

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

In 2001, our Company was established under the name of Changzhou Xinquan Automotive Trim Co., Ltd. (常州新泉汽車內飾件有限公司). In May 2012, our Company was converted into a joint stock company. Throughout the past decades of growth, the Company has been focusing on addressing customer needs for automotive trim system solutions.

In March 2017, our A Shares were listed on the main board of the Shanghai Stock Exchange (stock code: 603179) (the “**A-Shares Listing**”). See “— Major Shareholding Changes of Our Company — Conversion into Joint Stock Limited Company and Listing on the Shanghai Stock Exchange” for more details. As of the Latest Practicable Date, Mr. Tang Zhihua, our Chairman of the Board, held 33.62% of the share capital of our Company, comprising 8.69% owned by him directly and 24.93% through Jiangsu Xinquan Zhihe Investment Co., Ltd. (“**Xinquan Investment**”). For biographical details of Mr. Tang Zhihua, see “Directors and Senior Management”.

OUR KEY MILESTONES

The following is a summary of our Group’s key business development milestones:

Year	Milestone
2001	Our Company was established.
2006	We established our first factory which could provide local support to OEMs in Wuhu, Anhui.
2007	We obtained the laboratory accreditation certificate for our laboratory from the China National Accreditation Service for Conformity Assessment (CNAS).
2013	We established our first exterior trim factory in Ordos, Inner Mongolia.
2017	Our A Shares were listed on the main board of the Shanghai Stock Exchange (stock code: 603179).
2019	We entered into Malaysia market through establishment of a joint venture.
2020	We set up factories in Shanghai catering to localized supply chain requirements of the gigafactory of a global leading vehicle company.

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Year	Milestone
2021	We established our Mexico subsidiary to enter into the Americas market.
2023	We established our Slovakia subsidiary to enter into the European market.
2025	We entered the automotive seating area through the acquisition of Anhui Ruiqi, marking our strategic expansion from interior and exterior trim systems into more comprehensive seating systems.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the following entities were our major subsidiaries:

Name of subsidiary	Place of incorporation	Date of incorporation	Equity interest attributable to our Group	Principal business activities
Wuhu Xinquan Automotive Trim Co., Ltd. (蕪湖新泉汽車飾件系統有限公司) (“ Wuhu Xinquan ”) . . .	PRC	June 6, 2006	100%	Development, manufacture and sales of automotive trim
Xinquan (Shanghai) Automotive Parts Co., Ltd. (新泉(上海)汽車零部件有限公司) (“ Shanghai Xinquan ”) .	PRC	June 23, 2020	100%	Manufacture of automotive parts and accessories
Changzhou Xinquan Automotive Parts Co., Ltd. (常州新泉汽車零部件有限公司) (“ Changzhou Xinquan ”)	PRC	December 28, 2020	100%	Manufacture of automotive parts and accessories
Xinquan Mexico Automotive Trim, S.de R.L.de C.V. (“ Xinquan Mexico ”) . .	Mexico	January 7, 2021	100%	Development, manufacture and sales of automotive parts and accessories

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<u>Name of subsidiary</u>	<u>Place of incorporation</u>	<u>Date of incorporation</u>	<u>Equity interest attributable to our Group</u>	<u>Principal business activities</u>
Changzhou Xinquan Zhihe Automotive Exterior Systems Co., Ltd. (常州新泉志和汽車外飾系統有限公司) (“ Changzhou Xinquan Zhihe ”)	PRC	April 18, 2023	100%	Manufacture of automotive exterior trim
Anhui Ruiqi Automotive Parts Co., Ltd. (安徽瑞琪汽車零部件有限公司) (“ Anhui Ruiqi ”)	PRC	March 22, 2024	70%	Manufacture of automotive seating
Xinquan Slovakia Automotive Trim s.r.o. (“ Xinquan Slovakia ”) .	Slovakia	November 4, 2023	100%	Development, Automotive Trim s.r.o. of automotive parts and accessories

MAJOR SHAREHOLDING CHANGES IN OUR COMPANY

Early Development of our Company

In 2001, our Company was established under the name of Changzhou Xinquan Automotive Trim Co., Ltd. (常州新泉汽車內飾件有限公司).

Conversion into Joint Stock Limited Company and Listing on the Shanghai Stock Exchange

In May 2012, our Company was converted into a joint stock limited company, and upon completion our Company was owned as to 43.04% by Xinquan Investment, 42.36% by Mr. Tang Zhihua, and 14.60% by Ms. Tang Meihua, the sister of Mr. Tang. Upon the completion of several rounds of share transfers and capital injection, in December 2012, our registered capital was increased to RMB119,550,000.

In March 2017, during the A-Shares Listing, we offered a total of 39,850,000 A Shares during the A-Shares Listing, representing 25% of our enlarged share capital.

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Restricted shares issued under the 2017 Restricted Shares Incentive Plan

In September 2017, our Company adopted the 2017 Restricted Shares incentive plan (the “**2017 Restricted Shares Incentive Plan**”) to establish and improve the Company’s long-term incentive. In September 2017, a total of 2,870,000 restricted A Shares were granted to 89 employees of the Company under the 2017 Restricted Shares Incentive Plan. In October 2018, our Company granted 559,000 reserved restricted shares to 39 employees of the Company. From August 2018 to January 2020, our Company repurchased and cancelled 1,545,100 restricted shares previously granted but not yet vested by the former employee.

As of the Latest Practicable Date, there was no outstanding restricted A Shares granted under the 2017 Restricted Shares Incentive Plan and the restricted A Shares granted pursuant to the 2017 Restricted Shares Incentive Plan have all been released from the restriction period and have become A Shares with unlimited conditions of sale.

Capital increase by conversion from capital reserve in 2018

In May 2018, the registered capital of our Company was increased by RMB81,135,000 through dividends by conversion of capital reserve as approved by the shareholders meeting, pursuant to which each Shareholder would be entitled to four A Shares for each 10 A Shares. Upon completion, the registered capital of our Company was increased to RMB227,178,000.

Issuance of 2018 convertible bonds and redemption

To satisfy funding needs of our Company for business operation, in June 2018, we conducted public issuance of convertible bonds of RMB4,500,000 at a par value of RMB100 (the “**2018 Convertible Bonds**”), which were listed on Shanghai Stock Exchange on June 22, 2018 (bond code: 113509). The conversion of the bonds began on December 10, 2018. The 2018 Convertible Bonds were repurchased by the Company in August 2021, upon which the 2018 Convertible Bonds in the amount of RMB448,061,000 had been converted into 30,987,684 A Shares.

Capital increase by conversion from capital reserve in 2020

In July 2020, the registered capital of our Company was increased by RMB90,483,881.20 through dividends by conversion of capital reserve as approved by the shareholders meeting, pursuant to which each Shareholder would be entitled to three A Shares for each 10 A Shares. Upon completion, the registered capital of our Company increased to RMB309,410,476.

Non-public share issuance

In January 2021, our Company proposed a non-public issuance of 49,810,515 ordinary shares. Upon completion, the registered capital of our Company was increased to RMB367,817,237.

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Capital increase by conversion from capital reserve in 2022

In June 2022, the registered capital of our Company was increased by RMB112,454,301.00 through dividends by conversion of capital reserve as approved by the shareholders meeting, pursuant to which each Shareholder would be entitled to three A Shares for each 10 A Shares. Upon completion, the registered capital of our Company was increased to RMB487,301,971.

Issuance of 2023 convertible bonds and redemption

To satisfy funding needs of our Company for business operation, in September 2023, we conducted public issuance of convertible bonds of RMB11,600,000 at a par value of RMB100 (the “2023 Convertible Bonds”), which were listed on Shanghai Stock Exchange on September 5, 2023 (bond code: 113675). The conversion of the bonds began on February 19, 2024. The 2023 Convertible Bonds were repurchased by the Company in October 2025, upon which the 2023 Convertible Bonds in the amount of RMB1,159,181,000 had been converted into 22,839,922 A Shares.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We had not carried out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

OUR CONTROLLING SHAREHOLDERS

Prior to October 2025, Xinquan Investment was held as to 51% by Mr. Tang Aoqi (唐敖齊), father of Mr. Tang Zhihua, and 49% by Mr. Tang Zhihua. In October 2025, following the passing of Mr. Tang Aoqi, the equity interest held by Mr. Tang Aoqi in Xinquan Investment were inherited by Mr. Tang Zhihua and Ms. Tang Meihua, sister of Mr. Tang Zhihua. Accordingly, as of the Latest Practicable Date, Xinquan Investment was held as to 74.5% by Mr. Tang Zhihua and 25.5% by Ms. Tang Meihua. As of the Latest Practicable Date, our Company was held as to 24.93% by Xinquan Investment, which was owned and controlled by Mr. Tang Zhihua, and directly held as to 8.69% by Mr. Tang Zhihua. Therefore, Mr. Tang Zhihua and Xinquan Investment were a group of our Controlling Shareholders as of the Latest Practicable Date.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Tang Zhihua will be interested in approximately [REDACTED]% of the issued share capital of our Company directly and through Xinquan Investment. Accordingly, Mr. Tang and Xinquan Investment will continue to be regarded as a group of Controlling Shareholders upon the [REDACTED].

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

Our Directors confirmed that, as of the Latest Practicable Date, we had no instance of material non-compliance with the rules of the Shanghai 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 Shanghai Stock Exchange. As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any substantial administrative penalties or regulatory measures imposed by PRC securities regulatory authorities and we have complied with the relevant laws and regulations on A share listings applicable to us in all material respects. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor’s attention that would reasonably cause it to cast doubt on our Directors’ confirmation with regard to the compliance records of the Company on the Shanghai Stock Exchange in any material respect.

Our Company seeks to be [REDACTED] on the Hong Kong Stock Exchange in order to advance global expansion strategy, accelerate the growth of international business, enhance overseas financing capabilities and further reinforce comprehensive competitiveness. See “Business — Our Strategies” and “Future Plans and Use of [REDACTED]” for more details.

[REDACTED] AND [REDACTED]

[REDACTED] Requirements

Immediately upon completion of the [REDACTED] (before any exercise of the [REDACTED]), the Company will have [REDACTED] H Shares which are expected to be held by the public hand, representing no less than [REDACTED]% of the total issued share capital of our Company, thereby satisfying the [REDACTED] requirement under Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules.

[REDACTED] Requirements

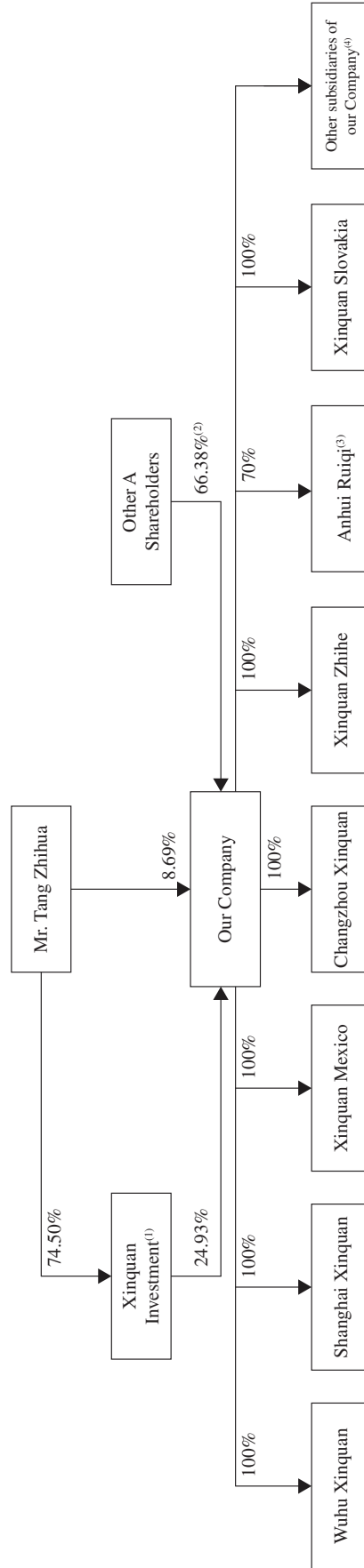
Immediately upon completion of the [REDACTED] (before any exercise of the [REDACTED]), the [REDACTED] of the Company is expected to be no less than [REDACTED]% of the total issued share capital of the Company with an expected market value at the time of [REDACTED] of not less than HK\$[REDACTED], thereby satisfying the [REDACTED] requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules.

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OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate structure immediately before the [REDACTED]

The following chart depicts a simplified shareholding and beneficial ownership structure of our Group immediately prior to the completion of the [REDACTED] (assuming that no changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED]):



Notes:

- (1) The remaining 25.5% equity interest of Xinqun Investment is held by Ms. Tang Meihua, the sister of Mr. Tang Zhihua.
- (2) Other A Shareholders include Ms. Tang Meihua who is the sister of Mr. Tang Zhihua with 1.84% equity interest, and other public A Shareholders.
- (3) The remaining 30% equity interest of Anhui Ruiqi was held by Wuhu Ruiqi Enterprise Management Consulting Partnership (Limited Partnership) (蕪湖瑞琪企業管理諮詢合夥企業(有限合夥)), whose ultimate beneficial owner is Mr. Hu Jingui (胡金貴), an Independent Third Party.

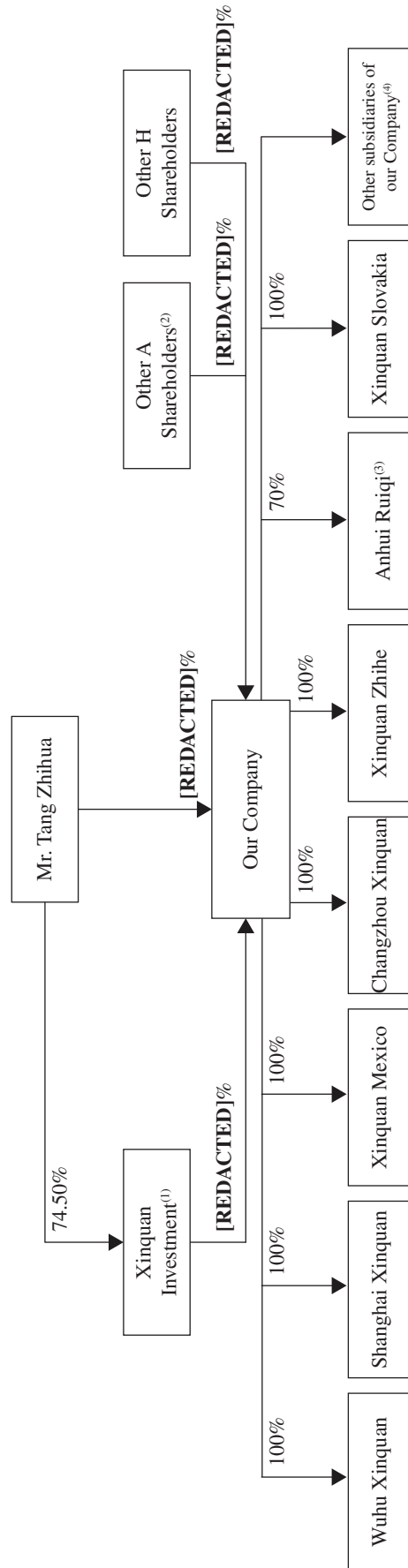
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(4) Other subsidiaries include, in aggregate, 26 subsidiaries established in various jurisdictions including PRC, Hong Kong, Malaysia, the U.S., Singapore and Europe: Beijing Xinquan Zhihe Automotive Trim Systems Co., Ltd. (北京新泉志和汽車飾件系統有限公司), Qingdao Xinquan Automotive Trim Co., Ltd. (青島新泉汽車飾件有限公司), Changchun Xinquan Zhihe Automotive Trim Co., Ltd. (長春新泉志和汽車飾件有限公司), Jiangsu Xinquan Mould Co., Ltd. (江蘇新泉模具有限公司), Changsha Xinquan Automotive Trim Systems Co., Ltd. (長沙新泉汽車飾件系統有限公司), Ningbo Xinquan Zhihe Automotive Trim Systems Co., Ltd. (寧波新泉志和汽車飾件系統有限公司), Foshan Xinquan Automotive Trim Co., Ltd. (佛山新泉汽車飾件有限公司), Ningbo Xinquan Automotive Trim Systems Co., Ltd. (成都新泉汽車飾件系統有限公司), Xi'an Xinquan Automotive Trim Co., Ltd. (西安新泉汽車飾件有限公司), Ningde Xinquan Automotive Trim Co., Ltd. (寧德新泉汽車飾件有限公司), Wuhu Xinquan Zhihe Automotive Exterior System Co., Ltd. (蕪湖新泉志和汽車外飾系統有限公司), Hefei Xinquan Automotive Parts Co., Ltd. (合肥新泉汽車零部件有限公司), Anqing Xinquan Automotive Parts Co., Ltd. (安慶新泉汽車零部件有限公司), Jimzhong Xinquan Automotive Trim Co., Ltd. (晉中新泉汽車飾件有限公司), Changzhou Xinquan Intelligent Robot Co., Ltd. (常州新泉智能機器人有限公司), Shanghai Ruijinqi Automotive Parts Co., Ltd. (上海瑞瑾琪汽車零部件有限公司), Xinquan Development Hong Kong Limited (新泉發展香港有限公司), Xinquan Hicom Malaysia Sdn.Bhd., Xinquan US Automotive Interior System Co., Ltd., Xinquan International Development Singapore PTE.LTD., Xinquan US LLC, Xinquan Texas Automotive Interiors LLC, Xinquan US Group LLC, Xinquan Ingolstadt Interior GmbH, Xinquan Europe GmbH, Xinquan Kentucky Automotive Interiors LLC.

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Shareholding and Corporate structure immediately following the [REDACTED]

The following chart depicts the shareholding and beneficial ownership structure of our Group immediately following the completion of the [REDACTED], assuming that the [REDACTED] are not exercised and that no changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED]:



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