarily included (i) an increase in trade and other receivables of RMB634.1 million and (ii) an increase in inventories of RMB26.5 million, partially offset by an increase in trade and other payables of RMB361.0 million.

Net cash flows from operating activities were RMB1,035.8 million in 2022, primarily due to profit before tax of RMB727.4 million, as adjusted for certain non-cash and/or non-operating items, mainly including (i) depreciation of property, plant, and equipment of RMB194.4 million, (ii) finance costs of RMB89.6 million, (iii) amortization of intangible assets of RMB23.9 million, and (iv) positive changes in working capital. Adjustments for changes in working capital primarily included (i) an increase in inventories of RMB118.7 million, and (ii) an increase in trade and other receivables of RMB261.2 million, partially offset by (i) an increase in trade and other payables of RMB383.9 million and (ii) an increase in contract liabilities of RMB20.9 million.

Net Cash Flows Used in Investing Activities

Net cash flows used in investing activities were RMB591.1 million in 2024, primarily due to purchases of property, plant and equipment and intangible assets of RMB519.1 million, partially offset by interests received of RMB16.7 million.

Net cash flows used in investing activities were RMB390.6 million in 2023, primarily due to purchases of property, plant and equipment and intangible assets of RMB309.6 million, partially offset by proceeds from disposal of property, plant and equipment and other assets of RMB29.6 million.

Net cash flows used in investing activities were RMB388.3 million in 2022, primarily due to purchases of property, plant and equipment and intangible assets of RMB377.9 million, partially offset by proceeds from disposal of property, plant and equipment and other assets of RMB31.3 million.

Net Cash Flows Used in Financing Activities

Net cash flows used in financing activities were RMB349.5 million in 2024, primarily consisting of (i) dividends paid of RMB211.9 million, (ii) interest paid of RMB56.9 million, and (iii) repayment of lease liabilities of RMB37.2 million.

Net cash flows used in financing activities were RMB391.5 million in 2023, primarily consisting of (i) repurchase of shares of RMB100.1 million; (ii) interest paid of RMB69.9 million, (iii) dividends paid of RMB50.4 million, and (iv) repayment of lease liabilities of RMB16.1 million.

Net cash flows used in financing activities were RMB517.7 million in 2022, primarily consisting of (i) repayment of lease liabilities of RMB124.8 million, (ii) interest paid of RMB94.1 million, and (iii) dividends paid of RMB44.1 million, partially offset by capital injection by non-controlling interests in subsidiary of RMB69.8 million.

Net Current Assets

The table below sets forth the details of our net current assets as of the dates indicated:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
CURRENT ASSETS				
Inventories	701,251	710,277	865,307	1,003,983
Contract assets	18,728	20,163	32,205	25,971
Trade and other receivables	2,541,348	2,920,745	3,465,350	3,632,982
Tax recoverable	7,566	1,303	596	5,763
Financial assets at fair value through profit or loss	—	60,245	145,169	240,000
Restricted bank deposits	23	4,154	1,264	1,698
Pledged bank deposits	64,721	62,140	59,489	35,397
Bank balances and cash	799,820	939,070	967,510	1,035,666
Total current assets	**4,133,457**	**4,718,097**	**5,536,890**	**5,981,460**
CURRENT LIABILITIES				
Trade and other payables	1,324,804	1,516,042	1,899,931	2,195,536
Tax payables	46,440	63,457	89,497	88,289
Bank and other borrowings	1,332,271	1,059,933	774,452	1,067,711
Lease liabilities	16,372	4,937	32,980	14,100
Contract liabilities	71,106	90,284	79,306	74,653
Deferred income	8,426	8,325	8,474	7,659
Total current liabilities	**2,799,419**	**2,742,978**	**2,884,640**	**3,447,948**
NET CURRENT ASSETS	1,334,038	1,975,119	2,652,250	2,533,512

Our net current assets increased from RMB1,334.0 million as of December 31, 2022, to RMB1,975.1 million as of December 31, 2023, primarily due to (i) an increase in trade and other receivables of RMB379.4 million; (ii) a decrease in bank and other borrowings of RMB272.3 million; (iii) an increase in bank balances and cash of RMB139.3 million; and (iv) the addition of financial assets at fair value through profit or loss of RMB60.2 million. These were partially offset by (i) an increase in trade and other payables of RMB191.2 million and (ii) an increase in contract liabilities of RMB19.2 million.

Our net current assets further increased from RMB1,975.1 million as of December 31, 2023 to RMB2,652.3 million as of December 31, 2024, primarily due to (i) an increase in trade and other receivables of RMB544.6 million; (ii) a decrease in bank and other borrowings of RMB285.5 million; (iii) an increase in inventories of RMB155.0 million; and (iv) an increase in bank balances and cash of RMB28.4 million. These increases were partially offset by (i) an increase in trade and other payables of RMB383.9 million; (ii) an increase in lease liabilities of RMB28.0 million; and (iii) an increase in tax payables of RMB26.0 million.

Our net current assets decreased from RMB2,652.3 million as of December 31, 2024 to RMB2,533.5 million as of April 30, 2025, primarily due to (i) an increase in trade and other payables of RMB295.6 million; and (ii) an increase in bank and other borrowings of RMB293.3 million. These increases were partially offset by (i) an increase in trade and other receivables of RMB167.6 million; (ii) an increase in inventories of RMB138.7 million; and (iii) an increase in financial assets at fair value through profit or loss of RMB94.8 million.

WORKING CAPITAL SUFFICIENCY

During the Track Record Period, we financed our operations primarily through cash generated from our operating activities as our principal sources of funding, and our primary uses of cash were to fund our capital expenditures and working capital. Going forward, we believe that our liquidity requirements will be satisfied with a combination of our internal resources, cash flows generated from our operating activities and net **[REDACTED]** from the **[REDACTED]**. As of December 31, 2024, we had cash and cash equivalents of RMB877.5 million.

Taking into account the financial resources available to us, including cash flow from operating activities, our current cash and cash equivalents and the estimated net **[REDACTED]** from the **[REDACTED]**, our Directors are of the view that we have available sufficient working capital for our present requirements, that is for at least the next 12 months from the date of this document.

CAPITAL EXPENDITURE

During the Track Record Period, our Group incurred capital expenditures of RMB451.3 million, RMB321.1 million and RMB519.1 million in 2022, 2023 and 2024, respectively. Our capital expenditures comprised of purchases of items of property, plant and equipment and other assets, which were related to production capacity expansion.

CAPITAL COMMITMENTS

As of December 31, 2022, 2023 and 2024 we had capital commitments of RMB19.1 million, RMB20.3 million and RMB470.6 million, respectively, which were in relation to capital expenditure in respect of the acquisition of property and equipment, intangible assets, and associates contracted for but not provided in the historical financial information.

INDEBTEDNESS

Our indebtedness mainly included bank and other borrowings and lease liabilities during the Track Record Period. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current				
Bank and other borrowings	1,332,271	1,059,933	774,452	1,067,711
Lease liabilities	16,372	4,937	32,980	14,100
Non-current				
Bank and other borrowings	554,675	622,632	901,473	836,966
Lease liabilities	37,543	32,338	193,410	205,522
Total	**1,940,861**	**1,719,840**	**1,902,315**	**2,124,299**

As of December 31, 2024, we had outstanding indebtedness representing interest-bearing bank and other borrowings of RMB1,675.9 million and lease liabilities of RMB226.4 million.

Except as disclosed in the table above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of December 31, 2024. Since December 31, 2024 and up to the date of the document, there had not been any material adverse change to our indebtedness.

Bank and Other Borrowings

	As of December 31,			As of April 30,
	2022	**2023**	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**
Bank borrowings				
Secured	735,576	537,131	621,736	583,967
Unsecured	432,269	794,311	614,688	820,795
Subtotal, bank borrowings	**1,167,845**	**1,331,442**	**1,236,424**	**1,404,762**
Bank borrowings under supplier finance arrangement	94,482	18,653	51,049	4,996
Endorsed bills	317,825	332,470	388,452	494,919
Bonds	306,794	—	—	—
Total	**1,886,946**	**1,682,565**	**1,675,925**	**1,904,677**

Our interest-bearing bank and other borrowings primarily consisted of bank loans and other borrowings. As of December 31, 2022, 2023 and 2024, our bank and other borrowings were RMB1,886.9 million, RMB1,682.6 million and RMB1,675.9 million, respectively.

As of December 31, 2022, 2023 and 2024, the range of the effective interest rate of our bank loans was 3.35% to 5.94% per annum, 2.70% to 5.94% per annum and 2.60% to 4.40% per annum, respectively. All of our interest-bearing bank loans and other borrowings are denominated in RMB.

As of April 30, 2025, we had banking facilities of RMB3,703.4 million, of which RMB2,102.6 million had been utilized. In addition, during the Track Record Period and up to the Latest Practicable Date, we did not have any material defaults or breaches of covenants in repayment of indebtedness.

Lease Liabilities

We recognize lease liabilities at the commencement date of the lease at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, we use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. We had lease liabilities of RMB53.9 million, RMB37.3 million and RMB226.4 million as of December 31, 2022, 2023 and 2024, respectively. We had lease liabilities of RMB219.6 million as of April 30, 2025.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023 and 2024, we did not have any contingent liabilities.

KEY FINANCIAL RATIOS

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

	As of/Year Ended December 31,		
	2022	2023	2024
Gross profit margin(1)	30.2%	31.3%	30.5%
Net profit margin(2)	12.3%	13.2%	13.3%
Return on equity(3)	14.8%	14.8%	15.9%
Return on total assets(4)	8.2%	8.8%	9.6%
Current ratio(5)	1.48	1.72	1.92
Gearing ratio(6)	40.4%	31.5%	31.0%
Debt to equity ratio(7)	23.8%	14.3%	15.3%

Notes:

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

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

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

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

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

(6) Gearing ratio was calculated based on interest-bearing bank and other borrowings divided by total equity as of the relevant dates and multiplied by 100%.

(7) Debt to equity ratio was calculated based on interest-bearing bank and other borrowings net of cash and cash equivalents divided by total equity as of the relevant date and multiplied by 100%.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions. For more details, see Note 39 to the Accountants' Report in Appendix I to this document.

Our Directors confirm that, all material related party transactions during the Track Record Period were conducted on normal commercial terms or such terms that were no less favorable to our Group than those available to independent third parties and were fair and reasonable and in the interest of our Shareholders as a whole, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance. The pricing for the related party transactions was primarily based on (i) arm's length negotiation; (ii) comparable market price; (iii) the total sales/purchase volume of the transaction. The pricing and credit terms for the related party transactions are comparable those similar transactions with the Independent Third Parties and no favorable terms has been granted to/by such related party. The prices are mutually agreed after taking the prevailing market prices into consideration. The transactions were trade in nature, and our Directors and management will consider a series of factors to determine whether to continue such an arrangement upon **[REDACTED]** and the **[REDACTED]**, in the best interest of our Group.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to a variety of financial risks, including credit risk, liquidity risk, and market risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our Group's financial performance. For more details, see Note 37 to the Accountants' Report in Appendix I to this document.

Credit Risk

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses to us. Our credit risk exposures are primarily attributable to trade and bills receivable, contract assets, other receivables, restricted and pledged bank deposits and bank balances. We do not hold any collateral or other credit enhancements to cover our credit risks associated our its financial assets.

In order to minimize the credit risk, the potential customer's credit quality and defines credit limits by customer and the credit limits assigned to each customer is regularly reviewed by our management. Follow-up actions are taken by us to recover overdue debts if any. We only accepts bills issued or guaranteed by reputable PRC banks if trade receivables are settled by bills and therefore our management considers the credit risk arising from the endorsed bills is significantly reduced. In addition, we review the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

For trade receivables and contract assets, our management assesses the collectability of the trade receivables and contract assets regularly individually and/or collectively for the determination of any loss allowance for the trade receivables and contract assets by taking into account the customers' financial condition, current creditworthiness, past settlement history, business relationship with us and other factors such as current market conditions.

For other receivables, our management considers the historical data, current and forecast of the economic environment of the debtors operate. The credit risk on the other receivables are insignificant as the probability of default is significantly reduced after assessing the counterparties' financial background and creditability.

For bills receivables, our management considers the historical data, current and forecast of the economic environment of the debtors operate. The credit risk on the bills receivables are significantly reduced as the probability of default is considered minimal after assessing the counterparties' financial background and creditability.

Furthermore, credit risk on restricted and pledged bank deposits and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies or state-owned banks in the PRC.

For more details, see Note 37 to the Accountants' Report in Appendix I to this document.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to financial our operations and mitigate the effects of fluctuations in cash flows. Our management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

For more details, see Note 37 to the Accountants' Report in Appendix I to this document.

Market Risk

Currency risk

We undertake certain transactions denominated in foreign currencies, which expose us to foreign currency risk. We currently do not use derivative financial instrument to hedge the foreign exchange risk. We manage the foreign currency risk by closely monitoring the movement of the foreign currency rate. Our foreign currency monetary assets are mainly trade and other receivables and bank balances and deposits, and our foreign currency monetary liabilities are mainly trade and other payables.

Interest rate risk

Our interest rate risk arises primarily from bank balances and deposits, bank and other borrowings and lease liabilities. Bank balances and deposits at variable rates and fixed rates expose us to cash flow interest rate risk and fair value interest rate risk, respectively. Our bank balances and deposits are placed with banks, and our management manages this risk by placing deposits at various maturities and interest rate terms. We are also exposed to fair value interest rate risk for fixed rate bank and other borrowings and lease liabilities. Our cash flow interest rate risk is mainly concentrated on the fluctuations of the market rates from bank balances. We currently do not hedge our exposure to cash flow and fair value interest rate risk since we consider our exposure of cash flow interest rate risk arising from variable-rate bank balances and term deposits to be insignificant.

Price risk

Equity price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). We are exposed to price risk arising from listed equity securities classified as FVTOCI as of December 31, 2022, 2023 and 2024. For details, including a sensitivity analysis thereto, please see Note 37 to the Accountants' Report in Appendix I to this document.

Capital Management

We manage our capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. Our overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of net debt, which includes the bank and other borrowings and lease liabilities disclosed in Notes 28 and 29 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

Our Directors review the capital structure on a regular basis and consider the cost of capital and the risks associated with each class of capital. Based on recommendations of our Directors, we will balance its overall capital structure through the maturity of lease liabilities as well as new share **[REDACTED]** and increase of banking facilities or redemption of existing debt. In addition, our management considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the historical financial information approximate their fair values at the end of each reporting period based on discounted cash flow analysis.

For details, please see Note 37 to the Accountants' Report in Appendix I to this document.

Upon the **[REDACTED]** and **[REDACTED]**, investments will comply with Chapter 14 of the Listing Rules.

DIVIDENDS

On June 13, 2022, we paid a final dividend of RMB44.1 million (RMB0.35 per 10 A Shares) for the year ended December 31, 2021. On May 29, 2023, we paid a final dividend of RMB50.4 million (RMB0.40 per 10 A Shares) for the year ended December 31, 2022. On May 29, 2024, we paid a final dividend of RMB211.9 million (RMB1.70 per 10 A Shares) for the year ended December 31, 2023.

On April 26, 2025, our Board of Directors proposed the payment of a final dividend of RMB1.37 per 10 A Shares for the year ended December 31, 2024, based on the issued shares excluding the treasury shares of the Company of 1,246,334,000 A Shares. The proposed final dividend was approved by the Shareholders at the annual meeting held on June 3, 2025. On June 16, 2025, we announced that the payment of the final dividend of RMB170.7 million (RMB1.37 per 10 A Shares) will take place on June 23, 2025.

Upon completion of the **[REDACTED]**, we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our

Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

There is no assurance that dividends of any amount will be declared or be distributed in any year. Currently, we do not intend to adopt a formal dividend policy or a fixed dividend distribution ratio following the **[REDACTED]**.

PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdiction, including the IFRS Accounting Standards. According to the applicable PRC laws and our Articles of Association, we will pay dividends according to the applicable PRC laws and our Articles of Association.

DISTRIBUTABLE RESERVES

As of December 31, 2024, the Company had retained profits of RMB1,726.0 million, which could be distributed subject to current Articles of Association of the Company and the PRC Company Law. However, such retained profits were restricted from distribution pursuant to certain covenants under bank borrowing agreements between the Company and relevant banks that requested no dividend distribution when the Company recorded net losses, or its profit after tax was insufficient to cover the accumulated losses, or its profit before tax was insufficient to fulfill interest, principal and expense payment obligations under such borrowing agreements.

[REDACTED]

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

Among the total **[REDACTED]**, approximately RMB**[REDACTED]** (HK$**[REDACTED]**) of which is expected to be charged to our statements of profit or loss, and approximately RMB**[REDACTED]** (HK$**[REDACTED]**) of which is expected to be capitalized. Our **[REDACTED]** as a percentage of gross **[REDACTED]** is **[REDACTED]**%. The **[REDACTED]** above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

[REDACTED]

[REDACTED]

RECENT DEVELOPMENT AND 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 in the Accountants' Report in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND PROSPECTS

See "Business — Development Strategies" in this document for a detailed description of our future plans.

USE OF [REDACTED]

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

In accordance with our strategy, we plan to use the **[REDACTED]** for the following intended purposes in the amounts set forth below:

- **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be used to diversify our product portfolio and upgrade our products to expand our business scope and increase our market share and penetration, so as to consolidate our leading position in the high-speed data communication and alternative energy power transmission solution industry, including:
  - **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be used for product development and production capacity expansion of our electronic communications business and to enhance overall product performance. Specifically, we plan to (i) increase our investment in the R&D for products under our electronic communications business, and continue to innovate in materials science and production processes to achieve rapid iteration to meet the evolving needs of our end-users; and (ii) strengthen our mass production capacity and delivery efficiency by optimizing production capacity and production resource allocation; and
  - **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be used for product development and production capacity expansion of our alternative energy power transmission business. Specifically, we plan to (i) increase our investment in R&D for NEV power transmission products and power transmission products for stations and grids, and continue to innovate in materials science and production processes to improve product performance; and (ii) strengthen our mass production capacity and delivery efficiency by optimizing production capacity and production resource allocation.
- **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be used to expand our global business footprint, enhance our production capacity in China and overseas and strengthen our global delivery capabilities to meet the growing demand from fast-growing overseas markets. Specifically, we plan to (i) establish intelligent manufacturing bases for telecoms cables and electronic material products at selected overseas locations as and when appropriate; (ii) establish our own global talent pool; and (iii) enhance technological innovation and process upgrades to better meet overseas market demand. We believe that this will diversify our customer base and further strengthen our global leadership position;
- **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be used for potential strategic investments and/or acquisitions. Specifically, we plan to seek suitable strategic investments and/or acquisitions to expand our R&D capabilities and expertise, strengthen our presence across the value chain through resource integration, ensure the stability of our supply chain and better meet the needs of downstream application scenarios. Our potential investment or acquisition targets include businesses with solid R&D and delivery capabilities in the field of high-speed data communication and alternative energy power transmission that can create synergies, or have innovative technologies that are synergistic and complementary to ours. Such businesses should be in a good financial position and demonstrate solid profitability. In addition, they should be free of material legal disputes or compliance issues, and possess clearly established intellectual property rights to avoid potential patent disputes. According to F&S, there are sufficient available targets in the market that meet our selection criteria. As of the Latest Practicable Date, we had not identified any specific targets for investment and/or acquisition; and

- **[REDACTED]**%, or approximately HK$**[REDACTED]** will be used for the working capital and general corporate purposes.

If the **[REDACTED]** is fixed at HK$**[REDACTED]** per **[REDACTED]** (being the high end of the **[REDACTED]** stated in this document), we will receive additional net **[REDACTED]** of approximately HK$**[REDACTED]**, assuming the **[REDACTED]** is not exercised. If the **[REDACTED]** is fixed at HK$**[REDACTED]** per **[REDACTED]** (being the low end of the **[REDACTED]** stated in this document), the net **[REDACTED]** we receive will be reduced by approximately HK$**[REDACTED]**, assuming the **[REDACTED]** is not exercised. The above allocation of the **[REDACTED]** will be adjusted on a pro rata basis in the event that the **[REDACTED]** is fixed at a higher or lower level compared to the mid-point of the estimated **[REDACTED]**.

In the event that the **[REDACTED]** is exercised in full, the additional net **[REDACTED]** that we would receive would be HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of the **[REDACTED]** stated in the document). Additional net **[REDACTED]** received due to the exercise of any **[REDACTED]** will be used for the above purposes accordingly on a pro rata basis if the **[REDACTED]** is exercised.

To the extent that the net **[REDACTED]** from the **[REDACTED]** are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we will only hold such funds in 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). We will issue an appropriate announcement if there is any material change to the above use of **[REDACTED]**.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

The following is the text of a report set out on pages I-1 to I-[ ], prepared for inclusion in this document, received from the independent reporting accountants of the Company, Moore CPA Limited, Certified Public Accountants, Hong Kong.

MOORE

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN WOER HEAT-SHRINKABLE MATERIAL CO., LTD., CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED AND CHINA MERCHANTS SECURITIES (HK) CO., LIMITED

Introduction

We report on the historical financial information of Shenzhen Woer Heat-Shrinkable Material Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-[3] to I-[ ], which comprises the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the years ended December 31, 2022, 2023 and 2024 (the "**Track Record Period**"), the consolidated statements of financial position of the Group as at December 31, 2022, 2023 and 2024, the statements of financial position of the Company as at December 31, 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-[ ] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [ ] (the "**Document**") in connection with the **[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 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 ("**HKSIR 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' judgment, 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 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 consolidated financial position of the Group as at December 31, 2022, 2023 and 2024 and of the financial position of the Company as at December 31, 2022, 2023 and 2024 and of the financial performance and cash flows of the Group for the Track Record Period in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the [REDACTED] 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.

Dividends

We refer to note 13 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

Yours faithfully,

[Moore CPA Limited]
Certified Public Accountants

[ ]
Practising Certificate Number: [ ]

Hong Kong, [Date]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of the Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with IFRS Accounting Standards issued by International Accounting Standards Board (the "**IASB**") and were audited by Moore CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,		
		2022	2023	2024
	Notes	RMB'000	RMB'000	RMB'000
Revenue	6	5,336,649	5,718,841	6,920,102
Cost of sales		(3,724,687)	(3,930,200)	(4,809,739)
Gross profit		1,611,962	1,788,641	2,110,363
Other income, gains and losses	7	91,145	88,339	91,919
Selling expenses		(314,238)	(323,933)	(353,553)
Administrative expenses		(248,248)	(297,873)	(345,659)
Research and development expenses		(305,808)	(309,962)	(348,694)
Share of results of associates		6,060	9,877	9,807
Finance costs	8	(89,595)	(66,778)	(60,439)
Impairment losses on financial assets, net	9	(23,922)	(15,434)	(29,881)
Profit before taxation	9	727,356	872,877	1,073,863
Income tax expense	10	(67,109)	(115,150)	(153,360)
PROFIT FOR THE YEAR		660,247	757,727	920,503
OTHER COMPREHENSIVE (EXPENSE)/INCOME				
Item that may be reclassified to profit or loss:				
Exchange differences arising on translation of foreign operations		8,311	(36)	1,280
Item that will not be reclassified to profit or loss:				
Fair value (loss)/gain on investments in equity instruments at fair value through other comprehensive income, net of tax		(32,813)	11,683	(8,926)
Other comprehensive (expenses)/income for the year		(24,502)	11,647	(7,646)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		635,745	769,374	912,857
PROFIT FOR THE YEAR ATTRIBUTABLE TO:				
Owners of the Company		614,623	700,483	847,551
Non-controlling interests		45,624	57,244	72,952
		660,247	757,727	920,503
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:				
Owners of the Company		590,121	712,436	839,695
Non-controlling interests		45,624	56,938	73,162
		635,745	769,374	912,857
EARNINGS PER SHARE	14			
Basic and diluted (RMB)		0.49	0.56	0.68

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,		
		2022	2023	2024
	Notes	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	15	2,721,815	2,837,427	3,055,160
Right-of-use assets	16	317,937	295,850	487,622
Goodwill	17	759,972	731,307	694,828
Intangible assets	18	17,724	36,064	25,874
Investment properties	19	14,342	15,700	14,321
Interests in associates	21	48,424	54,464	57,373
Equity instruments at fair value through other comprehensive income	22	161,122	186,346	175,843
Deferred tax assets	32	73,247	55,276	61,081
Contract assets	24	8,216	4,189	8,016
Trade and other receivables	25	62,480	45,716	113,318
Total non-current assets		4,185,279	4,262,339	4,693,436
CURRENT ASSETS				
Inventories	23	701,251	710,277	865,307
Contract assets	24	18,728	20,163	32,205
Trade and other receivables	25	2,541,348	2,920,745	3,465,350
Tax recoverable		7,566	1,303	596
Financial assets at fair value through profit or loss	22	–	60,245	145,169
Restricted bank deposits	26	23	4,154	1,264
Pledged bank deposits	26	64,721	62,140	59,489
Bank balances and cash	26	799,820	939,070	967,510
Total current assets		4,133,457	4,718,097	5,536,890
CURRENT LIABILITIES				
Trade and other payables	27	1,324,804	1,516,042	1,899,931
Tax payables		46,440	63,457	89,497
Bank and other borrowings	28	1,332,271	1,059,933	774,452
Lease liabilities	29	16,372	4,937	32,980
Contract liabilities	30	71,106	90,284	79,306
Deferred income	31	8,426	8,325	8,474
Total current liabilities		2,799,419	2,742,978	2,884,640
NET CURRENT ASSETS		1,334,038	1,975,119	2,652,250
TOTAL ASSETS LESS CURRENT LIABILITIES		5,519,317	6,237,458	7,345,686
NON-CURRENT LIABILITIES				
Deferred tax liabilities	32	57,075	53,718	62,398
Bank and other borrowings	28	554,675	622,632	901,473
Lease liabilities	29	37,543	32,338	193,410
Deferred income	31	70,630	66,266	60,076
Total non-current liabilities		719,923	774,954	1,217,357
Net assets		4,799,394	5,462,504	6,128,329
EQUITY				
Share capital	33	1,259,899	1,259,899	1,259,899
Reserves	34	3,082,723	3,647,648	4,274,906
Total equity attributable to owners of the Company		4,342,622	4,907,547	5,534,805
Non-controlling interests		456,772	554,957	593,524
Total equity		4,799,394	5,462,504	6,128,329

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,		
		2022	2023	2024
	Notes	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	15	452,116	444,831	371,902
Right-of-use assets	16	22,931	22,290	21,649
Intangible assets	18	14,118	30,726	21,234
Interests in subsidiaries	20	2,997,615	3,145,962	3,196,159
Interests in associates	21	48,424	54,464	51,615
Equity instruments at fair value through other comprehensive income	22	161,122	178,789	165,965
Deferred tax assets	32	53,984	41,663	48,680
Contract assets	24	8,216	4,189	8,016
Trade and other receivables	25	48,740	28,624	14,513
Total non-current assets		3,807,266	3,951,538	3,899,733
CURRENT ASSETS				
Inventories	23	157,545	135,573	89,115
Contract assets	24	2,918	261	9,668
Trade and other receivables	25	826,416	847,769	835,303
Amounts due from subsidiaries	20	504,713	349,016	610,485
Restricted bank deposits	26	9	2,859	23
Pledged bank deposits	26	33,109	17,354	16,491
Bank balances and cash	26	155,918	248,765	169,429
Total current assets		1,680,628	1,601,597	1,730,514
CURRENT LIABILITIES				
Trade and other payables	27	322,275	304,332	348,205
Tax payable		5,140	13,187	10,802
Bank and other borrowings	28	827,014	633,954	262,737
Amounts due to subsidiaries	20	866,315	981,913	968,418
Contract liabilities	30	35,727	47,568	30,468
Deferred income	31	6,982	6,217	6,354
Total current liabilities		2,063,453	1,987,171	1,626,984
NET CURRENT(LIABILITIES)/ASSETS		(382,825)	(385,574)	103,530
TOTAL ASSETS LESS CURRENT LIABILITIES		3,424,441	3,565,964	4,003,263
NON-CURRENT LIABILITIES				
Bank and other borrowings	28	412,500	381,575	709,240
Deferred income	31	47,541	42,614	36,688
Total non-current liabilities		460,041	424,189	745,928
Net assets		2,964,400	3,141,775	3,257,335
EQUITY				
Share capital	33	1,259,899	1,259,899	1,259,899
Reserves	34	1,704,501	1,881,876	1,997,436
Total equity		2,964,400	3,141,775	3,257,335

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Share capital	Capital reserve	Treasury share	Translation reserve	Share-based payments reserve	Fair value reserve	Statutory reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (Note 33)	RMB'000	RMB'000	RMB'000	RMB'000 (Note 36)	RMB'000 (Note 34)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	1,259,899	248,213	–	(15,365)	3,187	(87,295)	416,903	1,954,068	3,779,610	357,541	4,137,151
Profit for the year	–	–	–	–	–	–	–	614,623	614,623	45,624	660,247
Exchange differences arising on translation of foreign operations	–	–	–	8,311	–	–	–	–	8,311	–	8,311
Fair value loss on investments in equity instruments at fair value through other comprehensive income	–	–	–	–	–	(32,813)	–	–	(32,813)	–	(32,813)
Total comprehensive income/(expense) for the year	–	–	–	8,311	–	(32,813)	–	614,623	590,121	45,624	635,745
Dividend paid (note 13)	–	–	–	–	–	–	–	(44,096)	(44,096)	–	(44,096)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(125)	(125)
Appropriation to statutory reserve	–	–	–	–	–	–	55,688	(55,688)	–	–	–
Share-based payments	–	–	–	–	596	–	–	–	596	349	945
Transfer upon vesting of share awards	–	3,318	–	–	(3,318)	–	–	–	–	–	–
Deemed partial disposal of interests in a subsidiary without losing control (note 44 (a))	–	16,391	–	–	–	–	–	–	16,391	53,383	69,774
At December 31, 2022	1,259,899	267,922	–	(7,054)	465	(120,108)	472,591	2,468,907	4,342,622	456,772	4,799,394

	Attributable to owners of the Company										
	Share capital	Capital reserve	Treasury share	Translation reserve	Share-based payments reserve	Fair value reserve	Statutory reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (Note 33)	RMB'000	RMB'000	RMB'000	RMB'000 (Note 36)	RMB'000 (Note 34)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	1,259,899	267,922	–	(7,054)	465	(120,108)	472,591	2,468,907	4,342,622	456,772	4,799,394
Profit for the year	–	–	–	–		–	–	700,483	700,483	57,244	757,727
Exchange differences arising on translation of foreign operations	–	–	–	(33)	–	–	–	–	(33)	(3)	(36)
Fair value gain on investments in equity instruments at fair value through other comprehensive income	–	–	–	–	–	11,986	–	–	11,986	(303)	11,683
Total comprehensive income/(expense) for the year	–	–	–	(33)	–	11,986	–	700,483	712,436	56,938	769,374
Dividend paid (note 13)	–	–	–	–	–	–	–	(50,396)	(50,396)	–	(50,396)
Repurchase of shares (note 33)	–	(11)	(100,050)	–	–	–	–	–	(100,061)	–	(100,061)
Appropriation to statutory reserve	–	–	–	–	–	–	56,145	(56,145)	–	–	–
Share-based payments	–	–	–	–	1,163	–	–	–	1,163	499	1,662
Deemed partial disposal of interests in a subsidiary without losing control (note 44 (a))	–	2,260	–	–	–	–	–	–	2,260	16,882	19,142
Acquisition of additional interests in a subsidiary without change in control (note 44 (b))	–	(477)	–	–	–	–	–	–	(477)	23,866	23,389
At December 31, 2023	1,259,899	269,694	(100,050)	(7,087)	1,628	(108,122)	528,736	3,062,849	4,907,547	554,957	5,462,504

	Attributable to owners of the Company										
	Share capital	Capital reserve	Treasury share	Translation reserve	Share-based payments reserve	Fair value reserve	Statutory reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (Note 33)	RMB'000	RMB'000	RMB'000	RMB'000 (Note 36)	RMB'000 (Note 34)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024	1,259,899	269,694	(100,050)	(7,087)	1,628	(108,122)	528,736	3,062,849	4,907,547	554,957	5,462,504
Profit for the year	–	–	–	–	–	–	–	847,551	847,551	72,952	920,503
Exchange differences arising on translation of foreign operations	–	–	–	1,173	–	–	–	–	1,173	107	1,280
Fair value loss on investments in equity instruments at fair value through other comprehensive income	–	–	–	–	–	(9,029)	–	–	(9,029)	103	(8,926)
Total comprehensive income/(expense) for the year	–	–	–	1,173	–	(9,029)	–	847,551	839,695	73,162	912,857
Dividend paid (note 13)	–	–	–	–	–	–	–	(211,877)	(211,877)	–	(211,877)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(4,683)	(4,683)
Appropriation of statutory reserve	–	–	–	–	–	–	61,885	(61,885)	–	–	–
Share-based payments	–	–	–	–	1,689	–	–	–	1,689	405	2,094
Acquisition of additional interests in a subsidiary without change in control (note 44 (b))	–	(2,249)	–	–	–	–	–	–	(2,249)	(30,317)	(32,566)
At December 31, 2024	1,259,899	267,445	(100,050)	(5,914)	3,317	(117,151)	590,621	3,636,638	5,534,805	593,524	6,128,329

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,		
		2022	2023	2024
	Notes	RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation		727,356	872,877	1,073,863
Adjustments for:				
Finance costs	8	89,595	66,778	60,439
Interest income	7	(7,781)	(12,368)	(16,747)
Share of results of associates		(6,060)	(9,877)	(9,807)
Depreciation of property, plant and equipment	15	194,448	212,432	239,427
Depreciation of right-of-use assets	16	22,608	21,618	34,578
Depreciation of investment properties	19	1,244	1,234	1,379
Amortization of intangible assets	18	23,861	5,359	12,688
Written-down of inventories	9	13,766	17,514	25,378
Impairment losses on trade receivables	9	19,102	21,628	24,302
(Reversal of impairment losses)/impairment losses on bills receivables	9	(1,028)	418	2,147
Impairment losses/(reversal of impairment losses) on other receivables	9	144	(2,501)	1,894
Impairment losses/(reversal of impairment losses) on contract assets	9	5,704	(4,111)	1,538
Impairment losses on goodwill	9	–	28,665	36,479
Impairment losses on property, plant and equipment	9	1,652	83	5,228
Share-based payments	9	945	1,662	2,094
Gain on fair value change of financial assets at fair value through profit or loss ("**FVTPL**")	7	(93)	(590)	(6,330)
Gain on early termination of leases	7	(20)	–	–
Loss on disposal of property, plant and equipment	7	3,025	2,582	7,632
Loss on disposal of right-of-use assets	7	8	–	–
Dividend income received from equity instruments at fair value through other comprehensive income ("**FVTOCI**")	7	(3,200)	(1,663)	(3,313)
		1,085,276	1,221,740	1,492,869
Increase in inventories		(118,706)	(26,540)	(180,408)
Increase in trade and other receivables		(261,223)	(634,072)	(847,561)
(Increase)/decrease in contract assets		(20,268)	6,703	(17,407)
Decrease/(increase) in restricted bank deposits		991	(4,131)	2,890
Increase in trade and other payables		383,868	360,994	631,746
Increase/(decrease) in contract liabilities		20,931	19,178	(10,978)
Increase/(decrease) in deferred income		1,428	(4,465)	(6,041)
Cash generated from operations		1,092,297	939,407	1,065,110
Income tax paid		(56,454)	(79,318)	(122,161)
Net cash from operating activities		1,035,843	860,089	942,949

		Year ended December 31,		
		2022	2023	2024
	Notes	RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		7,781	12,368	16,747
Proceeds from disposal of property, plant and equipment		31,324	29,634	6,967
Proceeds from disposal of right-of-used assets		3,365	–	–
Proceeds from disposal of financial assets at FVTPL		80,093	200,345	2,062,406
Purchase of property, plant and equipment		(376,277)	(302,716)	(516,571)
Purchase of intangible assets		(1,664)	(6,862)	(2,498)
Purchase of equity instruments at FVTOCI		–	(11,479)	–
Acquisition of assets through acquisition of a subsidiary	43	(73,380)	–	–
Purchase of financial assets at FVTPL		(80,000)	(260,000)	(2,141,000)
Placement of pledged bank deposits		–	(27,190)	(26,475)
Withdrawal of pledged bank deposits		14,922	29,771	29,126
Placement of bank deposit with maturity over three months		–	(60,000)	(80,000)
Placement of fixed time deposit		–	–	(10,025)
Withdrawal of bank deposit with maturity over three months		–	–	60,000
Dividends received from an associate		2,361	1,877	1,674
Dividends received from equity instruments at FVTOCI		3,200	1,663	3,313
Capital reduction in associates	21	–	1,960	11,074
Acquisition of interests in an associate	21	–	–	(5,850)
Net cash used in investing activities		(388,275)	(390,629)	(591,112)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	38	(94,145)	(69,866)	(56,875)
Additions of borrowings	38	1,381,375	1,375,358	1,452,749
Repayment of borrowings	38	(1,705,696)	(1,573,028)	(1,459,055)
Repayment of lease liabilities	38	(124,834)	(16,075)	(37,157)
Dividend paid		(44,096)	(50,396)	(211,877)
Dividend paid to non-controlling interests of subsidiaries		(125)	–	(4,683)
Proceed from/(payment for) acquisition of additional interests in subsidiaries	44(b)	–	23,389	(32,566)
Repurchase of shares	33	–	(100,061)	–
Capital injection by non-controlling interests in a subsidiary without losing control	44(a)	69,774	19,142	–
Net cash used in financing activities		(517,747)	(391,537)	(349,464)
NET INCREASE IN CASH AND CASH EQUIVALENTS		129,821	77,923	2,373
Cash and cash equivalents at beginning of the year		657,398	799,820	879,070
Effect of foreign exchange rate changes, net		12,601	1,327	(3,958)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	26	799,820	879,070	877,485

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Shenzhen Woer Heat-Shrinkable Material Co., Ltd. (the "**Company**") is established in the People's Republic of China (hereafter, the "**PRC**") on June 19, 1998. The Company converted into a joint stock company with limited liability on September 28, 2004. With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering and the Company's shares were listed on the Shenzhen Stock Exchange (stock code: 002130.SZ) on April 20, 2007. The registered address and principal place of business of the Company is Woer Industrial Park, Lanjing North Road, Longtian Subdistrict, Pingshan District, Shenzhen, Guangdong Province, PRC.

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in manufacturing and selling of telecoms cables, electronic materials, new energy vehicles ("**NEV(s)**") power transmission products and power transmission products for grids and stations, sales of wind power and provision of the implementation services of manufacturing operations management ("**MOM**") and manufacturing execution system ("**MES**") platforms.

The Historical Financial Information is presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

During the Track Record Period and as at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name of entities	Place and date of incorporation/ establishment	Nominal value of registered share capital	Equity/beneficial interest held by the Group as at December 31, 2022	December 31, 2023	December 31, 2024	At date of this report	Principal activities	Notes
			%	%	%	%		
Directly held by the Company								
Beijing Woerfa Electrical Co., Ltd.*	PRC/November 9, 2010	RMB3,500,000	100	100	100	100	Research and development ("**R&D**"), production and sales of products	(a)
Changchun Wall Nuclear Material Wind Power Generation Co., Ltd.*	PRC/June 25, 2009	RMB50,000,000	100	100	100	100	Wind power development, construction and operation	(a)
Changzhou WOER HEAT-SHRINKABLE Material Co., Ltd.*	PRC/ November 10, 2010	RMB50,000,000	100	100	100	100	R&D, production and sales of products	(b)
CYG Electronics (Group) Co., Ltd. ("**CYG Electronics (Group)**")*	PRC/July 29, 1993	RMB120,000,000	75	75	75	75	Trading	(b)
Hongkong Woer Trading Co., Limited	Hong Kong/ December 16, 2008	HKD358,128,711	100	100	100	100	Trading	(r)
Huizhou Wal Technology Development Co., Ltd.*	PRC/April 1, 2022	RMB100,000,000	100	51	51	51	Production and sales of products	(d)
Huizhou Wo'er Electronic Materials Co., Ltd.*	PRC/ November 25, 2024	RMB1,000,000	N/A	N/A	100	100	Production and sales of products	(e)
Huizhou Wo'er Heat Shrinkable Materials Co., Ltd.*	PRC/ December 27, 2024	RMB1,000,000	N/A	N/A	100	100	Dormant	(f)
Huizhou Wo'er Intelligent Technology Co., Ltd.*	PRC/ November 25, 2024	RMB1,000,000	N/A	N/A	100	100	Production and sales of products	(e)
Huizhou Yueting Electronics Co., Ltd.*	PRC/January 8, 2018	RMB74,000,000	51	51	51	51	Leasing	(b)
KTG (ChangZhou) New Material Co., Ltd.*	PRC/March 8, 2021	RMB5,000,000	100	100	100	100	Production and sales of products	(a)
Qingdao Woerxinyuan Wind Power Generation Co., Ltd.*	PRC/June 22, 2011	RMB440,000,000	100	100	100	100	Wind power development, construction and operation	(b)
Shanghai Lante New Material Co., Ltd.*	PRC/May 21, 2001	RMB29,880,000	100	100	100	100	Investment	(a)
Shenzhen Guodian Julong Electrical Technology Co., Ltd.*	PRC/June 29, 2004	RMB2,000,000	100	100	100	100	R&D, production and sales of products	(b)

Name of entities	Place and date of incorporation/ establishment	Nominal value of registered share capital	Equity/beneficial interest held by the Group as at				Principal activities	Notes
			December 31, 2022	December 31, 2023	December 31, 2024	At date of this report		
			%	%	%	%		
Shenzhen Judian Network Technology Co., Ltd.*	PRC/ September 26, 2014	RMB50,000,000	58.78	58.78	58.78	58.78	Charging pile software operation services	(a)
Shenzhen Orbit Systems Inc.*	PRC/ September 19, 2005	RMB10,000,000	62.9	62.9	62.9	62.9	R&D, production and sales of products	(b)
Shenzhen WOER HEAT-SHRINKABLE Co., Ltd. ("**WOER HEAT-SHRINKABLE**")*	PRC/August 10, 2018	RMB100,000,000	100	100	100	100	Production and sales of products	(b)
Shenzhen WOER Electric Technology Co., Ltd.	PRC/ September 17, 2018	RMB100,000,000	100	100	100	100	R&D, production and sales of products	(b)
Shenzhen Woer Intelligent Equipment Co., Ltd.*	PRC/July 15, 2014	RMB8,000,000	100	100	100	100	R&D	(a)
Shenzhen Woer New Energy Electric Technology Co., Ltd. ("**Shenzhen Woer New Energy Electric Technology**")*	PRC/ December 2, 2003	RMB84,435,900	76.61	76.71	76.71	76.71	R&D, production and sales of products	(b)
Shenzhen Wolida Trading Co., Ltd.*	PRC/ November 3, 2008	RMB5,000,000	100	100	100	100	R&D, production and sales of products	(a)
Tianjin Wo'erfa Power Equipment Co., Ltd.*	PRC/March 27, 2012	RMB61,000,000	100	100	100	100	R&D, production and sales of products	(b)
Woer International (Singapore) Pte. Ltd.	Singapore/ March 11, 2019	SGD1,000,000	100	100	100	100	Sales and Investment	(s)
Wuhan Wal New Material Co., Ltd.*	PRC/May 18, 2022	RMB50,000,000	100	100	100	100	R&D, production and sales of products	(g)
Wuhan Wal Nuclear Power Technology Co., Ltd.*	PRC/May 18, 2022	RMB50,000,000	100	100	100	100	R&D, production and sales of products	(g)
Wuhan Wo'er Nuclear Material Technology Development Co., Ltd.*	PRC/May 18, 2022	RMB50,000,000	–	–	100	100	R&D, production and sales of products	(h)
Indirectly held by the Company								
Beijing Judian Juneng Technology Co., Ltd.*	PRC/October 28, 2015	RMB2,000,000	58.78	58.78	58.78	58.78	Charging pile operation services	(a)
Changzhou Varlk Technology Co., Ltd.*	PRC/March 9, 2016	RMB20,000,000	78.76	78.76	78.76	78.76	R&D, production and sales of products	(b)
Changyuan Electronics (Dongguan) Co., Ltd.*	PRC/ February 14, 2014	RMB50,000,000	75	75	75	75	R&D, production and sales of products	(a)
Changzhou Changyuan Electronic Materials Co., Ltd.*	PRC/March 18, 2020	RMB10,000,000	75	75	75	75	Production and sales of products	(a)
Changzhou Changyuan Tefa Technology Co., Ltd.*	PRC/April 26, 2019	RMB20,000,000	75	75	75	75	R&D, production and sales of products	(a)
Changzhou Guodian Julong Electric Technology Co., Ltd.*	PRC/March 30, 2022	RMB10,000,000	100	100	100	100	Production and sales of products	(i)
CYG Tefa Co., Ltd.*	PRC/ December 6, 2002	RMB252,700,000	75	75	75	75	R&D, production and sales of products	(a)
Dalian LTK Trade Ltd.*	PRC/March 30, 2001	RMB16,554,180	92.89	90.93	94.32	94.32	Trading	(b)
Dongguan Salipt Co., Ltd.*	PRC/October 11, 2006	RMB8,000,000	75	75	75	75	R&D, production and sales of products	(a)
Hailin Xinyuan Wind Power Co., Ltd.*	PRC/ September 25, 2009	RMB5,000,000	100	N/A	N/A	N/A	Wind power development, construction and operation	(j)

Name of entities	Place and date of incorporation/ establishment	Nominal value of registered share capital	Equity/beneficial interest held by the Group as at December 31, 2022	December 31, 2023	December 31, 2024	At date of this report	Principal activities	Notes
			%	%	%	%		
Huizhou LTK Electronic Cable Ltd.*	PRC/April 27, 2002	RMB16,174,772	92.89	90.93	94.32	94.32	R&D, production and sales of products	(b)
Huizhou Changyuan Tefa Technology Co., Ltd.*	PRC/February 8, 2021	RMB20,000,000	75	75	75	75	R&D, production and sales of products	(a)
Huizhou Dingding Special Cable Co., Ltd.*	PRC/ November 25, 2024	RMB1,000,000	N/A	N/A	94.32	94.32	Production and sales of products	(e)
Huizhou Dingding Technology Co., Ltd.*	PRC/ November 25, 2024	RMB1,000,000	N/A	N/A	94.32	94.32	Production and sales of products	(e)
Huizhou Woerxin Technology Co., Ltd.*	PRC/July 25, 2019	RMB20,000,000	92.89	90.93	94.32	94.32	Production and sales of products	(b)
Huzhou Changyuan Tefa Technology Co., Ltd.*	PRC/May 16, 2016	RMB10,000,000	75	75	75	75	R&D, production and sales of products	(a)
LTK Cable (Vietnam) Company Limited	Vietnam/ October 23, 2019	USD 1,400,000	92.89	90.93	94.32	94.32	Production and sales of products	(c)
Lepond Investment Limited	BVI/ May 11, 2006	USD 1	75	75	75	75	Investment	(a)
Liangcheng County Xinyuan Wind Power Generation Co., Ltd.	PRC/August 19, 2010	RMB5,000,000	100	N/A	N/A	N/A	Wind power development, construction and operation	(k)
LTK CABLE (Chongqing) Ltd.	PRC/October 15, 2007	RMB11,100,566	92.89	90.93	94.32	94.32	R&D, production and sales of products	(b)
LTK Electric Wire (Huizhou) Ltd.* ("**LTK Electric**")*	PRC/January 4, 1988	RMB123,727,000	92.89	90.93	94.32	94.32	R&D, production and sales of products	(b)
LTK Electric Wire (Changzhou) Ltd.*	PRC/July 23, 2013	RMB51,476,096	92.89	90.93	94.32	94.32	Production and sales of products	(b)
LTK International Ltd.	Hong Kong/ September 30, 2006	HKD 322,702,251	92.89	90.93	94.32	94.32	Trading	(c)
Noblefu New Material Technology Pte. Ltd.	Singapore/ October 12, 2020	SGD 100	100	100	100	100	Sales and Investment	(s)
Shanghai Anda Run Nano Materials Co., Ltd.*	PRC/January 10, 2024	RMB50,000,000	N/A	N/A	63.01	63.01	Production and sales of products	(l)
Shanghai Changyuan Electronic Material Co., Ltd.*	PRC/July 17, 2000	RMB60,000,000	75	75	75	75	R&D, production and sales of products	(b)
Shanghai Changyuan Radiation Technology Co., Ltd.*	PRC/June 23, 2005	RMB30,500,000	75	75	75	75	Leasing	(b)
Shanghai Judian New Energy Vehicle Technology Co., Ltd.*	PRC/ November 16, 2015	RMB20,000,000	58.78	58.78	58.78	58.78	Charging pile operation services	(a)
Shanghai Keter New Materials Co., Ltd.("**Shanghai Keter New Materials**")*	PRC/August 28, 1997	RMB94,520,000	78.76	78.76	78.76	78.76	R&D, production and sales of products	(b)
Shanghai Lin Tian Functional Materials Co., Ltd.*	PRC/ November 28, 2002	RMB10,000,000	78.76	78.76	78.76	78.76	R&D, production and sales of products	(a)
Shanghai Ricoro Film Co., Ltd.*	PRC/May 10, 2002	RMB10,000,000	78.76	78.76	78.76	78.76	Production and sales of products	(a)
Shanghai WoDarun New Materials Co., Ltd.*	PRC/July 12, 2024	RMB10,000,000	N/A	N/A	78.76	78.76	Production and sales of products	(m)
Shenzhen Huawo Zhilian Technology Co., Ltd.*	PRC/April 22, 2020	RMB10,000,000	62.9	62.9	N/A	N/A	R&D and sales of products	(n)
Shenzhen Judian Investment Holdings Co., Ltd.*	PRC/ November 1, 2016	RMB1,000,000	58.78	58.78	58.78	58.78	Investment	(a)

Name of entities	Place and date of incorporation/ establishment	Nominal value of registered share capital	Equity/beneficial interest held by the Group as at				Principal activities	Notes
			December 31, 2022	December 31, 2023	December 31, 2024	At date of this report		
			%	%	%	%		
Shenzhen Judian New Energy Technology Co., Ltd.*	PRC/June 6, 2022	RMB88,000,000	58.78	58.78	58.78	58.78	Production and sales of products	(o)
Shenzhen Judian New Energy Automobile Service Co., Ltd.*	PRC/August 12, 2015	RMB60,000,000	58.78	58.78	58.78	58.78	Sales of products	(a)
Shenzhen Woer New Energy Technology Co., Ltd.*	PRC/July 10, 2023	RMB1,000,000	N/A	76.71	76.71	76.71	R&D, production and sales of products	(p)
Shenzhen Woer Wire & Cable Technology Co. Ltd.*	PRC/October 12, 2005	RMB40,000,000	92.89	90.93	94.32	94.32	R&D, production and sales of products	(b)
Surgwave Electronics (Shanghai) Co., Ltd.*	PRC/April 30, 2007	RMB15,000,000	78.76	78.76	78.76	78.76	R&D, production and sales of products	(b)
Tianjin Changyuan Electronic Material Co., Ltd.*	PRC/April 21, 2011	RMB50,000,000	75	75	75	75	R&D, production and sales of products	(b)
Tianjin Woting Electronics Co., Ltd.*	PRC/August 15, 2019	RMB51,000,000	100	100	100	100	Production and sales of products	(a)
Woer International (Malaysia) SDN. BHD	Malaysia/ April 23, 2025	RM100	N/A	N/A	N/A	100	Dormant	(q)
Wuhan Wal New Energy Technology Co., Ltd.*	PRC/May 18, 2022	RMB50,000,000	100	76.71	76.71	76.71	R&D, production and sales of products	(g)
Wuhan Wo'er Nuclear Material Technology Development Co., Ltd.*	PRC/May 18, 2022	RMB50,000,000	92.89	90.93	–	–	R&D, production and sales of products	(h)
Huizhou Wal Technology Development Co., Ltd.*	PRC/April 1, 2022	RMB100,000,000	–	37.75	37.75	37.75	Production and sales of products	(d)

* The English names of these subsidiaries registered in the PRC represent the translated names of these companies as no English names have been registered.

Notes:

(a) No statutory financial statements for the years ended December 31, 2022, 2023 and 2024 was available as there were no requirements to issue audited accounts by the local authorities.

(b) The financial statements for the years ended December 31, 2022 and 2023 and for the year ended December 31, 2024 prepared in accordance with PRC accounting principles and regulations were audited by Da Hua Certified Public Accountants (Special General Partnership), a certified public accounting firm registered in the PRC and Zandar Certified Public Accountants LLP, a certified public accounting firm registered in the PRC, respectively.

(c) No statutory financial statements for the years ended December 31, 2022, 2023 and 2024 were issued.

(d) The entity was established on April 1, 2022. No statutory financial statements for the period ended December 31, 2022 and for the years ended December 31, 2023 and 2024 were available as there was no requirements to issue audited accounts by the local authorities.

(e) The entity was established on November 25, 2024. The financial statements for the year ended December 31, 2024 prepared in accordance with PRC accounting principles and regulations were audited by Zandar Certified Public Accountants LLP, a certified public accounting firm registered in the PRC.

(f) The entity was established on December 27, 2024. No statutory financial statements for the period ended December 31, 2024 were available as there was no requirements to issue audited account by the local authorities.

(g) The entity was established on May 18, 2022. No statutory financial statements for the years ended December 31, 2022, 2023 and 2024 were available as there was no requirements to issue audited account by the local authorities.

(h) The entity was established on May 18, 2022 and it's shareholdings was transferred to the Company on September 10, 2024. The financial statements for the years ended December 31, 2022 and 2023 and for the year ended December 31, 2024 prepared in accordance with PRC accounting principles and regulations were audited by Da Hua Certified Public Accountants (Special General Partnership), a certified public accounting firm registered in the PRC and Zandar Certified Public Accountants LLP, a certified public accounting firm registered in the PRC, respectively.

(i) The entity was established on March 30, 2022. No statutory financial statements for the period ended December 31, 2022 and for the years ended December 31, 2023 and 2024 were available as there was no requirements to issue audited account by the local authorities. The financial statements for the year ended December 31, 2023 and for the year ended December 31, 2024 prepared in accordance with PRC accounting principles and regulations were audited by Da Hua Certified Public Accountants (Special General Partnership), a certified public accounting firm registered in the PRC and Zandar Certified Public Accountants LLP, a certified public accounting firm registered in the PRC, respectively.

(j) The entity was deregistered on March 9, 2023. The statutory financial statements for the year ended December 31, 2022 prepared in accordance with PRC accounting principles and regulations were audited by Da Hua Certified Public Accountants (Special General Partnership), a certified public accounting firm registered in the PRC.

(k) The entity was deregistered on November 27, 2023. No statutory financial statements for the years ended December 31, 2022 and 2023 were available as there was no requirements to issue audited account by the local authorities.

(l) The entity was established on January 10, 2024. No statutory financial statements for the period ended December 31, 2024 were available as there was no requirements to issue audited account by the local authorities.

(m) The entity was established on July 12, 2024. No statutory financial statements for the period ended December 31, 2024 were available as there was no requirements to issue audited account by the local authorities.

(n) The entity was deregistered on July 29, 2024. No statutory financial statements for the years ended December 31, 2022 and 2023 were available as there was no requirements to issue audited accounts by the local authorities.

(o) The entity was established on June 6, 2022. No statutory financial statements for the period ended December 31, 2022, and for the years ended December 31, 2023 and 2024 were available as there was no requirements to issue audited accounts by the local authorities.

(p) The entity was established on July 10, 2023. No statutory financial statements for the period ended December 31, 2023 and for the year ended December 31, 2024 were available as there was no requirements to issue audited accounts by the local authorities.

(q) The entity was established on April 23, 2025.

(r) The statutory financial statements for the years ended December 31, 2022 and 2023 prepared in accordance with Hong Kong accounting principles and regulations were audited by Linkpath CPA limited, a certified public accounting firm registered in Hong Kong. The statutory financial statements for the year ended 31 December 2024 have yet been due to issue.

(s) The statutory financial statements for the years ended December 31, 2022 and 2023 prepared in accordance with Singapore accounting principles and regulations were audited by Prime Accounts LLP, a certified public accounting firm registered in Singapore. The statutory financial statements for the year ended 31 December 2024 have yet been due to issue.

(t) None of the subsidiaries had issued any debt securities at the end of the year.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

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 (the "**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 statutory consolidated financial statements of the Group for the years ended December 31, 2022 and 2023 were prepared in accordance with relevant accounting principles and financial regulations applicable to the enterprises in the PRC and were audited by Da Hua Certified Public Accountants (Special General Partnership), certified public accountant registered in the PRC. The statutory consolidated financial statements of the Group for the year ended December 31, 2024 were prepared in accordance with relevant accounting principles and financial regulations applicable to the enterprises in the PRC and were audited by Zandar Certified Public Accountants LLP, certified public accountants registered in the PRC.

3. ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied IFRS Accounting Standards which includes all the International Accounting Standards ("**IASs**"), the International Financial Reporting Standards ("**IFRSs**"), amendments and the related interpretations issued by the IASB, which are effective for the accounting period beginning on January 1, 2024, throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the following new and amendments to IFRS Accounting Standards have been issued which are not yet effective:

IFRS 18	Presentation and Disclosure in Financial Statements[4]
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]
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 Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[3]

1 Effective for annual periods beginning on or after a date to be determined
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 periods beginning on or after January 1, 2027

Except for the new IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of new and other amendments to IFRS Accounting Standards will have no material impact on the Historical Financial Information in the foreseeable future.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 "Presentation and Disclosure in Financial Statements" ("**IFRS 18**"), which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 "Presentation of Financial Statements" ("**IAS 1**"). This new IFRS Accounting Standards, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the Historical Financial Information and improve aggregation and disaggregation of information to be disclosed in the Historical Financial Information. In addition, some IAS 1 paragraphs have been moved to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and IFRS 7 "Financial Instruments: Disclosures". Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's future consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following accounting policies in accordance with IFRS Accounting Standards issued by the IASB. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

The material accounting policy information are set out below.

4.1. Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets, and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" ("**IFRS 9**") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or assets acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets that do not constitute a business, the Group identifies and recognizes the individual identifiable assets acquired assumed by allocating the purchase price first to financial assets at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

4.2 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

The Group's policy for goodwill arising on the acquisition of an associate is described below.

4.3. Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" ("**IAS 36**") as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognized in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Acquisition of additional interests in associates

When the Group increases its ownership interest in an associate but the Group continues to use the equity method, goodwill is recognized at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates acquired over the consideration paid are recognized in the profit or loss in the period in which the additional interest are acquired.

4.4. Revenue from contracts with customers

Revenue from sales of goods

The Group sells telecoms cables, electronic materials, NEV power transmission products and power transmission products for grids and stations directly to customers in accordance with the contracts entered into with the customers. Revenue is recognized when control of the products has been transferred to the customer, at the point the goods are delivered to the customer. Delivery occurs when the products have been accepted by the customer. The typical credit term is within 90 days effective from the date when the goods are accepted by the customers. When the customer pays in advance for the orders, the transaction price received by the Group is recognized as a contract liability until the goods have been delivered to the customer.

Revenue from sales of wind power

Revenue from the sales of wind power represents the amount of tariffs billed for electricity generated and transmitted to the respective power companies. Revenue is recognized when the electricity is transmitted as the consideration become unconditional at this point in time.

Others

Revenue from provision of the implementation services of MOM and MES

The Group recognizes revenue from the services rendered for software implementation over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced and the customer simultaneously receives and consumes the benefits provided by the Group. The input method recognizes revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services.

4.5. Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 "Leases" at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases e.g. motor vehicles/staff quarter 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 expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a seperate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense on a straight-line basis over the lease term.

4.6. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

4.7. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalization rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.8. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the profit or loss over the expected useful life of the relevant asset by equal annual installments.

4.9. Employee benefits

Pension obligation

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organized by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administered funds managed by the PRC government.

The Group's contributions to the aforesaid defined contribution retirement schemes are expensed as incurred.

No forfeited contribution is available to reduce the existing level of contribution payable in the future years during the Track Record Period.

Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

4.10. Share-based payment arrangements

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments is determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares/share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognized in share-based payments reserve will be transferred to capital reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payments reserve will be transferred to retained profits.

When shares granted are vested, the amount previously recognized in share-based payments reserve will be transferred to capital reserve.

4.11. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 "Income Taxes" requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4.12. Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes other than assets under construction as described below. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets in functioning properly and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statements of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of assets other than assets under installation less their residual values over their estimated useful lives, using the straight-line method, as follows:

Buildings	20 – 40 years
Plant and machinery	3 – 10 years
Motor vehicles	3 – 10 years
Electricity generation and related equipment	20 years
Leasehold improvements	2 – 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The Group transfers a property to investment property when its use has changed as evidenced by the end of owner-occupation.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.13. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognized so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognized as a right-of-use asset is derecognized if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

4.14. Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives as follows:

Trademark	1 – 10 years
Patent	5 years
Others	5 – 10 years

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;

- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

4.15. Impairment on property, plant and equipment, right-of-use assets, intangible assets other than goodwill and investment properties

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful and investment properties to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, intangible assets and investment properties are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4.16. Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above and form an integral part of the Group's cash management.

4.17. Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4.18. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Warranties

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of new energy products that provide quality assurance to meet customer needs, and are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

4.19. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade and bills receivables and contract assets arising from contracts with customers which are initially measured in accordance with IFRS 15 "Revenue from Contracts with Customers" ("**IFRS 15**"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 "Business Combinations" applies.

Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income, gains and losses" line item.

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI on initial recognition are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the fair value reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will continue to be held in the fair value reserve.

Dividends from these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income, gains and losses" line item in profit or loss.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade and bills receivables, other receivables, restricted and pledged bank deposits and bank balances and cash), and contract assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade and bills receivables and contract assets. The ECL on these assets are assessed individually.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount become past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade and bills receivables and contract assets using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade and bills receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group measures ECL for the remaining trade and bills receivables and contract assets on an individual basis.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and bills receivables, contract assets and other receivables where the corresponding adjustment is recognized through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'Other income, gains and losses' line item (note 7) as part of the net foreign exchange gains/(losses);
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'Other income, gains and losses' line item as part of the gain/(loss) from changes in fair value of financial assets (note 7); and
- For equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the fair value reserve.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gains or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase of the Company's own equity instruments.

Financial liabilities at amortized cost

Financial liabilities including bank and other borrowings, trade and bills payables and other payables are subsequently measured at amortized cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the 'Other income, gains and losses' line item in profit or loss (note 7) as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

4.20. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer and directors of the Company that makes strategic decisions.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of property, plant and equipment, right-of-use assets, intangible assets and investment properties

Property, plant and equipment, right-of-use assets, intangible assets and investment properties are stated at costs less accumulated depreciation/amortization and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicator that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flows projections, growth rate and discount rate are subject to greater uncertainties due to uncertainty on how the international conflicts and tensions/volatility or disruptions in financial, foreign currency or commodity markets may progress and evolve.

Detail of the carrying amounts of property, plant and equipment, right-of-use assets, intangible assets and investment properties subject to impairment assessments and impairment losses that have been recognized are disclosed in notes 15, 16, 18 and 19, respectively.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or group of cash-generating units) and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss/further impairment loss may arise. Furthermore, the estimated cash flows and discount rate are subject to change due to ongoing uncertain macroeconomic and geopolitical environment, which includes the persistent effects of climate changes, higher interest rates and inflation, elections in major economies and international conflicts and tensions. As at December 31, 2022, 2023 and 2024, the carrying amount of goodwill is approximately RMB759,972,000, RMB731,307,000 and RMB694,828,000, respectively, (net of accumulated impairment loss of RMB47,988,000, RMB76,653,000 and RMB113,132,000, respectively). Details of the recoverable amount calculation are disclosed in note 17.

Provision of ECL for trade and other receivables and contract assets

Trade and other receivables and contract assets with significant balances and credit-impaired are assessed for ECL individually. In addition, the Group uses practical expedient in estimating ECL on trade and bills receivables and contract assets which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and other receivables and contract assets are disclosed in note 37(b).

As at December 31, 2022, 2023 and 2024, the carrying amounts of trade and other receivables are RMB2,603,828,000, RMB2,966,461,000 and RMB3,578,668,000, respectively. As at December 31, 2022, 2023 and 2024, the carrying amounts of contract assets are RMB26,944,000, RMB24,352,000 and RMB40,221,000 respectively. During the years ended December 31, 2022, 2023 and 2024, net impairment losses on trade and other receivables of RMB18,218,000, RMB19,545,000 and RMB28,343,000 in aggregate were recognized, respectively. During the years ended December 31, 2022 and 2024, impairment losses on contract assets of RMB5,704,000 and RMB1,538,000 were recognized, respectively and reversal of RMB4,111,000 were recognized for the year ended December 31, 2023.

Deferred tax assets

As at December 31, 2022, 2023 and 2024, deferred tax assets of RMB73,247,000, RMB55,276,000 and RMB61,081,000, respectively, in relation to deductible temporary differences and unused tax losses for certain operating subsidiaries have been recognized in the consolidated statement of financial position. As at December 31, 2022, 2023 and 2024, no deferred tax asset has been recognized on the tax losses of RMB231,496,000, RMB241,689,000 and RMB282,863,000, respectively, due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. The uncertainty would depend on how the ongoing uncertain macroeconomic and geopolitical environment, which includes the persistent effects of climate change, higher interest rates and inflation, elections in major economies, and international conflicts and tensions, may progress and evolve. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal or further recognition takes place.

Fair value measurement of financial instruments

As at December 31, 2022, 2023 and 2024, the Group's unlisted equity investments classified as equity instruments at FVTOCI amounting to RMB20,000,000, RMB20,000,000 and RMB20,000,000, respectively, the Group equity investments listed in National Equities Exchange and Quotations ("NEEQ") classified as equity instruments at FVTOCI amounting to nil, RMB7,557,000 and RMB9,878,000, respectively, and the Group's investments in wealth management products classified as financial assets at FVTPL amounting to nil, RMB60,245,000 and RMB145,169,000, respectively are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See note 37(d) for further disclosures.

Inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sales. These estimates are based on the current market condition and the historical experience of distributing and selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles or other changes in market condition. The Group will reassess the estimations at each statement of financial position date. As at December 31, 2022, 2023 and 2024, carrying amount of inventories are RMB701,251,000, RMB710,277,000 and RMB865,307,000 respectively.

6. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue represents the aggregate of the net amounts received and receivable from customers during the Track Record Period.

Revenue during the Track Record Period are as follows:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**
Revenue from contracts with customers under IFRS 15 disaggregated by products			
Electronic Communication Business			
Sales of telecoms cable products	1,362,366	1,164,501	1,702,272
Sales of electronic materials products	2,104,868	2,198,264	2,599,375
Alternative Energy Power Transmission Business			
Sales of NEV power transmission products	823,878	1,082,420	1,381,421
Sales of power transmission products for grids and stations	781,147	953,522	926,973
Sales of wind power	146,768	158,713	151,724
Others	117,622	161,421	158,337
Total revenue	5,336,649	5,718,841	6,920,102
Timing of revenue recognition			
Over time	53,838	48,190	65,139
At a point in time	5,282,811	5,670,651	6,854,963
Total revenue	5,336,649	5,718,841	6,920,102

No customer contributed more than 10% of the total revenue for the years ended December 31, 2022, 2023 and 2024.

The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied as at the end of the reporting period:

	Sales of telecoms cable products	Sales of electronics material products	Sales of NEV power transmission products	Sales of power transmission products for grids and stations	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2022						
Within one year	688,759	101,071	67,478	37,509	37,864	932,681
More than one year	–	–	–	–	41,648	41,648
	688,759	101,071	67,478	37,509	79,512	974,329
As at December 31, 2023						
Within one year	614,559	88,606	63,753	38,434	36,873	842,225
More than one year	–	–	–	–	41,722	41,722
	614,559	88,606	63,753	38,434	78,595	883,947
As at December 31, 2024						
Within one year	941,289	173,647	152,522	61,925	58,765	1,388,148
More than one year	–	–	–	–	62,479	62,479
	941,289	173,647	152,522	61,925	121,244	1,450,627

(b) Segment information

The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management determined the operating segments based on these reports.

The CODM assesses the performance based on the nature of the Group's businesses which are principally located in the PRC, and comprises four reportable segments as follows:

Electronics & electricity	Sales of electronic materials products and power transmission products for grids and stations
Wires and cables	Sales of telecoms cable products
New energy products	Sales of NEV power transmission products
Wind power	Sales of wind power

The accounting policies of the operating segments are the same as the Group's accounting policy described in note 4. Segment results represent the gain generated by each segment without allocation of the income tax expense. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance. Inter-segment sales are charged at prevailing market rates.

Year ended December 31, 2022

	Electronics & electricity	Wires and cables	New energy products	Wind power	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue from external customers	2,999,099	1,362,366	828,416	146,768	–	5,336,649
Inter-segment sales	39,994	25,480	18,085	–	(83,559)	–
Total segment revenue	3,039,093	1,387,846	846,501	146,768	(83,559)	5,336,649
Segment profit and profit before taxation	431,117	115,705	112,346	106,012	(37,824)	727,356
Income tax expense						(67,109)
Profit for the year						660,247

Year ended December 31, 2023

	Electronics & electricity	Wires and cables	New energy products	Wind power	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue from external customers	3,303,403	1,172,787	1,083,938	158,713	–	5,718,841
Inter-segment sales	50,959	8,080	16,045	–	(75,084)	–
Total segment revenue	3,354,362	1,180,867	1,099,983	158,713	(75,084)	5,718,841
Segment profit and profit before taxation	607,922	63,516	116,176	117,138	(31,875)	872,877
Income tax expense						(115,150)
Profit for the year						757,727

Year ended December 31, 2024

	Electronics & electricity	Wires and cables	New energy products	Wind power	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue from external customers	3,659,269	1,716,939	1,392,170	151,724	–	6,920,102
Inter-segment sales	52,224	20,085	5,609	–	(77,918)	–
Total segment revenue	3,711,493	1,737,024	1,397,779	151,724	(77,918)	6,920,102
Segment profit and profit before taxation	739,308	110,317	166,658	98,171	(40,591)	1,073,863
Income tax expense						(153,360)
Profit for the year						920,503

Other segment information

Year ended December 31, 2022

	Electronics & electricity	Wires and cables	New energy products	Wind power	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to property, plant and equipment	198,607	167,780	35,018	1,978	(19,715)	383,668
Additions to intangible assets	6,902	–	255	123	–	7,280
Additions to right-of-use assets	97,795	12,721	35,239	973	–	146,728
Depreciation and amortization	131,245	57,938	15,549	42,947	(5,518)	242,161
Impairment losses on property, plant and equipment	–	–	1,652	–	–	1,652
Written-down of inventories	9,175	1,736	2,855	–	–	13,766
Impairment losses/(reversal of impairment losses) on financial assets, net	18,319	(5,211)	11,344	(660)	130	23,922

Year ended December 31, 2023

	Electronics & electricity	Wires and cables	New energy products	Wind power	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to property, plant and equipment	208,632	103,460	52,771	902	(2,830)	362,935
Additions to intangible assets	21,731	–	256	1,712	–	23,699
Additions to right-of-use assets	–	–	22,618	–	(22,596)	22
Depreciation and amortization	135,549	42,296	33,381	43,158	(13,741)	240,643
Impairment losses on property, plant and equipment	–	–	83	–	–	83
Impairment losses on goodwill	28,665	–	–	–	–	28,665
Written-down of inventories	8,702	2,239	6,573	–	–	17,514
Impairment losses/(reversal of impairment losses) on financial assets, net	7,895	(284)	6,748	152	923	15,434

Year ended December 31, 2024

	Electronics & electricity	Wires and cables	New energy products	Wind power	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to property, plant and equipment	137,046	195,752	142,270	2,410	(491)	476,987
Additions to intangible assets	1,979	–	310	209	–	2,498
Additions to right-of-use assets	67,006	12,740	95,743	–	(2,708)	172,781
Depreciation and amortization	152,563	59,522	40,408	43,426	(7,847)	288,072
Impairment losses on property, plant and equipment	4,497	47	684	–	–	5,228
Impairment losses on goodwill	36,479	–	–	–	–	36,479
Written-down of inventories	9,786	3,792	11,800	–	–	25,378
Impairment losses/(reversal of impairment losses) on financial assets, net	13,410	12,217	4,017	(118)	355	29,881

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reporting segments:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Segment assets			
Electronics and electricity	5,064,582	5,283,969	5,933,654
Wires and cables	1,439,329	1,694,528	2,006,429
New energy products	926,612	1,160,677	1,576,187
Wind power	1,047,979	1,073,310	1,112,413
Eliminations	(159,766)	(232,048)	(398,357)
Consolidated assets	8,318,736	8,980,436	10,230,326
Segment liabilities			
Electronics and electricity	2,440,953	2,332,852	2,546,827
Wires and cables	525,777	700,898	961,621
New energy	585,874	595,281	864,139
Wind power	188,358	177,096	185,724
Eliminations	(221,620)	(288,195)	(456,314)
Consolidated liabilities	3,519,342	3,517,932	4,101,997

Geographical information

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the external customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
The PRC	4,688,295	4,990,212	6,108,050
Others	648,354	728,629	812,052
	5,336,649	5,718,841	6,920,102

	Non-current assets (note) As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
The PRC	3,866,802	3,955,744	4,235,566
Vietnam	13,412	15,068	99,612
	3,880,214	3,970,812	4,335,178

Note: Non-current assets exclude equity instruments at fair value through other comprehensive income, deferred tax assets, contract assets and trade and other receivables.

7. OTHER INCOME, GAINS AND LOSSES

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Other income			
Government grants (note a)	57,635	40,997	30,814
Interest income	7,781	12,368	16,747
Dividend income received from equity instruments at FVTOCI	3,200	1,663	3,313
Gross rental income	4,205	4,380	6,430
Value added tax refund	3,352	2,790	2,130
Additional value added tax deductible (note b)	–	16,200	28,826
	76,173	78,398	88,260
Other gains and losses			
Loss on disposal of property, plant and equipment, net	(3,025)	(2,582)	(7,632)
Loss on disposal of right-of-use assets	(8)	–	–
Gain on early termination of leases	20	–	–
Gain from changes in fair value of financial assets at FVTPL	93	590	6,330
Impairment loss on property, plant and equipment (note 15)	(1,652)	(83)	(5,228)
Foreign exchange gains, net	14,683	4,291	8,530
Others	4,861	7,725	1,659
	14,972	9,941	3,659
	91,145	88,339	91,919

Notes:

(a) Included in the amount are government grants received by the Group amounting to RMB43,918,000, RMB31,422,000 and RMB22,036,000 for the years ended December 31, 2022, 2023 and 2024, respectively, representing tax refunds, operating subsidies and various industry-specific subsidies granted by the government authorities to reward the Group's effort for technological innovation with no future related costs to be incurred. There are no unfulfilled conditions relating to such government subsidies recognized.

(b) Additional value added tax deductible represents the tax authority allows advanced manufacturing enterprises to deduct an additional 5% of their deductible input tax from payable value added tax.

8. FINANCE COSTS

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest expenses on:			
– bank borrowings	62,724	54,530	49,462
– lease liabilities	1,239	2,150	7,079
– bond payables	21,584	6,475	–
– discounted bills	4,048	3,623	3,898
	89,595	66,778	60,439

9. PROFIT BEFORE TAXATION

Profit before taxation has been carried at after charging/(crediting):

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Auditor's remuneration			
– audit services	2,460	2,370	2,560
– non-audit services	430	674	526
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
	2,890	3,044	3,086
Cost of inventories sold	2,605,558	2,796,045	3,474,255
Depreciation of property, plant and equipment (note 15)	194,448	212,432	239,427
Depreciation of right-of-use assets (note 16)	22,608	21,618	34,578
Amortization of intangible assets included in administrative expenses (note 18)	23,861	5,359	12,688
Depreciation of investment properties (note 19)	1,244	1,234	1,379
Total depreciation and amortization	242,161	240,643	288,072
Capitalized in inventories	(177,024)	(186,394)	(223,521)
	65,137	54,249	64,551
Impairment of property, plant and equipment (note 15)	1,652	83	5,228
Impairment of goodwill (note 17)	–	28,665	36,479
Written-down of inventories (note 23)	13,766	17,514	25,378
Impairment losses/(reversal of impairment losses), net:			
– trade receivables	19,102	21,628	24,302
– bills receivables	(1,028)	418	2,147
– other receivables	144	(2,501)	1,894
– contract assets	5,704	(4,111)	1,538
	23,922	15,434	29,881
Short-term lease payments	10,507	11,187	18,074
Gross rental income from investment properties	4,205	4,380	6,430
Less: direct operating expenses incurred for investment properties included in administrative expenses	(1,244)	(1,234)	(1,379)
	2,961	3,146	5,051
Staff cost (including directors', chief executive's, and supervisors' remuneration):			
Basic salaries, allowances and other benefits in kind	852,907	953,768	1,087,997
Retirement benefit expense	59,131	60,436	72,920
Equity-settled share-based payments	945	1,662	2,094
	912,983	1,015,866	1,163,011

10. INCOME TAX EXPENSE

(a) Taxation in the consolidated statement of profit or loss

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current income Tax			
Current tax	61,647	103,390	142,826
Under/(over) provision in prior years	5,283	(792)	6,082
	66,930	102,598	148,908
Deferred taxation (note 32)	179	12,552	4,452
	67,109	115,150	153,360

The group companies are subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% unless they are subject to preferential tax as set out below.

During the year ended December 31, 2022, the Company, LTK Electric, LTK Electric Wire (Changzhou) Ltd, Shanghai Keter New Materials, Surgwave Electronics (Shanghai) Co., Ltd., Changzhou Varlk Technology Co., Ltd., Shenzhen Woer New Energy Electric Technology, Shanghai Changyuan Electronic Material Co., Ltd., CYG Tefa Co., Ltd., Tianjin Changyuan Electronic Material Co., Ltd., Changyuan Electronics (Dongguan) Co., Ltd., Dongguan Salipt Co., Ltd., Huzhou Changyuan Tefa Technology Co., Ltd., Shenzhen Orbit Systems Inc., Changzhou WOER HEAT-SHRINKABLE Material Co., Ltd., Tianjin Wo'erfa Power Equipment Co., Ltd., WOER HEAT-SHRINKABLE and Shenzhen WOER Electric Technology Co., Ltd. were accredited as the "High and New Technology Enterprise" and therefore were entitled to a preferential income tax rate of 15%. The qualification is subject to review by the relevant tax authority in the PRC every three years.

During the year ended December 31, 2023, the Company, LTK Electric, LTK Electric Wire (Changzhou) Ltd, Shanghai Keter New Materials, Surgwave Electronics (Shanghai) Co., Ltd., Changzhou Varlk Technology Co., Ltd., Shenzhen Woer New Energy Electric Technology, Shanghai Changyuan Electronic Material Co., Ltd., Tianjin Changyuan Electronic Material Co., Ltd., Changyuan Electronics (Dongguan) Co., Ltd., Shenzhen Orbit Systems Inc., Changzhou WOER HEAT-SHRINKABLE Material Co., Ltd., Tianjin Wo'erfa Power Equipment Co., Ltd., WOER HEAT-SHRINKABLE and Shenzhen WOER Electric Technology Co., Ltd. were accredited as the "High and New Technology Enterprise" and therefore were entitled to a preferential income tax rate of 15%. The qualification is subject to review by the relevant tax authority in the PRC every three years.

During the year ended December 31, 2024, the Company, LTK Electric, LTK Electric Wire (Changzhou) Ltd, Shanghai Keter New Materials, Shenzhen Woer New Energy Electric Technology, Shanghai Changyuan Electronic Material Co., Ltd., Tianjin Changyuan Electronic Material Co., Ltd., Changyuan Electronics (Dongguan) Co., Ltd., Changzhou Changyuan Tefa Technology Co., Ltd., Huizhou Changyuan Tefa Technology Co., Ltd., Shenzhen Orbit Systems Inc., Changzhou WOER HEAT-SHRINKABLE Material Co., Ltd., Tianjin Wo'erfa Power Equipment Co., Ltd., WOER HEAT-SHRINKABLE and Shenzhen WOER Electric Technology Co., Ltd., were accredited as the "High and New Technology Enterprise" and therefore were entitled to a preferential income tax rate of 15%. The qualification is subject to review by the relevant tax authority in the PRC every three years.

During the year ended December 31, 2022, LTK CABLE (Chongqing) Ltd., Dalian LTK Trade Ltd, Wuhan Wo'er Nuclear Material Technology Development Co., Ltd., Changchun Wall Nuclear Material Wind Power Generation Co., Ltd., Liangcheng County Xinyuan Wind Power Generation Co., Ltd., Hailin Xinyuan Wind Power Co., Ltd., Shanghai Lante New Material Co., Ltd., Shanghai Lin Tian Functional Materials Co., Ltd., Wuhan Wal New Energy Technology Co., Ltd., CYG Electronics (Group) Co., Ltd., Shanghai Changyuan Radiation Technology Co., Ltd., Changzhou Changyuan Electronic Materials Co., Ltd., Shenzhen Judian Network Technology Co., Ltd., Shenzhen Judian New Energy Technology Co., Ltd., Shenzhen Judian New Energy Automobile Service Co., Ltd., Shanghai Judian New Energy Vehicle Technology Co., Ltd., Beijing Judian Juneng Technology Co., Ltd., Shenzhen Judian Investment Holdings Co., Ltd., Shenzhen Huawo Zhilian Technology Co., Ltd., Beijing Woerfa Electrical Co., Ltd., Shenzhen Wolida Trading Co., Ltd., Shenzhen Guodian Julong Electrical Technology Co., Ltd., Shenzhen Woer Intelligent Equipment Co., Ltd., Changzhou Guodian Julong Electric Technology Co., Ltd., KTG (ChangZhou) New Material Co., Ltd., Wuhan Wal New Material Co., Ltd. and Wuhan Wal Nuclear Power Technology Co., Ltd., were qualified as "Small and Micro-Sized Enterprises" ("**SME**"). For the first RMB1 million of annual taxable income is eligible for 12.5% reduction at the applicable income tax rate of 20%, and the income between RMB1 million and RMB3 million is el igible for 50% reduction at the applicable income tax rate of 20%.

During the year ended December 31, 2023, LTK CABLE (Chongqing) Ltd., Dalian LTK Trade Ltd, Wuhan Wo'er Nuclear Material Technology Development Co., Ltd., Changchun Wall Nuclear Material Wind Power Generation Co., Ltd., Liangcheng County Xinyuan Wind Power Generation Co., Ltd., Hailin Xinyuan Wind Power Co., Ltd., Shanghai Lante New Material Co., Ltd., Shanghai Lin Tian Functional Materials Co., Ltd., Wuhan Wal New Energy Technology Co., Ltd., Shenzhen Woer New Energy Technology Co., Ltd., CYG Electronics (Group) Co., Ltd., Shanghai Changyuan Radiation Technology Co., Ltd., Changzhou Changyuan Electronic Materials Co., Ltd., Shenzhen Judian Network Technology Co., Ltd., Shenzhen Judian New Energy Technology Co., Ltd., Shenzhen Judian New Energy Automobile Service Co., Ltd., Shanghai Judian New Energy Vehicle Technology Co., Ltd., Beijing Judian Juneng Technology Co., Ltd., Shenzhen Judian Investment Holdings Co., Ltd., Shenzhen Huawo Zhilian Technology Co., Ltd., Beijing Woerfa Electrical Co., Ltd., Shenzhen Wolida Trading Co., Ltd., Shenzhen Guodian Julong Electrical Technology Co., Ltd., Shenzhen Woer Intelligent Equipment Co., Ltd., KTG (ChangZhou) New Material Co., Ltd. and Wuhan Wal Nuclear Power Technology Co., Ltd., were qualified as SME. For the first RMB1 million of annual taxable income is eligible for 25% reduction at the applicable income tax rate of 20%.

During the year ended December 31, 2024, LTK CABLE (Chongqing) Ltd., Dalian LTK Trade Ltd. Changchun Wall Nuclear Material Wind Power Generation Co., Ltd., Shanghai Lante New Material Co., Ltd., Shanghai Lin Tian Functional Materials Co., Ltd., Shanghai Ricoro Film Co., Ltd., Shanghai WoDarun New Materials Co., Ltd., Wuhan Wal New Energy Technology Co., Ltd., Shenzhen Woer New Energy Technology Co., Ltd., CYG Electronics (Group) Co., Ltd., Shanghai Changyuan Radiation Technology Co., Ltd., Changzhou Changyuan Electronic Materials Co., Ltd., Shenzhen Judian Network Technology Co., Ltd., Shenzhen Judian New Energy Technology Co., Ltd., Shenzhen Judian New Energy Automobile Service Co., Ltd., Shanghai Judian New Energy Vehicle Technology Co., Ltd., Beijing

Judian Juneng Technology Co., Ltd., Shenzhen Judian Investment Holdings Co., Ltd., Beijing Woerfa Electrical Co., Ltd., Shenzhen Wolida Trading Co., Ltd., Shenzhen Guodian Julong Electrical Technology Co., Ltd., Shenzhen Woer Intelligent Equipment Co., Ltd. and KTG (ChangZhou) New Material Co., Ltd. were qualified as SME. For the first RMB1 million of annual taxable income is eligible for 25% reduction at the applicable income tax rate of 20%.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax charge for the years ended December 31, 2022, 2023 and 2024 can be reconciled to the profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Profit before taxation	727,356	872,877	1,073,863
Tax at the statutory tax rate of 25%	181,839	218,219	268,466
Effects of different tax rates applicable to different subsidiaries of the Group	(66,522)	(79,175)	(98,802)
Tax effect of expenses that are not deductible for tax purposes	6,137	11,366	10,196
Tax effect of income that is not taxable for tax purposes	(294)	(4,794)	(1,984)
Under/(over) provision of taxation in previous year	5,283	(792)	6,082
Tax effect of share of results of associates	(1,515)	(2,469)	(2,452)
Tax effect of temporary difference not recognized	13,162	5,788	10,293
Tax effect of additional tax deduction for eligible research and development expenses	(70,981)	(32,993)	(38,439)
Income tax expenses for the year	67,109	115,150	153,360

(b) Tax effects relating to each component of other comprehensive income

	Before taxation	Taxation credited	Net of taxation
	RMB'000	RMB'000 (Note 32)	RMB'000
For the year ended December 31, 2022			
Fair value change of equity instruments at FVTOCI	(38,603)	5,790	(32,813)

	Before taxation	Taxation charged	Net of taxation
	RMB'000	RMB'000 (Note 32)	RMB'000
For the year ended December 31, 2023			
Fair value change of equity instruments at FVTOCI	13,745	(2,062)	11,683

	Before taxation	Taxation credited	Net of taxation
	RMB'000	RMB'000 (Note 32)	RMB'000
For the year ended December 31, 2024			
Fair value change of equity instruments at FVTOCI	(10,503)	1,577	(8,926)

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS

Ms. Yi Huarong is the chief executive of the Company and her emolument disclosed below included those for services rendered by her as the chief executive of the Company and other group entities.

Details of the emoluments paid or payable to the individuals who were appointed as the directors, chief executive and supervisors of the Company (including emoluments for services as employees/directors of the group entities prior to becoming the directors of the Company), during the Track Record Period, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

Year ended December 31, 2022	Fee	Salaries, allowances and benefits in kind	Performance related bonuses	Retirement benefit scheme contribution	Share-based compensation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. Zhou Wenhe (note (i))	–	748	–	–	–	748
Ms. Yi Huarong (note (ii))	–	239	–	45	–	284
Ms. Deng Yan	–	464	–	29	–	493
Mr. Liu Zhanli	–	729	–	25	–	754
Mr. Xia Chunliang	–	575	–	30	–	605

Year ended December 31, 2022	Fee	Salaries, allowances and benefits in kind	Performance related bonuses	Retirement benefit scheme contribution	Share-based compensation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Ms. Wang Honghui (note (iii))	–	794	–	41	–	835
Sub-total	–	3,549	–	170	–	3,719
Non-executive directors						
Dr. Li Wenyou	120	–	–	–	–	120
Sub-total	120	–	–	–	–	120
Independent non-executive directors						
Ms. Chen Yanyan	120	–	–	–	–	120
Mr. Zeng Fanyue (note (iv))	20	–	–	–	–	20
Ms. Dai Bingjie (note (v))	20	–	–	–	–	20
Ms. Yang Zaifeng (note (vi))	100	–	–	–	–	100
Mr. Liu Guangling (note (vii))	100	–	–	–	–	100
Sub-total	360	–	–	–	–	360
Supervisors						
Mr. Wang Jun	–	224	–	20	–	244
Mr. Zheng Yunfei	–	504	–	18	–	522
Ms. Geng Lian (note (viii))	–	26	–	2	–	28
Mr. Fang Leixiang (note (ix))	–	291	–	28	–	319
Sub-total	–	1,045	–	68	–	1,113
Total	480	4,594	–	238	–	5,312

Year ended December 31, 2023	Fee	Salaries, allowances and benefits in kind	Performance related bonuses	Retirement benefit scheme contribution	Share-based compensation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. Zhou Wenhe (note (i))	–	745	–	–	–	745
Ms. Yi Huarong (note (ii))	–	1,413	–	46	–	1,459
Ms. Deng Yan	–	548	–	27	–	575
Mr. Liu Zhanli	–	837	–	27	–	864
Mr. Xia Chunliang	–	733	–	38	22	793
Sub-total	–	4,276	–	138	22	4,436
Non-executive directors						
Dr. Li Wenyou	120	–	–	–	–	120
Sub-total	120	–	–	–	–	120
Independent non-executive directors						
Ms. Chen Yanyan	120	–	–	–	–	120
Mr. Zeng Fanyue (note (iv))	120	–	–	–	–	120
Ms. Dai Bingjie (note (v))	120	–	–	–	–	120
Sub-total	360	–	–	–	–	360
Supervisors						
Mr. Wang Jun	–	221	–	19	–	240
Mr. Zheng Yunfei	–	222	–	14	–	236
Ms. Geng Lian (note (viii))	–	151	–	13	–	164
Sub-total	–	594	–	46	–	640
Total	480	4,870	–	184	22	5,556

Year ended December 31, 2024	Fee	Salaries, allowances and benefits in kind	Performance related bonuses	Retirement benefit scheme contribution	Share-based compensation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. Zhou Wenhe (note (i))	–	563	–	–	–	563
Ms. Yi Huarong (note (ii))	–	1,493	–	50	–	1,543
Ms. Deng Yan	–	506	–	29	–	535
Mr. Liu Zhanli	–	886	–	28	–	914
Mr. Xia Chunliang	–	474	–	50	21	545
Sub-total	–	3,922	–	157	21	4,100
Non-executive directors						
Dr. Li Wenyou	120	–	–	–	–	120
Sub-total	120	–	–	–	–	120
Independent non-executive directors						
Ms. Chen Yanyan	120	–	–	–	–	120
Mr. Zeng Fanyue (note (iv))	120	–	–	–	–	120
Ms. Dai Bingjie (note (v))	120	–	–	–	–	120
Sub-total	360	–	–	–	–	360
Supervisors						
Mr. Wang Jun	–	225	–	20	–	245
Mr. Zheng Yunfei	–	289	–	15	–	304
Ms. Geng Lian (note (viii))	–	162	–	15	–	177
Sub-total	–	676	–	50	–	726
Total	480	4,598	–	207	21	5,306

Notes:

(i) Mr. Zhou Wenhe resigned as executive director of the Company with effect from May 10, 2025.

(ii) Ms. Yi Huarong appointed as executive director of the Company with effect from November 2, 2022

(iii) Ms. Wang Honghui resigned as executive director of the Company with effect from November 2, 2022.

(iv) Mr. Zeng Fanyue appointed as independent non-executive director of the Company with effect from November 2, 2022

(v) Ms. Dai Bingjie appointed as independent non-executive director of the Company with effect from November 2, 2022

(vi) Ms. Yang Zaifeng resigned as independent non-executive director of the Company with effect from November 2, 2022.

(vii) Mr. Liu Guangling resigned as independent non-executive director of the Company with effect from November 2, 2022.

(viii) Ms Geng Lian appointed as supervisor of the Company with effect from November 2, 2022

(ix) Mr. Fang Leixiang resigned as supervisor of the Company with effect from November 2, 2022.

The executive directors' and chief executive's emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group during the Track Record Period.

The non-executive directors' emoluments and independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company during the Track Record Period.

During the Track Record Period, there was no arrangement under which a director or the chief executive or a supervisor waived or agreed to waive any emolument, and no emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

12. FIVE HIGHEST PAID EMPLOYEES

The individuals whose emoluments were the top 5 highest in the Group for the years ended December 31, 2022, 2023 and 2024, respectively include nil, one and one director of the Company whose emoluments are set out in note 11 above. The emoluments paid to the remaining five, four and four individuals with the highest emoluments in the Group for each of the years ended December 31, 2022, 2023 and 2024, respectively, are as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	10,825	9,213	9,965
Retirement benefit expense	237	175	116
	11,062	9,388	10,081

The number of the highest paid employees (including the directors or the supervisors) of the Company whose remuneration fell within the following bands is as follows:

	Year ended December 31,		
	2022	2023	2024
HK$1,500,001 to HK$2,000,000	3	3	3
HK$2,000,001 to HK$2,500,000	1	–	1
HK$2,500,001 to HK$3,000,000	–	1	–
HK$3,000,001 to HK$3,500,000	–	–	–
HK$3,500,001 to HK$4,000,000	–	–	–
HK$4,000,001 to HK$4,500,000	1	1	–
HK$4,500,001 to HK$5,000,000	–	–	–
HK$5,000,001 to HK$5,500,000	–	–	1

During the Track Record Period, no highest paid employees waived or agreed to waive any remuneration and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

On June 13, 2022, the payment of a final dividend of approximately RMB44,096,000 in aggregate (RMB0.35 per 10 ordinary shares) was paid by the Company in respect of the year ended December 31, 2021. On May 29, 2023, the payment of a final dividend of approximately RMB50,396,000 in aggregate (RMB0.40 per 10 ordinary shares) was paid by the Company in respect of the year ended December 31, 2022. On May 29, 2024, the payment of a final dividend of approximately RMB211,877,000 in aggregate (RMB1.70 per 10 ordinary shares) was paid by the Company in respect of the year ended December 31, 2023.

On April 26, 2025, the board of directors proposed the payment of a final dividend of approximately RMB170,748,000 in aggregate (RMB1.37 per 10 ordinary shares) in respect of the year ended December 31, 2024, based on the issued share capital excluding treasury shares of the Company of 1,246,334,000 shares. At the annual general meeting held on June 3, 2025, the Company's shareholders approved the payment of the final dividend for the year ended December 31, 2024 of RMB170,748,000 in aggregate (RMB1.37 per 10 ordinary shares).

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company for the Track Record Period is based on the following data:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Earnings			
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	614,623	700,483	847,551
	'000	'000	'000
Number of shares			
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,259,899	1,257,934	1,246,334

The Group had no potentially dilutive ordinary shares in issue during the Track Record Period.

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Plant and machinery	Motor vehicles	Electricity generation and related equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At January 1, 2022	1,223,746	1,092,891	25,955	990,354	94,735	229,599	3,657,280
Additions	47,081	189,837	2,082	15,449	8,069	121,150	383,668
Acquisition of a subsidiary (note 43)	73,380	–	–	–	–	–	73,380
Transfers from construction in progress	30,739	36,377	–	–	28,152	(95,268)	–
Disposals	(4,425)	(67,076)	(1,470)	(5,979)	–	–	(78,950)
At December 31, 2022 and January 1, 2023	1,370,521	1,252,029	26,567	999,824	130,956	255,481	4,035,378
Additions	2,657	126,368	2,108	15,381	30,284	186,137	362,935
Transfers from construction in progress	51,124	26,110	–	–	14,077	(91,311)	–
Transferred to investment properties (note 19)	(7,335)	–	–	–	–	–	(7,335)
Disposals	(16,552)	(50,298)	(2,458)	(10,414)	–	–	(79,722)
At December 31, 2023 and January 1, 2024	1,400,415	1,354,209	26,217	1,004,791	175,317	350,307	4,311,256
Additions	2,083	190,532	4,074	33,447	20,190	226,661	476,987
Transfers from construction in progress	160,814	22,077	–	–	14,339	(197,230)	–
Disposals	(7,761)	(27,419)	(819)	(10,544)	–	–	(46,543)
At December 31, 2024	1,555,551	1,539,399	29,472	1,027,694	209,846	379,738	4,741,700
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES							
At January 1, 2022	278,320	597,295	15,786	224,342	46,321	–	1,162,064
Depreciation provided for the year	38,235	82,529	2,928	53,494	17,262	–	194,448
Impairment provided for the year	–	1,521	–	131	–	–	1,652
Eliminated on disposals	(3,624)	(34,967)	(1,254)	(4,756)	–	–	(44,601)
At December 31, 2022 and January 1, 2023	312,931	646,378	17,460	273,211	63,583	–	1,313,563
Depreciation provided for the year	43,108	96,295	2,545	49,088	21,396	–	212,432
Transferred to investment properties (note 19)	(4,743)	–	–	–	–	–	(4,743)
Impairment provided for the year	–	76	–	7	–	–	83
Eliminated on disposals	(9,465)	(26,664)	(2,231)	(9,146)	–	–	(47,506)
At December 31, 2023 and January 1, 2024	341,831	716,085	17,774	313,160	84,979	–	1,473,829
Depreciation provided for the year	46,901	100,315	3,536	58,831	29,844	–	239,427
Impairment provided for the year	–	5,223	–	5	–	–	5,228
Eliminated on disposals	(70)	(21,068)	(725)	(10,081)	–	–	(31,944)
At December 31, 2024	388,662	800,555	20,585	361,915	114,823	–	1,686,540
CARRYING AMOUNT							
At December 31, 2022	1,057,590	605,651	9,107	726,613	67,373	255,481	2,721,815
At December 31, 2023	1,058,584	638,124	8,443	691,631	90,338	350,307	2,837,427
At December 31, 2024	1,166,889	738,844	8,887	665,779	95,023	379,738	3,055,160

Property, plant and equipment with an aggregate amounts of RMB368,427,000, RMB354,836,000 and RMB409,796,000 as at December 31, 2022, 2023 and 2024, respectively are pledged to secure bank borrowings (note 28) granted to the Group.

As at December 31, 2022, 2023 and 2024, the Group is in the process of obtaining the certificates of ownership in respect of certain buildings of the Group with carrying amounts of RMB170,976,000, RMB215,260,000 and RMB6,381,000, respectively, from the relevant government authorities.

For the years ended December 31, 2022, 2023 and 2024, the management performed impairment assessments on property, plant and equipment, right-of-use assets, intangible assets and goodwill of certain subsidiaries which contains goodwill. The management assessed the recoverable amounts of these assets by assessing the recoverable amounts of the cash-generating units ("**CGUs**"), represented by the respective subsidiaries, to which they belong with reference to the value-in-use calculations of the CGUs. The details of the impairment assessments are disclosed in note 17.

In addition to the impairment assessments performed on the CGUs described above, the Group also conducted a review of the Group's production assets and identified certain assets owned by certain subsidiaries were idle and/or obsolete and that it was expected that these assets would not generate future benefit to the Group. Accordingly, impairment loss of RMB1,652,000, RMB83,000 and RMB5,228,000 had been recognised for the years ended December 2022, 2023 and 2024, respectively.

The Company

	Buildings	Plant and machinery	Motor vehicles	Electricity generation and related equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At January 1, 2022	322,225	278,370	6,860	31,212	21,428	50,458	710,553
Additions	–	23,827	606	1,367	507	34,200	60,507
Transfers from construction in progress	20,813	10,814	–	–	4,654	(36,281)	–
Disposals	–	(6,181)	–	(2,653)	–	–	(8,834)
At December 31, 2022 and January 1, 2023	343,038	306,830	7,466	29,926	26,589	48,377	762,226
Additions	–	25,091	292	2,301	247	1,377	29,308
Transfers from construction in progress	3,172	9,126	–	–	5,477	(17,775)	–
Disposals	–	(13,068)	(1,978)	(7,596)	–	–	(22,642)
At December 31, 2023 and January 1, 2024	346,210	327,979	5,780	24,631	32,313	31,979	768,892
Additions	1,600	10,915	364	4,246	–	14,677	31,802
Transfers from construction in progress	6,989	13,240	–	–	1,451	(21,680)	–
Disposals	(2,853)	(160,566)	(408)	(4,255)	–	–	(168,082)
At December 31, 2024	351,946	191,568	5,736	24,622	33,764	24,976	632,612
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES							
At January 1, 2022	76,338	165,449	3,527	22,924	15,930	–	284,168
Depreciation provided for the year	7,883	17,582	797	2,449	3,953	–	32,664
Eliminated on disposals	–	(4,342)	–	(2,380)	–	–	(6,722)
At December 31, 2022 and January 1, 2023	84,221	178,689	4,324	22,993	19,883	–	310,110
Depreciation provided for the year	7,956	19,164	875	2,030	3,479	–	33,504
Eliminated on disposals	–	(10,854)	(1,780)	(6,919)	–	–	(19,553)
At December 31, 2023 and January 1, 2024	92,177	186,999	3,419	18,104	23,362	–	324,061
Depreciation provided for the year	8,044	18,230	890	1,510	2,636	–	31,310
Eliminated on disposals	(70)	(90,709)	(352)	(3,530)	–	–	(94,661)
At December 31, 2024	100,151	114,520	3,957	16,084	25,998	–	260,710
CARRYING AMOUNT							
At December 31, 2022	258,817	128,141	3,142	6,933	6,706	48,377	452,116
At December 31, 2023	254,033	140,980	2,361	6,527	8,951	31,979	444,831
At December 31, 2024	251,795	77,048	1,779	8,538	7,766	24,976	371,902

Property, plant and equipment with an aggregate amounts of RMB186,146,000, RMB180,635,000 and RMB121,743,000 as at December 31, 2022, 2023 and 2024, respectively are pledged to secure bank borrowings (note 28) granted to the Company.

16. RIGHT-OF-USE ASSETS

The Group

	Land use rights	Leased properties	Total
	RMB'000	RMB'000	RMB'000
CARRYING AMOUNT			
At January 1, 2022	165,736	34,700	200,436
Additions	106,924	39,804	146,728
Early termination of lease	–	(3,696)	(3,696)
Disposals	(2,677)	(696)	(3,373)
Depreciation charge	(4,551)	(18,057)	(22,608)
Exchange re-alignment	–	450	450
At December 31, 2022 and January 1, 2023	265,432	52,505	317,937
Additions	–	22	22
Early termination of lease	–	(622)	(622)
Depreciation charge	(5,644)	(15,974)	(21,618)
Exchange re-alignment	–	131	131
At December 31, 2023 and January 1, 2024	259,788	36,062	295,850
Additions	9,785	162,996	172,781
Lease modification	–	53,547	53,547
Depreciation charge	(6,172)	(28,406)	(34,578)
Exchange re-alignment	–	22	22
At December 31, 2024	263,401	224,221	487,622

	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Expense relating to short-term leases	10,507	11,187	18,074
Total cash outflow for leases	136,580	29,412	62,310

During the Track Record Period, the Group leases various offices, warehouses and factories for its operations. Lease contracts are entered into fixed term of 13 months to 13 years, 2 years to 13 years and 2 years to 10 years for the years ended December 31, 2022, 2023 and 2024, respectively. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Certain land use rights with an aggregate amounts of RMB53,162,000, RMB51,850,000 and RMB54,615,000 as at December 31, 2022, 2023 and 2024, respectively are pledged to secure bank borrowings (note 28) granted to the Group.

Details of impairment assessment are disclosed in note 17.

The Company

	Land use rights
	RMB'000
CARRYING AMOUNT	
At January 1, 2022	23,573
Depreciation charge	(642)
At December 31, 2022 and January 1, 2023	22,931
Depreciation charge	(641)
At December 31, 2023 and January 1, 2024	22,290
Depreciation charge	(641)
At December 31, 2024	21,649

	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Expense relating to short-term leases	1,634	1,544	870
Total cash outflow for leases	1,634	1,544	870

Certain land use rights with an aggregate amounts of RMB22,931,000 and RMB22,290,000 as at December 31, 2022 and 2023, respectively are pledged to secure bank borrowings (note 28) granted to the Company. During the year ended December 31, 2024, the land use rights pledged were released upon the repayment of the relevant bank borrowings.

17. GOODWILL

The Group

	RMB'000
COST	
At January 1, 2022, December 31, 2022, January 1, 2023, December 31, 2023, January 1, 2024 and December 31, 2024	807,960
IMPAIRMENT	
At January 1, 2022, December 31, 2022 and January 1, 2023	47,988
Impairment loss recognized for the year	28,665
At December 31, 2023 and January 1, 2024	76,653
Impairment loss recognized for the year	36,479
At December 31, 2024	113,132
CARRYING AMOUNT	
At December 31, 2022	759,972
At December 31, 2023	731,307
At December 31, 2024	694,828

For the purpose of impairment testing, the carrying amount of goodwill (net of accumulated impairment losses) is allocated to the Group's cash-generating units ("**CGUs**") as follows:

	At December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Shenzhen Orbit Systems Inc. ("**Shenzhen Orbit CGU**")	65,144	36,479	–
CYG Electronics (Group) **("CYG Electronics CGU")**	694,828	694,828	694,828
	759,972	731,307	694,828

In addition to goodwill above, property, plant and equipment, intangible assets and right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related goodwill are also included in the respective CGUs for the purposes of impairment assessment.

The recoverable amounts of the CGUs are determined based on value-in-use calculations based on cash flow forecasts derived from the estimated future cash flows covering a 5-year period and with the beyond budgeted period using zero growth rate approved by the directors of the Company.

The key assumptions used in the estimation of value in use are as below:

	At December 31,		
	2022	2023	2024
Shenzhen Orbit CGU			
Revenue (average growth rate)	16.36%	9.33%	3.00%
Pre-tax discount rate	14.87%	13.25%	13.00%
CYG Electronics CGU			
Revenue (average growth rate)	3.63%	3.53%	3.56%
Pre-tax discount rate	12.70%	12.90%	12.80%

The directors of the Company have determined the values assigned to each of the key assumptions as follows:

- Average revenue growth rate over the five-year forecast period is based on past performance and management's expectation of market development; and

- Pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the CGUs.

Impact of possible changes in key assumptions

The recoverable amount of Shenzhen Orbit CGU was estimated to exceed its carrying amount as at December 31, 2022 by approximately RMB3,793,000. The recoverable amount of Shenzhen Orbit CGU was estimated to be lower than its carrying amount as at December 31, 2023 and 2024 and impairment of goodwill of RMB28,665,000 and RMB36,479,000 were recognized for the years ended December 31, 2023 and 2024 respectively. No other impairment of assets of Shenzhen Orbit CGU is considered necessary.

The recoverable amount of CYG Electronics CGU is estimated to exceed its carrying amount at December 31, 2022, 2023 and 2024 by approximately RMB116,018,000, RMB317,513,000 and RMB526,004,000 respectively.

Management have undertaken sensitivity analysis on the impairment test of goodwill. The recoverable amount of each CGU would equal its carrying amount (net of impairment loss) if each key assumption was to change as follows with all other variables held constant:

	At December 31,		
	2022	2023	2024
Shenzhen Orbit CGU			
Revenue (average growth rate)	16.22%	Note (i)	N/A
Pre-tax discount rate	15.49%	Note (ii)	N/A
CYG Electronics CGU			
Revenue (average growth rate)	3.47%	3.13%	2.98%
Pre-tax discount rate	13.45%	14.92%	15.98%

Notes:

(i) As at December 31, 2023, if the revenue average growth rate was changed to 8.33%, while other parameters remain constant, the recoverable amount of Shenzhen Orbit CGU would be reduced to RMB28,999,000 and a further impairment of goodwill of RMB21,691,000 would be recognized.

(ii) As at December 31, 2023, if the discount rate was changed to 14.25%, while other parameters remain constant, the recoverable amount of Shenzhen Orbit CGU would be reduced to RMB58,921,000 and a further impairment of goodwill of RMB3,737,000 would be recognized.

18. INTANGIBLE ASSETS

The Group

	Trademark	Patent	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
COST				
At January 1, 2022	20,705	288,129	7,758	316,592
Additions	1,664	5,616	–	7,280
Disposals	(201)	–	–	(201)
At December 31, 2022 and January 1, 2023	22,168	293,745	7,758	323,671
Additions	6,770	16,837	92	23,699
At December 31, 2023 and January 1, 2024	28,938	310,582	7,850	347,370
Additions	2,498	–	–	2,498
Disposals	(108)	–	–	(108)
At December 31, 2024	31,328	310,582	7,850	349,760
ACCUMULATED AMORTIZATION AND IMPAIRMENT				
At January 1, 2022	19,097	256,227	6,963	282,287
Charge for the year	2,073	21,573	215	23,861
Eliminated on disposals	(201)	–	–	(201)
At December 31, 2022 and January 1, 2023	20,969	277,800	7,178	305,947
Charge for the year	2,879	2,410	70	5,359
At December 31, 2023 and January 1, 2024	23,848	280,210	7,248	311,306
Charge for the year	1,670	10,966	52	12,688
Eliminated on disposals	(108)	–	–	(108)
At December 31, 2024	25,410	291,176	7,300	323,886
CARRYING AMOUNT				
At December 31, 2022	1,199	15,945	580	17,724
At December 31, 2023	5,090	30,372	602	36,064
At December 31, 2024	5,918	19,406	550	25,874

The Company

	Trademark	Patent	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
COST				
At January 1, 2022	13,394	138,267	439	152,100
Additions	953	5,616	–	6,569
Disposals	(61)	–	–	(61)
At December 31, 2022 and January 1, 2023	14,286	143,883	439	158,608
Additions	3,887	16,837	–	20,724
At December 31, 2023 and January 1, 2024	18,173	160,720	439	179,332
Additions	1,760	–	–	1,760
Disposals	(308)	–	–	(308)
At December 31, 2024	19,625	160,720	439	180,784
ACCUMULATED AMORTIZATION				
At January 1, 2022	10,084	129,512	390	139,986
Charge for the year	1,559	2,978	28	4,565
Eliminated on disposals	(61)	–	–	(61)
At December 31, 2022 and January 1, 2023	11,582	132,490	418	144,490
Charge for the year	1,787	2,309	20	4,116
At December 31, 2023 and January 1, 2024	13,369	134,799	438	148,606
Charge for the year	138	10,966	1	11,105
Eliminated on disposals	(161)	–	–	(161)
At December 31, 2024	13,346	145,765	439	159,550
CARRYING AMOUNT				
At December 31, 2022	2,704	11,393	21	14,118
At December 31, 2023	4,804	25,921	1	30,726
At December 31, 2024	6,279	14,955	–	21,234

Details of impairment assessment are disclosed in note 17.

19. INVESTMENT PROPERTIES

The Group

	Properties located in PRC
	RMB'000
COST	
At January 1, 2022, December 31, 2022 and January 1, 2023	20,762
Transferred from properties, plant and equipment (note 15)	7,335
At December 31, 2023, January 1, 2024 and December 31, 2024	28,097
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
At January 1, 2022	5,176
Depreciation provided for the year	1,244
At December 31, 2022 and January 1, 2023	6,420
Depreciation provided for the year	1,234
Transferred from properties, plant and equipment (note 15)	4,743
At December 31, 2023 and January 1, 2024	12,397
Depreciation provided for the year	1,379
At December 31, 2024	13,776
CARRYING AMOUNT	
At December 31, 2022	14,342
At December 31, 2023	15,700
At December 31, 2024	14,321

As at December 31, 2022, 2023 and 2024, the cost of investment properties is depreciated over their estimated useful lives at an estimated rate of 4.85%, 4.24% and 4.24%, respectively.

Independent valuation of the Group's investment properties were performed by independent third party valuers to determine the fair value of the investment properties as at December 31, 2022, 2023 and 2024. The fair value of these investment properties as at December 31, 2022, 2023 and 2024 as assessed by the valuers by income approach, which were categorized under level 3 fair value hierarchy were approximately RMB21,500,000, RMB55,600,000 and RMB54,400,000, respectively. In estimating the fair value of the investment properties, the highest and best use of the properties is their current use.

The above investment properties are depreciated on a straight-line basis on the following bases:

Properties	Over the term of the lease of investment properties

20. INTERESTS IN SUBSIDIARIES

The Company

(a) Interests in subsidiaries

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Unlisted shares, at cost	2,997,615	3,145,962	3,196,159

The Company tested its investments in subsidiaries for impairment by comparing the recoverable amounts with the carrying amounts. In determining the recoverable amount of the investments in the subsidiaries, the Company estimates its shares of present value of estimated future cash flows expected to generate from the operations of the subsidiaries. The Company tested its investments in subsidiaries for impairment annually or more frequently if events or changes in circumstances indicated that they might be impaired. During the Track Record Period, the estimated recoverable amounts of the investments in subsidiaries were greater than the carrying values and therefore no impairment was recognized.

(b) Amounts due from subsidiaries

As at December 31, 2022, 2023 and 2024, amounts due from subsidiaries of approximately RMB142,748,000, RMB62,237,000 and RMB88,688,000, respectively carrying the fixed interest rate range from 3.50% to 3.65%, 3.50% and 3.00% per annum, respectively. The remaining balances of amounts due from subsidiaries are interest-free and repayment on demand.

(c) Amounts due to subsidiaries

As at December 31, 2022, 2023 and 2024, amounts due to subsidiaries of approximately RMB446,400,000, RMB632,800,000 and RMB233,830,000, respectively carrying the fixed interest rate range from 3.08% to 4.50%, 3.08% to 3.75%, 1.50% to 3.00% per annum, respectively. The remaining balances of amounts due to subsidiaries are interest-free and repayment on demand.

21. INTERESTS IN ASSOCIATES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cost of unlisted investment	116,091	114,131	108,907
Share of post-acquisition loss and other comprehensive expense, net of dividends received	(67,667)	(59,667)	(51,534)
	48,424	54,464	57,373

Details of the Group's major associates at December 31, 2022, 2023 and 2024 are as follows:

Name	Place of establishment and operation	Equity/beneficial interest held by the Group as at December 31, 2022	December 31, 2023	December 31, 2024	At date of this report	Principal activities	Note
		%	%	%	%		
Shanghai Shi Long Hi-Tech Co., Ltd. ("**Shanghai Shi Long**")	PRC	44.37%	44.37%	44.37%	44.37%	Production and sales of battery separators and functional plastics	n/a
Shenzhen Heqiwor Investment Enterprise (Limited Partnership) ("**Heqiwor**")	PRC	48.51%	48.51%	48.51%	48.51%	Engaged in venture capital business	(a)
Shenzhen Fujiawor Technology Enterprise (Limited Partnership) ("**Fujiawor**")	PRC	48.51%	48.51%	48.51%	48.51%	Engaged in venture capital business	(b)
Guizhou Huier New Materials Co., Ltd. ("**Guizhou Huier**")	PRC	N/A	N/A	39.00%	39.00%	Research and development, production and sales of flame retardants	(c)

Notes:

(a) During the year ended December 31, 2023, Hequiwor passed a member's resolution to reduce the paid-up capital from RMB151,500,000 to RMB147,500,000. Accordingly, RMB1,960,000 was refund to the Group.

(b) During the year ended December 31, 2024, Fujiawor passed a member's resolution to reduce the paid-up capital from RMB37,128,000 to RMB14,528,000. Accordingly, RMB11,074,000 was refund to the Group.

(c) During the year ended December 31, 2024, WOER HEAT-SHRINKABLE, a wholly owned subsidiary of the Company entered into an agreement with other two independent third parties, which WOER HEAT-SHRINKABLE contributed cash of RMB5,850,000 into Guizhou Huier and acquired 39.00% of equity interest in Guizhou Huier.

Summarized financial information of a material associate

Summarized financial information in respect of the Group's material associate is set out below. The summarized financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRS Accounting Standards.

The associates are accounted for using the equity method in the Historical Financial Information.

Shanghai Shi Long

	As at December 31, 2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current assets	68,903	70,355	80,837
Non-current assets	25,132	24,546	22,220
Current liabilities	(7,483)	(5,463)	(5,649)
Non-current liabilities	(1,885)	(127)	(49)
Net assets	84,667	89,311	97,359

	Year ended December 31, 2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue	35,207	38,537	42,813
Profit and total comprehensive income for the year	9,954	8,875	11,820
Dividends received from the associate during the year	2,361	1,877	1,674

Reconciliation of the above summarized financial information to the carrying amount of the interest in the associate recognized in the Historical Financial Information:

	As at December 31, 2022	2023	2024
	RMB'000	RMB'000	RMB'000
Net assets	84,667	89,311	97,359
Proportion of the Group's ownership interest	44.37%	44.37%	44.37%
The Group's share of net assets	37,567	39,627	43,198

Aggregate information of associates that are not individually material

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
The Group's share of profit and total comprehensive income	1,643	5,939	4,562
Aggregate carrying amount of the Group's interests in these associates	10,857	14,837	14,175

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cost of interest in associates	116,091	114,131	103,057
Share of post-acquisition loss and other comprehensive expense, net of dividends received	(67,667)	(59,667)	(51,442)
	48,424	54,464	51,615

22. Equity instruments at FVTOCI/ Financial assets at FVTPL

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current assets			
Equity instruments at FVTOCI (note a)			
Listed equity investments, at fair value (note b)	141,122	158,789	145,965
Equity investments listed in NEEQ, at fair value	–	7,557	9,878
Unlisted equity investments, at fair value	20,000	20,000	20,000
	161,122	186,346	175,843
Current assets			
Financial assets at FVTPL			
Wealth management products (note c)	–	60,245	145,169

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current assets			
Equity instruments at FVTOCI (note a)			
Listed equity investments, at fair value (note b)	141,122	158,789	145,965
Unlisted equity investments, at fair value	20,000	20,000	20,000
	161,122	178,789	165,965

Notes:

(a) The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

(b) As at December 31, 2022, 2023 and 2024, the fair values of the listed shares in the PRC were determined based on the quoted bid price available on the Shenzhen Stock Exchange or Shanghai Stock Exchange.

(c) The wealth management product was issued by banks in the PRC and were low-risk in nature. The wealth management products are structured fixed deposits with financial institutions with maturities within one year. The principal of the structured fixed deposits will be invested in debt instruments or derivative markets. The Group received variable return depending on the return of the derivative. The returns of these investments were determined by reference to the performance of the expected return rates stated in the contracts.

23. INVENTORIES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Raw materials and consumables	244,221	238,081	292,617
Work in progress	23,673	22,889	27,532
Finished goods	433,357	449,307	545,158
	701,251	710,277	865,307

The written-down of inventories of approximately RMB13,766,000, RMB17,514,000 and RMB25,378,000 are recognized for the years ended December 31, 2022, 2023 and 2024, respectively.

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Raw materials and consumables	42,163	35,008	38,985
Work in progress	11,726	10,437	8,420
Finished goods	103,656	90,128	41,710
	157,545	135,573	89,115

The written-down of inventories of approximately RMB1,339,000, RMB3,511,000 and RMB2,336,000 are recognized for the years ended December 31, 2022, 2023 and 2024, respectively.

24. CONTRACT ASSETS

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contract assets arising from:			
Sales of electronics & electricity products	16,658	4,685	18,615
Sales of new energy products	–	900	–
Provision of the implementation services of MOM and MES platforms	16,987	21,357	25,734
	33,645	26,942	44,349
Less: allowance for credit losses	(6,701)	(2,590)	(4,128)
	26,944	24,352	40,221
Analysis for reporting purposes:			
Non-current portion	8,216	4,189	8,016
Current portion	18,728	20,163	32,205
	26,944	24,352	40,221

As the amounts of retentions held by customers for contract works included in contract assets were approximately as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Amounts of retentions in contract assets	11,134	5,306	17,684

The significant increase in contract assets as at December 31, 2024 is the result of increase in sales of electronics & electricity products at the end of the year.

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contract assets arising from:			
Sales of electronics & electricity products	16,658	4,685	18,615
Less: allowance for credit losses	(5,524)	(235)	(931)
	11,134	4,450	17,684
Analysis for reporting purposes:			
Non-current portion	8,216	4,189	8,016
Current portion	2,918	261	9,668
	11,134	4,450	17,684

As the amounts of retentions held by customers for contract works included in contract assets were approximately as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Amounts of retentions in contract assets	11,134	4,450	17,684

As at January 1, 2022, contract assets of the Group and the Company amounted to RMB12,380,000 and nil, respectively.

Contract assets included retention receivables of the Group and the Company that are consideration withheld by customers which are unsecured, interest-free and recoverable after the completion of defect liability period of the relevant contracts, usually being 1 to 2 years from the date of acceptance of the control of goods transferred to the customers.

Contract assets arising from the provision of the implementation services of MOM and MES platforms as the receipt of consideration is conditional on successful progress of completion of provision of the services. Upon the progress of completion of provision of the services and acceptance by the customer, the amounts recognized as contract assets are reclassified to trade receivables.

Details of impairment assessment of contract assets of the Group and the Company are set out in note 37(b).

25. TRADE AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade receivables	1,904,347	2,300,451	2,652,617
Bills receivables	537,350	549,187	701,546
Other receivables (note)	294,835	265,963	399,824
	2,736,532	3,115,601	3,753,987
Less: allowance for expected credit losses	(132,704)	(149,140)	(175,319)
	2,603,828	2,966,461	3,578,668
Analysis for reporting purposes:			
Non-current portion	62,480	45,716	113,318
Current portion	2,541,348	2,920,745	3,465,350
	2,603,828	2,966,461	3,578,668

Note: As at December 31, 2022, 2023 and 2024, other receivables mainly included VAT recoverable amounted to RMB84,729,000, RMB109,683,000, RMB142,009,000, respectively.

As at January 1, 2022, trade receivables from contracts with customers amounted to RMB1,740,753,000.

The Group's trading terms with its customers are mainly on credit. The credit period is mainly within three months. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

The following is an aged analysis of trade receivables net of allowance for expected credit losses presented based on revenue recognition date.

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 90 days	1,173,661	1,449,662	1,683,335
90 to 180 days	317,606	308,621	300,948
180 to 270 days	68,779	89,921	88,908
270 days to 1 year	110,403	168,923	212,088
1 year to 2 years	105,712	121,374	153,021
2 years to 3 years	6,390	21,463	51,445
	1,782,551	2,159,964	2,489,745

As at December 31, 2022, 2023 and 2024, the Group continued to recognize the full carrying amounts of bills receivables endorsed to certain of its suppliers in order to settle the trade payables due to such suppliers amounting to RMB224,682,000, RMB226,393,000 and RMB277,516,000, respectively and carrying amounts of bills receivables discounted to certain banks amounting to RMB93,143,000, RMB106,077,000 and RMB110,936,000, respectively since the Group has not transferred the significant risks and rewards relating to these receivables. The relevant payables are accounted for as "endorsed bills payables" under "bank and other borrowings". All bills received by the Group are with a maturity period of less than one year.

Other than bills discounted and endorsed as disclosed in note 37, carrying amount of trade and other receivables amounted to RMB85,173,000, RMB387,812,000 and RMB349,196,000 have been pledged as security for the Group's bank borrowings as at December 31, 2022, 2023 and 2024, respectively.

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade receivables	641,010	763,510	704,953
Bills receivables	145,835	110,967	147,418
Other receivables	141,495	63,114	59,862
	928,340	937,591	912,233
Less: allowance for expected credit losses	(53,184)	(61,198)	(62,417)
	875,156	876,393	849,816
Analysis for reporting purposes:			
Non-current portion	48,740	28,624	14,513
Current portion	826,416	847,769	835,303
	875,156	876,393	849,816

The Company's trading terms with its customers are mainly on credit. The credit period is generally from one month to three months. The Company seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

The following is an aged analysis of trade receivables net of allowance for expected credit losses presented based on revenue recognition date.

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 90 days	319,532	375,900	327,995
90 to 180 days	99,067	110,424	97,506
180 to 270 days	40,957	55,929	49,266
270 days to 1 year	86,196	108,084	95,084
1 year to 2 years	43,122	52,280	70,569
2 years to 3 years	4,466	3,315	5,070
	593,340	705,932	645,490

As at December 31, 2022, 2023 and 2024, the Company continued to recognize the full carrying amounts of bills receivables endorsed to certain of its suppliers in order to settle the trade payables due to such suppliers amounting to RMB99,276,000, RMB105,033,000 and RMB63,074,000, respectively since the Company has not transferred the significant risks and rewards relating to these receivables. The relevant payables are accounted for as "endorsed bills" under "bank and other borrowings". All bills received by the Company are with a maturity period of less than one year.

Other than bills discounted and endorsed as disclosed in note 37, carrying amount of trade and other receivables amounted to RMB11,526,000, RMB54,431,000 and RMB79,069,000 have been pledged as security for the Company borrowings as at December 31, 2022, 2023 and 2024, respectively.

26. BANK BALANCES AND CASH, RESTRICTED AND PLEDGED BANK DEPOSITS

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Bank balances and cash			
Cash and cash at banks included in cash and cash equivalents in the consolidated statements of cash flows	799,820	879,070	877,485
Fixed time deposit	–	–	10,025
Non-pledged time deposits with original maturity of more than three months when acquired	–	60,000	80,000
Bank balances and cash in the consolidated statements of financial position	799,820	939,070	967,510
Restricted bank deposits	23	4,154	1,264
Pledged bank deposits	64,721	62,140	59,489
	864,564	1,005,364	1,028,263

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Non-pledged time deposits with original maturity of more than three months when acquired carry fixed interest rate at 2.8% and 2.5% as at December 31, 2023, and 2024, respectively.

Fixed time deposit with original maturity within three months when acquired carry interest rate at 2.4% as at December 31, 2024.

Restricted bank deposits amounting to RMB23,000, RMB4,154,000 and RMB1,264,000 as at December 31, 2022, 2023, and 2024, respectively, have been frozen by the PRC court pending the outcome of the legal proceedings initiated by the Group's creditor relating to certain sales or purchases contracts. Restricted bank deposits carry fixed interest rate at 0.25%, 0.2% and 0.1% as at December 31, 2022, 2023, and 2024, respectively. During the year ended December 31, 2022, 2023 and 2024, restricted bank deposits amounting to RMB991,000, nil and RMB4,142,000 were released from restriction, respectively.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Pledged bank deposits amounting to RMB64,721,000, RMB62,140,000 and RMB59,489,000 as at December 31, 2022, 2023, and 2024, respectively, have been pledged to secure bills payables and bank borrowings and are therefore classified as current assets. Pledged bank deposits carry fixed interest rate ranged from 0.25% to 2.7%, 0.1% to 2.75% and 0.1% to 1.95% as at December 31, 2022, 2023, and 2024, respectively.

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Bank balances and cash			
Cash at banks	155,918	218,765	169,429
Non-pledged time deposits with original maturity of more than three months when acquired	–	30,000	–
Cash and bank balances in the statements of financial position of the Company	155,918	248,765	169,429
Restricted bank deposits	9	2,859	23
Pledged bank deposits	33,109	17,354	16,491
	189,036	268,978	185,943

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Non-pledged time deposits with original maturity of more than three months when acquired carry fixed interest rate at 2.8% as at December 31, 2023.

Restricted bank deposits amounting to RMB9,000, RMB2,859,000 and RMB23,000 as at December 31, 2022, 2023, and 2024, respectively, have been frozen by the PRC court pending the outcome of the legal proceedings initiated by the Company's creditor relating to certain sales or purchases contracts. Restricted bank deposits carry fixed interest rate at 0.25%, 0.2% and 0.1% as at December 31, 2022, 2023, and 2024, respectively. During the year ended December 31, 2022, 2023 and 2024, restricted bank deposits amounting to nil, nil and RMB2,850,000 were released from restriction, respectively.

Pledged bank deposits amounting to RMB33,109,000, RMB17,354,000 and RMB16,491,000 as at December 31, 2022, 2023, and 2024, respectively, have been pledged to secure bills payables and bank borrowings and are therefore classified as current assets. Pledged bank deposits carry fixed interest rate ranged from 0.25% to 2.7%, 0.2% to 2.75% and 0.1% to 1.95% as at December 31, 2022, 2023, and 2024, respectively.

The conversion of the RMB denominated balances maintained in the PRC into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

Details of impairment assessment of bank balances and restricted and pledged bank deposits of the Group and the Company are set out in note 37(b).

27. TRADE AND OTHER PAYABLES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade payables	614,332	709,886	975,403
Bills payable	285,912	342,886	369,105
Other payables (note)	424,560	463,270	555,423
	1,324,804	1,516,042	1,899,931

Note: As at December 2022, 2023 and 2024, other payables included staff costs payables amounted to RMB169,509,000, RMB197,389,000 and RMB234,679,000, respectively.

The following is an aged analysis of trade payables as at December 31, 2022, 2023 and 2024, presented based on the invoice date.

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 180 days	533,265	639,938	732,030
180 days to 1 year	63,620	38,361	168,825
1 year to 2 years	9,051	15,670	61,004
2 years to 3 years	3,630	9,023	3,182
Over 3 years	4,766	6,894	10,362
	614,332	709,886	975,403

The trade payables are non-interest-bearing and are normally settled on terms range from 30 days to 90 days.

The bills payable are guaranteed by banks in the PRC and have maturities of 6 months to 1 year.

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade payables	89,294	89,242	125,684
Bills payable	50,362	45,616	26,251
Other payables (note)	182,619	169,474	196,270
	322,275	304,332	348,205

Note: As at December 2022, 2023 and 2024, other payables included staff costs payables amounted to RMB41,199,000, RMB46,703,000 and RMB42,870,000, respectively.

The following is an aged analysis of trade payables as at December 31, 2022, 2023 and 2024, presented based on the invoice date.

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 180 days	65,763	75,526	89,566
180 days to 1 year	17,795	5,519	31,739
1 year to 2 years	3,080	3,447	2,291
2 years to 3 years	964	2,816	205
Over 3 years	1,692	1,934	1,883
	89,294	89,242	125,684

The trade payables are non-interest-bearing and are normally settled on terms range from 30 days to 90 days.

The bills payable are guaranteed by banks in the PRC and have maturities of 6 months to 1 year.

28. BANK AND OTHER BORROWINGS

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Bank borrowings			
Secured (note a)	735,576	537,131	621,736
Unsecured	432,269	794,311	614,688
	1,167,845	1,331,442	1,236,424
Bank borrowings under supplier finance arrangements	94,482	18,653	51,049
Endorsed bills payable	317,825	332,470	388,452
Bond payables (note b)	306,794	–	–
	1,886,946	1,682,565	1,675,925

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
The carrying amounts of the above bank borrowings are repayable (based on scheduled repayment dates set out in the loan agreements):			
Within one year	613,170	708,810	334,951
Within a period of more than one year but not exceeding two years	356,023	196,173	634,813
Within a period of more than two years but not exceeding five years	131,196	287,907	237,590
Within a period of more than five years	67,456	138,552	29,070
	1,167,845	1,331,442	1,236,424
The carrying amounts of the above bank borrowings under supplier finance arrangements are repayable within one year	94,482	18,653	51,049
The carrying amounts of the above endorsed bills payable are repayable within one year	317,825	332,470	388,452
The carrying amounts of the above bond payables are repayable within one year	306,794	–	–
	1,886,946	1,682,565	1,675,925
Less: Amounts due within one year shown under current liabilities	(1,332,271)	(1,059,933)	(774,452)
Amounts shown under non-current liabilities	554,675	622,632	901,473

Notes:

(a) As at December 31, 2022, 2023 and 2024, these bank borrowings were pledged by certain assets, details refer to note 41.

(b) On June 22, 2020, the Company issued bonds with principal amount of RMB300,000,000 with coupon rates of 4.58% per annum. The maturity of the bonds is June 21, 2023. The principal together with interest payables were fully settled on the maturity date.

(c) The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are 3.35% to 5.94% per annum, 2.70% to 5.94% per annum and 2.60% to 4.40% per annum as at December 31, 2022, 2023 and 2024, respectively.

The Group has entered into certain supplier finance arrangements with banks, under which the Group obtained extended credit in respect of the invoice amounts owed to certain suppliers of raw materials. Under these arrangements, the banks advanced funds to the Group for the settlement to suppliers on the original due dates of the invoices. The Group then settles with the banks between 2 to 360 days, 7 to 359 days and 20 to 359 days after loans granted by the banks with interest rates ranging from 3.60% to 4.35%, 3.20% to 4.00% and 2.90% to 3.75% per annum for the years ended December 31, 2022, 2023 and 2024, respectively. These arrangements provide the Group with extended payment terms, compared to the original due dates of the respective invoices. Therefore, the Group classifies the amounts payable to banks as bank borrowings. The interest rates are consistent with the Group's short-term borrowing rates. Information of the Group's supplier finance arrangements is set out in note 45.

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Bank borrowings			
Secured (note a)	325,000	242,255	309,985
Unsecured	418,901	651,833	547,869
	743,901	894,088	857,854
Bank borrowings under supplier finance arrangements	89,543	16,408	51,049
Endorsed bills payable	99,276	105,033	63,074
Bond payables (note b)	306,794	–	–
	1,239,514	1,015,529	971,977

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
The carrying amounts of the above bank borrowings are repayable (based on scheduled repayment dates set out in the loan agreements):			
Within one year	331,401	512,513	148,614
Within a period of more than one year but not exceeding two years	337,500	167,350	599,740
Within a period of more than two years but not exceeding five years	75,000	214,225	109,500
	743,901	894,088	857,854
The carrying amounts of the above bank borrowings under supplier finance arrangements are repayable within one year	89,543	16,408	51,049
The carrying amounts of the above endorsed bills payable are repayable within one year	99,276	105,033	63,074
The carrying amounts of the above bond payables are repayable within one year	306,794	–	–
	1,239,514	1,015,529	971,977
Less: Amounts due within one year shown under current liabilities	(827,014)	(633,954)	(262,737)
Amounts shown under non-current liabilities	412,500	381,575	709,240

Notes:

(a) As at December 31, 2022, 2023 and 2024, these bank loans were pledged by certain assets, details refer to note 41.

(b) On June 22, 2020, the Company issued bonds with principal amount of RMB300,000,000 with coupon rates of 4.58% per annum. The maturity of the bonds is June 21, 2023. The principal together with interest payables were fully settled on the maturity date.

(c) The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are 3.50% to 5.94% per annum, 2.70% to 5.94% per annum and 2.60% to 4.40% per annum as at December 31, 2022, 2023 and 2024, respectively.

The Company has entered into certain supplier finance arrangements with banks, under which the Company obtained extended credit in respect of the invoice amounts owed to certain suppliers of raw materials. Under these arrangements, the banks advanced funds to the Company for the settlement to suppliers on the original due dates of the invoices. The Company then settles with the banks between 2 to 360 days, 7 to 359 days and 20 to 359 days after loans granted by the banks with interest rates ranging from 3.60% to 4.35%, 3.20% to 4.00% and 2.90% to 3.75% per annum for the year ended December 31, 2022, 2023 and 2024 respectively. These arrangements provide the Company with extended payment terms, compared to the original due dates of the respective invoices. Therefore, the Company classifies the amounts payable to banks as bank borrowings. The interest rates are consistent with the Company's short-term borrowing rates. Information of the Company's supplier finance arrangements is set out in note 45.

29. LEASE LIABILITIES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Lease liabilities payable:			
Within one year	16,372	4,937	32,980
Within a period of more than one year but not more than two years	5,189	4,158	32,749
Within a period of more than two years but not more than five years	10,820	11,841	90,148
Within a period of more than five years	21,534	16,339	70,513
	53,915	37,275	226,390
Less: Amounts for settlement with 12 months shown under current liabilities	(16,372)	(4,937)	(32,980)
Amount due for settlement after 12 months shown under non-current liabilities	37,543	32,338	193,410

The weighted average incremental borrowing rates applied to lease liabilities at 4.5%, 4.5% and 4.1% as at December 31, 2022, 2023 and 2024, respectively.

30. CONTRACT LIABILITIES

The Group

The Group recognized the following revenue-related contract liabilities:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Sales of electronic materials products	45,107	57,765	47,759
Sales of telecoms cable products	2,417	2,073	2,941
Sales of NEV power transmission products	3,339	4,531	4,837
Sales of wind power	7,692	7,170	6,649
Others	12,551	18,745	17,120
	71,106	90,284	79,306

The Group receives certain amount of the contract values as receipt in advances upon receiving the purchase orders from customers. The receipt in advance results in contract liabilities being recognized until the customer obtains control of the goods.

As at January 1, 2022, contract liabilities amounted to RMB50,175,000. The contract liabilities amounted of RMB41,287,000, RMB58,891,000 and RMB76,166,000 as at January 1, 2022, 2023, 2024 were recognized as revenue during the year ended December 31, 2022, 2023 and 2024, respectively.

As at December 31, 2023, the significant increase in contract liabilities was mainly due to the increase in advances received from customers. As at December 31, 2024, the significant decrease in contract liabilities was mainly due to the decrease in advances received from customers.

The Company

The Company recognized the following revenue-related contract liabilities:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Sales of electronic materials products	35,727	47,568	30,468

The Company receives certain amount of the contract values as receipt in advances upon receiving the purchase orders from customers. The receipt in advance results in contract liabilities being recognized until the customer obtains control of the goods.

As at January 1, 2022, contract liabilities amounted to RMB27,784,000. The contract liabilities amounted of RMB20,793,000, RMB29,586,000 and RMB42,365,000 as at January 1, 2022, 2023, 2024 were recognized as revenue during the year ended December 31, 2022, 2023 and 2024, respectively.

As at December 31, 2023, the significant increase in contract liabilities was mainly due to the increase in advances received from customers. As at December 31, 2024, the significant decrease in contract liabilities was mainly due to the decrease in advances received from customers.

31. DEFERRED INCOME

The Group

	RMB'000
At January 1, 2022	77,628
Addition during the year	15,145
Recognized in consolidated statement of profit or loss	(13,717)
At December 31, 2022 and January 1, 2023	79,056
Addition during the year	5,110
Recognized in consolidated statement of profit or loss	(9,575)
At December 31, 2023 and January 1, 2024	74,591
Addition during the year	2,737
Recognized in consolidated statement of profit or loss	(8,778)
At December 31, 2024	68,550

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Analysis for reporting purposes:			
Non-current portion	70,630	66,266	60,076
Current portion	8,426	8,325	8,474
	79,056	74,591	68,550

The Company

	RMB'000
At January 1, 2022	51,321
Addition during the year	9,983
Recognized in consolidated statement of profit or loss	(6,781)
At December 31, 2022 and January 1, 2023	54,523
Addition during the year	2,210
Recognized in consolidated statement of profit or loss	(7,902)
At December 31, 2023 and January 1, 2024	48,831
Addition during the year	791
Recognized in consolidated statement of profit or loss	(6,580)
At December 31, 2024	43,042

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Analysis for reporting purposes:			
Non-current portion	47,541	42,614	36,688
Current portion	6,982	6,217	6,354
	54,523	48,831	43,042

Deferred income mainly represents the PRC local government grants received from relevant PRC authorities for compensate the Group for investments of property, plant and equipment. Government grants received for compensate for the Group's development costs which has not yet been undertaken are included in deferred income and recognized as income on a systematic basis of over the periods that the cost, which it is intended to compensate, are expensed. Government grants received relates to assets invested in laboratory equipment and plant were credited to deferred income and are recognized as income over the expected useful lives of the relevant assets.

32. DEFERRED TAX

The Group

The following are the Group's major deferred tax assets/(liabilities) recognized and movements thereon during the Track Record Period:

	Impairment of assets	Tax losses	Deferred income	Accelerated tax depreciation	Leases	Fair value adjustment on business combination not under common control	Right-of-use assets	Fair value adjustments of equity instruments at FVTOCI	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	27,078	2,860	7,052	342	5,482	(56,576)	(5,482)	15,405	14,400	10,561
Credited/(charged) to profit or loss	4,853	1,922	1,142	(10,036)	2,916	2,079	(2,633)	–	(422)	(179)
Credited to other comprehensive income (note 10 (b))	–	–	–	–	–	–	–	5,790	–	5,790
At December 31, 2022 and January 1, 2023	31,931	4,782	8,194	(9,694)	8,398	(54,497)	(8,115)	21,195	13,978	16,172
(Charged)/credited to profit or loss	(1,422)	(2,009)	1,313	(12,948)	(5,257)	2,079	5,188	–	(555)	(13,611)
Charged to other comprehensive income (note 10 (b))	–	–	–	–	–	–	–	(2,062)	–	(2,062)
Effect of change in tax rate	1,059	–	–	–	–	–	–	–	–	1,059
At December 31, 2023 and January 1, 2024	31,568	2,773	9,507	(22,642)	3,141	(52,418)	(2,927)	19,133	13,423	1,558
Credited/(charged) to profit or loss	2,713	2,581	(885)	(8,150)	34,710	2,043	(36,148)	–	(681)	(3,817)
Credited to other comprehensive income (note 10 (b))	–	–	–	–	–	–	–	1,577	–	1,577
Effect of change in tax rate	(374)	–	–	(535)	1,905	–	(1,631)	–	–	(635)
At December 31, 2024	33,907	5,354	8,622	(31,327)	39,756	(50,375)	(40,706)	20,710	12,742	(1,317)

For the purpose of presentation in the Historical Financial Information, certain deferred tax assets and liabilities have been offset. The following is the analysis of the net deferred tax balances for financial reporting purposes:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Net deferred tax assets	73,247	55,276	61,081
Net deferred tax liabilities	(57,075)	(53,718)	(62,398)
	16,172	1,558	(1,317)

As at December 31, 2022, 2023 and 2024, the Group has unused tax losses of RMB260,879,000, RMB258,145,000 and RMB309,328,000, respectively available for offset against future profits. A deferred tax asset has been recognized in respect of RMB29,383,000, RMB16,456,000 and RMB26,465,000 as at December 31, 2022, 2023 and 2024, respectively of such losses. No deferred tax asset has been recognized in respect of the remaining RMB231,496,000, RMB241,689,000 and RMB282,863,000 as at December 31, 2022, 2023 and 2024, respectively due to the unpredictability of future profit streams.

As at December 31, 2022, 2023 and 2024, the Group has other deductible temporary differences of RMB70,391,000, RMB19,803,000 and RMB48,482,000, respectively. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

The Group has unused tax losses that were not recognized as deferred tax assets due to the unpredictability of future profit streams. The unused tax losses can be carried forward for ten years from the year of the incurrence and an analysis of their expiry dates are as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Unused tax losses expiring in:			
2023	1,080	–	–
2024	25,880	24,849	–
2025	13,042	12,470	10,643
2026	28,016	28,081	17,204
2027	64,703	63,939	45,795
2028	18,971	56,618	40,049
2029	2,053	–	26,914
2030	6,018	4,514	652
2031	35,561	35,561	48,428
2032	36,172	8,405	30,714
2033	–	7,252	32,625
2034	–	–	29,839
	231,496	241,689	282,863

The Company

The following are the Company's major deferred tax assets/(liabilities) recognized and movements thereon during the Track Record Period:

	Impairment of assets	Tax losses	Deferred income	Accelerated tax depreciation	Fair value adjustments of equity instruments at FVTOCI	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	13,433	12,517	5,494	–	15,405	547	47,396
Credited/(charged) to profit or loss	2,381	(12,517)	1,191	(2,019)	–	11,762	798
Credited to other comprehensive income	–	–	–	–	5,790	–	5,790
At December 31, 2022 and January 1, 2023	15,814	–	6,685	(2,019)	21,195	12,309	53,984
Credited/(charged) to profit or loss	300	–	639	(9,995)	–	(615)	(9,671)
Charged to other comprehensive income	–	–	–	–	(2,650)	–	(2,650)
At December 31, 2023 and January 1, 2024	16,114	–	7,324	(12,014)	18,545	11,694	41,663
(Charged)/credited to profit or loss	(249)	–	(975)	6,304	–	13	5,093
Credited to other comprehensive income	–	–	–	–	1,924	–	1,924
At December 31, 2024	15,865	–	6,349	(5,710)	20,469	11,707	48,680

33. SHARE CAPITAL

The Company

	Number of shares	Amount
	'000	RMB'000
Registered, issued and fully paid ordinary shares with par value of RMB1.00 each share		
At January 1, 2022, December 31, 2022, January 1, 2023, December 31, 2023, January 1, 2024 and December 31, 2024	1,259,899	1,259,899

Notes:

(a) At December 31, 2022, 2023 and 2024, the Company had outstanding treasury shares of nil, 13,565,000 and 13,565,000 shares respectively.

(b) During the year ended December 31, 2023, the Company repurchased the Company's own ordinary shares on Shenzhen Stock Exchange, 13,565,000 ordinary shares were repurchased with aggregate consideration of approximately RMB100,061,000. The above repurchase of ordinary shares are performed by the Company. No other subsidiaries of the Company purchased, sold or redeemed any of the Company's listed securities during the Track Record Period.

34. RESERVES

The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity of the Historical Financial Information.

Capital reserve

Capital reserve mainly comprised the excess/deficiency of the considerations paid for/received from over the changes in the carrying amounts of non-controlling interests in the acquisition of further interests in subsidiaries or disposal of part interests in subsidiaries, the fair value of restricted shares granted by the subsidiaries which are yet to be vested and restricted share granted which are be exercised.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Statutory reserve

Statutory reserves of the Group were established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC. Appropriations to the reserves were approved by the respective boards of directors. The statutory reserve consists of statutory reserve funds and maintenance and production funds.

In accordance with the relevant PRC Regulations, the PRC subsidiaries of the Group are required to appropriate 10% of the annual statutory net profit, after offsetting any prior years' losses to the statutory reserve fund before distributing the net profit. When the respective balance of the statutory reserve fund reaches 50% of the share capital of the PRC subsidiaries, any further appropriation is at the discretion of shareholders of the PRC subsidiaries.

For the entities concerned, statutory reserves fund can be used to offset accumulated losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance after such conversion is not less than 25% of the registered capital.

Share-based payments reserve

The share-based payments reserve represents the fair value of awards shares granted which are yet to be vested. The amount will either be transferred to the capital reserve when the related awarded shares are released from restriction.

Fair value reserve

Fair value reserve represents the changes in fair value of equity instruments at FVTOCI, net of tax.

The Company

	Capital reserve	Treasury share	Fair value reserve	Statutory reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	207,148	–	(87,295)	179,148	1,121,513	1,420,514
Profit for the year	–	–	–	–	360,896	360,896
Fair value loss on investments in equity instruments at FVTOCI	–	–	(32,813)	–	–	(32,813)
Total comprehensive income for the year	–	–	(32,813)	–	360,896	328,083
Appropriation to statutory reserve	–	–	–	36,090	(36,090)	–
Dividend paid	–	–	–	–	(44,096)	(44,096)
At December 31, 2022 and January 1, 2023	207,148	–	(120,108)	215,238	1,402,223	1,704,501
Profit for the year	–	–	–	–	312,815	312,815
Fair value gain on investments in equity instruments at FVTOCI	–	–	15,017	–	–	15,017
Total comprehensive income for the year	–	–	15,017	–	312,815	327,832
Appropriation to statutory reserve	–	–	–	31,282	(31,282)	–
Dividend paid	–	–	–	–	(50,396)	(50,396)
Repurchase of shares	(11)	(100,050)	–	–	–	(100,061)

	Capital reserve	Treasury share	Fair value reserve	Statutory reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2023 and January 1, 2024	207,137	(100,050)	(105,091)	246,520	1,633,360	1,881,876
Profit for the year	–	–	–	–	338,337	338,337
Fair value loss on investments in equity instruments at FVTOCI	–	–	(10,900)	–	–	(10,900)
Total comprehensive income for the year	–	–	(10,900)	–	338,337	327,437
Appropriation to statutory reserve	–	–	–	33,834	(33,834)	–
Dividend paid	–	–	–	–	(211,877)	(211,877)
At December 31, 2024	207,137	(100,050)	(115,991)	280,354	1,725,986	1,997,436

35. CAPITAL COMMITMENTS

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Capital expenditure in respect of acquisition of property and equipment and intangible assets contracted for but not provided in the Historical Financial Information	19,109	20,259	470,575

36. SHARE-BASED PAYMENT TRANSACTIONS

Share award scheme

Shenzhen Orbit Systems Inc

A non-wholly owned subsidiary, Shenzhen Orbit Systems Inc ("**Shenzhen Orbit**")'s share award scheme (the "**Shenzhen Orbit Share Award Scheme**") was adopted pursuant to a resolution in writing passed on December 16, 2019 for the primary purpose of providing incentives to eligible directors and employees of Shenzhen Orbit (the "**Awardees**"). Under the Shenzhen Orbit Share Award Scheme, it will be implemented in three tranches. The first phase was implemented on December 16, 2019, the second phase to be implemented within 12 months after the first phase is completed, and the third phase to be implemented within 12 months after the second phase is completed.

On December 16, 2019, 550,000 shares of Shenzhen Orbit were granted to the Awardees ("**2019 Shenzhen Orbit Share Award**"). The Awardees are required to pay RMB3.74 per 2019 Shenzhen Orbit Share Award at the date of grant. Subject to the acceptance of the Awardees, that the Awardees remain as employees of Shenzhen Orbit on the vesting date of the 2019 Shenzhen Orbit Share Award and fulfill certain conditions under the Shenzhen Orbit Share Award Scheme.

On July 24, 2020, a resolution was passed by the Shenzhen Orbit, pursuant to resolution, the implementation of the second and third phases of the Shenzhen Orbit Share Award Scheme will be postponed. The second phase will be postponed to 2021, and the implementation time of third phase will be within 12 months after the completion of second phase. On May 11, 2021, a resolution was passed by the Shenzhen Orbit, pursuant to resolution, the implementation of the second and third phases of the Shenzhen Orbit Share Award Scheme will be postponed. The second phase will be postponed to 2022, and the implementation time of third phase will be within 12 months after the completion of second phase.

On July 13, 2022, 387,000 shares of Shenzhen Orbit were granted to the Awardees ("**2022 Shenzhen Orbit Share Award**"). The Awardees are required to pay RMB5.63 per 2022 Shenzhen Orbit Share Award at the date of grant. Subject to the acceptance of the Awardees, that the Awardees remain as employees of Shenzhen Orbit on the vesting date of the 2022 Shenzhen Orbit Share Award and fulfill certain conditions under the Shenzhen Orbit Share Award Scheme. Upon the fulfillment of the vesting conditions, the awarded shares were restricted from transfer by the Awardees.

On November 23, 2022, a resolution was passed by the Shenzhen Orbit, pursuant to resolution, no further awarded shares were granted to directors or employees of Shenzhen Orbit, the third phase were lapsed.

The 2019 Shenzhen Orbit Share Award and 2022 Shenzhen Orbit Share Award are granted and forfeited as below:

Date of grant	Vesting period
December 16, 2019	December 16, 2019 to December 16, 2022
July 13, 2022	July 13, 2022 to July 13, 2025

The following table discloses movements of the Awarded Shares under the Shenzhen Orbit Share Award Scheme during the Track Record Period:

2019 Shenzhen Orbit Share Award

	2022	2023	2024
	'000	'000	'000
Awarded Shares under restriction at January 1	512	–	–
Issue of Award Shares	–	–	–
Vested during the year	(418)	–	–
Forfeited during the year	(94)	–	–
Awarded Shares under restriction at December 31	–	–	–

2022 Shenzhen Orbit Share Award

	2022	2023	2024
	'000	'000	'000
Awarded Shares under restriction at January 1	–	387	288
Issue of Award Shares	387	–	–
Forfeited during the year	–	(99)	(17)
Awarded Shares under restriction at December 31	387	288	271

The share award outstanding at December 31, 2022, 2023 and 2024 had a weighted average remaining contractual life of 3, 2 and 1 years, respectively.

During the year ended December 31, 2022, 387,000 shares were issued to Awardees on July 13, 2022. The fair value of share award granted on the grant date amounted to RMB4,958,000.

These fair values were calculated using income approach. The inputs into the discounted cash flow model were as follows:

Date of grant	July 13, 2022
Share price on the date of grant	RMB6.59
Exercise price	RMB 5.63
Pre-tax discount rate	17.81%
Discounts for lack of marketability	15.70%
Contractual life	3
Risk-free rate	3.17%
Weighted average exercise price	RMB 5.63

Shenzhen Orbit recognized share award expenses of RMB945,000, RMB1,240,000 and RMB771,000 during the years ended December 31, 2022, 2023 and 2024, respectively, in respect of the Awarded Shares granted.

LTK Electric

An indirectly non-wholly owned subsidiary of the Company, LTK Electric's share award scheme (the "**LTK Electric Share Award Scheme**") was adopted on March 1, 2023 for the primary purpose of providing incentives to eligible director and employees of LTK Electric (the "**Awardees**").

On March 1, 2023, 2,622,000 shares of LTK Electric were granted to the Awardees ("**2023 LTK Electric Share Award**"). The Awardees are required to pay RMB7.30 per 2023 LTK Electric Share Award at the date of grant. Subject to the acceptance of the Awardees, that the Awardees remain as employees of LTK Electric on the vesting date of the 2023 LTK Electric Share Award and fulfill certain conditions under the LTK Electric Share Award Scheme. Upon the fulfillment of the vesting conditions, the awarded shares were restricted from transfer by the Awardees.

The 2023 LTK Electric Share Award is granted and forfeited as below:

Date of grant	Vesting period
March 1, 2023	March 1, 2023 to March 1, 2028

The following table discloses movements of the Awarded Shares under the 2023 LTK Electric Share Award Scheme during the Track Record Period:

	2022	2023	2024
	'000	'000	'000
Awarded Shares under restriction at January 1	–	–	2,622
Issue of Award Shares	–	2,622	–
Release from restriction during the year	–	–	–
Forfeited during the year	–	–	(1,791)
Awarded Shares under restriction at December 31	–	2,622	831

The share award outstanding at December 31, 2023 and 2024 had a weighted average remaining contractual life of 4 and 3 years, respectively.

During the year ended December 31, 2023, 2,622,000 shares were issued to Awardees on March 1, 2023. The fair value of share award granted on the grant date amounted to RMB3,645,000.

These fair values were calculated using income approach. The inputs into the discounted cash flow model were as follows:

Date of grant	**March 1, 2023**
Share price on the date of grant	RMB8.69
Exercise price	RMB7.30
Pre-tax discount rate	16.85%
Discounts for lack of marketability	15.70%
Contractual life	5
Risk-free rate	3.13%
Weighted average exercise price	RMB7.30

LTK Electric recognized share award expenses of RMB422,000 and RMB1,323,000 during the years ended December 31, 2023 and 2024, respectively, in respect of the Awarded Shares granted.

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial assets			
At FVTOCI	161,122	186,346	175,843
At FVTPL	–	60,245	145,169
At amortized cost	3,252,760	3,771,184	4,325,960
	3,413,882	4,017,775	4,646,972
Financial liabilities			
At amortized cost	3,214,657	3,217,975	3,757,873

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial assets			
At FVTOCI	161,122	178,789	165,965
At amortized cost	1,819,290	1,558,736	2,056,885
	1,980,412	1,737,525	2,222,850
Financial liabilities			
At amortized cost	2,422,494	2,299,946	2,283,671

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, financial assets at FVTPL, certain trade and other receivables, restricted and pledged bank deposits, bank balances and cash, certain trade and other payables, bank and other borrowings and lease liabilities. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

Currency risk

The Group undertakes certain transactions denominated in foreign currencies, which expose the Group to foreign currency risk. The Group currently does not use derivative financial instrument to hedge the foreign exchange risk. The Group manages the foreign currency risk by closely monitoring the movement of the foreign currency rate.

The Group's foreign currency monetary assets are mainly trade and other receivables and bank balances and deposits, and the Group's foreign currency monetary liabilities are mainly trade and other payables

The carrying amounts of the Group entitles' foreign currency denominated monetary assets and liabilities at the end of the Track Record Period are as follows:

	December 31, 2022		December 31, 2023		December 31, 2024	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
United States dollar ("US$")	240,328	18,834	253,750	78,741	262,410	26,587
Hong Kong dollar ("HK$")	4,383	2,454	2,016	149,367	1,223	143,116

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase or decrease in RMB against the relevant currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of reporting period for a 5% change in foreign currency rates. A negative number below indicates a decrease in profit where RMB strengthen 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be positive.

Effect on profit for the year

	2022	2023	2024
	RMB'000	RMB'000	RMB'000
US$	8,306	6,563	8,778
HK$	72	(5,526)	(5,321)

Interest rate risk

The Group's interest rate risk arises primarily from bank balances and deposits, bank and other borrowings and lease liabilities. Bank balances and deposits at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively. The Group's bank balances and deposits are placed with banks and the management of the Group manages this risk by placing deposits at various maturities and interest rate terms. The Group is also exposed to fair value interest rate risk for fixed rate bank and other borrowings and lease liabilities. The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of the market rates from bank balances. The Group currently does not hedge its exposure to cash flow and fair value interest rate risk.

No sensitivity analysis is presented since the management of the Group consider the exposure of cash flow interest rate risk arising from variable-rate bank balances and term deposits is insignificant.

Price risk

Equity price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Group is exposed to price risk arising from listed equity securities classified as FVTOCI (note 22) at December 31, 2022, 2023 and 2024.

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day during the track record period, and its respective highest and lowest point during the track record period was as follows:

	December 31, 2022	High	Low
	RMB	RMB	RMB
Shenzhen Stock Exchange -Component Index	11,016	14,941	10,088
Shanghai Stock Exchange -Component Index	3,089	3,652	2,864

	December 31, 2023	High	Low
	RMB	RMB	RMB
Shenzhen Stock Exchange -Component Index	9,525	12,246	9,106
Shanghai Stock Exchange -Component Index	2,975	3,419	2,882

	December 31, 2024	High	Low
	RMB	RMB	RMB
Shenzhen Stock Exchange -Component Index	10,415	11,864	7,684
Shanghai Stock Exchange -Component Index	3,352	3,674	2,635

Sensitivity analysis

The sensitivity analyzes have been determined based on the exposure to equity price risk at the track record period. Sensitivity analyzes for unquoted equity securities with fair value measurement categorized within Level 3 were disclosed in note 37(b).

The following table demonstrates the sensitivity to a reasonably possible change in the fair values of equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of Track Record Period.

	December 31, 2022			
	Carrying amount of equity investments	Increase/ (decrease) in price	Increase/ (decrease) in profit after tax and retained profits	Increase/ (decrease) in other component of equity
	RMB'000	%	RMB'000	RMB'000
Investments listed in:				
Stock Exchanges of Shenzhen and Shanghai	141,122	37.82	–	45,367
		(37.82)	–	(45,367)

	December 31, 2023			
	Carrying amount of equity investments	Increase/ (decrease) in price	Increase/ (decrease) in profit after tax and retained profits	Increase/ (decrease) in other component of equity
	RMB'000	%	RMB'000	RMB'000
Investments listed in:				
Stock Exchanges of Shenzhen and Shanghai	158,789	26.56	–	35,842
		(26.56)	–	(35,842)

	December 31, 2024			
	Carrying amount of equity investments	Increase/ (decrease) in price	Increase/ (decrease) in profit after tax and retained profits	Increase/ (decrease) in other component of equity
	RMB'000	%	RMB'000	RMB'000
Investments listed in:				
Stock Exchanges of Shenzhen and Shanghai	145,965	46.91	–	58,207
		(46.91)	–	(58,207)

Credit risk and impairment assessment

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statements of financial position.

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and bills receivables, contract assets, other receivables, restricted and pledged bank deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

In order to minimize the credit risk, the management of the Group assesses the potential customer's credit quality and defines credit limits by customer and the credit limits assigned to each customer is regularly reviewed by the management of the Group. Follow-up actions are taken by the Group to recover overdue debts if any. The Group only accepts bills issued or guaranteed by reputable PRC banks if trade receivables are settled by bills and therefore the management of the Group considers the credit risk arising from the endorsed bills is significantly reduced. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Trade receivables and contract assets

For trade receivables and contract assets, the management of the Group assesses the collectability of the trade receivables and contract assets regularly individually and/or collectively for the determination of any loss allowance for the trade receivables and contract assets by taking into account the customers' financial condition, current creditworthiness, past settlement history, business relationship with the Group and other factors such as current market conditions.

Certain customers of the Group which has a significant outstanding trade receivables and contract assets balances due to the Group with gross carrying amount of RMB132,901,000, RMB158,883,000 and RMB183,987,000 in aggregate as at December 31, 2022, 2023 and 2024, respectively, was assessed for allowance for credit losses individually. The management assessed for the allowance for credit losses for lifetime by estimating default rate taking into account historical and forward looking information. As at December 31, 2022, 2023 and 2024, allowance for expected credit losses of RMB4,540,000, RMB1,113,000 and RMB536,000, respectively, was made on the trade receivables and contract assets due from these customers. During the years ended December 31, 2022, 2023 and 2024, reversal of impairment losses on trade receivables and contract assets due from these debtors amounted to RMB1,156,000 RMB1,423,000 and RMB532,000 were recognized and included in the profit or loss, respectively.

For the remaining debtors, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL, as the Group's historical credit loss experience does not indicate significant different loss patterns for different customer segments and the allowance for credit losses based on the past due status is not further distinguished between the Group's customer bases. During the years ended December 31, 2022, 2023 and 2024, impairment losses on trade receivables and contract assets due from remaining debtors amounted to RMB25,962,000, RMB18,940,000 and RMB26,372,000 were recognized and included in the profit or loss, respectively.

The following table provides information about the Group's exposure to credit risk within lifetime ECL for trade receivables and contract assets due from customers other than the abovementioned individually evaluated customers, which are assessed based on provision matrix as at December 31, 2022, 2023 and 2024, respectively:

	As at December 31, 2022				As at December 31, 2023				As at December 31, 2024			
	Expected loss rate	Gross carrying amount	Loss allowance	Net carrying amount	Expected loss rate	Gross carrying amount	Loss allowance	Net carrying amount	Expected loss rate	Gross carrying amount	Loss allowance	Net carrying amount
		RMB'000	RMB'000	RMB'000		RMB'000	RMB'000	RMB'000		RMB'000	RMB'000	RMB'000
ECL assessed collectively based on debtors' aging												
Within 90 days	5.03%	1,204,474	(60,551)	1,143,923	5.00%	1,497,846	(74,893)	1,422,953	5.00%	1,749,309	(87,464)	1,661,845
90 to 180 days	5.01%	317,744	(15,904)	301,840	5.00%	309,365	(15,468)	293,897	5.00%	304,073	(15,203)	288,870
180 to 270 days	4.58%	63,712	(3,185)	60,527	5.00%	85,389	(4,269)	81,120	5.00%	82,908	(4,146)	78,762
270 days to 1 year	5.00%	114,862	(5,277)	109,585	5.00%	162,721	(8,136)	154,585	5.00%	219,674	(10,984)	208,690
1 to 2 years	19.99%	73,043	(14,602)	58,441	19.74%	82,806	(16,348)	66,458	19.11%	122,784	(23,468)	99,316
2 to 3 years	50.00%	13,638	(6,820)	6,818	40.69%	11,804	(4,804)	7,000	47.98%	16,554	(7,943)	8,611
Over 3 years	100.00%	17,618	(17,618)	–	97.14%	18,579	(18,046)	533	97.62%	17,677	(17,256)	421
		1,805,091	(123,957)	1,681,134		2,168,510	(141,964)	2,026,546		2,512,979	(166,464)	2,346,515
Individually evaluated customers		132,901	(4,540)	128,361		158,883	(1,113)	157,770		183,987	(536)	183,451
Balance as at		1,937,992	(128,497)	1,809,495		2,327,393	(143,077)	2,184,316		2,696,966	(167,000)	2,529,966

Note: The management of the Group determined the ECL rates for portfolio of trade receivables and contract assets due from customers with reference to past-due status of such balances by estimating their default rates taking into account historical information (e.g. historical flow rate of receivables moving into the next aging bucket in the subsequent period, actual historical loss, etc.) and forward-looking information.

Movements in the allowance for expected credit losses in respect of trade receivables and contract assets during the track record period are as follows:

	Lifetime ECL (Not credit impaired)	Lifetime ECL (Credit impaired)	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2022	100,935	20,663	121,598
Transfer to credit-impaired	(2,940)	2,940	–
Impairment loss recognized/(reversed), net	25,962	(1,156)	24,806
Impairment losses written off	–	(17,907)	(17,907)
At December 31, 2022 and January 1, 2023	123,957	4,540	128,497
Transfer to credit-impaired	(933)	933	–
Impairment loss recognized/(reversed), net	18,940	(1,423)	17,517
Impairment losses written off	–	(2,937)	(2,937)
At December 31, 2023 and January 1, 2024	141,964	1,113	143,077
Transfer to credit-impaired	(1,937)	1,937	–
Impairment loss recognized/(reversed), net	26,372	(532)	25,840
Impairment losses written off	–	(1,982)	(1,982)
Exchange re-alignment	65	–	65
At December 31, 2024	166,464	536	167,000

Bills receivables

As at December 31, 2022, 2023 and 2024, the Group has exposed to credit risk on bills receivables with gross carrying amount of RMB537,350,000, RMB549,187,000 and RMB701,546,000. As part of the Group's credit risk management, the Group assessed the expected credit losses for bills receivables where RMB418,000 and RMB2,147,000 were recognized in profit or loss for the year ended December 31, 2023 and 2024, respectively, and reversal of RMB1,028,000 were recognized in profit or loss for the years ended December 31, 2022. The management of the Group considers the historical data, current and forecast of the economic environment of the debtors operate. The credit risk on the bills receivables are insignificant as the probability of default is significantly reduced after assessing the counterparties' financial background and creditability.

Movement in the loss allowance account in respect of bills receivables during the track record period is as follows:

	12m ECL
	RMB'000
At January 1, 2022	4,552
Impairment loss reversed, net	(1,028)
At December 31, 2022 and January 1, 2023	3,524
Impairment loss recognized, net	418
At December 31, 2023 and January 1, 2024	3,942
Impairment loss recognized, net	2,147
At December 31, 2024	6,089

Other receivables

As at December 31, 2022, 2023 and 2024, the Group has exposed to credit risk on others receivables with gross carrying amount of RMB52,259,000, RMB40,970,000 and RMB78,632,000. As part of the Group's credit risk management, the Group assessed the expected credit losses for other receivables where RMB144,000 and RMB1,894,000 were recognized in profit or loss for the years ended December 31, 2022 and 2024 respectively, and reversal of RMB2,501,000 were recognized in profit or loss for the year ended December 31, 2023. The management of the Group considers the historical data, current and forecast of the economic environment of the debtors operate. The credit risk on the others receivables are insignificant as the probability of default is significantly reduced after assessing the counterparties' financial background and creditability.

Movement in the loss allowance account in respect of other receivables during the track record period is as follows:

	Lifetime ECL (Not credit impaired)	Lifetime ECL (Credit impaired)	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2022	7,981	43	8,024
Transfer to credit-impaired	(784)	784	–
Impairment loss recognized/(reversed), net	154	(10)	144
Impairment losses written off		(784)	(784)
At December 31, 2022 and January 1, 2023	7,351	33	7,384
Transfer to credit-impaired	(163)	163	–
Impairment loss (reversed)/recognized, net	(2,523)	22	(2,501)
Impairment losses written off	–	(172)	(172)
At December 31, 2023 and January 1, 2024	4,665	46	4,711
Transfer to credit-impaired	(224)	224	–
Impairment loss recognized, net	1,888	6	1,894
Impairment losses written off	–	(247)	(247)
At December 31, 2024	6,329	29	6,358

Restricted and pledged bank deposits and bank balances

Credit risk on restricted and pledged bank deposits and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies or state-owned banks in the PRC.

Transferred financial assets that are derecognized in their entirety

At December 31, 2022, 2023 and 2024, the Group, endorsed certain bills receivables accepted by banks in the PRC (the "**Derecognized bills**") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB470,745,000, RMB535,417,000 and RMB673,560,000, respectively.

The Derecognized bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognized bills have a right of recourse against the Group if the PRC banks default (the "**continuing involvement**"). In the opinion of the directors, 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 not recognized any gain or loss on the date of transfer of the Derecognized bills. No gains or losses were recognized from the continuing involvement, both during the Track Record Period or cumulatively. The endorsement has been made evenly throughout the year.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilization of bank and other borrowings and ensures compliance with loan covenants.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average interest rate	On demand and/or less than 1 year	1 to 2 years	3 to 5 years	Over 5 years	Total contractual undiscounted cash flow	Total carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2022							
Trade and other payables	–	1,273,796	–	–	–	1,273,796	1,273,796
Bank and other borrowings	3.89%	1,377,239	392,723	147,395	72,016	1,989,373	1,886,946
Lease liabilities	4.52%	18,411	6,899	15,850	23,183	64,343	53,915
		2,669,446	399,622	163,245	95,199	3,327,512	3,214,657
At December 31, 2023							
Trade and other payables	–	1,498,135	–	–	–	1,498,135	1,498,135
Bank and other borrowings	3.61%	1,088,208	231,765	321,570	152,747	1,794,290	1,682,565
Lease liabilities	4.52%	6,431	5,504	15,100	18,447	45,482	37,275
		2,592,774	237,269	336,670	171,194	3,337,907	3,217,975

	Weighted average interest rate	On demand and/or less than 1 year	1 to 2 years	3 to 5 years	Over 5 years	Total contractual undiscounted cash flow	Total carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2024							
Trade and other payables	–	1,855,558	–	–	–	1,855,558	1,855,558
Bank and other borrowings	3.05%	799,093	660,213	273,099	29,867	1,762,272	1,675,925
Lease liabilities	4.07%	41,467	39,976	103,638	76,647	261,728	226,390
		2,696,118	700,189	376,737	106,514	3,879,558	3,757,873

(c) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of net debt, which includes the bank and other borrowings and lease liabilities disclosed in notes 28 and 29 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The directors of the Company review the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the maturity of lease liabilities as well as new share issues and increase of banking facilities or redemption of existing debt.

(d) Fair value measurements of financial instruments

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate their fair values at the end of each reporting period based on discounted cash flow analysis.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2022				
Equity instruments at FVTOCI	141,122	–	20,000	161,122
At December 31, 2023				
Equity instruments at FVTOCI	158,789	–	27,557	186,346
Financial assets at FVTPL	–	–	60,245	60,245
	158,789	–	87,802	246,591
At December 31, 2024				
Equity instruments at FVTOCI	145,964	–	29,879	175,843
Financial assets at FVTPL	–	–	145,169	145,169
	145,964	–	175,048	321,012

The following table presents the changes in level 3 instruments of equity instruments at FVTOCI and financial assets at FVTPL as at December 31, 2022, 2023 and 2024.

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
FVTOCI (Note (i))			
At the beginning of the year	20,000	20,000	27,557
Additions	–	11,479	–
Changes in fair value	–	(3,922)	2,322
At the end of the year	20,000	27,557	29,879
FVTPL (Note (ii))			
At the beginning of the year	–	–	60,245
Additions	80,000	260,000	2,141,000
Disposals	(80,093)	(200,345)	(2,062,406)

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Changes in fair value	93	590	6,330
At the end of the year/period	–	60,245	145,169

Notes:

(i) The fair values of equity instruments at FVTOCI as at December 31, 2022, 2023 and 2024 have been arrived at on the basis of a valuation carried out on the respective dates by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified professional valuer not connected to the Group.

	RMB'000	Valuation Techniques	Key unobservable input(s): Discount for lack of maketability ("DLOM")	Key unobservable input(s): Price-to-book value ("P/B")	Relationship of unobservable inputs to fair values
Financial assets					
Unlisted equity instruments at FVTOCI					
At December 31, 2022	20,000	Adjusted recent transaction	N/A	1.00	An increase in DLOM used would result in a decrease in the fair value measurement of the unlisted equity instruments, and vice versa.
At December 31, 2023	20,000	Market approach	15.70%	0.71	An increase in P/B used would result in an increase in the fair value measurement of the unlisted equity instruments, and vice versa.
At December 31, 2024	20,000	Market approach	15.60%	0.79	

	RMB'000	Valuation Techniques	Key unobservable input(s): Discount for lack of marketability ("DLOM")	Key unobservable input(s): EV/EBITDA Ratio	Relationship of unobservable inputs to fair values
Financial assets					
Equity investments listed in NEEQ at FVTOCI					
At December 31, 2023	7,557	Market approach	15.70%	8.10	An increase in DLOM used would result in a decrease in the fair value measurement of the equity investments listed in NEEQ, and vice versa.
At December 31, 2024	9,879	Market approach	15.60%	9.04	An increase in EV/EBITDA ratio used would result in an increase in the fair value measurement of the equity investments listed in NEEQ, and vice versa.

(ii) As at December 31, 2022, 2023 and 2024, the fair value of financial assets at FVTPL amounting to nil, RMB60,245,000 and RMB145,169,000, respectively, is determined by the spot rate quoted by the issuer of the financial products. These wealth management products are structured fixed deposits with financial institutions with maturities within one year. Details are disclosed in note 22.

If the fair values of the financial assets at FVTPL held by the Group had been 5% higher/lower, the profit before taxation for the years ended December 31, 2022, 2023, 2024 would have been approximately nil, RMB3,012,000 and RMB7,258,000, higher/lower respectively.

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the years ended December 31, 2022, 2023 and 2024.

38. RECONCILIATION OF LIABILITIES GENERATED FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities:

	Bank and other borrowings	Lease liabilities
	RMB'000	RMB'000
At January 1, 2022	2,219,865	35,467
Net financing cash flows	(417,227)	(126,073)
Non-cash transactions		
Finance cost recognized	84,308	1,239
New leases entered	–	146,728
Early termination of lease	–	(3,716)
Exchange re-alignment	–	270
At December 31, 2022 and January 1, 2023	1,886,946	53,915
Net financing cash flows	(265,386)	(18,225)
Non-cash transactions		
Finance cost recognized	61,005	2,150
New leases entered	–	22
Early termination of lease	–	(622)
Exchange re-alignment	–	35
At December 31, 2023 and January 1, 2024	1,682,565	37,275
Net financing cash flows	(56,102)	(44,236)
Non-cash transactions		
Finance cost recognized	49,462	7,079
New leases entered	–	172,781
Lease modification	–	53,547
Exchange re-alignment	–	(56)
At December 31, 2024	1,675,925	226,390

39. RELATED PARTY TRANSACTIONS

The following significant transactions were carried out between the Group and its related parties during the Track Record Period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Name and relationship with related parties

The following companies are related parties of the Group that had balances and/or transactions with the Group during the Track Record Period.

Name of related parties	Relationship with the Group
Heqiwor	Associate of the Company
Fujiawor	Associate of the Company

(b) Significant related party transactions

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Rental income from:			
Heqiwor	23	23	23
Fujiawor	23	23	23
	46	46	46

(c) Significant balances with related parties

As disclosed in the consolidated statements of financial position, the Group had outstanding balances with related parties at December 31, 2022, 2023 and 2024 as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade and other receivables from (Note (i))			
Heqiwor	–	–	6
Fujiawor	–	–	6
	–	–	12

Note:

(i) The balances with related parties are trade in nature, unsecured, interest-free and repayable on demand.

(d) Key management personnel compensations

The remuneration of directors and other members of key management during the year was as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Short-term employee benefits	8,723	8,077	8,918
Retirement benefit expense	357	303	312
Equity-settled share-based payments	–	22	21
	9,080	8,402	9,251

40. NON-WHOLLY OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of entities	Proportion of ownership interests and voting rights held by non-controlling interests			Profit allocated to non-controlling interests			Accumulated non-controlling interest		
	At December 31,			At December 31,			At December 31,		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Shanghai Keter New Materials	21.24%	21.24%	21.24%	11,991	11,336	12,135	51,386	62,773	74,908
CYG Electronics (Group)	25.00%	25.00%	25.00%	16,427	23,923	31,137	270,494	294,453	325,590
Shenzhen Woer New Energy Electric Technology	23.39%	23.29%	23.29%	13,624	15,837	20,956	34,365	74,134	94,780

Summarized financial information in respect of Shanghai Keter New Materials is set out below. The summarized financial information below represents amounts before intragroup eliminations.

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current assets	278,995	356,258	444,053
Non-current assets	181,760	190,387	326,907
Current liabilities	(172,429)	(210,678)	(289,585)
Non-current liabilities	(46,398)	(40,425)	(128,701)

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue	317,883	385,452	506,301
Total expense	(261,426)	(332,079)	(449,169)
Profit and total comprehensive income for the year	56,457	53,373	57,132
Net cash flows from operating activities	50,538	16,795	25,113
Net cash flows used in investing activities	(86,957)	(14,165)	(7,781)
Net cash flows generated from/(used in) financing activities	41,889	(18,150)	3,261
Net increase/(decrease) in cash and cash equivalents	5,470	(15,520)	20,593

Summarized financial information in respect of CYG Electronics (Group) is set out below. The summarized financial information below represents amounts before intragroup eliminations.

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current assets	904,571	989,605	1,206,109
Non-current assets	528,829	514,726	538,427
Current liabilities	(294,040)	(268,885)	(345,261)
Non-current liabilities	(57,385)	(57,635)	(96,915)

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue	964,846	1,027,333	1,186,578
Total expense	(899,139)	(931,640)	(1,062,029)
Profit and total comprehensive income for the year	65,707	95,693	124,549
Net cash flows from operating activities	189,339	171,321	94,902
Net cash flows used in investing activities	(62,096)	(45,484)	(165,481)
Net cash flows (used in)/generated from financing activities	(28,709)	(68,005)	185,009
Net increase in cash and cash equivalents	98,534	57,832	114,430

Summarized financial information in respect of Shenzhen Woer New Energy Electric Technology is set out below. The summarized financial information below represents amounts before intragroup eliminations.

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current assets	439,870	543,622	688,186
Non-current assets	26,539	73,526	134,239
Current liabilities	(316,624)	(251,096)	(372,323)
Non-current liabilities	(2,863)	(47,742)	(43,148)

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue	528,715	712,621	893,470
Total expense	(470,469)	(644,623)	(803,490)
Profit and total comprehensive income for the year	58,246	67,998	89,980
Net cash flows from/(used in) operating activities	26,918	(123,982)	61,611
Net cash flows used in investing activities	(8,963)	(21,811)	(33,277)
Net cash flows (used in)/generated from financing activities	(15,328)	151,342	9,812
Net increase in cash and cash equivalents	2,627	5,549	38,146

41. PLEDGE OF ASSETS

The Group's bank borrowings had been secured by the Group's assets and the carrying amounts of the respective assets are as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Property, plant and equipment	368,427	354,836	409,796
Right-of-use assets	53,162	51,850	54,615
Trade and other receivables	85,173	387,812	349,196
Pledge bank deposits	64,721	62,140	59,489
	571,483	856,638	873,096

The Company's bank borrowings had been secured by the Company's assets and the carrying amounts of the respective assets are as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Property, plant and equipment	186,146	180,635	121,743
Right-of-use asset	22,931	22,290	–
Trade and other receivables	11,526	54,431	79,069
Pledge bank deposits	33,109	17,354	16,491
	253,712	274,710	217,303

As at December 31, 2022, bank borrowings were secured by 75% of equity of a subsidiary with a carrying amount of interests in subsidiaries of RMB1,192,500,000.

42. OPERATING LEASING ARRANGEMENTS

All of the properties held for rental purposes have committed lessees for the next 3 years to 12 years.

Undiscounted lease payments receivable on leases are as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within one year	1,515	1,448	3,877
In the second year	1,448	1,265	3,812
In the third year	1,265	1,201	3,756
In the fourth year	1,201	900	2,828
In the fifth year	900	–	2,821
After five years	–	–	19,101
	6,329	4,814	36,195

43. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On August 8, 2022, a partially owned subsidiary, Surgwave Electronics (Shanghai) Co., Ltd. entered in an agreement with two independent third parties to acquire 100% equity interest of Shanghai Ricoro Film Co., Ltd. ("**Shanghai Ricoro**") at a consideration of RMB73,380,000. The fair value of the consideration was amounted to RMB73,380,000 as at the date of acquisition.

Shanghai Ricoro is an investment holding company incorporated in PRC which own buildings erected on leasehold land in the PRC of which the land use rights will legally expire in 2055. These buildings were built on the piece of leasehold land.

The Group elected to apply the optional concentration test in accordance with IFRS 3 "Business Combinations" and concluded that the land and buildings are considered as single identified asset.

Consequently, the Group determined that substantially all of the fair value of the gross assets acquired is concentrated in a single identified asset and concluded that the acquired set of activities and assets is not a business.

	RMB'000
Assets recognized at the date of acquisition	
Property, plant and equipment	73,380

Net cash outflow arising on acquisition of Shanghai Ricoro

	RMB'000
Consideration paid in cash	73,380
Less: cash and cash equivalents acquired	–
	73,380

44. TRANSACTION WITH NON-CONTROLLING INTERESTS

(a) Deemed partial disposal of interests in subsidiary without losing control

LTK Electric

During the year ended December 31, 2022, LTK Electric, an indirectly wholly owned subsidiary of the Company, entered into a capital injection agreement with a company owned by the founder member of the Company, Mr. Zhou Heping, and a director of the Company, Ms. Yi Huarong, and three partnerships corporates owned by certain employees of the Group ("Purchasers A") ("Agreement A"). Pursuant to Agreement A, Purchasers A agreed to contribute RMB69,774,000 to LTK Electric for 7.11% equity interests of LTK Electric. After that, the Group's effective interests in LTK Electric were diluted from 100% to 92.89%. As a result, the Group recognized an increase in non-controlling interests of approximately RMB53,383,000 and increase in equity attributable to owners of the Company of approximately RMB16,391,000.

During the year ended December 31, 2023, LTK Electric entered into a capital injection agreement with three partnerships corporates owned by certain employees of LTK Electric ("Purchasers B") ("Agreement B"). Pursuant to Agreement B, Purchasers B agreed to contribute RMB19,142,000 to LTK Electric for 1.96% equity interests of LTK Electric. After that, the Group's effective interests in LTK Electric were diluted from 92.89% to 90.93%. As a result, the Group recognized an increase in non-controlling interests of approximately RMB16,882,000 and increase in equity attributable to owners of the Company of approximately RMB2,260,000.

	2022	2023
	RMB'000	RMB'000
Carrying amount of equity interests obtained by non-controlling interests	(53,383)	(16,882)
Capital contributed by non-controlling interests	69,774	19,142
Excess of consideration received recognized within equity	16,391	2,260

(b) Acquisition of additional interests in subsidiaries without change in control

Shenzhen Woer New Energy Electric Technology

During the year ended December 31, 2023, the Company, two independent third parties ("Purchasers C") and Shenzhen Woer New Energy Electric Technology, a directly non-wholly owned subsidiary of the Company, entered into capital injection agreement. Pursuant to the agreement, the Company and the Purchasers C agreed to contributed RMB80,000,000 and RMB23,389,000 to Shenzhen Woer New Energy Electric Technology for the equity interests of 10.13% and 2.96% of Shenzhen Woer New Energy Electric Technology, respectively. After that, the Group's effective equity interests in Shenzhen Woer New Energy Electric Technology from 76.61% to 76.71%. As a results, the Group recognized an increase in non-controlling interests of RMB23,866,000 and decrease in equity attributable to owners of the Group of RMB477,000.

	2023
	RMB'000
Carrying amount of equity interests obtained by non-controlling interests	(23,866)
Capital contributed by non-controlling interests	23,389
Excess of consideration received recognized within equity	(477)

LTK Electric

During the year ended December 31, 2024, the Group acquired additional equity interest of 3.39% of LTK Electric at a consideration of approximately RMB32,566,000 from six partnerships corporate, which owned by certain employees of LTK Electric. After that, the Group's effective equity interests in LTK Electric increased from 90.93% to 94.32%. The carrying amount of the non-controlling interests in this subsidiary on the date of acquisition was approximately RMB30,317,000. The Group recognized a decrease in non-controlling interests of RMB30,317,000 and decrease in equity attributable to owners of the Company of RMB2,249,000.

	2024
	RMB'000
Carrying amount of non-controlling interests acquired	30,317
Consideration paid to non-controlling interests	(32,566)
Deficit of consideration received recognized within equity	(2,249)

45. INFORMATION OF SUPPLIER FINANCE ARRANGEMENTS

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount of the financial liabilities that are subject to supplier finance arrangements			
Presented as part of "Bank and other borrowings" (note 28)	94,482	18,653	51,049
- Of which suppliers have already received payment from the finance provider	94,482	18,653	51,049

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount of financial liabilities that are subject to supplier finance arrangements			
Presented as part of "Bank and other borrowings" (note 28)	89,543	16,408	51,049
- Of which suppliers have already received payment from the finance provider	89,543	16,408	51,049

	As at December 31,		
	2022	2023	2024
	Days	Days	Days
Range of payment due dates			
For liabilities that are part of "Bank and other borrowings"			
- Liabilities that are part of supplier finance arrangements	90-360	90-360	180-360
- Comparable trade payables that are not part of supplier finance arrangement	30-90	30-90	30-90

Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and services and subsequent cash settlements. During the years ended December 31, 2022, 2023 and 2024, borrowings under supplier finance arrangement of RMB112,826,000, RMB38,553,000 and RMB57,851,000, respectively, represent the payments to the suppliers by the relevant banks directly.

46. MAJOR NON-CASH TRANSACTIONS

During the year endeds December 31, 2022, 2023 and 2024, the Group endoresed bills receivables of RMB224,682,000, RMB226,393,000 and RMB277,516,000 to settle trade and other payables.

47. SUBSEQUENT EVENT

There were no significant events after December 31, 2024 and up to date of this report.

48. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to December 31, 2024.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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]**.

SHARE ISSUE

The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank pari passu with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by subscribers.

INCREASE, DECREASE AND REPURCHASE OF SHARES

According to the operation and development needs of the Company, subject to the laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, the Company may increase the capital by the following ways upon approval of resolutions at the Shareholders' meeting:

(i) Issuance of shares to non-particular targets;

(ii) Issuance of shares to particular targets;

(iii) Distribution of bonus shares to existing shareholders;

(iv) Converting the reserve funds into share capital;

(v) Other means required by the laws, administrative regulations, securities regulatory authority in the place where the Company's shares are **[REDACTED]** or approved by the securities regulatory authority in the place where the Company's shares are **[REDACTED]**.

The Company may decrease our registered share capital. The Company's decrease of registered share capital shall comply with the procedures stipulated in the PRC Company Law and other relevant provisions and the Articles of Association.

The Company may, pursuant to requirements of laws, administrative regulations, departmental rules and the Articles of Association, repurchase its own shares in the following circumstances:

(i) Reduce the Company's registered capital;

(ii) Merger with other companies which hold our shares;

(iii) Use the shares as an employee stock ownership plan or equity incentive plan;

(iv) Purchase its shares from shareholders, who have voted against the resolutions on the merger or division of the Company at a Shareholders' meeting upon their request;

(v) Use of shares for conversion of corporate bonds convertible into shares issued by the Company;

(vi) Necessary for the Company to maintain its value and protect the interests of the shareholders.

Subject to applicable laws and the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, the Company may repurchase its own shares by one of the following ways under the circumstances (i), (ii) and (iv) set out above:

a) by way of centralized bidding at stock exchange;

b) by way of offer;

c) other methods recognized by the securities regulatory rules of the place where the Company's shares are **[REDACTED]** and the securities regulatory authority of the place where the Company's shares are **[REDACTED]**.

If the share repurchase is made under the circumstances stipulated in (iii), (v) or (vi) above, it shall be conducted by way of open centralized trading.

The Company's repurchase of it own shares under the circumstances (i) and (ii) set out above shall be subject to approval at a Shareholders' meeting. Repurchase of the Company's shares under the circumstances (iii), (v) or (vi) set out above shall be approved at the Board meeting attended by more than two thirds of the directors.

After the Company has repurchased its shares under the foregoing provisions, such shares shall be cancelled within ten days after repurchase in the circumstance (i), or shall be transferred or cancelled within six months in the circumstances (ii) and (iv); and in the circumstances (iii), (v) or (vi) set out above, the total number of the Company's shares held by the Company shall not exceed 10% of its total issued shares, and shall be transferred or cancelled within three years.

SHARE TRNASFER

Shares of the Company shall be transferred in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are **[REDACTED]** and the Articles of Association.

The Directors and senior management personnel of the Company shall notify the Company of their holdings of shares of same class in the Company and the changes therein. The shares transferrable by them during each year of their tenures as determined on their appointment shall not exceed 25% of their total holdings of shares of same class in the Company. The shares in the Company held by them shall not be transferred within one year from the date on which the Company's shares are **[REDACTED]** for **[REDACTED]**. The shares in the Company held by them shall not be transferred within half a year from their departure from the Company.

Any gains from sale of Company's shares or other securities with an equity nature by the Directors and senior management members or shareholders holding over 5% of the Company's shares within six months after their purchase of the same, and any gains from the purchase of the shares or other securities with an equity nature by any of the aforesaid parties within six months after sale of the same shall be disgorged and paid to the Company, and the Board of Directors of the Company shall be responsible for recovering such gains from the above mentioned parties. However, a securities company which holds over 5% of the Company's shares as a result of its undertaking of the untaken shares in an offer or there are other circumstances stipulated by the CSRC, sale those Company's shares shall not be subject to the six-month time limit.

Shares or other securities with the nature of equity held by Directors, senior executives and individual shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other people's accounts.

If the Board of Directors of the Company fails to implement the provisions mentioned above, the responsible Directors shall bear joint and several liability in accordance with law.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

General Provisions of Shareholders

The Company shall make a register of shareholders on the basis of the certificates provided by the securities registrar of the place where the Company's shares are **[REDACTED]**. The register of shareholders shall be the sufficient evidence proving the holding of the shares of the Company by the shareholders. The original register of shareholders of H Shares **[REDACTED]** in Hong Kong is kept in Hong Kong and is available for inspection by shareholders. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

When the Company holds a Shareholders' meeting, distributes dividends, liquidates and engages in other acts requiring confirmation of shareholdings, the Board of Directors or the convener of the Shareholders' meeting shall decide the share register date, and shareholders who registered after market close on the share register date are entitled to relevant rights and interests.

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Hong Kong Listing Rules") on the period of closure of register of members before the Shareholders' meeting or the reference date for the Company's distribution of dividends shall prevail.

The rights of our shareholders are as follows:

(i) to receive distribution of dividends and other forms of benefits according to the number of shares held;

(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 operational activities of the Company, provide suggestions or submit queries;

(iv) to transfer, grant or pledge shares they held according to the provisions of the laws, administrative regulations and the Articles of Association;

(v) to read the Articles of Association, the list of shareholders, Company bond stubs, Shareholders' meeting minutes, resolutions of meetings of the Board of Directors, and financial and accounting reports;

(vi) to participate in the distribution of the remaining assets of the Company according to the proportion of shares held upon our termination or liquidation;

(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, or the Articles of Association.

Where any shareholder demands to read the relevant information or obtain any of the aforesaid materials, he/she shall submit to the Company written documents proving the class(es) and number of share he/she holds in the Company. The Company shall provide the same in accordance with the shareholder's demand after verifying the shareholder's identity.

In the event that any resolution of the Shareholders' meeting or resolution of the Board of Directors violates laws or administrative regulations, the shareholder is entitled to request the People's Court to deem it as invalid.

If the convening procedure or voting method of the Shareholders' meeting or the Board meeting violates laws, administrative regulations or the Articles of Association, or the content of the resolution violates the Articles of Association, the shareholders shall have the right to request the People's Court to revoke such resolution within sixty days from the date of the resolution. However, this shall not apply if the convening procedure or voting method of a Shareholders' meeting or Board meeting has only minor defects that do not have a material impact on the resolution.

Where a director or a senior management personnel other than the member of the Audit Committee violates any laws, administrative regulations or the Articles of Association in the course of performing his or her duties and thereby causes losses to the Company, the shareholders individually or jointly holding more than 1% of the

Company's shares for 180 consecutive days or more shall have the right to request, in written form, the Audit Committee to initiate a legal proceeding in the people's court. Where a member of the Audit Committee violates any laws, administrative regulations or the Articles of Association in the course of performing his or her duties and thereby causes losses to the Company, the aforesaid shareholders may request, in written form, the Board of Directors to initiate a legal proceeding in the people's court.

In the event that the Audit Committee and the Board of Directors refuse to initiate legal proceedings upon receiving the written request from a shareholder, as specified in the preceding paragraph, or fails to initiate such legal proceedings within 30 days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will cause irreparable damage to the Company's interests, shareholders mentioned in the preceding paragraph shall have the right to initiate legal proceedings in the people's court directly in their own names for the benefit of the Company.

Where the legitimate rights and interests of the Company are damaged and the Company thereby suffers any loss, the shareholders individually or collectively holding over 1% of the Company's shares for 180 consecutive days may initiate a legal proceeding in the people's court in accordance with the provisions of the preceding two paragraphs.

Where any director or a senior management personnel damages the shareholders' interests by violating any laws, administrative regulations or the Articles of Association, the shareholders may initiate a legal proceeding in the people's court.

The obligations of shareholders are as follows:

(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 return shares unless prescribed otherwise in laws and administrative regulations;

(iv) not to abuse shareholders' rights to infringe upon the interests of the Company or other shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of shareholders to damage the interests of the Company's creditors;

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 the law.

Any shareholder who abuses the status of the Company as an independent legal entity or the limited liability of shareholders to evade debts and seriously damages the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

(v) other duties that shall be assumed as stipulated by laws, administrative regulations and the Articles of Association.

General Provisions for Shareholders' Meetings

Shareholders' meeting of the Company comprises all shareholders. The Shareholders' meeting is the organ of authority of the Company, which exercises its powers in accordance with laws:

(i) to elect and remove the Directors (other than the employee representatives) and to decide on matters relating to the remuneration of Directors;

(ii) to examine and approve reports of the Board of Directors;

(iii) to examine and approve the Company's proposals for profit distribution plans and loss recovery plans;

(iv) to decide on any increase or decrease of the Company's registered capital;

(v) to decide on the issuance of bonds by the Company;

(vi) to decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;

(vii) to amend the Articles of Association;

(viii) resolution on appointment and dismissal of an accounting firm that provides audits for the Company;

(ix) to examine and approve the provision of guarantees stipulated in Article 42 of the Articles of Association;

(x) to examine matters relating to the purchases and disposals of the Company's material assets within one year, which exceed 30% of the Company's latest audited total assets;

(xi) to examine and approve matters relating to changes in the use of **[REDACTED]**;

(xii) to examine the equity incentive plans and employee stock ownership plans;

(xiii) to examine other matters as required by the laws, administrative regulations, departmental rules, or the Articles of Association, which shall be decided by the Shareholders' meeting.

The Shareholders' meeting may authorize the Board of Directors to make resolutions on issuance of bonds by the Company.

Except for otherwise provided by laws, administrative regulations, requirements of the CSRC or the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, the aforesaid powers of the Shareholders' meeting shall not be exercised by the Board of Directors or any other institution or individual on its behalf upon authorization.

The following acts of external guarantee by the Company shall be submitted to the Shareholders' meeting for deliberation and approval:

(i) any guarantee to be provided after the total amount of external guarantees provided by the Company and its controlling subsidiaries has exceeded 50% of the Company's net assets as audited in the latest period;

(ii) any guarantee to be provided after the total amount of external guarantees provided by the Company and its controlling subsidiaries has exceeded 30% of the Company's total assets as audited in the latest period;

(iii) any guarantee to be provided to a party whose ratio of liabilities to assets exceeds 70% as per its most recent financial statements;

(iv) a single guarantee for an amount of more than 10% of the net assets audited in the latest period;

(v) the guarantee to be provided to a shareholder, or to de facto controller or related party thereof;

(vi) based on the cumulative guarantee amount within latest twelve months, guarantee with a total amount exceeding 30% of the Company's total assets audited in the latest period;

(vii) Other guarantees stipulated by the CSRC, stock exchanges or the Articles of Association.

The following acts of external financial assistance of the Company shall be submitted to the Shareholders' meeting for deliberation and approval:

(i) any financial assistance to be provided to a party whose ratio of liabilities to assets exceeds 70% as per its most recent financial statements;

(ii) a single financial assistance or cumulative financial assistance provided within any consecutive 12 months with amount of more than 10% of the Company's net assets audited in the latest period;

(iii) Other circumstances stipulated by Shenzhen Stock Exchange or the Articles of Association.

The Company shall not provide financial assistance to any Director, senior management personnel, controlling shareholder, de facto controller and other connected persons.

Where the Company provides financial assistance to other connected persons, it shall submit the same for consideration at a Shareholders' meeting and connected shareholders shall abstain from voting on the matter when it is considered at the Shareholders' meeting.

Shareholders' meetings comprise annual Shareholders' meetings and extraordinary Shareholders' meetings. An annual Shareholders' meeting shall be held once a year and within six months after the end of the prior accounting year.

The Company shall convene an extraordinary Shareholders' meeting within two months from the date of the occurrence of any of the following circumstances:

(i) the number of directors is less than the number provided for in the PRC Company Law or less than two-thirds of the number prescribed in the Articles of Association;

(ii) the losses of the Company that have not been made up reach one-third of its total share capital;

(iii) such is requested by a shareholder alone or shareholders jointly holding over 10% of the Company's voting shares;

(iv) when the Board considers it necessary;

(v) when the Audit Committee proposes that such a meeting shall be held;

(vi) other circumstances as specified by laws, administrative regulations, department rules, securities regulatory rules of the place where the shares of the Company are **[REDACTED]** or the Articles of Association.

Convening of Shareholders' Meetings

Independent directors shall have the right to propose to the Board of Directors to convene an extraordinary Shareholders' meeting and the exercise of such power by the independent directors shall be approved by more than half of all independent directors. Regarding the proposal requesting to convene an extraordinary Shareholders' meeting by independent directors, the Board of Directors shall give a written reply stating its agreement or disagreement to the convening of the extraordinary Shareholders' meeting within 10 days after receiving the proposal in accordance with the laws, administrative regulations and the Articles of Association.

Where the Board of Directors approves the convening of the extraordinary Shareholders' meeting, it shall send the notice thereof within 5 days after the said approval resolution of the Board of Directors; otherwise, the reasons for such disapproval shall be stated and announced.

The Audit Committee shall have the right to propose to the Board of Directors to convene an extraordinary Shareholders' meeting and such proposal shall be submitted in writing. The Board of Directors shall give a written reply stating its agreement or disagreement to the convening of the extraordinary Shareholders' meeting within 10 days after receiving the proposal in accordance with the laws, administrative regulations and the Articles of Association. If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, a notice for convening such meeting shall be issued within 5 days after the date of the resolution of the Board of Directors and any changes to the original proposal contained in the notice shall be subject to the approval of the Audit Committee.

If the Board of Directors disagrees to convene the extraordinary Shareholders' meeting or does not give any written reply within 10 days after receiving the proposal, the Board of Directors shall be deemed as failing to perform the duty of convening a Shareholders' meeting. In such cases, the Audit Committee may convene and preside over the meeting.

Shareholders individually or jointly holding more than 10% of shares of the Company are entitled to request the Board of Directors in writing to convene an extraordinary Shareholders' meeting. The Board of Directors shall, in accordance with the requirements of laws, administrative regulations and the Articles of Association, reply with a written opinion to state whether it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the request.

If the Board of Directors agrees to convene the extraordinary Shareholders' meeting, it shall issue a notice of convening the Shareholders' meeting within 5 days after the date of the resolution of the Board of Directors. Any changes made to the original proposal in the notice shall be agreed by the relevant shareholders.

If the Board of Directors disagrees to convene the extraordinary Shareholders' meeting or does not reply within 10 days upon receipt of the proposal, shareholders individually or jointly holding more than 10% of the shares of the Company are entitled to request the Audit Committee in writing to convene an extraordinary Shareholders' meeting.

If the Audit Committee agrees to convene the extraordinary Shareholders' meeting, it shall issue a notice of convening the Shareholders' meeting within 5 days upon receipt of the proposal. Any changes made to the original proposals in the notice shall be agreed upon by the relevant shareholders.

If the Audit Committee does not issue the notice of a Shareholders' meeting within the prescribed period, it shall be deemed as the Audit Committee not convening and not holding the Shareholders' meeting. Then the shareholders individually or jointly holding more than 10% of the shares of the Company for more than 90 consecutive days are entitled to convene and hold the meeting by themselves.

Where the Audit Committee or shareholders decide to convene a Shareholders' meeting by themselves, a written notice shall be submitted to the Board of Directors and a file shall be made with the stock exchange.

Before making an announcement on the resolution(s) of the Shareholders' meeting, the shareholders convening the meeting shall hold not less than 10% of the shares.

The Audit Committee or the shareholders convening the meeting shall submit relevant evidencing materials to the stock exchange before the notice of Shareholders' meeting and the announcement on resolutions of the Shareholders' meeting are dispatched.

Where the Audit Committee or shareholders convene and hold a Shareholders' meeting by themselves, the expenses necessarily accrued therefrom shall be borne by the Company.

Proposals and Notices of Shareholders' Meetings

The Company may convene a Shareholders' meeting, and the Board of Directors, the Audit Committee, as well as shareholders who individually or collectively hold more than 1% of the Company's shares, have the right to submit proposals to the Company.

Shareholders who individually or collectively hold more than 1% of the Company's shares may submit a temporary proposal in writing to the convener 10 days prior to the Shareholders' meeting. The convener shall issue a supplementary notice of the Shareholders' meeting within 2 days after receiving the proposal, announcing the content of the temporary proposal and submit the temporary proposal for consideration at the Shareholders' meeting. However, this does not apply if the temporary proposal violates the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are **[REDACTED]** or the Articles of Association, or if it is not within the scope of the Shareholders' meeting's authority.

Except for the circumstances specified in the preceding paragraph, after the convener has issued the notice of the Shareholders' meeting, it shall not modify the proposals already **[REDACTED]** in the notice or add new proposals.

Any proposal that is not stated in the notice of the Shareholders' meeting or do not comply with the Articles of Association shall not be voted and approved at the Shareholders' meeting.

The convener shall notify each shareholder by announcement at least 21 days before the annual Shareholders' meeting, and at least 15 days before the extraordinary Shareholders' meeting.

When calculating the period for giving notice, the day of the meeting shall not be included.

A notice of a Shareholders' meeting shall include the following:

(i) the time, venue and duration of the meeting;

(ii) matters and proposals submitted to the meeting for consideration;

(iii) a prominent written statement that all shareholders are entitled to attend Shareholders' meeting and are entitled to appoint in writing a proxy to attend and vote at the meeting and that such proxy need not be a shareholder of the Company;

(iv) the record date of registration of shareholders entitled to attend the Shareholders' meeting;

(v) the name and telephone number of the regular contact person for the meeting.

CONVENING OF SHAREHOLDERS' MEETINGS

All shareholders registered on the share right registration date or their proxies shall be entitled to attend the general meetings and exercise voting rights in accordance with relevant laws, regulations and these Articles of Association.

Shareholder may attend the Shareholders' meeting in person, or appoint proxy(ies) to attend or vote on behalf of such shareholder.

Individual shareholder attending the meeting in person shall present his or her identity card or other valid license or certificate that can prove his or her identity. Proxies attending the meeting on others' behalf shall present valid proof of their identities and the power of attorney from the appointing shareholder.

Corporate shareholders shall attend the meeting by its legal representative or the proxy appointed by its legal representative. Where the legal representative attends the meeting, he shall present his identification card and valid proof that can prove his qualification as legal representative, copy of business license (with official seal) and valid proof of equity; and where he appoints a proxy to attend the meeting, the proxy shall present his own identification card , and the written power of attorney, copy of business license (with official seal) and valid proof of equity legally issued by the legal representative of the corporate shareholder (except for shareholders that are recognized clearing houses and their proxies).

If the said shareholder is a recognized clearing house (or its agent) as defined by relevant laws and regulations of the place where the Company's shares are **[REDACTED]**, the shareholder may authorize one or more suitable persons or corporate representatives to act as its representative at any general meeting (including but not limited to Shareholders' meeting and creditors' meeting); however, if more than one person are authorized,the proxy form shall clearly indicate the number and types of shares each person is authorized in relation to. The proxy form shall be signed by authorized person(s) of the clearing house. The persons after such authorization may represent the recognized clearing house (or its agent) to attend such meetings (without the need to produce evidence in respect of shareholding, notarized authorization and/or further evidence to prove due authorization) to exercise the rights, speak at the meeting and exercise rights (including but not limited to voting rights) as if they were the individual shareholders of the Company.

Voting and Resolutions of the Shareholders' Meeting

Resolutions of the Shareholders' meeting shall be divided into ordinary resolutions and special resolutions. An ordinary resolution at a Shareholders' meeting shall be passed by a majority of the votes held by the shareholders (including shareholders' proxies) present at the Shareholders' meeting. A special resolution at a Shareholders' meeting shall be passed by at least two-thirds of the votes held by shareholders (including shareholders' proxies) present at the Shareholders' meeting.

The following matters shall be resolved by an ordinary resolution at a Shareholders' meeting:

(i) work reports of the Board of Directors;

(ii) profit distribution proposals and loss recovery proposals of the Board of Directors;

(iii) appointment and removal of members of non-employee representative directors, their emolument and manner of payment;

(iv) annual reports of the Company;

(v) matters other than those required by laws, administrative regulations, requirements of securities regulatory rules of the place where the Company's shares are **[REDACTED]** or by the Articles of Association to be adopted by special resolution.

The following matters shall be resolved by a special resolution at a Shareholders' meeting:

(i) increase or reduction of the Company's registered capital;

(ii) the split, division, merger, dissolution and liquidation of the Company;

(iii) amendments to the Articles of Association;

(iv) the Company's purchase or disposal of major assets within one year or guarantee amount exceeding 30% of the latest audited total assets of the Company;

(v) the share incentive plan;

(vi) other matters required to be resolved by way of a special resolution by the laws, administrative regulations or the Articles of Association, and matters which, according to an ordinary resolution of the Shareholders' meeting, may have a significant impact on the Company and shall be resolved by way of a special resolution.

Shareholders (including proxies thereof) may exercise their voting rights based on the number of voting shares they represent. Each share is entitled to one vote, unless individual shareholders are required to abstain from voting on individual matters in accordance with the securities regulatory rules of the place where the shares of the Company are **[REDACTED]**. On a poll taken at a meeting, a shareholder (including proxy thereof) entitled to two or more votes need not cast all his/her/its votes in the same way.

When considering the material matters affecting the interests of minority investors at the Shareholders' meeting, the votes by minority investors shall be counted separately, and the results of such separate vote counting shall be publicly disclosed in a timely manner.

The shares of the Company held by the Company do not carry voting rights, and shall not be counted in the total number of voting shares represented by shareholders attending a Shareholders' meeting.

Shareholders who purchase the voting shares of the Company in violation of the provisions of Clause 1 and Clause 2 of Article 63 of the Securities Law shall not exercise the voting right of the shares that exceed the prescribed ratio within thirty-six months after the purchase, and such number shall not be counted in the total number of voting shares represented by shareholders attending a Shareholders' meeting.

The Board, independent directors and shareholders who hold more than 1% of voting shares of the Company or investors protection institutes established in accordance with laws, administrative regulations or rules of the CSRC may publicly solicit for the voting rights from shareholders. Information including the specific voting intention shall be fully disclosed to the shareholders from whom voting rights are being collected. Consideration or de facto consideration for soliciting shareholders' voting rights is prohibited. Except for statutory conditions, the Company shall not impose any minimum shareholding limitation for soliciting voting rights.

DIRECTORS AND BOARD OF DIRECTORS

General Provisions of Directors

Directors of the Company comprise executive Directors, non-executive Directors and independent Directors. Directors of the Company shall be natural persons. A person may not serve as a Director of the Company if he is:

(i) a person who does not have or who has limited capacity for civil acts;

(ii) a person who has been sentenced to criminal punishment for corruption, bribery, infringement of property, misappropriation of property or for damaging the order of the socialist market economy, or who has been deprived of his/her political rights due to criminal offense, where less than 5 years have elapsed since the sentence was served, or less than 2 years have elapsed since the date of expiration of the probationary period if such person is sentenced to probation;

(iii) a person who served as a director, or factory director or manager and who bore personal liability for the bankruptcy liquidation of a company or enterprise, where less than 3 years have elapsed since the date of completion of the bankruptcy liquidation of such company or enterprise;

(iv) a person who served as a legal representative of a company or enterprise which had its business license revoked and was ordered to close down due to violation of law and who bore personal liability for such violation, where less than 3 years have elapsed since the date of the revocation of business license and order to close down of such company or enterprise;

(v) a person who has a relatively large amount of debts which have fallen due but have not been settled and was listed as a dishonest person subject to enforcement by the people's court;

(vi) a person who is banned by the CSRC from entering into the securities market for a period which has not yet expired;

(vii) the period of being publicly identified by the stock exchange as unsuitable to serve as directors and senior management members of listed companies has not yet expired;

(viii) Other contents required by the laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed.

Directors shall comply with laws, administrative regulations and the Articles of Association, and shall owe the following duties of loyalty to the Company and take measures to avoid the conflict between their own interests and those of the Company and shall not seek any improper interests by taking advantage of their powers.

Directors shall bear the following duties of loyalty to the Company:

(i) not to expropriate the Company's property or misappropriate the Company's funds;

(ii) not to open any account in their own name or in any other name for the deposit of the Company's funds;

(iii) not to exploit their positions to accept bribes or obtain other illegal income;

(iv) not to enter into any contract or transaction, directly or indirectly, with the Company without reporting to the Board or the general meeting and approval by a resolution of the Board or the general meeting in accordance with the provisions of the Articles of Association;

(v) not to use the advantages of his/her position to obtain for himself/herself or for others business opportunities attributable to the Company, unless it has been reported to the Board or the general meeting and approved by a resolution of the general meeting, or the Company is forbidden to use such business opportunities in accordance with the provisions of laws, administrative regulations or the Articles of Association;

(vi) not to operate a business similar to that of the Company for his/her own account or on behalf of others without reporting to the Board or the general meeting and approval bya resolution of the general meeting;

(vii) not to accept commissions from others on transactions with the Company for their own benefit;

(viii) not to disclose secrets of the Company without authorization;

(ix) not to use their connected relations to impair the interests of the Company;

(x) other obligations of loyalty stipulated by laws, administrative regulations, department rules and the Articles of Association.

The income obtained by the Directors in violation of the provisions of this Article shall belong to the Company; losses caused to the Company by such persons shall be indemnified by the same.

In compliance with the laws, administration regulations and the Articles of Association, the Directors shall perform obligations of diligence to the Company and exercise the reasonable care normally expected of management personnel in the best interests of the Company in the performance of their duties.

The Directors shall have the following obligations of diligence to the Company:

(i) to exercise the rights conferred by the Company prudently, conscientiously and diligently to ensure that the Company's commercial acts comply with the requirements of national laws and administrative regulations and various national economic policies,and that its commercial activities do not exceed the scope of business specified in the business license;

(ii) to treat all shareholders fairly;

(iii) to keep abreast of the Company's business operation and management status;

(iv) to sign written confirmation on regular reports of the Company and to ensure the integrity, accuracy and completeness of the information disclosed by the Company;

(v) to truthfully provide relevant information and materials to the Audit Committee and shall not impede the Audit Committee in the exercise of their duties and powers;

(vi) other obligations of diligence as stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

The Board of Directors

The Board of Directors of the Company consists of nine Directors, including three non-employee representative Directors, three independent Directors. At least one independent Director shall be accounting professional who meets the relevant regulations. The Board of Directors shall have one chairman and one vice chairman.

The Board of Directors shall exercise the following duties and powers:

(i) to convene Shareholders' meetings and report to Shareholders' meetings;

(ii) to implement the resolutions of the Shareholders' meeting;

(iii) to determine the operation plans and investment plans of the Company;

(iv) to formulate the profit distribution plans and loss recovery plans of the Company;

(v) to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;

(vi) to formulate plans for substantial acquisition, repurchase of the Company's shares, or merger, division, dissolution and change of corporate form of the Company;

(vii) under the provision of the Articles of Association, to decide on the repurchase of the Company's shares applied for the purpose of employee stock ownership plan or equity-based incentives, converting the shares into corporate bonds issued by listed company/companies that could be converted into shares or, where it is necessary, maintaining the Company's value and shareholders' rights;

(viii) to decide on external investment, acquisition and disposal of assets, pledge of assets, external guarantee, entrusted wealth management, connected transactions, external donations and other matters under the authority granted by the Shareholders' meeting;

(ix) to determinate the structure of the Company's internal management organization;

(x) to decide on the appointment or removal of the Company's manager, Secretary to the Board and other senior management personnel, and determine their remunerations matters and incentives and disincentives matters; and, based on the recommendations of the manager, to decide on the appointment or removal of such senior management personnel as the vice manager(s) and financial controller of the Company;

(xi) to develop the basic management system of the Company;

(xii) to formulate the amendment to the Articles of Association;

(xiii) to manage the information disclosure of the Company;

(xiv) to propose to the Shareholders' meeting the engagement or replacement of the accounting firm that provides audits for the Company;

(xv) to debrief the work report of the manager of the Company and check the works of the manager;

(xvi) other functions and powers granted by the laws, administrative regulations, departmental rules, the Articles of Association or the Shareholders' meeting. Matters beyond the scope of authorization of the Shareholders' meeting shall be submitted for consideration at the Shareholders' meeting.

Where a Director is connected to the enterprise involved in the resolution of the Board meeting, he/she shall not exercise the right to vote on the resolution, nor shall he/she exercise the right to vote on behalf of another Director. The Board meeting can be held by more than half of the uninterested Directors. The resolutions of the Board meeting shall be adopted by more than half of the uninterested Directors. If the number of uninterested Directors present at the Board meeting is less than three, the matter shall be submitted to the Shareholders' meeting for consideration.

Special Committees under the Board

The Audit Committee shall comprise three directors, all of whom shall be non-executive Directors who do not hold any senior management position in the Company. The majority of the members shall be independent Directors. Among the members, there shall be an accounting professional who meets relevant provisions and the convenor shall be the accounting professional among independent non-executive Directors.

The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, and supervising and evaluating internal and external auditing work and internal control. The following matters shall be submitted to the Board of Directors for consideration after being approved by more than half of all Audit Committee members:

(i) Disclosure of financial information in the financial accounting report and periodic report, as well as the internal control and evaluation report;

(ii) Engagement or dismissal of the accounting firm performing audit of the Company;

(iii) Appointment or dismissal of the officer in charge of finance of the Company;

(iv) Change of accounting policies, accounting estimates or correction of material accounting errors for reasons other than changes in accounting standards;

(v) Other matters as stipulated by laws, administrative regulations, regulatory rules of the place where the Company's shares are listed, provisions of stock exchanges and the Articles of Association.

Under the Board of Directors there shall be other special committees as a Strategy and Investment Decision-making Committee, a Remuneration and Appraisal Committee and a Nomination Committee, to perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors, and the proposals of the special committees shall be submitted to the Board of Directors for consideration and decision. The detailed rules for the work of the special committees shall be formulated by the Board of Directors. Independent Directors shall constitute the majority of the Remuneration and Appraisal Committee and the Nomination Committee, who shall also serve as the convener.

SENIOR MANAGEMENT PERSONNEL

The Company has one general manager, who will be nominated by the chairman and appointed or dismissed at the discretion of the Board.

The Company has several deputy general managers, who will be appointed or dismissed at the discretion of the Board.

The Company's general manager, deputy general manager, financial controller and secretary to the Board are senior management personnel of the Company.

The general manager shall be accountable to the Board and exercise the following functions and powers:

(i) to be in charge of the production, operation and management of the Company, to organise the implementation of the resolutions of the Board, and to report on his or her work to the Board;

(ii) to arrange for the implementation of the Company's annual business plans and investment plans; to be entitled to approve investment projects with a total external investment amount not exceeding 5% of the most recently audited net assets, within the investment plan approved by the Board;

(iii) to draft the plan for establishment of the Company's internal management organisation;

(iv) to draft the Company's basic management system;

(v) to formulate the detailed rules and regulations of the Company;

(vi) to request the Board to engage or dismiss deputy general manager and chief financial officer;

(vii) to decide on the appointment or dismissal of management personnel other than those to be engaged or dismissed by the Board;

(viii) other functions and powers granted by the Articles of Association or the Board.

The Company shall have a secretary to the Board, who shall be responsible for the preparation of the Shareholders' meetings and Board meetings of the Company, keeping of documents, management of shareholders' information of the Company and handling matters such as information disclosure. The secretary to the Board shall comply with the relevant provisions of laws, administrative regulations, departmental rules and the Articles of Association.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting and Profit Distribution Systems

The Company shall submit and disclose its annual reports to the securities regulatory authority in the place where the Company's shares are listed and stock exchanges within four months upon the expiration of each fiscal year, and its interim reports to the securities regulatory authority in the place where the Company's shares are listed and stock exchanges within two months upon the expiration of the first six months of each fiscal year.

The above-mentioned annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations, the CSRC and requirements of stock exchanges.

The Company shall not set up any other accounting books except for the legal accounting books. The funds of the Company shall not be deposited into an account established in the name of any individual.

When the Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into the statutory reserve fund. The Company may not withdraw statutory common reserve fund if the cumulative amount has exceeded 50% of the Company's registered capital.

Where the statutory common reserve fund of the Company is not sufficient to recover its losses in the previous years, the profits of the current year shall be used to make up the loss before the withdrawing of the statutory common reserve fund in accordance with the above provisions.

After withdrawing the statutory common reserve fund from the after-tax profit by the Company, the discretionary reserve may be withdrawn from the after-tax profit with the approval from the Shareholders' meeting.

After the Company has made up its losses and made allocations to its common reserves, the remaining after-tax profits shall be distributed in proportion to the shareholdings of its shareholders, unless these Articles of Association provide that distributions are to be made otherwise than proportionally.

If the Shareholders' meeting violates the aforesaid provision and distributes profits to shareholders before the Company has made up its losses and made allocations to its statutory common reserve fund, the shareholders shall return the profits distributed in violation of the provisions to the Company.

The Company's shares held by the Company shall not be subject to profit distribution.

The Company shall appoint one or more payment receiving agents in Hong Kong for shareholders of H shares. The payment receiving agent shall receive and hold on behalf of such shareholders of H shares any dividends allocated to H shares and other amounts payable by the Company, for future payments to such shareholders of H shares. The payment receiving agent appointed by the Company shall satisfy the requirements under the laws and regulations and the securities regulations and rules of the places where the Company's shares are **[REDACTED]**.

The Company's common reserves shall be used to make up the Company's losses, to expand the Company's production and operations or, through conversion into capital, to increase the Company's registered capital.

In the case of making up the Company's losses, the discretionary common reserve and legal common reserve shall be utilized firstly; and, if any shortfall, the capital common reserve may be utilized in accordance with the regulations.

When funds in the statutory common reserve are converted into registered capital increase, the funds remaining in such reserve will not be less than 25% of the Company's registered capital before the conversion.

Internal Audit

The Company shall implement the internal audit system, which specifies the leadership mechanism, responsibility and authority, staffing, financial security, use of audit results and accountability in respect of internal audit work. The internal audit organization of the Company supervises and inspects the business activities, risk management, internal control, financial information and other matters of the Company.

Employment of Accounting Firms

The Company employs an accounting firm that complies with the provisions of the Securities Law to conduct audits of accounting statements, internal control audit, verification of net assets and other related consulting services for a period of one year, which may be renewed.

Employing and dismissing an accounting firm for the Company shall be decided by a Shareholders' meeting through an ordinary resolution. The Board shall not appoint an accounting firm before a Shareholders' meeting is held.

The Company shall guarantee to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the hired accounting firm, and shall not refuse, conceal or make false reports.

The remuneration or method of determining the remuneration of an accounting firm shall be determined by the Shareholders' meeting.

When the Company dismisses or does not renew the employment of an accounting firm, it shall give a 30-day prior notice to the accounting firm, and the accounting firm shall have the right to state its opinions at the general meeting where a voting process concerning the dismissal of such accounting firm is carried out.

Where an accounting firm tenders its resignation, it shall inform the Shareholders' meeting of whether there is any irregularity in the Company.

MERGER, DIVISION, CAPITAL INCREASE AND REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Reduction

Merger of the Company may take the form of merger by absorption or merger by new establishment.

A company absorbs other companies as an absorption merger, and the absorbed company is dissolved. The merger of two or more companies to create a new company is a new merger, and the merging parties are dissolved.

In the case of a merger, parties to the merger shall execute a merger agreement, and shall prepare the balance sheets and a schedule of assets. The Company shall notify its creditors within 10 days from the date of making the merger resolution, and make an announcement in a media the Company designated for information disclosure or on the National Enterprise Credit Information Publicity System within 30 days. Creditors may require the Company to pay off debts or provide corresponding guarantees within 30 days from the date of receiving the announcement or within 45 days from the date of announcement if they fail to receive it.

In the event of a merger of companies, the debts and liabilities of the merging parties shall be inherited by the surviving company or the new company established after the merger.

If the Company is to be divided, its property shall be divided accordingly.

For the division of the Company, a balance sheet and a list of assets shall be prepared. The Company shall notify its creditors within ten days from the date of making the resolution on division, and make an announcement in media the Company designated for information disclosure or on the National Enterprise Credit Information Publicity System within 30 days. Where there are provisions under the rules of the places where the Company's shares are **[REDACTED]**, such provisions shall prevail.

The Company shall prepare a balance sheet and a property list for any reduction of registered capital.

The Company shall notify its creditors within 10 days from the date of making the resolution on decrease of registered capital, and make an announcement in a media the Company designated for information disclosure or on the National Enterprise Credit Information Publicity System within 30 days. Creditors may require the Company to pay off debts or provide corresponding guarantees within 30 days from the date of receiving the announcement or within 45 days from the date of announcement if they fail to receive it.

Where the merger or division of the Company results in a change in its registered particulars, such change shall be registered with the company registrar according to law.Where the Company is dissolved, it shall cancel its registration according to law. Where a new company is established, its establishment shall be registered according to law.

The increase or reduction of the Company's registered capital shall be registered with the company registrar according to law.

DISSOLUTION AND LIQUIDATION

The Company shall be dissolved for the following reasons:

(i) Expiry of term of business stipulated in the Articles of Association or occurrence of any other trigger for dissolution stipulated in the Articles of Association;

(ii) The Shareholders' meeting adopts a resolution to dissolve;

(iii) The Company needs to be dissolved for the purpose of merger or division;

(iv) The business license is revoked, or the Company is ordered to close or be eliminated according to applicable law;

(v) Where the Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the shareholders, and the difficulties may not be overcome through other means, shareholders who hold more than 10% of voting rights of the Company may request the People's Court to dissolve the Company.

If the Company falls under the circumstance (i) above, it may continue to exist by amending the Articles of Association.

Any amendment to the Articles of Association in accordance with the provisions of the preceding paragraph shall be approved by more than 2/3 of the voting rights held by the shareholders attending the Shareholders' meeting.

The Directors, as the obligor of the Company's liquidation, shall form a liquidation committee to carry out the liquidation within 15 days from the date when the cause of dissolution arises. The liquidation committee shall comprise the Directors, unless the Shareholders' meeting resolves to elect another person. Where the Company is dissolved due to the provisions set forth in (i), (ii), (iv) and (v) above, the Company shall be liquidated.

Within 10 days of the establishment of the liquidation committee, the creditors shall be notified and an announcement shall be published in the information disclosure media designated by the Company or the National Enterprise Credit Information Publicity System within 60 days. The creditors shall declare their claims to the liquidation committee within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received.

If the liquidation committee, after liquidating the Company's properties and preparing a balance sheet and property list, finds that the Company's properties are insufficient to settle its debts, it shall apply for bankruptcy liquidation with the People's Court in accordance with the law. After the People's Court accepts the bankruptcy application, the liquidation committee shall transfer the liquidation affairs to the bankruptcy administrator appointed by the People's Court.

After the Company is declared bankrupt according to law, the company implement insolvency and liquidation according to the law of insolvency.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

Under any of the following circumstances, the Company shall amend the Articles of Association:

(i) Following the revision of the PRC Company Law or relevant laws and administrative regulations, matters stipulated in the Articles of Association contradict the provisions of the revised laws and administrative regulations;

(ii) There is any change to the Company's particulars which result in inconsistency with the matters set out in the Articles of Association;

(iii) A Shareholders' meeting has decided on making amendments to the Articles of Association.

If the amendment to the Articles of Association adopted by resolution of the shareholders' meeting is subject to the approval of the competent authority, it shall be reported to the competent authority for approval; if it involves matters of Company registration, the registration of the changes shall be made in accordance with the law.

FURTHER INFORMATION ABOUT OUR COMPANY AND OUR MAJOR SUBSIDIARIES

1. Incorporation of Our Company

Our Company was established as a limited liability company in the PRC on June 19, 1998 and was converted into a joint stock company with limited liability on September 28, 2004 under the laws of the PRC. Our Company completed its listing of A Shares on the Shenzhen Stock Exchange (stock code: 002130) in April 2007. As of the Latest Practicable Date, the registered share capital of our Company was RMB1,259,898,562 divided into 1,259,898,562 shares with a nominal value of RMB1.00 each.

Our Company has established a place of business in Hong Kong at Room 504, 5/F, Cheong Tai Commercial Building, 60–66 Wing Lok Street, Sheung Wan, Hong Kong, and has registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on [●]. Tam Ka Lung has been appointed as our authorized representative for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

2. Changes in Share Capital of Our Company

When our Company was converted into a joint stock liability company with limited liability under the PRC Company Law, our initial registered capital was RMB40,350,000, divided into 40,350,000 shares with a nominal value of RMB1.00 each.

Upon completion of our Company's A Share listing in April 2007, the registered capital of our Company increased from RMB 40,350,000 to RMB54,350,000.

On May 12, 2025, 3,281,400 treasury A Shares were transferred to participants of the 2025 Restricted Share Scheme.

For further details on the historical change of share capital of our Company, see "History, Development and Corporate Structure" in this document. Save as disclosed above, there has been no alteration in our share capital within two years immediately preceding the date of this document.

3. Resolutions of the Shareholders

Pursuant to a general meeting of our Company held on June 3, 2025, the following resolutions, among others, were passed by our shareholders:

(a) the **[REDACTED]** by our Company of H Shares of a nominal value of RMB1.00 each and that such H Shares be **[REDACTED]** on the **[REDACTED]**;

(b) that the number of H Shares to be **[REDACTED]** shall not be more than **[REDACTED]**% of the total issued share capital of our Company as enlarged by the **[REDACTED]** (without taking into account the H Shares which may be **[REDACTED]** and **[REDACTED]** pursuant to the **[REDACTED]** exercise of the **[REDACTED]**), and at discretion of the Company, elect to grant to the of the **[REDACTED]** of not more than **[REDACTED]**% of the number of H Shares issued pursuant to the **[REDACTED]**;

(c) subject to the completion of the **[REDACTED]**, the adoption of the Articles of Association which shall become effective on the **[REDACTED]**, and the authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules; and

(d) authorization of our Board to handle all relevant matters relating to, among other things, the **[REDACTED]** and **[REDACTED]** of the H Shares.

4. Changes in the Share Capital of Our Subsidiaries

Our subsidiaries are referred to in Note 1 to Part II of the Accountants' Report, the text of which is set out in Appendix I. Save for the subsidiaries mentioned in the Accountants' Report, we do not have any other subsidiaries.

The following subsidiaries have been incorporated within the two years immediately preceding the date of this document:

Huizhou Wo'er Intelligent Technology Co., Ltd.

On November 25, 2024, Huizhou Wo'er Intelligent Technology Co., Ltd. (惠州市沃爾智能科技有限公司) was established in the PRC as a limited liability company with an initial registered capital of RMB1,000,000.

Huizhou Wo'er Electronic Materials Co., Ltd.

On November 25, 2024, Huizhou Wo'er Electronic Materials Co., Ltd. (惠州市沃爾電子材料有限公司) was established in the PRC as a limited liability company with an initial registered capital of RMB1,000,000.

Huizhou Dingding Special Cable Co., Ltd.

On November 25, 2024, Huizhou Dingding Special Cable Co., Ltd. (惠州市樂庭特種線纜有限公司) was established in the PRC as a limited liability company with an initial registered capital of RMB1,000,000.

Huizhou Dingding Technology Co., Ltd.

On November 25, 2024, Huizhou Dingding Technology Co., Ltd. (惠州市樂庭科技有限公司) was established in the PRC as a limited liability company with an initial registered capital of RMB1,000,000.

Shanghai Anda Run Nano Materials Co., Ltd.

On January 10, 2024, Shanghai Anda Run Nano Materials Co., Ltd. (上海安達潤納米材料有限公司) was established in the PRC as a limited liability company with an initial registered capital of RMB50,000,000.

Shanghai WoDarun New Materials Co., Ltd.

On July 12, 2024, Shanghai WoDarun New Materials Co., Ltd. (上海沃達潤新材料有限公司) was established in the PRC as a limited liability company with an initial registered capital of RMB10,000,000.

Huizhou Woer Heat Shrinkable Material Co., Ltd.

On December 27, 2024, Huizhou Woer Heat Shrinkable Material Co., Ltd. (惠州市沃爾熱縮材料有限公司) was established in the PRC as a limited liability company with an initial registered capital of RMB1,000,000.

Shenzhen Kenaite Precision Technology Co., Ltd.

On February 8, 2025, Shenzhen Kenaite Precision Technology Co., Ltd. (深圳市科耐特傳導精密技術有限公司) was established in the PRC as a limited liability company with an initial registered capital of RMB1,000,000.

Woer Trading (Malaysia) SDN. BHD.

On January 13, 2025, Woer Trading (Malaysia) SDN. BHD. was incorporated in Malaysia with an initial registered capital of 1,000 Malaysian Ringgit.

Woer International (Malaysia) SDN. BHD

On April 23, 2025, Woer International (Malaysia) SDN. BHD. was incorporated in Malaysia with an initial registered capital of 100 Malaysian Ringgit.

The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this document:

Shenzhen Woer Intelligent Equipment Co., Ltd.

On November 7, 2024, the registered capital of Shenzhen Woer Intelligent Equipment Co., Ltd. (深圳市沃爾智能裝備有限公司) was decreased from RMB10,000,000 to RMB8,000,000.

Huizhou Wal Technology Development Co., Ltd.

On November 29, 2023, the registered capital of Huizhou Wal Technology Development Co., Ltd. (惠州市沃爾科技發展有限公司) was increased from RMB1,000,000 to RMB100,000,000.

Huizhou Wo'er Intelligent Technology Co., Ltd.

On April 23, 2025, the registered capital of Huizhou Wo'er Intelligent Technology Co., Ltd. (惠州市沃爾智能科技有限公司) was increased from RMB1,000,000 to RMB40,000,000.

Huizhou Wo'er Electronic Materials Co., Ltd.

On April 23, 2025, the registered capital of Huizhou Wo'er Electronic Materials Co., Ltd. (惠州市沃爾電子材料有限公司) was increased from RMB1,000,000 to RMB40,000,000.

Beijing Woerfa Electrical Co., Ltd.

On December 12, 2024, the registered capital of Beijing Woerfa Electrical Co., Ltd. (北京沃爾法電氣有限公司) was decreased from RMB10,000,000 to RMB3,500,000.

Shenzhen Changyuan

On December 5, 2023, the registered capital of Shenzhen Changyuan was increased from RMB44,000,000 to RMB148,000,000.

On July 31, 2024, the registered capital of Shenzhen Changyuan was increased from RMB148,000,000 to RMB252,700,000.

Huizhou Changyuan Tefa Technology Co., Ltd.

On July 9, 2024, the registered capital of Huizhou Changyuan Tefa Technology Co., Ltd. (惠州市長園特發科技有限公司) was increased from RMB10,000,000 to RMB20,000,000.

Changzhou Changyuan Tefa Technology Co., Ltd.

On July 23, 2024, the registered capital of Changzhou Changyuan Tefa Technology Co., Ltd. (常州長園特發科技有限公司) was increased from RMB10,000,000 to RMB20,000,000.

Huizhou Dingding Special Cable Co., Ltd.

On April 24, 2025, the registered capital of Huizhou Dingding Special Cable Co., Ltd. (惠州市樂庭特種線纜有限公司) was increased from RMB1,000,000 to RMB40,000,000.

Huizhou Dingding Technology Co., Ltd.

On April 23, 2025, the registered capital of Huizhou Dingding Technology Co., Ltd. (惠州市樂庭科技有限公司) was increased from RMB1,000,000 to RMB40,000,000.

Shenzhen Woer New Energy Electric Technology Co., Ltd.

On December 13, 2023, the registered capital of Shenzhen Woer New Energy Electric Technology Co., Ltd. (深圳市沃爾新能源電氣科技股份有限公司) was increased from RMB73,378,200 to RMB84,435,900.

Shenzhen Guodian Julong Electrical Technology Co., Ltd.

On November 12, 2024, the registered capital of Shenzhen Guodian Julong Electrical Technology Co., Ltd (深圳市國電巨龍電氣技術有限公司) was decreased from RMB20,000,000 to RMB2,000,000.

Liangcheng County Xinyuan Wind Power Generation Co., Ltd.

On November 27, 2023, Liangcheng County Xinyuan Wind Power Generation Co., Ltd. was dissolved on a voluntary basis by way of deregistration.

Shenzhen Huawo Zhilian Technology Co., Ltd.

On July 29, 2024, Shenzhen Huawo Zhilian Technology Co., Ltd was dissolved on a voluntary basis by way of deregistration.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

1. Summary of Material Contract

We have entered into the following contract (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

(a) **[REDACTED]**.

2. Intellectual Property Rights

(a) Trademarks

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

No.	Trademark	Place of Registration	Registration No.	Category	Expiry Date	Registered Owner
1	W WOER	PRC	77596612A	09	2035-01-13	the Company
2	W WOER	PRC	17638010	09	2026-09-27	the Company
3	W 沃尔电力 WOER WOER ELECTRIC	PRC	70609360	09	2034-08-20	the Company
4	W 沃尔新能源 WOER WOER NEW ENERGY	PRC	72800764	09	2034-10-13	the Company

No.	Trademark	Place of Registration	Registration No.	Category	Expiry Date	Registered Owner
5	WOER	PRC	4547049	17	2028-09-27	the Company
6	沃尔热缩 WOER	PRC	71103948	17	2033-11-20	the Company
7	KTG	PRC	45113522	17	2031-01-06	the Company
8		PRC	4087382	09	2026-07-27	Shanghai Keter
9		PRC	17903807	09	2026-10-27	Huizhou LTK
10	OrBit 华磊迅拓	PRC	57201869	09	2032-06-27	Shenzhen Orbit

(b) Patents

As of the Latest Practicable Date, we have registered the following patents which we consider to be material to our business. For a discussion of details of the material patents and patent applications in connection with our products and product candidates, see "Business – Intellectual Properties" in this document.

No.	Patent	Registered owner	Registration No.	Type of patent	Application Date
1	A flame-retardant heat-shrinkable sleeve for reactors that meets the design requirements of the AP1000 nuclear power plant	Our Company & Changzhou Woer	ZL201310152045.6	Invention	April 27, 2013
2	A continuous production method and production system for flat heat-shrinkable tubing	Our Company & Changzhou Woer	ZL201510759142.0	Invention	November 10, 2015
3	A production system and production method for flat heat-shrinkable tubing	Our Company & Changzhou Woer	ZL201410342475.9	Invention	July 18, 2014

No.	Patent	Registered owner	Registration No.	Type of patent	Application Date
4	A soft, elastic, high-flame-retardant, oil-resistant heat-shrinkable tube and its production method	Our Company & Changzhou Woer	ZL201210509581.2	Invention	November 20, 2012
5	An expansion mould	Our Company & Changzhou Woer	ZL201410615036.0	Invention	November 5, 2014
6	A fully automatic packaging device for tubing and its method of use	Our Company & Changzhou Woer	ZL201310386995.5	Invention	August 30, 2013
7	A flame-retardant wire/cable for reactors that meets the design requirements of the AP1000 nuclear power plant	Our Company & Changzhou Woer	ZL201310152044.1	Invention	April 27, 2013
8	A moulding device for heat-shrinkable caps	Our Company & Changzhou Woer	ZL201510499029.3	Invention	August 14, 2015
9	A halogen-free high-flame-retardant cable	Our Company & Changzhou Woer	ZL201210582136.9	Invention	December 28, 2012
10	A ceramicised silicone rubber heat-shrinkable sleeve and its production method	Our Company & Changzhou Woer	ZL201210597217.6	Invention	December 28, 2012
11	An air jet drying device	Our Company & Changzhou Woer	ZL201510499159.7	Invention	August 14, 2015
12	A high and low temperature shock resistant heat-shrinkable tube	Our Company & Changzhou Woer	ZL201510033856.3	Invention	January 22, 2015
13	A fire-resistant power cable	Our Company & Changzhou Woer	ZL201210482892.4	Invention	November 14, 2012
14	A flame-retardant heat-shrinkable cable accessory for reactors that meets the AP1000 design requirements of nuclear power plants	Our Company & Changzhou Woer	ZL201310152060.0	Invention	April 27, 2013
15	A method and equipment for packaging pipes	Our Company & Changzhou Woer	ZL201310380673.X	Invention	August 28, 2013
16	A type of oil-resistant, high-temperature-resistant, halogen-free, flame-retardant heat-shrinkable identification tube and its production method	Our Company & Changzhou Woer	ZL201611261160.7	Invention	December 30, 2016

No.	Patent	Registered owner	Registration No.	Type of patent	Application Date
17	A composite tape and its preparation method	Our Company & Shenzhen Woer Electric	ZL202110045802.4	Invention	January 13, 2021
18	An elastomer composite tape and its preparation method	Our Company & Shenzhen Woer Electric	ZL202110045375.X	Invention	January 13, 2021
19	A stress-dispersing adhesive and its preparation method	Our Company & Shenzhen Woer Electric	ZL202011644542.4	Invention	December 31, 2020
20	A precision pipe cutting mechanism	Our Company & Changzhou Woe	ZL201710779096.X	Invention	September 1, 2017
21	Multi-layer co-extrusion die	Our Company & Changzhou Woe	ZL201710453702.9	Invention	June 15, 2017
22	Automatic deviation adjustment extrusion die head and automatic deviation adjustment device	Our Company & Shenzhen Heat-Shrinkable	ZL201910702330.8	Invention	July 31, 2019
23	No-adjustment extrusion die head	Our Company	ZL201110167288.8	Invention	June 9, 2011
24	A 1E-class K1-type halogen-free flame-retardant material for nuclear power plants and its application	Our Company	ZL201210244369.8	Invention	July 6, 2012
25	A low-temperature processable irradiated cross-linked ethylene-tetrafluoroethylene copolymer material	Our Company	ZL201811169213.1	Invention	October 8, 2018
26	An irradiated crosslinked high-temperature resistant heat-shrinkable sleeve and its production method	Our Company	ZL201811169214.6	Invention	October 8, 2018
27	A low-temperature resistant, solvent-resistant fluororubber heat-shrinkable tube and its preparation method	Our Company	ZL202010169965.9	Invention	March 12, 2020
28	Thermoplastic adhesive for nuclear power plant cable accessories and its preparation and application methods	Our Company, Shanghai Nuclear Engineering Research & Design Institute Co.,Ltd.	ZL202010908457.8	Invention	September 1, 2020
29	Electromagnetic shielding coldshrinkable sleeves and their preparation methods	Our Company	ZL202010408702.9	Invention	May 14, 2020

No.	Patent	Registered owner	Registration No.	Type of patent	Application Date
30	A flame-retardant waterproof composite tape and its preparation method	Our Company	ZL202110635144.4	Invention	June 7, 2021
31	Nuclear power pipe expansion equipment and nuclear power pipe manufacturing system	Our Company, Shanghai Nuclear Engineering Research & Design Institute Co.,Ltd.	ZL202010914406.6	Invention	September 1, 2020
32	A 1E-grade heatshrinkable sleeve for nuclear power plants and its preparation method	Our Company, Shanghai Nuclear Engineering Research & Design Institute Co.,Ltd.	ZL202010908459.7	Invention	September 1, 2020
33	Heating device	Our Company	ZL202110934379.3	Invention	August 13, 2021
34	A halogen-free high-flame-retardant oil-resistant heat-shrinkable identification tube and its production method	Our Company	ZL202010215728.1	Invention	March 25, 2020
35	Low-temperature processable irradiated cross-linked high-temperature resistant cable insulation material and its production method	Our Company	ZL201811169212.7	Invention	October 8, 2018
36	Wire and cable material and its preparation method	Our Company	ZL202210661276.9	Invention	June 10, 2022
37	A heat-shrinkable material, heat-shrinkable sleeve, and its preparation method Pressure-resistant and stretch-resistant pipe winding equipment	Our Company	ZL202210205798.8	Invention	March 2, 2022
38	A coaxial structure data cable	Huizhou LTK, Huizhou Cable, Shenzhen Cable, Changzhou LTK	ZL201511009768.6	Invention	December 26, 2015
39	An SFP high-frequency cable and its production method	Huizhou LTK, Huizhou Cable, Shenzhen Cable, Changzhou LTK	ZL201210454755.X	Invention	November 2, 2012
40	A production process for a high-precision fluoroplastic film coating line	Huizhou LTK, Huizhou Cable, Shenzhen Cable, Changzhou LTK	ZL202110571756.1	Invention	May 25, 2021

No.	Patent	Registered owner	Registration No.	Type of patent	Application Date
41	Robot-specific line	Huizhou LTK, Huizhou Cable, Shenzhen Cable, Changzhou LTK	ZL202110438408.7	Invention	April 22, 2021
42	A high-flexibility FT-4 grade halogen-free flame-retardant sheathing compound, its preparation method, and cable	Huizhou LTK, Huizhou Cable, Shenzhen Cable, Changzhou LTK	ZL202210809271.6	Invention	July 11, 2022
43	A non-crosslinked, halogen-free, flame-retardant cable insulation material or sheath material and its preparation method	Woer New Energy	ZL201210393493.0	Invention	September 29, 2012
44	Locking structure and charging gun	Woer New Energy	ZL201611136557.3	Invention	December 9, 2016
45	Gun head assembly and charging gun	Woer New Energy	ZL201611035620.4	Invention	November 18, 2016
46	An electromagnetic lock system for a charging gun, its control method, and the charging gun	Woer New Energy	ZL201611262668.9	Invention	December 30, 2016
47	Connection process and connection structure of cables and terminals	Woer New Energy	ZL201811006716.7	Invention	August 29, 2018
48	Liquid-cooled terminals and charging gun	Woer New Energy	ZL201710917676.0	Invention	September 29, 2017
49	A heat exchange structure for a charging gun and the charging gun	Woer New Energy	ZL201611054001.X	Invention	November 25, 2016
50	Cooling system for charging equipment	Woer New Energy	ZL201710374795.6	Invention	May 24, 2017
51	An electromagnetic lock shaft, its installation method, and the electromagnetic lock	Woer New Energy	ZL201710097715.7	Invention	February 22, 2017
52	Liquid-cooled cable plug-in assemblies and connectors	Woer New Energy	ZL201710913224.5	Invention	September 29, 2017
53	Liquid-cooled terminals and charging guns	Woer New Energy	ZL202111675214.5	Invention	December 31, 2021
54	A water-medium liquid-cooled cable	Woer New Energy	ZL202111144894.8	Invention	September 28, 2021
55	A ceramicized silicone rubber, its preparation method, and applications	Changzhou Woke, Shanghai Keter	ZL201110266011.0	Invention	August 29, 2011

No.	Patent	Registered owner	Registration No.	Type of patent	Application Date
56	A composite cushioning insulation pad structure	Changzhou Woke, Shanghai Keter	ZL202222287692.5	Invention	August 29, 2022
57	A B1-grade low-smoke halogen-free cable sheathing material and its preparation method	Changzhou Woke, Shanghai Keter	ZL202011520918.0	Invention	December 21, 2020
58	A radiation-crosslinked heat-shrinkable material and its preparation method	Our Company & Shenzhen Heat-Shrinkable	ZL202011092749.5	Invention	October 13, 2020
59	MES system with dynamic remote loading functionality, loading method, terminal, and medium	Shenzhen Orbit	ZL202110458452.4	Invention	April 27, 2021
60	Method, device, equipment, and storage medium for automatically generating a client	Shenzhen Orbit	ZL202410309161.2	Invention	March 19, 2024
61	High-frequency data wires, high-frequency data wire harnesses, and high-frequency data cables	Huizhou LTK, Huizhou Cable, Shenzhen Cable, Changzhou LTK	ZL201910736243.4	Invention	August 9, 2019
62	High-frequency data transmission lines	Huizhou LTK, Huizhou Cable, Shenzhen Cable, Changzhou LTK	ZL201910055503.1	Invention	January 21, 2019
63	Core wires and their preparation methods, high-speed transmission lines	Huizhou LTK, Huizhou Cable, Changzhou LTK	ZL202110965207.2	Invention	August 23, 2021

(c) Domain Names

As of the Latest Practicable Date, we have registered the following domain names which we consider to be material to our business:

No.	Domain name	Registered owner	Registration date	Expiry date
1	woer.com	Our Company	August 8, 2002	August 8, 2026
2	ltkcable.com	Huizhou LTK	July 5, 1996	July 4, 2027
3	cyg-dz.com	Dongguan Changyuan	June 18, 2015	June 18, 2026
4	woerxny.com	Woer New Energy	October 18, 2016	October 18, 2026
5	cyg-electronics.com	Shanghai Changyuan	September 18, 2018	September 18, 2025
6	keter.com.cn	Shanghai Keter	December 28, 2000	December 28, 2031
7	orbitmes.com	Shenzhen Orbit	January 21, 2006	January 21, 2026

(d) Copyrights

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

No.	Copyright Name	Registered Owner	Registration No.	Category	Registration Date	Place of Registration
1	Woer Heat-Shrinkable Material Cable Status Comprehensive Online Monitoring Device Software (沃爾核材電纜狀態綜合在線監測裝置軟件)	Our Company	202S3R0472788	Software copyright	April 14, 2023	PRC
2	Woer Heat-Shrinkable Material Wireless Temperature Measurement Online Monitoring Equipment Software (沃爾核材無線測溫在線監測設備軟件)	Our Company	2023SR0472142	Software copyright	April 14, 2023	PRC
3	Woer Heat-Shrinkable Material Intelligent Comprehensive Function Grounding Box Integrated Controller Software (沃爾核材智能綜合功能接地箱集成控制器軟件)	Our Company	2023SR0472375	Software copyright	April 14, 2023	PRC
4	Woer Heat-Shrinkable Material Cable Sheath Grounding Current Intelligent Monitoring Equipment Software (沃爾核材電纜護層接地電流智能監測設備軟件)	Our Company	2022SR1378984	Software copyright	September 28, 2022	PRC
5	Woer Heat-Shrinkable Material Cable Metal Sheath Induction Voltage Intelligent Monitoring Equipment Software (沃爾核材電纜金屬護層感應電壓智能監測設備軟件)	Our Company	2022SR1378983	Software copyright	September 28, 2022	PRC
6	Woer Heat-Shrinkable Material Cable Operating Current Intelligent Monitoring Equipment Software (沃爾核材電纜運行電流智能監測設備軟件)	Our Company	2022SR1378871	Software copyright	September 28, 2022	PRC
7	Shenzhen Orbit Platform User Extension Module System ("OrBit-LIC") V15.0 (華磊迅拓平台用戶擴展模塊系統("OrBit-LIC") V15.0)	Shenzhen Orbit	2022SR0931897	Software copyright	July 14, 2022	PRC

No.	Copyright Name	Registered Owner	Registration No.	Category	Registration Date	Place of Registration
8	Shenzhen OrbitMOMpro Enterprise Warehouse Management System Software ("MOMpro-WMS") V1.0 (華磊迅拓MOMpro企業倉儲管理系統軟件("MOMpro-WMS") V1.0)	Shenzhen Orbit	2024SR0605482	Software copyright	May 7, 2024	PRC
9	Execution System Software ("MOMPro-MES") V6.0 (華磊迅拓MOMPro企業製造執行系統軟件("MOMPro-MES") V6.0)	Shenzhen Orbit	2024SR1271846	Software copyright	August 29, 2024	PRC

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

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

Save as disclosed below, immediately following completion of the **[REDACTED]** (without taking into account the H Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]** and assuming the options granted under the 2025 Share Option Scheme are not exercised), so far as our Directors are aware, none of our Directors and chief executive has any interest or short positions in our shares, underlying shares or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

(i) Interest in our Company

Name of Director or chief executive	Position	Capacity/ nature of interest	Number of A Shares held	Approximate percentage of shareholding in the A Shares(2)	Approximate percentage of shareholding in the total issued share capital of our Company (3)
				(%)	*(%)*
Mr. Zhou(4)	Chairman and Executive Director	Beneficial Owner Interest in Controlled Corporation	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Ms. Yi Huarong (易華蓉)(4)	Executive Director, General Manager	Spousal interest Interest in Controlled Corporation	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Mr. Liu Zhanli (劉占理)	Executive Director	Spousal interest	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Ms. Deng Yan (鄧艷)	Executive Director	Beneficial Owner	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of **[REDACTED]** A Shares in issue (including treasury A Shares) upon **[REDACTED]**.

(3) The calculation is based on the total number of **[REDACTED]** shares in issue (including treasury A Shares) immediately following the completion of the **[REDACTED]** and without taking into account any shares which may be issued pursuant to the exercise of the **[REDACTED]** or the options granted under the 2025 Share Option Scheme.

(4) Please see "Substantial Shareholders" in this document.

2. Substantial Shareholders

For the information on the persons who will, immediately following the completion of the **[REDACTED]** (without taking into account any shares which may be issued pursuant to the exercise of the **[REDACTED]** or the options granted under the 2025 Share Option Scheme), have interests or short positions in our shares or underlying shares which would be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, see "Substantial Shareholders" in this document.

Save as set out below, our Directors are not aware of any other person (other than our Directors, or chief executive) who will, immediately following completion of the **[REDACTED]** (without taking into account any shares which may be issued pursuant to the exercise of the **[REDACTED]** or the options granted under the 2025 Share Option Scheme), directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group other than our Company:

Our subsidiary	Total registered capital	Person with 10% or more interest	Approximate percentage of the interest in the subsidiary
	(RMB)		*(%)*
Shanghai Keter	94,520,000	Jiang Mingshu (姜明淑)	11.31%
Huizhou Yueting Electronics Co., Ltd. (惠州市悅庭電子有限公司)	74,000,000	Shenzhen Weizhen Technology Co., Ltd. (深圳市維楨科技有限公司)	49%
Shenzhen Judian Network Technology Co., Ltd. (深圳市聚電網絡科技有限公司)	50,000,000	Mosopower Technology Co., Ltd. (茂碩電源科技股份有限公司)	13.50%
		Li Wenbin (李文斌)	13.08%
CYG Electronics	120,000,000	Nanjing Changyuan Smart Grid Equipment Co., Ltd. (長園（南京）智能電網設備有限公司)	25%
Shenzhen Orbit	10,000,000	Huang Rui (黃睿)	27.10%
		Shenzhen Huaju Technology Venture Capital Partnership (Limited Partnership) (深圳市華聚科技創業投資合夥企業（有限合夥）)	10%

3. Service Contracts

Each of our Directors has entered into a service contract with our Company. The principal particulars of these service contracts comprise (a) a term of three years commencing from the date of appointment; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to shareholders' approval.

Save as disclosed above, none of our Directors has or is proposed to have entered into any service contract with any member of our Group (excluding contracts expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

4. Remuneration of Directors

Save as disclosed in the section headed "Directors and Senior Management" in this document and note 11 to the Accountants' Report, for the three financial years ended December 31, 2022, 2023 and 2024, none of our Directors received other remunerations of benefits in kind from us.

5. Employee Incentive Schemes

The following is a summary of the principal terms of the Employee Incentive Schemes, i.e. the 2025 Share Option Scheme and the 2025 Restricted Share Scheme, and the details regarding the outstanding options granted under the 2025 Share Option Scheme. Since no further options or awards will be granted by our Company pursuant to the Employee Incentive Schemes after the **[REDACTED]**, the provisions of Chapter 17 of the Listing Rules do not apply to the terms of the Employee Incentive Schemes.

(a) 2025 Share Option Scheme

(i) Purpose

The purpose of the 2025 Share Option Scheme are to further enhance the Company's long-term incentive mechanism, attract and retain outstanding talent, and fully mobilize the enthusiasm of the Company's key staff. The scheme aims to effectively align the interests of shareholders, the Company, and the key staff members, ensuring that all parties focus on the Company's long-term development.

(ii) Participants

The participants of the 2025 Share Option Scheme (the "**2025 Eligible Participants**") are core management personnel, key technical staff and business development personnel who play a significant role in the overall performance and long-term development of the Company.

The scope of eligible participants excludes Directors, Supervisors (if any), members of senior management, shareholders who individually or collectively hold 5% or more of the shares of our Company and their respective spouse, parents and children.

(iii) 2025 Scheme Mandate Limit

The total number of underlying shares which may be issued upon exercise of all outstanding options granted under the 2025 Share Option Scheme (the ''**2025 Scheme Mandate Limit**'') shall be 8,233,800 A Shares. Upon implementation of the 2025 Share Option Scheme, [the total number of outstanding A Shares which may be issued in respect all options granted under all the effective share option schemes of the Company will not exceed 10% of the Company's shares as of the date of the publication of the 2025 Share Option Scheme]. The 2025 Scheme Mandate Limit shall be adjusted in the event of any alteration in the capital structure of our Company whilst any option remains exercisable, to proportionally reflect any capitalization of profits or reserves, bonus issue, rights issue, sub-division, consolidation of shares, dividend distribution, etc. of our Company.

(iv) Maximum entitlement of a grantee

Any grant of the options to any grantees in respect of all the options granted to such person under all validly subsisting share option schemes of the Company in aggregate shall not exceed 1% of the shares in issue.

(v) Duration of the 2025 Share Option Scheme

The 2025 Share Option Scheme shall be valid and effective for the period of time commencing from the date of grant of options, i.e. April 24, 2025 (the ''**2025 Scheme Effective Date''**) and expiring on the day when all options granted to the 2025 Eligible Participants under the 2025 Share Option Scheme are exercised or cancelled, which shall in any event be no later than the date which is 36 months after the 2025 Scheme Effective Date.

(vi) Transferability of options

The options granted under the 2025 Share Option Scheme shall not be transferred or used as guarantee or for repayment of debts.

(vii) Outstanding options granted under the 2025 Share Option Scheme

As of the Latest Practicable Date, a total of 479 2025 Eligible Participants have been granted outstanding options under the 2025 Share Option Scheme to subscribe for **[REDACTED]** A Shares in aggregate, representing **[REDACTED]**% of the total issued shares immediately after the completion of the **[REDACTED]** (including treasury A Shares and assuming the **[REDACTED]** is not exercised and the options granted under the 2025 Share Option Scheme are not exercised). All the outstanding options under the 2025 Share Option Scheme were granted on April 24, 2025 and our Company will not grant any further options under the 2025 Share Option Scheme after the **[REDACTED]**.

No consideration was payable for the grant of the options. Assuming full vesting and exercise of all outstanding options under the 2025 Share Option Scheme, the shareholding of our shareholders immediately following completion of the **[REDACTED]** (including treasury A Shares and assuming the **[REDACTED]** is not exercised) will be diluted by a maximum of approximately **[REDACTED]**%. The maximum dilution effect on our earnings per share would be approximately **[REDACTED]**%.

As of the Latest Practicable Date, no option was granted to any Director, senior management or connected persons at the Company level. The table below sets out the details of outstanding options granted to the 24 connected persons at subsidiary level of our Company, each a director, supervisor and/or general manager of certain of our subsidiaries, under the 2025 Share Option Scheme as of the Latest Practicable Date:

Name	Address	Exercise Price (RMB per A Share)	Number of A Shares Underlying the Outstanding Options	Date of Grant	Vesting Period	Exercise Periods	Approximate % of Share Capital of Our Company immediately after Completion of [REDACTED]
Zhong Jincheng (鍾金城)	Building C, 8th Floor, Room 801, Block 1, Vanke Jinyu Dongjun, No. 6 Xingzheng Er Road, Pingshan District, Shenzhen City, Guangdong Province	21.73	15,000	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%
Kang Shufeng (康樹峰)	Unit B, Room 504, Block 2, South Area, Liuxianju, Xili, Nanshan District, Shenzhen City, Guangdong Province	21.73	300,000	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%
Wang Yuming (王玉明)	Unit B, Room 5B, Building 3, Phase 2, Jia Hong Wan Garden, No. 10 Xingzheng Yi Road, Pingshan District, Shenzhen City, Guangdong Province	21.73	75,000	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%
Hu Ping (胡平)	Building 6, Phase 2, Vanke Jinyu Tixiang, Pingshan District, Shenzhen City, Guangdong Province	21.73	60,000	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%

Name	Address	Exercise Price (RMB per A Share)	Number of A Shares Underlying the Outstanding Options	Date of Grant	Vesting Period	Exercise Periods	Approximate % of Share Capital of Our Company immediately after Completion of [REDACTED]
Kong Meng (孔蒙)	Room 1702, Building 5, Shenye Yuyuan, No. 1 Lu Wu First Lane, Kengzi Subdistrict Office, Pingshan District, Shenzhen City, Guangdong Province	21.73	30,000	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%
Chen Jiaxu (陳枷旭)	1-1-1, No. 1-1, Mudanjiang Street, Huanggu District, Shenyang City	21.73	60,000	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%
Huang Lulu (黃璐璐)	Room 603, Building 6, Liuxianju, No. 19 Xingaolu, Nanshan District, Shenzhen City, Guangdong Province	21.73	15,000	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%
Li Yanhui (李艷輝)	Woer Building, Xinwei Industrial Area, Nanshan District, Shenzhen City, Guangdong Province	21.73	30,000	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%
Zhou Bailian (周白蓮)	Room 403, Fuxiang Pavilion, No. 41 E'ling South Road, Huicheng District, Huizhou City, Guangdong Province	21.73	7,500	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%
Qi Chunjie (戚春杰)	Woer Building, Xinwei Industrial Area, No. 105 Xingaolu, Nanshan District, Shenzhen City, Guangdong Province	21.73	105,000	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%
Chen Dan (陳丹)	Unit 5, Room 201, Block 1, No. 2 Changhu West Road, Huicheng District, Huizhou City, Guangdong Province	21.73	120,000	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%
Liao Jinping (廖金萍)	Group 1, Tongkou Village, South Dang, Huitong Township, Ningdu County, Ganzhou, Jiangxi Province	21.73	3,000	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%
Zhang Qiang (張強)	No. 3039 Bao'an North Road, Luohu District, Shenzhen City, Guangdong Province	21.73	15,000	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%
Huang Rui (黃睿)	Room 401, Block 15, Xinju, Jinlin Road, Xiameilin, Meihua Road, Futian District, Shenzhen City, Guangdong Province	21.73	7,500	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%

Name	Address	Exercise Price (RMB per A Share)	Number of A Shares Underlying the Outstanding Options	Date of Grant	Vesting Period	Exercise Periods	Approximate % of Share Capital of Our Company immediately after Completion of [REDACTED]
Ma Pengfei (馬鵬飛)	No. 87 Zhongkai Fifth Road, Shuguang Neighborhood Committee, Chenjiang Subdistrict Office, Huizhou City, Guangdong Province	21.73	75,000	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%
Li Jing (李菁)	Room 2106, Unit 2, Building 1, No. 208 Keji Road, Yanta District, Xi'an City	21.73	75,000	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%
Wei Lidong (魏立東)	Unit B, Room 1902, Building 4, Zhaoshang Garden, No. 4 Xingzheng Er Road, Pingshan District, Shenzhen City, Guangdong Province	21.73	75,000	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%
Du Weiyi (杜衛義)	Room 102, No. 24, Lane 101, Nanhua Road, Nanxiang Town, Jiading District, Shanghai City	21.73	52,500	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%
Gao Yufeng (高玉峰)	Room 21H, Golden Sea Tower, Kangle Building, Xuefu Road, Nanshan District, Shenzhen City, Guangdong Province	21.73	30,000	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%
Peng Xiongxin (彭雄心)	Unit B, Room 604, Block 2, South Area, Liuxianju, No. 19 Xingaolu, Nanshan District, Shenzhen City, Guangdong Province	21.73	60,000	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%
Chen Mianxing (陳綿星)	Cailou Group, Luozhai Village, Zilu Town, Luoshan County, Henan Province	21.73	37,500	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%
Qi Xinghua (祁興華)	Woer Building, Xinwei Industrial Area, Nanshan District, Shenzhen City, Guangdong Province	21.73	3,000	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%
Kong Jianjun (孔建軍)	Unit A, Room 1402, Building 6, Jiazhaoye Yuefeng Garden, No. 2 Longjingao Road, Longgang District, Shenzhen City, Guangdong Province	21.73	90,000	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%

Name	Address	Exercise Price (RMB per A Share)	Number of A Shares Underlying the Outstanding Options	Date of Grant	Vesting Period	Exercise Periods	Approximate % of Share Capital of Our Company immediately after Completion of [REDACTED]
Ma Pengyu (馬鵬宇)	Room 1301, Block 1, Guozhao Jiaren Building, No. 40 Hongchang Road, Huicheng District, Huizhou City, Guangdong Province	21.73	75,000	April 24, 2025	Note (2)	Note (3)	**[REDACTED]**%

Notes:

(1) The calculation is based on **[REDACTED]** shares in issue immediately after the **[REDACTED]** (taking into account treasury A Shares, and assuming the **[REDACTED]** is not exercised and the options granted under the 2025 Share Option Scheme are not exercised).

(2) The vesting periods are 12 months and 24 months commencing from the grant date of the 2025 Share Option Scheme, i.e. April 24, 2025.

(3) The exercise periods for the relevant options are as follows: 50% of the options shall be exercisable from April 25, 2026 to April 24, 2027, and 50% of the options shall be exercisable from April 25, 2027 to April 24, 2028.

As of the Latest Practicable Date, other than the 24 individuals who were our connected persons of our Company disclosed above, no options were granted to any Directors, senior management members and/or other connected persons of our Company under the 2025 Share Option Scheme.

Save for the grantees disclosed above, the remaining 455 grantees who were not our Directors, senior management members or other connected persons of our Company held an aggregate of 6,721,400 options that were still outstanding and unexercised under the 2025 Share Option Scheme as of the Latest Practicable Date, representing **[REDACTED]**% of the total issued shares immediately after the completion of the **[REDACTED]** (including treasury A Shares and assuming the **[REDACTED]** is not exercised and the options granted under the 2025 Share Option Scheme are not exercised). The table below set out the details of the outstanding options granted to such remaining grantees under the 2025 Share Option Scheme as of the Latest Practicable Date:

Range of Outstanding Shares under Options Granted	Total Number of Grantees	Total Number of Outstanding Shares under Options Granted	Exercise Price (RMB per A Share)	Date of Grant	Vesting Period	Exercise Periods	Approximate % of Share Capital of Our Company Immediately after Completion of the [REDACTED][1]
1-5,000	140	402,900	21.73	April 24, 2025	See Note (2) below	See Note (3) below	**[REDACTED]**%
5,001-10,000	134	990,900	21.73	April 24, 2025	See Note (2) below	See Note (3) below	**[REDACTED]**%
10,001-50,000	161	4,022,600	21.73	April 24, 2025	See Note (2) below	See Note (3) below	**[REDACTED]**%
50,001-90,000	20	1,305,000	21.73	April 24, 2025	See Note (2) below	See Note (3) below	**[REDACTED]**%

Notes:

(1) The calculation is based on **[REDACTED]** shares in issue immediately after the **[REDACTED]** (treasury A Shares and assuming the **[REDACTED]** is not exercised and the options granted under the 2025 Share Option Scheme are not exercised).

(2) The vesting periods are 12 months and 24 months commencing from the grant date of the 2025 Share Option Scheme, i.e. April 24, 2025.

(3) The exercise periods for the relevant options are as follows: 50% of the options shall be exercisable from April 25, 2026 to April 24, 2027, and 50% of the options shall be exercisable from April 25, 2027 to April 24, 2028.

We have applied to the Stock Exchange and SFC, respectively for (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules; and (ii) a certificate of exemption under Section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting the Company from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. See "Waivers from Strict Compliance with the Hong Kong Listing Rules and Exemption from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waiver and Exemption in Relation to the 2025 Share Option Scheme.''

(b) 2025 Restricted Share Scheme

(i) Purpose

The purpose of the 2025 Restricted Share Scheme is to improve our Group's corporate governance structure and incentivize our Group's management and key employees to achieve a sustained and long-term development of our Group. The 2025 Restricted Share Scheme is implemented to attract, retain and motivate management and key employees of our Group, and to promote the success of our Group's business by providing them with appropriate incentives based on fulfilling certain performance goals.

(ii) Administration

The 2025 Restricted Share Scheme is executed by the Board subject to the authorization by the shareholders. The meeting of all participants of the 2025 Restricted Share Scheme ("**Participants**") shall have the full power to administer the 2025 Restricted Share Scheme. A management committee, the members of which are elected by the meetings of the Participants, is authorized to oversee the day-to-day management of the 2025 Restricted Share Scheme.

(iii) Eligibility and Participation

Participants will consist of Directors (excludes independent non-executive Directors), Supervisors (if any), management and key employees of our Group as the Board determines from time to time to receive awards under the 2025 Restricted Share Scheme.

The scope of eligible participants excludes shareholders who individually or collectively hold 5% or more of the shares of our Company and their respective spouse, parents and children.

(iv) Source and Maximum Number of Shares

The shares underlying the 2025 Restricted Share Scheme shall be A Shares repurchased by our Company from the secondary market and transferred to the 2025 Restricted Share Scheme.

Each award granted represents the entitlement to the corresponding portion of A Shares underlying the 2025 Restricted Share Scheme ("**Awards**"). These Awards are subject to a lock-up period and will only be unlocked upon fulfilling the unlocking conditions stipulated. The maximum number of shares in respect of the Awards that can be granted under the 2025 Restricted Share Scheme is 3,324,600. Such limit shall be adjusted in the event of any alteration in the capital structure of our Company whilst any option remains exercisable, to proportionally reflect any capitalization of profits or reserves, bonus issue, rights issue, sub-division, consolidation of shares, dividend distribution, etc. of our Company.

Upon implementation of the 2025 Restricted Share Scheme, the total number of A Shares under all the effective share option schemes of the Company will not exceed 10% of the Company's shares.

(v) Maximum entitlement of Participant

Any grant of the Restricted A Share to any Participant in respect of all the Restricted A Shares granted to such person under all validly subsisting employee incentive schemes of the Company in aggregate shall not exceed 1% of the shares in issue (excluding any shares obtained through duly exercised options or vested restricted A shares).

(vi) Term of the Scheme

The term of the 2025 Restricted Share Scheme shall be no more than 36 months from the date of the shareholders approved and the announcement of the last transfer of the relevant A Shares into the 2025 Restricted Share Scheme, i.e. May 12, 2025. Should the 2025 Restricted Share Scheme not be extended upon its expiration, it will automatically terminate.

(vii) Performance Targets and Lock-up

Subject to fulfillment of the performance targets, the Awards held by the Participants shall be unlocked in two installments in the proportion of 50% and 50%, commencing from 12 months and 24 months, respectively, after the announcement date of the Company's transfer of the last tranche of underlying shares to the 2025 Restricted Share Scheme. The A Shares underlying the unlocked Awards shall be sold by the management committee as authorized by the meetings of the Participants, with the net proceeds to be distributed to the relevant Participants proportionately.

(viii) Details of the Awards granted

As of the Latest Practicable Date, the aggregate number of A Shares granted under the 2025 Restricted Share Scheme was 3,281,400, representing approximately **[REDACTED]**% of the issued share capital of our Company (excluding treasury A Shares) as at the Latest Practicable Date and approximately **[REDACTED]**% of the total issued share capital of our Company immediately following the completion of the **[REDACTED]** (excluding treasury A Shares and assuming the **[REDACTED]** is not exercised and the options granted under the 2025 Share Option Scheme are not exercised). As of the Latest Practicable Date, none of the granted restricted A Shares were released from the lock-up.

As of the Latest Practicable Date, an aggregate of 240,000 restricted A Shares were granted to our three Directors, namely, Mr. Xia Chunliang, Mr. Liu Zhanli and Ms. Deng Yan and an aggregate of 472,000 restricted A Shares were granted to connected persons at subsidiary level. None of the other grantees under the 2025 Restricted Share Scheme connected persons of our Company as of the Latest Practicable Date.

6. Disclaimers

(a) Save as disclosed in this section and the section headed "History, Development and Corporate Structure" in this document, none of our Directors or any of the parties listed in the paragraph headed "—Other Information—6. Qualifications of Experts" in this Appendix is:

   (i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Company; or

   (ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;

(b) Save in connection with the **[REDACTED]** and the **[REDACTED]**, none of the parties listed in the paragraph headed "—Other Information—6. Qualifications of Experts" in this Appendix:

   (i) is interested legally or beneficially in any shares in any member of our Group; or

   (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(c) Save as disclosed in this section and the section headed "Directors and Senior Management" in this document, none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are **[REDACTED]** on the **[REDACTED]**, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO; and

(d) So far as is known to our Directors, none of our Directors or their respective close associates (as defined under the Listing Rules) or shareholders who owns more than 5% of the issued shares of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

OTHER INFORMATION

1. Recent Change of Director

Our former Director and chairperson, Mr. Zhou Wenhe (周文河), resigned in May 2025 due to personal reasons, and was succeeded by his brother and our founder, Mr. Zhou.

2. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or any of our subsidiaries under the laws of the PRC.

3. Litigation

As of the Latest Practicable Date, we were not aware, of any litigation, arbitration or claim of material importance pending or threatened against any member of our Group, which would have a material adverse effect on our financial condition or results of operations, taken as a whole.

4. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Hong Kong Stock Exchange for the **[REDACTED]** of, and permission to **[REDACTED]** in, our H Shares. All necessary arrangements have been made to enable the securities to be admitted into **[REDACTED]**.

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. China Securities (International) Corporate Finance Company Limited and China Merchants Securities (HK) Co., Limited will receive a total fee of US$450,000 to act as sponsors to our Company in connection with the **[REDACTED]**.

5. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred material preliminary expenses.

6. Qualifications of Experts

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

Name	Qualifications
China Securities (International) Corporate Finance Company Limited	Licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
China Merchants Securities (HK) Co., Limited	Licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) of regulated activities as defined under the SFO
Moore CPA Limited	Certified Public Accountants and Registered Public Interest Entity Auditor
Sundial Law Firm	Company's PRC legal adviser
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Everone Law Firm	Company's Vietnam legal adviser

7. Consents

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

8. Taxation of Holders of H Shares

(a) Hong Kong

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

(b) Consultation with Professional Advisers

Potential investors in the **[REDACTED]** are urged to consult their professional tax advisers if they are in any doubt as to the taxation implications of **[REDACTED]** for, purchasing, holding or disposing of or **[REDACTED]** in our H Shares (or exercising rights attached to them). None of our Company, our Directors, the Joint Sponsors, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, or any other person or party involved in the **[REDACTED]** accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our H Shares.

9. No Material Adverse Change

Our Directors confirm that, as of the date of this document, there has been no material adverse change in the financial or trading position of our Company since December 31, 2024 (being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report).

10. Promoters

The promoters of our Company are all then 15 shareholders of our Company as of September 28, 2004 before our conversion into a joint stock company with limited liability. Save as disclosed in the section headed "History, Development and Corporate Structure" in this document, within the two years preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the **[REDACTED]** and the related transactions described in this document.

11. Restrictions on Repurchase

For details, see Appendix III to this document.

12. Binding Effect

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

13. Bilingual Document

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

14. Miscellaneous

Save as otherwise disclosed in this document:

(a) within the two years preceding the date of this document, (i) our Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any shares of our Company;

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

(c) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;

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

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

(f) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(g) our Company is a joint stock limited company and is subject to the PRC Company Law.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(i) a copy of the material contract referred to in the paragraph headed "Further Information about the Business of Our Company—1. Summary of Material Contract" in Appendix IV to this document; and

(ii) the written consents referred to in the paragraph headed "Other Information—7. Consents" in Appendix IV to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **http://www.woer.com** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report prepared by Moore CPA Limited, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Group for the three financial years ended December 31, 2022, 2023 and 2024;

(d) the report prepared by Moore CPA Limited on the unaudited **[REDACTED]** financial information of our Group, the text of which is set out in Appendix II to this document;

(e) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. referred to in the section headed "Industry Overview" in this document;

(f) the PRC legal opinion issued by Sundial Law Firm, our legal adviser as to PRC law, in respect of, among other things, the general matters and property interests of our Group under the PRC laws;

(h) the material contract referred to in the paragraph headed "Further Information about the Business of Our Company—1. Summary of Material Contract" in Appendix IV to this document;

(1) the service contracts referred to in the paragraph headed "Further Information about Our Directors and Substantial Shareholders—3. Service Contracts" in Appendix IV to this document;

(k) the terms of the 2025 Share Option Scheme and the 2025 Restricted Share Scheme;

(l) the written consents referred to in the paragraph headed "Other Information—7. Consents" in Appendix IV to this document; and

(m) the Company Law of the People's Republic of China, the Securities Law of the PRC, the Overseas Listing Trial Measures and the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), together with unofficial English translations thereof.

DOCUMENTS AVAILABLE FOR INSPECTION

A list of grantees under the 2025 Share Option Scheme, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be available for inspection at the office of O'Melveny & Myers, at 31/F, AIA Central, 1 Connaught Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document.