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

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

OVERVIEW

Who We Are

We are a leading global manufacturer of transformer tap-changers. According to Frost & Sullivan, we ranked second globally and first in the PRC by revenue in the tap-changer market in 2024. We offer a broad portfolio of tap-changers and related solutions for traditional and high-growth end markets, underpinned by reliability and innovation. As essential and mission-critical components of power transformers, tap-changers position us to benefit from the growth of the power industry driven by demand from new energy sectors, ESS, AIDCs and other end markets.

We have been focusing on the tap-changer business for more than three decades, investing substantially in product development, high-precision precision manufacturing and technology R&D. As a result, we have established comprehensive end-to-end capabilities covering R&D, design, manufacturing, testing, sales and after-sales services, while building long-standing relationships with leading transformer manufacturers and power grid operators worldwide. We have reached major milestones across multiple dimensions that have reinforced our market position and global competitiveness:

World's No. 2 Tap-Changer Manufacturer(1)	**World's No. 1** in Voltage Segments below 500kV 57.3% World's Market Share(2)	**China's No. 1** 80% China's Market Share(2)
World's Only Fully Independent, End-to-End Production and Testing Capabilities(3)	**Driven by High-Growth End Markets** From Grid to AIDCs & ESS	**120+** Countries and Regions Covered
5 Production Sites Globally with Supply Chain Synergies	**Up to 80%** In-House Production Rate of Tap-Changer Components(4)	**53.9%** Gross Margin in 2025 **29.8%** Net Margin in 2025

Notes:

(1) in terms of revenue in 2024 among tap-changer suppliers globally, according to Frost & Sullivan.

(2) in terms of sales volume in 2024, according to Frost & Sullivan.

(3) according to Frost & Sullivan.

(4) in-house production rate is defined as the ratio of the number of types of self-manufactured components to the total number of types of components included in the core bill of materials (BOM). A component is classified as "self-manufactured" if it is produced by us from raw materials or through further processing, as opposed to finished parts purchased directly from suppliers and assembled into our products. Based on this definition, up to 80% of the component types in our core BOM are self-manufactured.

Our Industry

We operate in the electricity sector, which underpins modern economic and industrial activity. In recent years, national decarbonization goals and the structural transition from fossil fuels to clean energy have driven sustained growth in global electricity demand, while ongoing replacement and upgrading of power infrastructure continue to support stable demand for core power equipment components. Accordingly, industry growth is fueled by both rising electricity consumption and the need to enhance grid reliability and power quality.

In China, electricity infrastructure investment under the 15th Five-Year Plan (2026-2030) has risen significantly. National grid fixed asset investment is expected to reach approximately RMB4 trillion during the period, representing an approximately 40% increase compared with the 14th Five-Year Plan and driving upgrades across power transmission and distribution and ESS. In addition, the sector benefits from structural growth drivers including industrialization and new grid construction in emerging markets, electrification across end-use sectors, expansion of renewable energy capacity and the build-out of AIDCs. Since 2020, renewable energy installed capacity has increased by approximately 59%, and AIDC IT power load has risen by approximately 44% over the same period. In parallel, increasing penetration of intermittent renewable generation and the concentration of power loads from large-scale computing and new energy vehicles are reshaping grid operating conditions. These developments are increasing technical requirements for voltage regulation, system flexibility and grid reinforcement, supporting sustained demand for high-performance power equipment components.

Our Products and Services

Power equipment business. During the Track Record Period, approximately 82.8%, 77.9% and 86.6% of our total revenue was contributed by our power equipment business. Our tap-changer products include both on-load and de-energized models, with the on-load tap-changers being the key products. We provide comprehensive lifecycle services, encompassing initial design, customization, after-sales maintenance, and online monitoring. Our products are widely deployed across power generation plants, transmission and distribution power grids, industrial sectors (including chemicals and metallurgy), rail transportation systems, ESS and AIDCs.

CNC equipment business. We design, manufacture, sell and service our CNC equipment, which are widely used to produce steel structural components and large-scale plates for transmission towers, communication towers and various urban infrastructure. During the Track Record Period, approximately 8.3%, 7.6% and 10.1% of our total revenue was contributed by our CNC equipment business.

Power station EPC business. We provide EPC services for photovoltaic power stations, primarily involving the engineering, procurement and construction of photovoltaic power generation facilities. During the Track Record Period, approximately 6.0%, 12.4% and 1.2% of our total revenue was contributed by power station EPC business.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our success:

- global leader in the tap-changer industry;
- world-class product and brand built on quality and innovation;
- fully integrated and self-sufficient production and testing capabilities across the entire value chain;
- sustained R&D investment and deep technological accumulation supporting industry-leading product development capabilities;
- long-term global presence driving a high-potential international growth trajectory; and
- a visionary management team with extensive industry expertise.

See "Business — Competitive Strengths."

FUTURE STRATEGIES

We have formulated the following strategies:

- increase investment in product and process R&D to accelerate digital transformation and enhance product quality and reliability;
- upgrade manufacturing capabilities through digitalization and automation;
- expand global marketing and service networks to strengthen international presence and customer support;
- strengthen global production synergy and advance overseas localization; and

- attract and retain international management and technical talent.

See "Business — Future Strategies."

CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers primarily included transformer manufacturers and power companies. In 2023, 2024 and 2025, revenue generated from our top five customers in each year accounted for 28.8%, 32.8% and 26.7% of our total revenue for such year, respectively, and revenue generated from our largest customer in each year accounted for 8.7%, 9.2% and 9.9% of our total revenue for such year, respectively.

During the Track Record Period, the key materials that we procured primarily included copper, steel ingots, aluminum ingots, tungsten powder, tin powder and epoxy resin. In 2023, 2024 and 2025, purchase from our top five suppliers in each year accounted for 31.5%, 37.4% and 18.8% of our total purchases for such year, respectively, and purchase from our largest supplier in each year accounted for 11.8%, 17.2% and 7.2% of our total purchases for such year, respectively.

COMPETITIVE LANDSCAPE

The global tap-changer market is characterized by high barriers to entry. According to Frost & Sullivan, the three largest global players collectively accounted for approximately 82.5% of the global market in terms of revenue from the tap-changer business in 2024, reflecting a high degree of industry concentration, and we ranked second globally in terms of revenue, with a market share of 17.9%. We believe that our competitive differentiation is driven by our world-class product and brand strength, sustained R&D and technological depth, vertically integrated manufacturing and testing capabilities and "Glocal" (global + local) operating model.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

During the Track Record Period, we delivered strong financial performance characterized by high growth, high profitability, robust cash generation, and high returns. Our revenue grew from RMB1,945.6 million in 2023 to RMB2,411.8 million in 2025, with a CAGR of 11.3%. In particular, revenue from our power equipment business grew from RMB1,611.0 million in 2023 to RMB2,088.2 million in 2025, with a CAGR of 13.9%. Our overseas operation was a key growth driver, with revenue from overseas sales contributing approximately 19.9% of our total revenue in 2025, compared to 14.1% in 2023. Our revenue from overseas sales reached RMB478.8 million in 2025 from RMB274.3 million in 2023, with a CAGR of 32.1%. In addition, our overall gross margin reached 53.9% and our net margin reached 29.8% in 2025. These results reflect our strong earnings quality and stable capital returns.

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

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss, in absolute amounts and as a percentage of our total revenue, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
Revenue	1,945,637	100.0	2,308,875	100.0	2,411,780	100.0
Cost of sales	(944,493)	(48.5)	(1,193,227)	(51.7)	(1,110,905)	(46.1)
Gross profit	**1,001,144**	**51.5**	**1,115,648**	**48.3**	**1,300,875**	**53.9**
Other income and gains	61,801	3.2	81,952	3.5	111,171	4.6
Sales and marketing expenses	(206,195)	(10.6)	(209,623)	(9.1)	(251,514)	(10.4)
Administrative expenses	(152,973)	(7.9)	(163,203)	(7.1)	(188,369)	(7.8)
Research and development expenses	(78,468)	(4.0)	(81,361)	(3.5)	(88,471)	(3.7)
Reversal of impairment losses/(impairment losses) on financial and contract assets, net	25,927	1.3	(6,488)	(0.3)	455	0.0
Fair value gains on financial assets at fair value through profit or loss, net	6,728	0.3	–	–	7	0.0
Other expenses	(6,189)	(0.3)	(9,956)	(0.4)	(24,684)	(1.0)
Finance costs	(16,299)	(0.8)	(17,255)	(0.7)	(13,437)	(0.6)
Share of profits and losses of:						
Joint ventures	(225)	(0.0)	(466)	(0.0)	2,179	0.1
Associates	10,527	0.5	17,388	0.8	–	–
Profit before tax	645,778	33.2	726,636	31.5	848,212	35.2
Income tax expense	(95,120)	(4.9)	(106,855)	(4.6)	(128,585)	(5.3)
Profit for the year	**550,658**	**28.3**	**619,781**	**26.8**	**719,627**	**29.8**

For a more detailed discussion of the year-to-year changes in our results of operations, see "Financial Information — Year-to-Year Comparison of Results of Operations."

Summary of Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Total non-current assets	1,534,624	1,442,785	1,934,527
Total current assets	2,983,524	3,014,909	3,273,916
Total assets	**4,518,148**	**4,457,694**	**5,208,443**
Total non-current liabilities	414,882	284,093	955,052
Total current liabilities	740,555	992,258	1,081,019
Total liabilities	**1,155,437**	**1,276,351**	**2,036,071**
Net assets	**3,362,711**	**3,181,343**	**3,172,372**

For a more detailed discussion of selected components of our consolidated statements of financial position, see "Financial Information — Discussion of Selected Items of Consolidated Statements of Financial Position."

Summary of Consolidated Statements of Cash Flow

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

	Year ended December 31,		
	2023	2024	2025
	(RMB'000)		
Net cash flows from operating activities	621,679	889,357	604,031
Net cash flows from/(used in) investing activities	6,467	(57,047)	50,529
Net cash flows (used in)/from financing activities	(627,639)	(723,845)	(586,998)
Net increase in cash and cash equivalents	**507**	**108,465**	**67,562**
Cash and cash equivalents at beginning of year	986,923	991,684	1,103,901
Effect of foreign exchange rate changes, net	4,254	3,752	(5,864)
Cash and cash equivalents at end of year	**991,684**	**1,103,901**	**1,165,599**

For a more detailed discussion of our liquidity and capital resources, see "Financial Information — Liquidity and Capital Resources."

KEY FINANCIAL RATIOS

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

	Year ended/As of December 31,		
	2023	**2024**	**2025**
Net margin	28.3%	26.8%	29.8%
Return on equity[(1)]	16.2%	18.9%	22.5%
Current ratio[(2)]	4.0	3.0	3.0
Quick ratio[(3)]	3.6	2.7	2.7
Liabilities-to-assets ratio[(4)]	25.6%	28.6%	39.1%

Notes:

(1) Return on equity is calculated based on profit attributable to owners of the parent divided by the arithmetic mean of the opening and closing balances of equity attributable to owners of the parent for the year and multiplied by 100%.

(2) Current ratio equals total current assets divided by total current liabilities of the same date.

(3) Quick ratio equals total current assets less inventories divided by total current liabilities of the same date.

(4) Liabilities-to-asset ratio equals total indebtedness divided by total assets of the same date.

FUTURE PLANS AND USE OF [REDACTED]

Assuming that the [**REDACTED**] is not exercised, after deducting the [**REDACTED**] commissions and other estimated [**REDACTED**] expenses, we estimate that we will receive net [**REDACTED**] of approximately [**REDACTED**] from the [**REDACTED**]. We intend to use the net [**REDACTED**] from the [**REDACTED**] for the following purposes: (i) approximately [**REDACTED**] of the net [**REDACTED**], or approximately [**REDACTED**], will be used to enhance our core R&D capabilities; (ii) approximately [**REDACTED**] of the net [**REDACTED**], or approximately [**REDACTED**], will be used to expand our global sales and service networks and strengthen our global marketing and branding initiatives, (iii) approximately [**REDACTED**] of the net [**REDACTED**], or approximately [**REDACTED**], will be used to further develop overseas supply chain networks; (iv) approximately [**REDACTED**] of the net [**REDACTED**], or approximately [**REDACTED**], will be used to upgrade our digitalized, intelligent and automated manufacturing capabilities, expand our production capacity and advance the application of new materials and manufacturing processes; and (v) approximately [**REDACTED**] of the net [**REDACTED**], or approximately [**REDACTED**], will be used for working capital and general corporate purposes. For details, see "Future Plans and Use of [**REDACTED**]."

OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, Mr. Xiao Yi (our executive Director and Chairman of the Board), Mr. Xiao Shen (brother of Mr. Xiao Yi) and Mr. Xiao Riming (father of Mr. Xiao Yi and Mr. Xiao Shen) were interested in an aggregate of 390,130,835 A Shares through Huaming Group (of which 136,986,301 A Shares were being held through Huaming Development), representing approximately 43.54% of the voting power at general meetings of our Company (excluding the 246,209 A Shares held by our Company as treasury Shares as of the Latest Practicable Date). Immediately following the completion of the [**REDACTED**] (assuming that (i) the [**REDACTED**] is not exercised, (ii) any Remaining Shares will be granted under the 2025 Employee Shareholding Scheme prior to the [**REDACTED**], and (iii) there are no other change to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), Mr. Xiao Yi, Mr. Xiao Shen and Mr. Xiao Riming will continue to be collectively entitled to control approximately [**REDACTED**] of the voting power at general meetings of our Company. Therefore, Mr. Xiao Yi, Mr. Xiao Shen, Mr. Xiao Riming, Huaming Group and Huaming Development are considered as a group of Controlling Shareholders of our Company upon [**REDACTED**].

As of the Latest Practicable Date, none of our Controlling Shareholders, our Directors and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules. For further details about our Controlling Shareholders, please see "Relationship with Our Controlling Shareholders."

RISK FACTORS

Our business faces risks including those set out in the section headed "Risk Factors." As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to [**REDACTED**] in our Shares. Some of the major risks that our business may face include: (i) our business has benefited from the growth in power grid and the needs for structural energy transition. Any policy shifts influencing these key drivers or reduction of relevant investments could materially and adversely affect our business, financial condition and results of operations; (ii) if we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected; (iii) we may be subject to risks relating to scale expansion and global operations. The uncertain geopolitical landscape, including potential changes in international trade policies and trade barriers, may materially and adversely affect our global expansion; (iv) the manufacture of our products is a highly exacting and complex process, and if we directly or indirectly encounter problems in manufacturing products, our reputation, business and financial results could suffer; (v) we may be subject to financial and reputational risks due to failure to maintain effective quality control, which may lead to product liability claims and sales return; (vi) unexpected disruptions to our production facilities or production process may affect production efficiency and output in our manufacturing operations, leading to higher unit costs and lower margins, and could materially and adversely affect our financial results and business operations; (vii) if we are unable to retain existing customers and attract new customers or if our marketing efforts are not successful, our business, financial conditions and results of operations may be adversely affected; (viii) we cannot assure you that we can implement our pricing strategies successfully or sustain the gross profit margins at the levels recorded during the Track Record Period; (ix) shortages or instability of raw materials supply could adversely affect our business, financial condition and results of operations; and (x) our business relies on key management and other highly qualified personnel with specialized skills. If we experience increases in labor costs, shortage of labor or other labor-related circumstances, our business, financial condition and results of operations may be adversely affected.

[**REDACTED**]

[REDACTED] EXPENSES

We expect to incur a total of approximately [**REDACTED**] of [**REDACTED**] expenses in connection with the [**REDACTED**], representing approximately [**REDACTED**] of the gross [**REDACTED**] from the [**REDACTED**] (based on an [**REDACTED**] of [**REDACTED**] per Share, being the mid-point of our indicative [**REDACTED**] range for the [**REDACTED**], and assuming that the [**REDACTED**] is not exercised), among which (i) [**REDACTED**] expenses, including [**REDACTED**] commission and other expenses, are expected to be approximately [**REDACTED**], and (ii) [**REDACTED**] expenses are expected to be approximately [**REDACTED**], comprising (a) fees and expenses of the Joint Sponsors, legal advisors and accountants of approximately [**REDACTED**] and (b) other fees and expenses of approximately [**REDACTED**]. During the Track Record Period, we incurred [**REDACTED**] expenses of [**REDACTED**]. The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

DIVIDEND

In 2023, 2024 and 2025, we declared cash dividends of RMB510.8 million, RMB785.1 million and RMB552.9 million, respectively. Our Board has considered and approved the conditional proposal of the shareholder return plan of the Company (2026-2028) (the "**Shareholder Return Plan (2026-2028)**"), which is subject to the approval of our A Shareholders. Subject to the conditions and restrictions set out in the Shareholder Return Plan (2026-2028), our Company plans to distribute dividends by way of cash of not less than 60% of the distributable profits of the Company for the relevant year. For details, "Financial Information — Dividends."

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since December 31, 2025, the end of the period reported on the Accountant's Report included in Appendix I to this document.