OVERVIEW

We are a leading global manufacturer of transformer tap-changers. We provide a broad range of tap-changers and related solutions serving traditional and high-growth end markets, anchored in reliability and innovation.

MILESTONES

The following table sets forth certain key milestones of our business development:

Year	Event
1995	Shanghai Huaming Power Equipment Co., Ltd (上海華明電力設備製造有限公司) ("**Huaming Power**"), our wholly-owned subsidiary, was established as a limited liability company under the laws of the PRC.
1999	We expanded our export market to Europe by exporting our tap-changers to Italy and Germany.
2003	We expanded the HV electrical equipment manufacturing base in Fengxian, Shanghai, establishing a core hub for large-scale manufacturing and integrated industrial chain capabilities.
2007	We were recognized as a "Shanghai Patent Demonstration Enterprise (上海市專利示範企業)" by Shanghai Intellectual Property Administration (上海市知識產權局).
2008	Our OLTC was recognized as "Shanghai Famous Brand (上海名牌)" by Shanghai Famous Brand Product Recommendation Committee (上海市名牌產品推薦委員會).
2009	Our tap-changer testing center obtained CNAS laboratory accreditation.
2015	We completed the Major Asset Restructuring (as defined below), and our business became listed on the Shenzhen Stock Exchange.
2016	Shandong Fin CNC Machine Co., Ltd. (山東法因數控機械股份有限公司) was renamed Huaming Power Equipment Co., Ltd.. (華明電力裝備股份有限公司). We commenced production at our Turkey production base.
2019	We established sales and service outlets in Brazil and the United States.

Year	Event
2022	The Company was recognized as a national-level Specialized, Refined, Distinctive, and Innovative "Little Giant" (專精特新"小巨人") enterprise by the 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) ("**MIIT**"). We established a wholly-owned subsidiary in Singapore and began developing a sales and service network across the Southeast Asian market.
2023	Our tap-changer was recognized as one of the "first set of major technical equipment" in the energy field (能源領域首台(套)重大技術裝備(項目)名單) by the National Energy Administration (國家能源局).
2024	Huaming Power was recognized as a National Manufacturing Champion Enterprise (製造業單項冠軍企業) by MIIT.
2025	The new-type vacuum OLTC has been officially commissioned for large-scale commercial operation in the Longdong-Shandong ±800kV UHV DC transmission project. Commenced production at our Indonesia production base. Huaming Power was recognized as a "National Advanced Collective in the Industrial and Information Technology System (全國工業和信息化系統先進集體)" by MIIT.

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

Incorporation, early development and other major shareholding changes before the Major Asset Restructuring

Our history dates back to April 1995, when Huaming Power, one of our wholly-owned subsidiaries, was established. At its establishment, Huaming Power was held by (1) Shanghai Huaming Switchgear Factory (上海華明開關廠) ("**Huaming Switchgear**"), a collectively owned enterprise under the laws of the PRC, (2) Shanghai Huaming Industry Electrical Appliance & S&T Co., Ltd. (上海華明工業電器科技有限公司) ("**Huaming S&T**"), a company that was 100% owned by Mr. Xiao Shen (brother of our Chairman and executive Director, Mr. Xiao Yi) and his mother, and (3) Shanghai Hongkou District Huaming Electrical Appliance Factory (上海虹口區華明電器廠) ("**Huaming Electrical Appliance**"), a company that was established with all of its registered capital contributed by Huaming Switchgear and Huaming S&T, as to 20%, 50% and 30% respectively. The shareholding structure of Huaming Power upon establishment was as follows:

Shareholder	Registered capital subscribed for	Approximate percentage of registered capital
	(RMB)	*(%)*
Huaming Switchgear[(1)]	120,000	20
Huaming S&T[(2)]	300,000	50
Huaming Electrical Appliance[(3)]	180,000	30
Total	**600,000**	**100**

Notes:

(1) The registered capital of Huaming Switchgear was then contributed by Mr. Xiao Riming and Cao'an Street Production and Services Cooperative Society, Putuo District, Shanghai (上海市普陀區曹安街道生產服務合作聯社) as to 69.88% and 30.12%, respectively.

(2) Huaming S&T was then held by Mr. Xiao Shen and his mother, Ms. Shen Qiongxian (沈瓊仙), as to 90% and 10%, respectively.

(3) Huaming Electrical Appliance was established with all of its registered capital contributed by Huaming Switchgear and Huaming S&T.

Immediately prior to Major Asset Restructuring

Prior to December 2015, Huaming Power underwent a series of shareholding changes, which resulted in (1) Shanghai Huaming Electric Power Equipment Group Company Limited (上海華明電力設備集團有限公司) ("**Huaming Group**"), which was then and continued to be held as to 40%, 40% and 20% by Mr. Xiao Yi (our Chairman and executive Director), Mr. Xiao Shen and Mr. Xiao Riming, respectively, holding 60.11% of Huaming Power, and (2) 39.89% of Huaming Power being held by other independent third parties.

The shareholding structure of Huaming Power immediately prior to the Major Asset Restructuring (as defined below) was as follows:

Shareholder	Registered capital subscribed for	Approximate percentage of equity interest
	(RMB)	*(%)*
Huaming Group[(1)]	19,403,156	60.11
Other independent third party shareholders	12,878,622	39.89
Total	**32,281,778**	**100.00**

Notes:

(1) Huaming Group was then directly held by Mr. Xiao Yi as to 40%, Mr. Xiao Shen as to 40% and Mr. Xiao Riming as to 20%, such shareholding continued to remain unchanged as at the Latest Practicable Date.

Major Asset Restructuring and Concurrent Placing

In December 2015, the then shareholders of Huaming Power transferred 100% equity interest in Huaming Power to Shandong Fin CNC Machine Co., Ltd. (山東法因數控機械股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002270) since September 2008 and the predecessor of our Company, for a consideration of RMB2.6 billion (the "**Major Asset Restructuring**"). The consideration was fully settled by the issuance and allotment of 280,777,537 new A Shares by Shandong Fin CNC Machine Co., Ltd. to the then shareholders of Huaming Power, in proportion to their respective equity interests in Huaming Power immediately prior to the Major Asset Restructuring, at an issue price of RMB9.26 per Share.

The consideration for the Major Asset Restructuring was determined after arm's length negotiations and with reference to (a) the appraised value of RMB2,600,839,400 of Huaming Power pursuant to an asset appraisal report prepared by an independent appraisal institution with qualifications in securities and futures valuation in the PRC, and (b) the average trading price of the A Shares over the 120 trading days preceding the date of the announcement of the relevant board resolutions. The Major Asset Restructuring was completed on December 3, 2015.

The Major Asset Restructuring constituted a major asset restructuring under the Administrative Measures for the Major Asset Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》) promulgated by the CSRC, and was duly approved by our then independent Shareholders, the CSRC and the Shenzhen Stock Exchange.

Immediately following completion of the Major Asset Restructuring, Huaming Group, holding 35.91% of the equity interest of Shandong Fin CNC Machine Co., Ltd., became the single largest shareholder and the Controlling Shareholder of Shandong Fin CNC Machine Co., Ltd.. Accordingly, Mr. Xiao Yi, Mr. Xiao Shen and Mr. Xiao Riming became the actual controllers of Shandong Fin CNC Machine Co., Ltd. immediately following completion of the Major Asset Restructuring.

Concurrently with the Major Asset Restructuring, Shandong Fin CNC Machine Co., Ltd. raised approximately RMB350 million in cash through the placing of 36,231,883 new Shares at an issue price of RMB9.66 per Share to selected investors that were independent third parties (the "**Concurrent Placing**").

The consideration for the Concurrent Placing was determined at arm's length negotiations and with reference to the average trading price of the A Shares over the 20 trading days preceding the date of the announcement of the relevant board resolutions. The Concurrent Placing was completed on January 19, 2016. The Concurrent Placing was duly approved by our then independent Shareholders, the CSRC and the Shenzhen Stock Exchange.

Upon completion of the Concurrent Placing, Huaming Group remained the then single largest and controlling shareholder of Shandong Fin CNC Machine Co., Ltd. with Mr. Xiao Yi, Mr. Xiao Shen and Mr. Xiao Riming as the actual controllers. In July 2016, Shandong Fin CNC Machine Co., Ltd. (山東法因數控機械股份有限公司) was renamed as Huaming Power Equipment Co., Ltd. (華明電力裝備股份有限公司).

Upon completion of the Concurrent Placing, our shareholding structure was as follows:

Shareholder	Number of A Shares	Shareholding Percentage
		(%)
Huaming Group[(1)]	168,763,023	33.34
Other A Shareholders	337,396,397	66.66
Total	**506,159,420**	**100.00**

Notes:

(1) Huaming Group was then directly held by Mr. Xiao Yi as to 40%, Mr. Xiao Shen as to 40% and Mr. Xiao Riming as to 20%.

Capitalization Issue and Private Placing

In June 2018, the Company issued 253,079,710 A Shares by way of capitalization of capital reserve to all the then Shareholders on the basis of five (5) capitalization A Shares for every ten (10) existing A Shares. Upon completion of such capitalization issue, the issued Shares of the Company increased to 759,239,130 A Shares.

In March 2022, our Company completed a private placing of 136,986,301 A Shares at an issue price of RMB3.65 per A Share to Huaming Development, a wholly-owned subsidiary of Huaming Group, and raised approximately RMB500 million (the "**Private Placing**"). The consideration for the Private Placing was determined at 80% of the average trading price of the A Shares over the 20 trading days preceding the date of the announcement of the relevant board resolutions, adjusted downward to reflect the interim dividend declared for the first half of 2021. The Private Placing was completed on March 22, 2022. The Private Placing was duly approved by our then independent Shareholders, the CSRC and the Shenzhen Stock Exchange.

Upon completion of the Private Placing, the registered capital of our Company became RMB896,225,431, and Huaming Development, holding 15.28% of our then enlarged share capital, became a Controlling Shareholder. Since then and up to the Latest Practicable Date, Huaming Group, Huaming Development, Mr. Xiao Yi, Mr. Xiao Shen and Mr. Xiao Riming remain our Controlling Shareholders.

Upon completion of the Private Placing, our shareholding structure was as follows:

Shareholder	Number of A Shares	Shareholding Percentage
		(%)
Huaming Group[(1)]	253,144,534	28.25
Huaming Development[(2)]	136,986,301	15.28
Other A Shareholders	506,094,596	56.47
Total	**896,225,431**	**100.00**

Notes:

(1) Huaming Group was then directly held by Mr. Xiao Yi as to 40%, Mr. Xiao Shen as to 40% and Mr. Xiao Riming as to 20%.

(2) Huaming Development was then a wholly-owned subsidiary of Huaming Group.

Save as disclosed above, throughout the Track Record Period and up to the Latest Practicable Date, there was no other material change in the shareholding of our Company.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Changzheng Electric Disposal

On April 30, 2025, Huaming Power and Zunyi Huaming Power Equipment Manufacturing Co., Ltd. (遵義華明電力設備製造有限公司), each a wholly-owned subsidiary of our Company, entered into a share transfer agreement to dispose of 100% equity interest in Changzheng Electric Co., Ltd. (貴州長征電氣有限公司) ("**Changzheng Electric**") to an independent third party buyer ("**Buyer**") for a cash consideration of RMB1 million, such consideration was determined at arm's length negotiations and with reference to the net asset of Changzheng Electric (the "**Disposal**").

We acquired Changzheng Electric, a company principally engaged in the manufacturing and sale of tap changers, in September 2018 for a cash consideration of RMB398 million. However, following the acquisition, Changzheng Electric became involved in a litigation of approximately RMB277 million related to historical contingent matters incurred before our acquisition. In light of the complexity and uncertainty relating to such litigation, the Board resolved to dispose Changzheng Electric. Upon completion of the Disposal on May 12, 2025, Changzheng Electric ceased to be a member of the Group and we ceased to be liable for its liabilities. We recorded other expenses of approximately RMB15.1 million in 2025 arising out of the Disposal, which did not have any material adverse effect on the financial position of the Group as a whole.

The Disposal had been properly and legally completed and settled, and all applicable regulatory approvals had been obtained.

Save as disclosed above, throughout the Track Record Period and as of the Latest Practicable Date, we did not conduct any major acquisitions, disposals or mergers.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, our Company had 28 directly and indirectly owned subsidiaries. Details of our major subsidiaries, which, among other things, made a material contribution to our results of operations during the Track Record Period, are set out below.

Name of major subsidiary	Place of establishment	Date of establishment and commencement of business	Equity interest attributable to our Group	Principal business activities
Huaming Power . .	PRC	April 3, 1995	100%	Research and development and sales of tap-changers
Huaming High Voltage	PRC	September 28, 2002	100%	Manufacturing of tap-changers
Guizhou Chenting	PRC	February 27, 2018	100%	Manufacturing and sales of tap-changers
Huaming Engineering . . .	PRC	September 19, 2000	100%	Sales of tap-changers and other electrical power equipment; electrical engineering construction
Hua Ming Power Grid	Hong Kong	February 21, 2018	100%	Investment in electric power projects

For further information of our other subsidiaries, see "— Our Shareholding and Corporate Structure" below and Note 1 to the Accountants' Report as set out in Appendix I in this document.

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

LISTING OF A SHARES ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE [REDACTED] OF H SHARES ON THE STOCK EXCHANGE

The A Shares of Shandong Fin CNC Machine Co., Ltd., the predecessor of our Company, have been listed on the Shenzhen Stock Exchange (stock code: 002270) since September 2008. In 2015, We completed the Major Asset Restructuring, and our business became listed on the Shenzhen Stock Exchange. For details of the Major Asset Restructuring, please see "— Corporate Development and Major Shareholding Changes — Major Asset Restructuring and Concurrent Placing" in this section.

As of 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 respect and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [**REDACTED**] attention in relation to our compliance record on the Shenzhen Stock Exchange.

Our PRC Legal Advisor is of the view that, during the Track Record Period and up to the Latest Practicable Date, there had been no instances of any material non-compliance of our Company with the applicable rules of the Shenzhen Stock Exchange and other applicable PRC securities laws and regulations.

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

Our Company seeks to [**REDACTED**] our H Shares on the Stock Exchange to raise additional capital for our business growth and expansion. See "Business — Future Strategies" and "Future Plans and Use of [**REDACTED**]" in this document for more details.

PUBLIC FLOAT AND FREE FLOAT

Pursuant to Rules 19A.13A(2) of the Listing Rules, as our Company has A Shares apart from the H Shares for which [**REDACTED**] is sought, the portion of H shares that are held by the public, at the time of [**REDACTED**], must:

(a) represent at least 10% of our Company's total number of issued Shares (including A Shares and H Shares, but excluding any treasury Shares); or

(b) have an expected market value of not less than HK$3,000,000,000.

Our A Shares are listed on the Shenzhen Stock Exchange. The total number of the H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] represents approximately [**REDACTED**] of the total issued share capital of our Company as enlarged by the [**REDACTED**] (before any exercise of the [**REDACTED**]). Immediately upon completion of the [**REDACTED**] (before any exercise of the [**REDACTED**]), the total number of the H Shares expected to be held by the public represents at least 10% of the total issued share capital of our Company, thereby satisfying the public float requirement prescribed under Rule 19A.13A(2) of the Listing Rules.

Pursuant to Rules 19A.13C(2) of the Listing Rules, as our Company has A Shares apart from the H Shares for which [**REDACTED**] is sought, the portion of H shares that are held by the public and not subject to any disposal restrictions, at the time of [**REDACTED**], must:

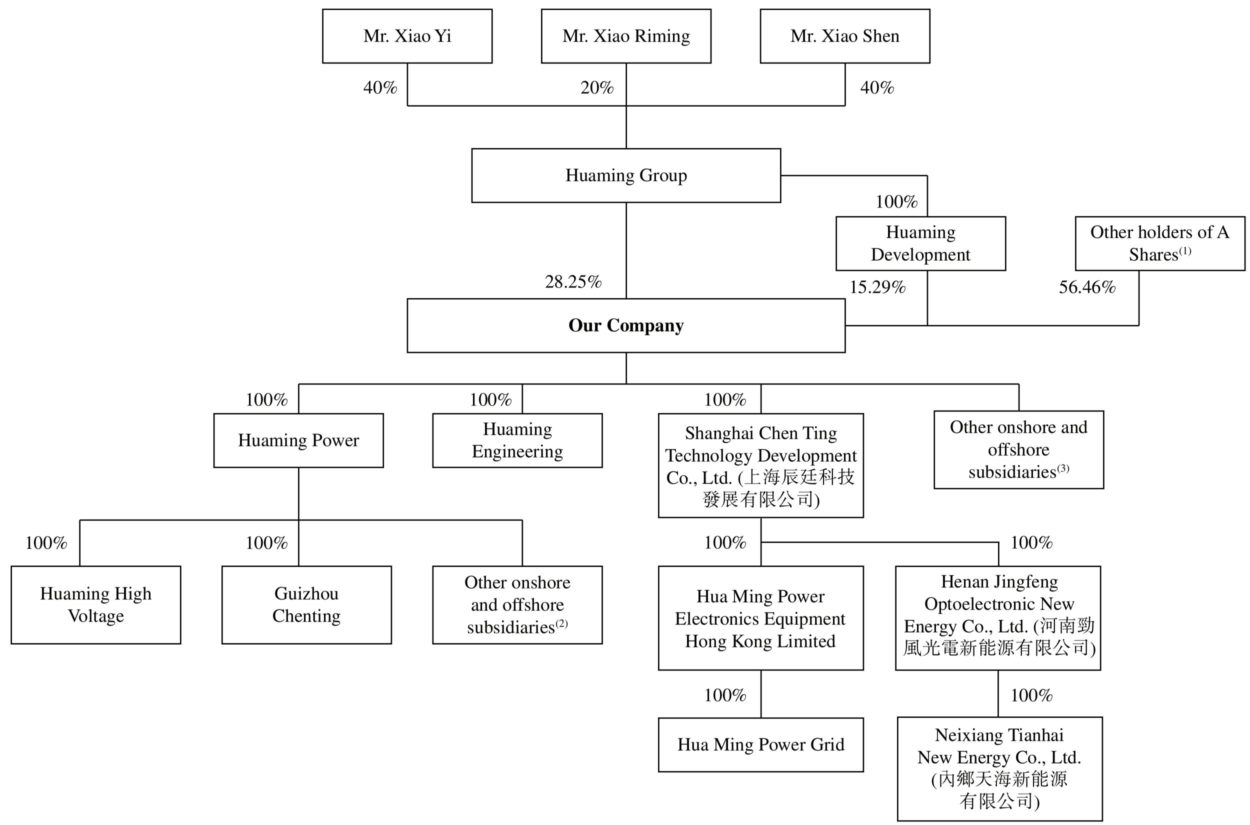
(a) represent at least 5% of our Company's total number of issued Shares (including A Shares and H Shares, but excluding any treasury Shares), with an expected market value of not less than HK$50,000,000; or

(b) have an expected market value of not less than HK$600,000,000.

In consideration that the market value of our H Shares in [**REDACTED**] upon [**REDACTED**] that are held by the public and not subject to any disposal restrictions is expected to be not less than HK$[**REDACTED**], calculated based on the low-end of the indicative [**REDACTED**] of [**REDACTED**] per H Share and assuming the [**REDACTED**] is not exercised, to the best of our Directors' knowledge, information and belief and having made all reasonable inquiries, our Company will satisfy the free float requirement under Rule 19A.13C(2) of the Listing Rules immediately upon [**REDACTED**].

OUR SHAREHOLDING AND CORPORATE STRUCTURE

The following chart depicts our simplified corporate and shareholding structure as of the Latest Practicable Date (excluding any treasury Shares):



Notes:

(1) To the best knowledge of our Directors, none of such A Shareholders held 5% or more interests in our Company as of the Latest Practicable Date.

(2) 13 onshore and offshore subsidiaries held under Huaming Power, including:

a. 9 wholly-owned subsidiaries. For details, please refer to Note 1 to the Accountants' Report as set out in Appendix I to this document; and

b. 4 non-wholly owned subsidiaries, being:

i. Общество С Ограниченной Ответственностью "ХУАМИН", a company owned as to 65%, 21.40% and 13.60% by Huaming Power, Yatsenko Aleksandr and Konstantin Kolosov, respectively. As Общество С Ограниченной Ответственностью "ХУАМИН" is an insignificant subsidiary of the Company as defined under Rule 14A.09 of the Listing Rules, each of Yatsenko Aleksandr and Konstantin Kolosov is an Independent Third Party.

ii. Huaming Latino Americana Componentes Eletricos Ltda, a company owned as to 55% by Huaming Power and 45% by Ceuta Consultoria E Participações LTDA. As Huaming Latino Americana Componentes Eletricos Ltda is an insignificant subsidiary of the Company as defined under Rule 14A.09 of the Listing Rules, Ceuta Consultoria E Participações LTDA is an Independent Third Party.

iii. Hm Elektromekanik Üretim Anonim Şirketi, a company owned as to 98.32% by Huaming Power and 1.68% by TEMPEK DIS TICARET LIMITED SIRKETI, an Independent Third Party.

iv. Pt Huaming Power Indonesia, a company owned as to 90% by Huaming Power and 10% by PT. Mega Volt Perkasa. As Pt Huaming Power Indonesia is an insignificant subsidiary of the Company as defined under Rule 14A.09 of the Listing Rules, PT. Mega Volt Perkasa is an Independent Third Party.

(3) 6 onshore and offshore subsidiaries held under our Company, including:

a. 4 wholly-owned subsidiaries. For details, please refer to Note 1 to the Accountants' Report as set out in Appendix I to this document; and

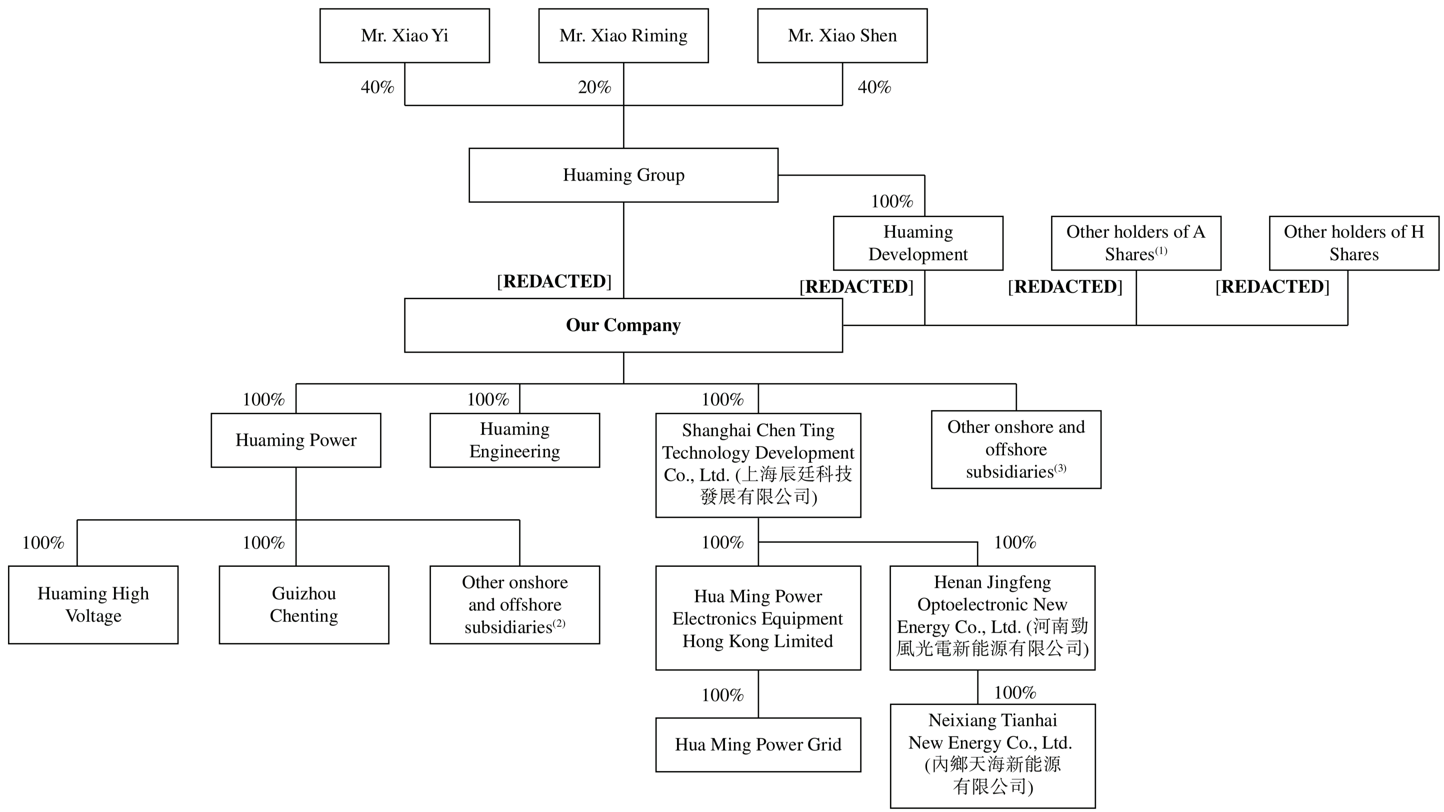
b. 2 non-wholly owned subsidiaries, being:

i. Shandong FIN CNC Machine Co., Ltd. (山東法因數控機械設備有限公司), a company owned as to 86.96% by our Company and 13.04% by Jinan High-tech Zone Fameijia Enterprise Management Partnership (Limited Partnership) (濟南高新區法美佳企業管理合夥企業(有限合夥)). Jinan High-tech Zone Fameijia Enterprise Management Partnership (Limited Partnership) is an Independent Third Party except for being a substantial shareholder of Shandong FIN CNC Machine Co., Ltd. (山東法因數控機械設備有限公司).

ii. Shandong Fincm, a company owned as to 70% by our Company, 13% by Sui Xukui (隋旭奎), 7% by Lu Qiangqiang (呂強強), 5% by Li Huanhe (李煥和), 2.5% by Zhang Ning (張寧) and 2.5% by Hou Enli (侯恩立). As Shandong Fincm is an insignificant subsidiary of the Company as defined under Rule 14A.09 of the Listing Rules, each of Sui Xukui (隋旭奎), Lu Qiangqiang (呂強強), Li Huanhe (李煥和), Zhang Ning (張寧) and Hou Enli (侯恩立) is an Independent Third Party.

(4) All percentages in the above diagram are approximations and rounded to the nearest 2 decimal places. The aggregate percentages may not add up due to such rounding.

The following chart depicts our simplified corporate and shareholding structure immediately following the completion of the [**REDACTED**] (assuming that (1) the [**REDACTED**] is not exercised, (2) any Remaining Shares will be granted under the 2025 Employee Shareholding Scheme prior to the [**REDACTED**], and (3) there are no other change to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]):



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