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Application Proof of

Huaming Power Equipment Co., Ltd.
華明電力裝備股份有限公司

(the "**Company**")

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

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Huaming Power Equipment Co., Ltd.
華明電力裝備股份有限公司

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

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

J.P.Morgan

國泰海通 GUOTAI HAITONG | 海通國際 HAITONG

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The [**REDACTED**] will be not more than [**REDACTED**] per H Share and is currently expected to be not less than [**REDACTED**] per H Share unless otherwise announced. If, for any reason, the [**REDACTED**] is not agreed by 12:00 noon on [**REDACTED**] (Hong Kong time) between the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and the Company, the [**REDACTED**] will not proceed and will lapse. Applicants for the [**REDACTED**] may be required to pay, on application (subject to application channels), the maximum [**REDACTED**] of [**REDACTED**] per [**REDACTED**] together with brokerage of 1.0%, AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027%, and Stock Exchange trading fee of 0.00565%, subject to refund if the [**REDACTED**] is less than [**REDACTED**] per [**REDACTED**].

The [REDACTED] (for themselves and on behalf of the [REDACTED]) may, with our consent, reduce the number of H Shares being [REDACTED] under the [REDACTED] and/or the indicative [REDACTED] range below that stated in this document at any time on or prior to the morning of the last day for lodging applications under the [REDACTED]. In such a case, an announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.huaming.com as soon as practicable following such decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the [REDACTED]. For further details, see "Structure of the [REDACTED]" and "How to apply for [REDACTED]" in this document.

The obligations of the [**REDACTED**] under the [**REDACTED**] are subject to termination by the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) if certain grounds arise prior to 8:00 a.m. on the [**REDACTED**]. For more details, see "[**REDACTED**] — [**REDACTED**] Arrangements and Expenses — [**REDACTED**] — Grounds for Termination" in this document.

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IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

EXPECTED TIMETABLE[(1)]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

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SUMMARY

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.

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain technical terms are explained in "Glossary of Technical Terms."

"A Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which are traded in Renminbi and listed on the Shenzhen Stock Exchange
"A Shareholder(s)"	holder(s) of our A Share(s)
"Accountants' Report"	the accountants' report from the reporting accountants of our Company, 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 March 2, 2026 with effect from the [**REDACTED**] and as amended, supplemented or otherwise modified from time to time, a summary of which is set forth in Appendix III to this document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open to the public for normal banking business
"[**REDACTED**]"	[**REDACTED**]
"[**REDACTED**]"	[**REDACTED**]

"China", "Chinese mainland" or "the PRC"	the People's Republic of China, and for the purposes of this document only, except where the context requires otherwise, excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China, and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Ordinance"	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"	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" or "the Company"	Huaming Power Equipment Co., Ltd. (華明電力裝備股份有限公司), formerly known as Shandong Fin CNC Machine Co., Ltd. (山東法因數控機械股份有限公司), a company established under the laws of the PRC as a limited liability company on August 19, 2002 and converted into a joint stock limited company on June 18, 2007 and completed the listing of A Shares on the Shenzhen Stock Exchange (stock code: 002270) on September 5, 2008
"Compliance Advisor"	First Shanghai Capital Limited
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, in the case of our Company, refers to Huaming Group, Huaming Development, Mr. Xiao Yi (肖毅), Mr. Xiao Shen (肖申) and Mr. Xiao Riming (肖日明) See "Relationship with Our Controlling Shareholders" for further details
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code" or "CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSDCC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)

"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)" or "our Director(s)"	the director(s) of the Company
"EIT"	the PRC enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法), as amended, supplemented or otherwise modified from time to time
"[**REDACTED**]"	[**REDACTED**]
"[**REDACTED**]"	[**REDACTED**]
"Foreign Investment Law"	the PRC Foreign Investment Law (《中華人民共和國外商投資法》), as amended, supplemented or otherwise modified from time to time
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
"Frost & Sullivan Report"	the report prepared by Frost & Sullivan
"[**REDACTED**]"	[**REDACTED**]
"[**REDACTED**]"	[**REDACTED**]
"Group," "our Group," "the Group," "we," "us," or "our"	our Company and our subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guide"	Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time

"Guizhou Chenting"	Guizhou Chenting Power Equipment Manufacturing Co., Ltd. (貴州辰廷電力設備製造有限公司), a limited liability company established under the laws of the PRC on February 27, 2018 and a wholly-owned subsidiary of the Company
"H Share(s)"	overseas listed foreign share(s) in our ordinary share capital, with nominal value of RMB1.00 each in the share capital of our Company, which are to be [**REDACTED**] and [**REDACTED**] in Hong Kong dollars, and for which an application has been made for [**REDACTED**] and permission to trade on the Stock Exchange
"[**REDACTED**]"	[**REDACTED**]
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"[**REDACTED**]"	[**REDACTED**]
"[**REDACTED**]"	[**REDACTED**]
"HK$" or "Hong Kong dollars" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"[**REDACTED**]"	[**REDACTED**]

"[**REDACTED**]"	[**REDACTED**]
"[**REDACTED**]"	[**REDACTED**]
"[**REDACTED**]"	[**REDACTED**]
"[**REDACTED**]"	[**REDACTED**]
"[**REDACTED**]"	[**REDACTED**]
"[**REDACTED**]"	[**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**]"	[**REDACTED**]
"[**REDACTED**]"	[**REDACTED**]

"Huaming Development"	Shanghai Huaming Electric Power Development Co., Ltd. (上海華明電力發展有限公司), a limited liability company established under the laws of the PRC on January 26, 2021 and a Controlling Shareholder
"Huaming Engineering"	Shanghai Huaming Power Equipment Engineering Co., Ltd. (上海華明電力設備工程有限公司), a limited liability company established under the laws of the PRC on September 19, 2000 and a wholly-owned subsidiary of the Company
"Huaming High Voltage"	Shanghai Huaming High Voltage Switchgear Manufacturing Co., Ltd. (上海華明高壓電氣開關製造有限公司), a limited liability company established under the laws of the PRC on September 28, 2002 and a wholly-owned subsidiary of the Company
"Huaming Group"	Shanghai Huaming Electric Power Equipment Group Company Limited (上海華明電力設備集團有限公司), a limited liability company established under the laws of the PRC on September 4, 2003 and a Controlling Shareholder
"Huaming Power"	Shanghai Huaming Power Equipment Co., Ltd. (上海華明電力設備製造有限公司), a limited liability company established under the laws of the PRC on April 3, 1995 and a wholly-owned subsidiary of the Company
"Hua Ming Power Grid"	Hua Ming Power Grid Limited, a private company limited by shares incorporated under the laws of Hong Kong on February 21, 2018 and a wholly-owned subsidiary of the Company
"IFRS(s)"	International Financial Reporting Standards which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretations issued by the International Accounting Standards Committee
"Independent Third Party(ies)"	entity(ies) or person(s) who is/are not connected person(s) of our Company within the meaning of the Listing Rules

"[**REDACTED**]"	[**REDACTED**]
"[**REDACTED**]"	[**REDACTED**]
"[**REDACTED**]"	[**REDACTED**]
"[**REDACTED**]"	[**REDACTED**]
"[**REDACTED**]"	[**REDACTED**]
"[**REDACTED**]"	[**REDACTED**]
"[**REDACTED**]"	[**REDACTED**]
"Joint Sponsors"	the join sponsors as named in "Directors and Parties Involved in the [**REDACTED**]" in this document
"Latest Practicable Date"	March 2, 2026, being the latest practicable date for ascertaining certain information in this document before its publication
"[**REDACTED**]"	[**REDACTED**]

"[**REDACTED**]"	[**REDACTED**]
"[**REDACTED**]"	[**REDACTED**]
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"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)
"Neixiang Tianhai"	Neixiang Tianhai New Energy Co., Ltd. (內鄉天海新能源有限公司), a limited liability company established under the laws of the PRC on April 23, 2015 and a wholly-owned subsidiary of the Company
"Nomination Committee"	the nomination committee of the Board
"[**REDACTED**]"	[**REDACTED**]
"[**REDACTED**]"	[**REDACTED**]

"[**REDACTED**]"	[**REDACTED**]
"[**REDACTED**]"	[**REDACTED**]
"Overseas Listing Trial Measures"	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》), as amended, supplemented or otherwise modified from time to time
"PRC Legal Advisor"	Grandall Law Firm (Shanghai), our legal advisor on PRC law
"[**REDACTED**]"	[**REDACTED**]
"[**REDACTED**]"	[**REDACTED**]
"[**REDACTED**]"	[**REDACTED**]
"QIB"	a qualified institutional buyer within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Remaining Shares"	the 246,209 treasury Shares that were repurchased but not yet granted under the 2025 Employee Shareholding Scheme as of the Latest Practicable Date

"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Renminbi" or "RMB"	the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"SFC"	Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shandong Fin CNC"	Shandong Fin CNC Machine Co., Ltd. (山東法因數控機械設備有限公司), a company established under the laws of the PRC as a limited liability company on March 6, 2017 and a non-wholly owned subsidiary of our Company
"Shandong Fincm"	Shandong Fincm Future Intelligent Manufacture Co., Ltd. (山東法因未來智能製造有限公司), a limited liability company established under the laws of the PRC on August 14, 2023 and a non-wholly owned subsidiary of our Company
"Share(s)"	the ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"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

"[**REDACTED**]"	[**REDACTED**]
"STA"	State Taxation Administration of the PRC (中華人民共和國國家税務總局)
"[**REDACTED**]"	[**REDACTED**]
"State Council"	State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Supervisor(s)"	member(s) of the supervisory committee of the Company which was abolished on August 26, 2025
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-back issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the three years ended December 31, 2023, 2024 and 2025
"[**REDACTED**]"	[**REDACTED**]
"[**REDACTED**]"	[**REDACTED**]
"U.S. Securities Act"	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"VAT"	value-added tax
"%"	per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain technical terms used in this document in connection with us and our business. As such, some of these terms and their meanings may not correspond to standard industry definitions or usage of these terms and may not be comparable to similar terms adopted by other companies.

"A"	ampere, the standard unit of electric current
"AIDC"	artificial intelligence data center
"arc quenching"	the process of extinguishing the electrical arc generated between contacts during on-load switching of an OLTC, in order to protect contacts and ensure the safe and reliable operation of the OLTC and transformer
"CAGR"	compound annual growth rate, calculated by dividing the ending value by the beginning value, raising the result to the power of one divided by the number of years in the relevant period, and subtracting one
"CNC"	computer numerical control, the automated control of machine tools by a computer
"DETC"	de-energized tap-changer, a tap-changer that enables adjustment of a transformer's output voltage only when the transformer is de-energized
"dry-type OLTC"	a type of OLTC that achieves arc quenching through vacuum interrupters and utilizes gas as the insulation medium
"EHV"	extra high voltage, alternating current voltage levels in power systems that are higher than or equal to 330kV and lower than 1000kV
"EPC"	engineering, procurement and construction, a project delivery model under which a contractor is responsible for the design, procurement and construction of a new energy power station
"ESS"	energy storage system
"GHG"	greenhouse gas
"HV"	high voltage, alternating current voltage levels in power systems that are higher than 1kV and lower than 330kV

"HVDC"	high voltage direct current, direct current voltage levels in power systems that are below ±800kV
"in-house production rate"	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
"insulation medium"	material used to provide electrical insulation, typically oil or gas, to prevent electrical breakdown and ensure safe and reliable operation of tap-changers
"kV"	kilovolt, a unit of voltage equal to 1,000 volts
"MES"	manufacturing execution system
"oil-immersed OLTC"	a type of OLTC that achieves arc quenching through oil and utilizes oil as the insulation medium
"OLTC"	on-load tap-changer, a type of tap-changer that changes the tap connections of a winding and enables adjustment of a transformer's output voltage while the transformer remains energized and under load
"operation and maintenance"	the ongoing inspection, monitoring, servicing, maintenance, repair and overhaul activities performed on equipment after installation and commissioning to ensure its safe, stable and efficient performance throughout its service life
"power electronic OLTC"	a type of OLTC that uses semiconductor switching devices to perform tap changes electronically, with the current transfer carried out through solid-state components rather than mechanical switching contacts
"R&D"	research and development
"tap"	a connection point at a specific position along a transformer winding. Each tap corresponds to a defined number of effective winding turns

"tap-changer"	a critical component of a transformer. By selectively connecting to different tap positions, a tap-changer adjusts the effective number of turns of the transformer winding, thereby achieving voltage regulation and maintaining the required output voltage
"UHV"	ultra high voltage, alternating current voltage levels in power systems that are higher than or equal to 1000kV
"vacuum OLTC"	a type of OLTC that achieves arc quenching through vacuum interrupters and utilizes oil as the insulation medium

FORWARD-LOOKING STATEMENTS

This document contains, and the documents incorporated by reference herein may contain, forward-looking statements representing our goals, beliefs, expectations, intentions or predictions for the future. The actual results or outcomes may differ materially from those expressed or implied in the forward-looking statements. Such forward-looking statements are subject to certain risks, uncertainties and assumptions. Forward-looking statements typically can be identified by the use of words such as "aim," "anticipate," "aspire," "believe," "continue," "could," "estimate," "expect," "forecast," "goals," "intend," "may," "objective," "ought to," "outlook," "plan," "potential," "project," "schedules," "seek," "should," "target," "vision," "will," "would" and other similar terms. Forward-looking statements reflect the current views of our Directors 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 risk factors as described in this document, some of which are beyond our control and may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our future business development, financial conditions and results of operations;
- our ability to develop and manage our operations and business;
- our ability to control costs and expenses;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with customers, users, suppliers and other partners to conduct our business;
- our planned use of [**REDACTED**];
- future developments, trends and competitive landscape in the industries and markets in which we operate or plan to operate;
- relevant government policies and regulations relating to our industry; and
- all other risks and uncertainties described in "Risk Factors" of this document.

By their nature, certain disclosures relating to these and other risks are only estimates. Should one or more of these risks or uncertainties, among others, materialize, or should the underlying assumptions prove to be incorrect, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Accordingly, you should not place undue reliance on any forward-looking statements.

Any forward-looking statement speaks only as of the date on which such statement is made. Except as required by applicable laws, rules and regulations, including the Listing Rules, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of, or references to, our intentions or those of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

An [**REDACTED**] *in our Shares involves various risks. You should carefully read and consider all of the information in this document including the risks and uncertainties described below before deciding to make any* [**REDACTED**] *in our Shares. The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occurs, the* [**REDACTED**] *of our Shares could decline, and you may lose all or part of your* [**REDACTED**]. *You should seek professional advice from your relevant advisers regarding your prospective* [**REDACTED**] *in the context of your particular circumstances. These factors are contingencies that may or may not occur and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this document.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRIES

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.

In recent years, there has been rapid growth in the electricity demand, structural energy transition, and increased investment in power grid globally, which have driven the demand for power equipment and benefit the growth of our business.

Global investment in power grids is accelerating amid the ongoing energy transition and rising electricity demand. Increasing electrification, continued renewable energy build-out and growing data center loads are driving sustained increases in global electricity consumption while also increasing system variability. These requirements translate into continued investment in transmission and distribution equipment, particularly transformers. For more details, see "Industry Overview."

The structural energy transition is driving higher efficiency standards for power transformers, thus contributes to the acceleration of the upgrade of existing equipment implemented by countries worldwide, benefiting our business. For instance, in January 2026, State Grid Corporation of China announced the 15th Five-Year Plan (2026-2030), which is expected to further reinforce policy and investment support for the power sector by accelerating the construction of a new-type power system, expanding grid infrastructure, and facilitating large-scale integration of renewable energy to ensure energy security and green transition. The 15th Five-Year Plan further provides that the fixed-asset investment is expected to reach RMB4 trillion and used for the construction of a new-type power system, representing a 40% increase compared with the 14th Five-Year Plan period. Outside of the PRC, many countries have also implemented policies to support the development of electricity transmission and power sector updates. For instance, in January 2026, the U.S. Federal Energy Regulatory Commission released Energized for 2026, which proposes accelerating the

construction of power generation and grid. In June 2025, the European Union issued EU Guidance on Ensuring Electricity Grids Are Fit for the Future, which estimates large amounts of investments in the distribution grid upgrades and the transmission grid development.

These policies, among other factors, may benefit the development and growth of the power equipment industry in the PRC and other regions and the industry participants in this industry to some extent. However, the effectiveness of government policies in improving market trends and addressing challenges is uncertain. There is no guarantee that these policies will achieve the intended outcomes. Factors such as market dynamics, macroeconomic conditions, and global economic trends may limit the impact of these policies and affect the investment encouraged by these policies. If government policies are ineffective in incentivizing the growth in power grid and the structural energy transition, our business, financial condition, and results of operations may be adversely affected. Furthermore, the policies, including both at the level of emphasizing structural energy transition and at the level of supporting power equipment renewal, might also be subject to further change. We cannot assure you that the governmental authorities will keep providing increased or even same degree of support to these areas. Any changes in level of support of such policies or relevant investments might add further uncertainty to our business environment, affecting our business, financial condition and results of operations.

If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

Our revenue increased from RMB1,945.6 million in 2023 to RMB2,308.9 million in 2024, and further to RMB2,411.8 million in 2025. Managing our growth requires significant attention from our management team and allocation of financial, production, sales, and other resources. As our operations expand in both scale and geographic reach, we face increasing challenges in strategy execution, including integrating newly established overseas facilities, maintaining consistent quality standards across production sites, ensuring timely delivery to both domestic and international customers, enhancing and upgrading our infrastructure and technology, improving control over our operational, financial and management aspects, strengthening our supplier and sales network management, refining our reporting systems and procedures, as well as expanding and managing our employee base. Our existing infrastructure, systems, procedures and controls may not be adequate in supporting our expansion, particularly in new markets. If we fail to effectively manage our growth, we may encounter inefficiencies, higher costs or delays in achieving expected benefits.

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.

Global presence has been an important part of our business landscape. Our products have a global footprint in over 120 countries and regions through various channels. In 2023, 2024 and 2025, our revenue from overseas sales amounted to RMB274.3 million, RMB307.6 million and RMB478.8 million, respectively. As part of our growth strategy, we will continue to expand our overseas market reach.

We are exposed to various risks and uncertainties associated with our overseas business and potential future global expansion, including but not limited to the following: (i) political and economic instabilities, including changes in government policies or regulations affecting foreign investments, economic fluctuations and currency volatility, geopolitical tensions or conflicts impacting business operations; (ii) lack of familiarity with local laws, regulatory requirements, industry standards, operating and market conditions; (iii) potential differences in environmental, construction, labor protection and other standards between other countries and the PRC; (iv) operational constraints due to local labor unions, and other difficulties in staffing; (v) navigating unfamiliar foreign legal systems, including legal proceedings, enforcement of agreements and collecting overdue receivables; and (vi) potential difficulties in managing relationships with foreign customers and local communities, particularly in light of differences in social environment, culture, and languages.

These risks vary from country to country and are difficult to predict. We may not be able address these risks effectively in each region in which we conduct business, which may adversely affect our business, financial condition and results of operations.

There have been significant changes and proposed changes in recent years to international trade policies, tariffs, and treaties that resulted in uncertainties to global trade. For example, the United States has imposed increased tariffs and import restrictions on certain imports from the PRC as well as various other countries. In response, the PRC and other countries have imposed or proposed additional tariffs on certain imports from the United States. Recent developments that challenge the legality of such tariffs may further hinder negotiations between the United States and its trade partners, thereby exacerbating the uncertainties relating to the scope and level of tariffs that could be imposed. As we export and sell a proportion of our products to overseas market, any unfavorable government policies on international trade may affect the export of our products or even prevent us from selling our products in certain countries. Such unfavorable policies may also negatively impact the demand for our products or the competitive position of our products, which could affect our sales and profitability. If any new tariffs, policies, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated, such changes could have an adverse effect on our business, financial condition and results of operations.

Furthermore, rising political tensions as a result of trade policies could reduce trade volume, investment, and other economic activities between economies. Such developments, or the perception that any of them could occur, even if subsequently proven untrue, may have a material adverse effect on global economic conditions and the stability of global financial markets, which in turn can significantly impact our business and financial performance.

In addition, the recent outbreak of military confrontation in West Asia heightens the risk of unpredictable escalation and introduces significant uncertainty with respect to energy markets, supply chains and cross-border operations. As the situation develops, we cannot predict the ultimate scope or duration of the confrontation or its impact on international political stability, trade flows, regulatory regimes or macroeconomic conditions.

The manufacture of our products is a highly exacting and complex process, and if we directly or indirectly encounter problems in manufacturing our products, our reputation, business and financial results could suffer.

The manufacturing of our products involves a high specialized, multi-stage, exacting, and complex process that combines in-house production with selective outsourcing. Our manufacturing process may encounter challenges such as equipment malfunction, supply chain interruptions, deviations in the manufacturing process, defects in the key materials and tools, human error or labor shortages. In particular, our reliance on complex machinery for the production of tap-changers means that mechanical failures or a lack of available spare parts can lead to significant downtime. If we encounter problems or delays in our manufacturing process, it may result in lower-than-anticipated yield, decreased output, disruptions in production and defects in our products. We would need to incur additional costs and allocate resources to rectify the issues, leading to delays, lost revenues and potentially damaging our relationship with our customers, which could have a material adverse effect on our business, financial condition and results of operations.

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.

The quality, performance, and safety of our products are critical to our customers and our success. As such, we have established and maintained stringent quality assurance standards and inspection procedures during the whole life cycle of our products. See "Business — Quality Control." However, the effectiveness of our quality control system is determined by various factors, including the design of the system, implementation of quality standards, quality of training programs, and our employees' adherence to our quality control policies and guidelines. In addition, the quality control system should cover all stages of manufacturing processes, including raw material and component procurement, the production of products, and the inspection before shipping. If we fail to maintain an effective or adequate quality control system, we may manufacture defective products. Defective tap-changer products will result in voltage irregularities, contamination and physical damages to the transformer and could lead to power failures, fires and other related incidents, thereby potentially exposing us to material product liability and other legal claims. It would also result in serious damage to our reputation, our customer relationships as well as additional costs and resources allocated to investigating the cause of such defects and replacing and repairing such defects, all of which will lead to damage to our business, financial condition and results of operations.

Furthermore, if our products do not meet the specifications and requirements enforced by domestic or overseas regulators, or agreed with or requested by our customers, as the case may be, we may be subject to sales returns, breach of contract claims, litigations, regulatory investigation or other regulatory or legal proceedings, which could be costly and time-consuming to defend, and could potentially prejudice our reputation and our relationship with our customers. If the proceeding is ruled against us, we might be required to pay substantial damages. Furthermore, certain defects may be the result of defects from raw materials and components purchased from third-party suppliers. Such third-party suppliers may not

indemnify us in full or at all. Any legal proceeding regarding the quality of our products, whether with or without merit, may materially and adversely affect our reputation, our relationship with customers, as well as our business, financial condition and results of operations.

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.

Our ability to maintain stable and efficient operations at our production facilities is key to our business. Our production facilities are subject to operating risks resulting from the following factors, among others: (i) production failures; (ii) human errors; (iii) utility supply disruptions; (iv) forced closing or suspension of our production facilities; (v) failure to comply with applicable regulations and quality control guidelines; (vi) work stoppages or labor disputes affecting our employees; (vii) accidents in the production facilities, including equipment failures or fires; and (viii) other production problems, including limitations to production capacity due to regulatory requirements or changes in the types of products produced that could impact continuous supply. In addition, we are also susceptible to natural disasters such as adverse weather conditions, major disease outbreaks at or around our production facilities, power losses, force majeure events and other events beyond our control that would affect our production facilities.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material disruptions to our production facilities. However, we cannot assure you that the events and factors aforementioned or any other events will not occur and result in a material disruption to the operations at our production facilities in the future. If we fail to take adequate steps to mitigate the likelihood or potential impact of such events or factors, or to effectively respond to such events or factors once they occur or materialize, this would adversely affect our yields and manufacturing costs. In addition, such disruption could lead to decrease in the demand for our products and result in higher marginal production costs and lower output, which could have a material adverse effect on our business, financial condition and results of operations.

Additionally, we may need to carry out planned shutdowns of our production plants for routine maintenance, statutory inspections and testing, and capacity expansions. We may also need to temporarily halt the production to conduct equipment upgrades from time to time, so as to, among other things, meet the evolving regulatory requirements for production plants, including but not limited to new environmental standards. Such measures could involve increased capital expenditures, interruptions in manufacturing or delays in fulfilling customer orders. From time to time, we may experience lower-than-anticipated manufacturing output during the ramp-up of production plants, which often occurs during the installment of new equipment or the implementation of new manufacturing technologies. As we bring additional plants into production, we may operate at less-than-intended capacity during the ramp-up period.

The above-mentioned disruptions to our production facilities may adversely impact our business and results of operations.

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.

During the Track Record Period, we achieved significant growth of our business. Our revenue increased from RMB1,945.6 million in 2023 to RMB2,308.9 million in 2024, and further to RMB2,411.8 million in 2025. We have been committing efforts to the marketing of our products and the expansion of customer base, both domestically and globally. See "Business — Sales and Marketing." However, there is no assurance that our marketing effort will be effective in the future. Our abilities to retain existing customers and attract new customers depend on a number of factors, including our ability to provide products that meet the needs of our customers at competitive prices, the quality and performance of our products and services, and the effectiveness of our after-sales and technical support. Furthermore, defects, errors, or other performance issues in our products could harm our reputation and adversely impact our relationships with customers. If we fail to retain our existing customers or attract new customers or secure additional customer orders, our business, prospects, financial conditions and results of operations may be adversely affected.

We may fail to predict the future level of demand for our products, making it difficult to predict our future financial performance. If we fail to respond to evolutions in market and political conditions, or if the market we operate in does not develop as we expect, our results of operations and business prospects may be materially and adversely affected.

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.

Our gross profit margin was 51.5%, 48.3% and 53.9%, respectively, in 2023, 2024 and 2025. Our profitability depends on, among other factors, our ability to implement effective pricing strategies, grow our customer base, expand product and service offerings, manage raw material costs, execute sales and marketing in a cost-efficient manner, and increase operational efficiency. Additionally, unforeseen trends of customer demand, substantial changes in economic conditions and industry landscape, or increased competition could result in decreases in revenues and increases in costs and expenses. If we are unable to maintain reasonable pricing strategies or effectively manage our cost and expense structure, we may fail to attain expected profit margins. There is no assurance that we will be able to sustain our profit margins at the levels recorded during the Track Record Period.

We price our products based on various factors, including raw material price, manufacturing complexity and costs, technological differentiation, level of customization, business relationship with customers and the competitive landscape where the sales take place. See "Business — Sales and Marketing — Pricing." However, our pricing strategies may not always be effective and competitive, which may impact our ability to capture market demand

and generate revenue. The effectiveness of these pricing strategies may be influenced by various factors, including competitive dynamics, market conditions, and customer needs. If our products experience downward pricing pressures and we fail to deploy measures to mitigate such trends, our profit margin may decrease accordingly. In addition, if our costs increase in the future, we may not be able to pass them on to our customers, which may affect our gross profit margin.

Shortages or instability of raw materials supply could adversely affect our business, financial condition and results of operations.

Our operations depend on obtaining adequate supplies of quality raw materials and components at acceptable prices on a timely basis. The key raw materials and components that we use in the production of our products are copper, steel ingots, aluminum ingots, tungsten powder, tin powder, and epoxy resin. We have relied on a number of key suppliers. In 2023, 2024 and 2025, our procurement from the top five suppliers accounted for 31.5%, 37.4% and 18.8%, respectively, of our total procurement. We may encounter disputes with our suppliers or we may fail to maintain a stable business relationship with them. If all or a significant number of our suppliers for any particular raw materials, components, and equipment are unable or unwilling to meet our requirements for quantity, quality or timing, we could suffer supply shortages or procurement cost increases. Our supplier could fail to meet our needs for various reasons beyond our control, including suppliers' financial difficulties, fires, natural disasters, extreme weather, manufacturing problems, epidemics, strikes, transportation interruptions or governmental regulations. Changing suppliers may require a long lead time. We may not be able to locate alternative suppliers in sufficient quantities, of suitable quality, at an acceptable price within a reasonable period of time, or at all. The process of finding or the inability to find alternative suppliers, if this happens, can lead to additional costs and interruptions to our production processes, which will in turn cause us delivery delays to our customers. Continued supply disruptions may increase our costs, and we cannot assure you that all or part of any increased costs can be passed on to our customers in a timely manner or at all, which could negatively affect our business, financial condition and results of operations.

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.

Our future success is significantly dependent upon the continued service and performance of our management team and highly qualified technical personnel with specialized expertise in electrical engineering, transformer design, automation control, and intelligent power equipment manufacturing. The development, production, and enhancement of our products require deep industry knowledge and multidisciplinary technical skills. Our rapid international expansion has heightened demand for local talent for, among other things, the operation of our production facilities. Recruiting and retaining specialized staff for overseas after-sales service and technical maintenance also remains challenging. If we are unable to recruit and retain specialized and skilled staff for our operations in a timely manner or at all, we could experience

significant disruption of our operations, and we may also need to incur increased labor costs for the recruitment and maintenance of staff. If our labor costs increase in the future, we may not be able to pass on these increased costs to our customers in a timely manner or at all, which could reduce our profit margin. Many of our senior management and core technology engineering staff have extensive experience in the power equipment industry and have been instrumental in driving our product innovation, manufacturing efficiency, and overseas expansion. We cannot assure you that our key employees will not join or establish competing businesses, which, if happens, may cause us to lose customers, technical know-how, or market opportunities, thereby adversely impacting our technical leadership and potentially our product quality. If we lose the services of any member of our management or other key technical personnel, we may not be able to identify and recruit suitable replacements in a timely manner or at reasonable cost, or at all. Any failure to attract, retain, or adequately incentivize key personnel could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, maintaining good working relationships with our employees is crucial to our operations and success. If our employees were to engage in a strike or other work stoppage whether voluntarily or for reasons beyond their control, we could experience significant disruption of our operations and/or higher labor costs, which could also have an adverse effect on our business, financial condition and results of operations.

Price volatility in the raw materials and components could impact our production costs and delay deliveries of our products to customers.

Raw materials comprise a significant amount of our operating costs. Our costs of raw materials and components amounted to RMB638.9 million, RMB834.3 million and RMB811.3 million, respectively, in 2023, 2024 and 2025, representing 67.6%, 69.9% and 73.0%, respectively, of our total cost of sales over the same periods. As a result, our production volume and production costs depend on our ability to source key raw materials and components at competitive prices. However, the raw materials and components we use are subject to price volatility caused by external factors, such as commodity price fluctuations, changes in supply and demand, logistics and processing costs, our bargaining power with suppliers, inflation, and governmental regulations and policies. During the Track Record Period and up to the Latest Practicable Date, we did not experience quality issues or shortages with our raw materials and components that materially affected our operations. However, we may be unable to obtain raw materials and components in the quantities, of a quality or at a price that we require in the future, which may disrupt our supply chain, increase our production costs, and delay deliveries of our products to customers.

We face competition in the industry in which we operate, and we cannot guarantee future success in competing with our competitors.

We face competition in the tap-changer industry. See "Industry Overview — Competitive Landscape Analysis." Our competitors include multinational manufacturers that have strong brand recognition, extensive customer relationships, and robust technological capabilities.

In the global tap-changer market, leading foreign brands have operated for decades and continue to maintain advantages in long-term customer relationships with major transformer manufacturers and grid operators, as well as broader international certification and testing experience. Although we have successfully established a leadership position in the PRC and have made progress in overseas markets, our brand awareness, product qualification track record, and overseas customer penetration remain limited compared to long-standing international players.

Our existing competitors may seek to increase their market shares through various measures, such as continued R&D efforts, increased manufacturing capacity, optimized manufacturing process, active marketing campaigns, and reduction of price. Some of our competitors may have closer relationships or may enter into exclusive relationships with some of the key customers in the market. As a result, our competitors may be able to respond more quickly and effectively to new or changing opportunities, technologies, standards or customer requirements than us, and may have the ability to initiate or withstand significant industry evolvement or regulatory changes. In addition, we expect to face competition from both existing and new competitors as we expand our business into new geographic regions and certain local players enter into global market for high-end products. If we are unable to stay competitive or compete successfully with our competitors, we may experience decreases in market share, sales volume, and revenue, and may have to reduce our prices or make other concessions, thereby adversely affecting our profitability, business, financial condition and results of operations.

The reduction, modification, delay or elimination of government subsidies, preferential tax treatments and other economic incentives may materially and adversely affect our business.

We benefited from certain government subsidies and incentive policies during our ordinary course of business. Government subsidies, preferential tax treatments, and tax rebates granted to us are subject to review and may be affected by the status of the projects or entities to which they are related. We cannot assure you that we will be able to continue receiving them in the future. Any reduction or elimination of government subsidies and tax incentives because of policy changes, fiscal tightening or other factors may result in the increase of our expenses and in turn decrease our net profit.

In addition, government-sponsored financial incentives to promote new energy, grid-related projects and renewable electrical energy businesses, include subsidies, preferential tax rates and other non-monetary incentives, have contributed to the development of energy industry, and in turn increase the demand for our products. The availability and size of such subsidies and incentives depend, to a large extent, on political and policy developments relating to environmental concerns and other macro-economic factors. Existing incentive programs may be reduced or eliminated for economic, political, financial or other reasons. A significant reduction in the scope or the discontinuation of government incentive programs could adversely affect market demand for our products and negatively impact our revenue.

We are subject to credit risk due to delay in payment and defaults of customers and may recognize impairment loss.

We are exposed to credit risks related to delays and defaults of our trade and bills receivables due from our customers in the ordinary course of our business. As of December 31, 2025, our trade and bills receivables amounted to RMB1,256.3 million, accounting for 24.1% of our total assets. We seek to maintain strict control over our outstanding receivables, and we seek to minimize credit risks. However, there can be no assurance that the collection of amounts due from our customers will be timely or at all, and we are subject to credit risk in collecting the trade and bills receivables due from the customers. We make periodic collective and individual assessment on the recoverability of trade and bills receivables based on historical settlement records, past experience, and current external information. We may provide for impairment when there is no reasonable expectation of recovery.

There can be no assurance that our credit control policies and measures implemented will be adequate to protect us against material credit risks and enable us to avoid losses. Our performance, liquidity and profitability may be adversely affected if amounts due to us are not settled on time or at all. The bankruptcy or deterioration of the credit condition of any of our major customers could also cause difficulties in collecting the trade and bills receivables due from the customers and thus make us be subject to credit risk. If any of our customers refuses to settle the payment or delays its payment to us, our cash flow, as well as our business, financial condition and results of operations, could be adversely affected.

Fluctuations in exchange rate may materially and adversely affect our business, financial condition and results of operations.

A substantial portion of our revenue and cost of sales is denominated in RMB. However, we also operate in multiple countries and regions outside the PRC and hold certain debts and cash in foreign currencies. It is difficult for us to predict how external factors may impact the exchange rate of foreign currency in the future. Our revenue from overseas sales amounted to RMB274.3 million, RMB307.6 million and RMB478.8 million in 2023, 2024 and 2025, respectively. As we develop and expand our global business, the proportion of our revenue denominated in foreign currencies might continue to rise, hence increasing our foreign exchange risk. The effectiveness of our measures to reduce risks arising from exchange rate fluctuations might be limited, and we may not be able to fully offset our foreign currency exposure. Further appreciation or depreciation of RMB against foreign currencies may materially impact our business operations and financial performance. In addition, if we decide to convert our RMB into Hong Kong dollars for dividends payment on our H shares, any depreciation of RMB against the Hong Kong dollars would have a negative effect on the value of, and any dividends payable on, our H Shares.

Our business and operations may need additional capital resources, but we may not be able to obtain adequate financing on commercially reasonable terms on a timely manner, or at all.

To execute our growth strategies, a substantial portion of our capital must be allocated to various aspects, including research and development, expanding production capacity, scaling up our sales and service network, and developing our international reach. As we expand our business, we expect to incur additional capital expenditures and operating costs. We intend to continue making investments to support our business and may require additional funds. However, there is no guarantee that such financing will be available on favorable terms, in a timely manner, or at all.

Our ability to secure the required financing to execute our business plans is subject to various factors, including our current financial position, investor reception to our business plans, general market conditions, regulatory environment, and macroeconomic factors. These factors could render the timing, amount, and terms and conditions of such financing unattractive or unavailable. Any disruptions in the financial markets and economic volatility, in particular, may affect our ability to raise capital. In the event that we cannot raise sufficient funds, we may need to curtail our expenditures or delay or cancel planned ventures, activities or expansion.

The issuance of additional equity or equity-linked securities carries the potential for dilution to our existing shareholders. The issuance of debt securities and incurrence of additional indebtedness would result in increased debt service obligations. Holders of any debt securities or preferred shares would possess preferential rights and privileges senior to those of holders of our ordinary shares in the event of liquidation. Any financial or other restrictive covenants associated with debt securities could constrain our operations or hinder our ability to pay dividends to our shareholders.

Our plants and fixed assets may require substantial investment and upgrading due to depreciation or business growth.

Our plants and operations may require substantial investment and upgrading from time to time due to depreciation or business growth, which may increase our cost. If we cannot successfully recover such cost, our profitability may be adversely affected.

As we continue to make investment in production lines, expand our manufacturing capacity, and upgrade assembly systems and testing facilities, we may purchase new machinery from time to time. As soon as the machinery is put into operation, it will result in additional annual depreciation charges. The increase in depreciation will adversely affect our financial performance and operating results. Additionally, the timely completion of planned upgrading is subject to a number of factors, including our ability to raise sufficient funds for such upgrading, our ability to obtain the required licenses and permits from government authorities,

and adequate supply and timely delivery of products. If upgrading is not completed in a timely manner, our operations may be temporarily restrained, which may materially and adversely affect our business, financial condition, results of operations and prospects.

If we determine our intangible assets to be impaired, our results of operations and financial condition may be adversely affected.

Our intangible assets (other than goodwill) primarily consist of proprietary technologies related to tap-changers and power equipment, registered patents, software licenses, and information system platforms purchased or developed for our business operations. As of December 31, 2023, 2024 and 2025, our intangible assets (other than goodwill) amounted to RMB20.2 million, RMB16.8 million and RMB52.1 million, respectively.

The useful lives of our intangible assets (other than goodwill) are assessed to be finite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. For details of our intangible assets and impairment accounting policies, see Notes 2.3 and 17 to the Accountant' Report in Appendix I to this document. If we determine that any of our proprietary technologies or patents have become obsolete due to industry or technological evolution, or that their carrying amounts exceed their recoverable value, we may be required to record impairment charges, which could adversely affect our financial position and results of operations.

Our goodwill remained at RMB99.4 million as of December 31, 2023, 2024 and 2025. Impairment of our goodwill is determined by assessing the recoverable amount of the cash-generating unit(s), to which the goodwill relates. Where the recoverable amount of the cash-generating unit(s), is less than the carrying amount, an impairment loss is recognized. For details of our impairment accounting policies for goodwill, please refer to Notes 2.3 and 16 to the Accountant' Report in Appendix I to this document. Any such impairment could materially and adversely affect our business, financial condition and results of operations.

Failure to maintain optimal inventory levels could increase our inventory holding costs or cause us to lose sales.

While our finished products are largely customized to specific customer requirements, we maintain certain level of inventory, primarily consists of raw materials and intermediate products. As of December 31, 2023, 2024 and 2025, our inventories amounted to RMB324.2 million, RMB352.2 million and RMB386.8 million, respectively. We may not be able to accurately track our inventory level or to identify any excessive build-up or insufficient stock of inventory. Excessive inventory levels may increase holding costs, including storage and insurance. Insufficient inventory levels could result in production delays, inability to fulfill customer orders on time, and potential loss of sales. Any material inefficiencies in inventory management may adversely affect our business, financial condition and results of operations.

Further, the turnover rate of our inventories is susceptible to overall demand of customers that is beyond our control, which exposes us to the risk of slow-moving inventories. If we are not able to manage our inventory efficiently, we could be subject to the risk of inventory obsolescence, decline in the realizable value, and significant write-down of the value of our inventory of finished products. Any of these events could adversely affect our business, financial condition and results of operations.

Our customers and potential customers are limited to a few dominate players.

The nature of our business means that our customers and potential customers are mostly transformer manufacturers and grid operators, which are dominated by a few players domestically and within the regions they operate. As a result, we generate a sizeable amount of our revenue from certain major customers. In 2023, 2024 and 2025, our top five customers contributed RMB561.9 million, RMB759.0 million and RMB644.8 million, respectively, accounting for 28.8%, 32.8% and 26.7%, respectively, of our total revenue during the same period. In addition, the revenue attributable to our largest customer was RMB169.3 million, RMB213.0 million and RMB237.9 million, respectively, in 2023, 2024 and 2025, or 8.7%, 9.2% and 9.9%, respectively, of our total revenue during the same period. As such, we may be affected by risks arising from such limited pool of customers and potential customers. There can be no assurance that we will be able to maintain our relationships with major customers in the future. Demand from our major customers may fall short of our estimation due to changes in our customers' business strategies or financial condition, or changes in the power generation market environment and macroeconomic conditions, among other things. In addition, any adverse changes in our relationships or in the key commercial arrangements with our major customers may cause fluctuations or declines in our revenue. Given the limited scope of our potential customers, we may not be able to timely secure reputable new customers to compensate such shortfall. In the event that the existing major customers reduce or cease to purchase our products, and we are unable to find new customers with similar level of demands at comparable terms within a reasonable period of time or at all, our business, financial condition and results of operations may be adversely affected.

Our international business subject us to evolving international laws and regulations, including, among others, economic sanctions and import and export controls.

Exports of our products must be made in compliance with various economic sanctions and import and export controls laws in different jurisdictions. Certain countries or organizations, including the United States, the European Union (the "**EU**"), and the United Kingdom (the "**UK**"), have adopted various financial, economic and trade sanctions programs as well as export/import controls, which impose varying degrees of restrictions on dealings with certain countries and regions as well as specific entities and persons. Our international business and its future growth could expose us to risks related to international sanction and export controls. In addition, certain countries have recently introduced regulations to more stringently regulate outbound investment, the scope of which may be subject to change.

We set up a subsidiary in Russia in July 2016 ("**Huaming Russia**"). During the Track Record Period, we sold OLTC products, directly by the Company or indirectly via Huaming Russia, to customers in Russia. For 2023, 2024 and 2025, our sales to Russian customers amounted to RMB109.8 million, RMB102.2 million and RMB110.1 million, representing 5.6%, 4.4% and 4.6% of our total revenue, respectively.

Our international sanctions legal advisor is of the view that (i) there are currently minimal U.S. export controls and primary sanctions risks for the Group and there is a low risk the Group's activities may have violated such laws during the Track Record Period; (ii) our activities during the Track Record Period should not create any material U.S. secondary sanctions risk; and (iii) there are currently limited EU and UK sanctions risks for our Group and no violation of EU or UK financial or sectoral sanctions has been identified in respect of our Russia-related activities during the Track Record Period.

We cannot predict the interpretation or implementation of government policy relating to sanctions and export controls in applicable jurisdictions with respect to any current or future activities by us or our affiliates, nor can we assure you that regulators will not take the position that our past, current or future activities constitute sanctionable activities or business. In addition sanctions programs and export/import controls evolve and expand frequently, and it is not possible to predict with a reasonable degree of certainty how the regulations may develop or if we may become the target of these sanctions, export, or import controls or other international trade controls. We cannot assure you that our business activities will not be deemed to violate applicable sanctions or export control laws, particularly given the broad application of our transformer tap-changers and our limited ability to control the ultimate end use of electricity or our products by end users, including sanctioned persons or entities. If we fail to keep ourselves updated with the latest developments of the International Sanctions or other laws and regulations, we may be involved in sanctions risk exposures.

Any violation of sanctions laws or export controls could have negative consequences, including government investigations, penalties, and reputational harm. We could be subject to future enforcement action with respect to compliance with sanctions and export controls laws that result in penalties and costs. We might also need to alter our business to prevent violation of sanctions laws or export controls, all of which could have a material and adverse effect on our reputation, business, financial condition and results of operations.

Failure to comply with anti-bribery, anti-money laundering, anti-fraud and similar laws, or detect or prevent relevant misconduct by our employees, customers or other third parties, could subject us to liability and harm our reputation and business.

We are subject to anti-bribery, anti-money laundering, anti-fraud and similar laws and regulations in various jurisdictions in which we conduct business. In addition, we may be held responsible for fraud, bribery, corruption or other misconduct committed by our employees, agents, representatives, customers, suppliers, business partners or other third parties. We have adopted policies and procedures designed to ensure compliance by us and our Directors, employees, suppliers and customers with applicable laws and regulations. However, these

policies and procedures may not be sufficient, and there can be no assurance that we will be able to identify non-compliances, suspicious transactions, fraud or bribery by third parties in a timely and effective manner, or at all. Non-compliance with anti-bribery, anti-money laundering or anti-fraud laws and regulations by us, or misconduct by our employees, customers or other third parties, could subject us to whistleblower complaints, adverse media coverage, investigations, severe administrative, civil and criminal penalties, collateral consequences, remedial measures, and legal expenses, all of which could materially and adversely affect our business, financial condition, results of operations and reputation.

We may not have adequate insurance to cover losses and liabilities arising from various operational risks and hazards.

Our business is subject to a variety of operational risks, including production disruptions, product liability claims, social, political and labor unrest, environmental or industrial accidents, and catastrophic incidents such as fires, earthquakes, explosions, floors or other natural disasters. 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 seek to maintain appropriate policies of insurance that are required under PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. See "Business — Insurance." However, we cannot assure you that our insurance coverage is sufficient to cover all of our potential losses, and we may be exposed to liability in excess of our insurance coverage. Moreover, certain kinds of losses cannot be insured at a commercially reasonable cost or insured at all, and our existing insurance policies are subject to liability limits and exclusions. We also cannot guarantee that we will be able to maintain or renew our existing insurance coverage on commercially reasonable terms or at all. In the event that we are subject to substantial claims, losses or liabilities that are not covered by our insurance, we may incur expenses that could materially and adversely affect our business, financial condition and results of operations.

To the extent that we seek to expand through acquisitions, investment in joint ventures and associates, and strategic collaborations, we may experience problems and difficulties in executing, managing and integrating the acquisitions, joint ventures, associates and strategic collaborations.

We have pursued and may continue to pursue acquisitions and investments opportunities to strengthen our industrial layout and expand into adjacent segments of the power equipment industry. The inherent uncertainties associated with these transactions might expose us to potential operational, financial and reputational risks. We may consider additional acquisitions of companies, products or technologies, as well as investments in joint ventures, associates, and other strategic collaborations, in order to enhance our technological capabilities, expand our product range, or access new markets. However, we may not be successful given the challenges in identifying suitable targets, negotiating and completing transactions on commercially reasonable terms, obtaining necessary regulatory approvals, and achieving the anticipated synergies or strategic benefits.

Even if acquisitions or investments are successfully completed, we may encounter challenges in integrating the acquired businesses, aligning operational systems and corporate cultures, retaining key employees, or consolidating management and financial controls. These integration efforts may require significant management attention and financial resources, diverting focus from our core operations. In addition, the performance of acquired businesses or investee companies may fall short of expectations due to market, operational, financial or governance issues. Furthermore, our ability to finance acquisitions and investments may be constrained by our existing debt arrangements or capital market conditions. If we fail to obtain sufficient financing on attractive terms, we may have to forgo potentially beneficial opportunities. Any failure to effectively execute, integrate or manage acquisitions, investments or collaborations, or the occurrence of unforeseen liabilities, could materially and adversely affect our business, financial condition, results of operations and reputation.

Our risk management and internal control systems, as well as the risk management tools available to us, may not fully protect us against various risks inherent in our business.

There is no assurance that our risk management, internal control systems and risk management tools in place are adequate under the continuously changing business environment in which we operate or effective to fully protect us against the potential risks inherent in our business. The implementation of such policies and procedures may also involve human error and mistakes, thus we cannot assure you that such internal control systems could or would be properly implemented. 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.

Further, the successful implementation of our risk management and internal control systems depends on our management, employees, and business partners. There is no assurance that our management, employees, and business partners will strictly observe and adhere to relevant measures and policies. 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 effect on our business and results of operations.

We may not be able to derive the intended outcomes from our R&D efforts and may fail to keep up with technological changes and evolving industry standards.

Since our inception, we have consistently made investments in R&D, focusing on advancing tap-changer technologies and numerical control equipment. See "Business — Research and Development." These capabilities have enabled us to maintain a leading position in the PRC tap-changer market and to compete globally with international brands. However, technological advancement in the transformer and tap-changer sector remains largely evolutionary. New demand drivers, such as renewable integration, ESS expansion, and AIDC growth, are increasing the complexity of operating conditions and accelerating the adoption of digital monitoring and higher-performance designs. We cannot guarantee that we will be able to anticipate, adapt to, or capitalize on all such technological changes in a timely and cost-effective manner.

While we continue to invest in R&D, there is inherent uncertainty as to whether such efforts will lead to commercially viable outcomes. Our R&D projects may experience delays, cost overruns, or technical failures, and newly developed products may not achieve expected performance or market acceptance. The success of our R&D also depends on our ability to attract and retain qualified engineers and technical experts, protect our intellectual property, and ensure that our innovations align with evolving market and regulatory requirements.

In addition, our domestic and international competitors, including multinational power equipment companies, are intensifying their R&D in smart, automated, and environmentally friendly technologies. If our competitors develop more advanced or cost-efficient solutions, we may face pricing pressure, loss of market share, or erosion of our technology leadership. Any failure to effectively manage our R&D pipeline, protect our proprietary technology, or timely respond to technological and industry trends could materially and adversely affect our business, financial condition and results of operations.

We may not be able to adequately protect our intellectual property rights. Intellectual property rights do not necessarily protect us from all potential threats to our competitive advantage.

We regard our patents, know-how, proprietary technologies, trademarks, copyrights, domain names, and other intellectual properties as critical to our business development and operations, and we rely on both intellectual property laws and contractual arrangements to protect our intellectual properties. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages as we expected. In addition, there can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. Monitoring unauthorized use of our intellectual property is difficult and costly. Unauthorized use of our intellectual property may already have occurred or may occur in the future without our knowledge. Any failure by us to effectively protect our intellectual property could reduce the value of our technologies and impair our ability to compete, which result in adverse impact on our business, financial condition, results of operations and prospects. Furthermore, we may not have sufficient intellectual property rights in all countries and regions due to lack of comprehensive intellectual property laws in certain regions, and our ability to protect our intellectual property rights differs by jurisdiction.

We carefully select suppliers and adopt relevant management policies. However, there can be no assurance that such measures will be sufficient to prevent suppliers from providing products with potential intellectual property issues, nor can we guarantee that we will be able to recover all damages or compensation from suppliers in respect of claims by third parties against us for such products or intellectual property infringement. If any of these events occur, our reputation could be damaged, and our business, financial condition and results of operations may be adversely affected.

Although we enter into employment agreements with confidentiality clauses or confidentiality agreements with certain employees, we cannot assure that these agreements will not be breached, that we will have adequate remedies for any breach in time or at all, or that our intellectual properties will not otherwise become known to third parties. Similarly, if we recruit employees who breached confidentiality and/or non-compete covenants with their prior employers, we may become subject to claims that such employees have improperly used or disclosed trade secrets or other proprietary information in violation of their confidentiality and/or non-compete covenants in a way that unduly benefits us.

Furthermore, we collaborate with several universities and research institutes in the PRC on R&D and intellectual property development. While these collaborations enhance our innovation capabilities and technological advancement, joint ownership of intellectual property or reliance on external partners may limit the exclusivity of certain technologies, delay commercialization, or expose us to potential disputes over intellectual property ownership and usage rights.

We may be subject to intellectual property rights infringement or misappropriation claims by third parties, which may force us to incur legal expenses and, if determined adversely against us, may materially and adversely affect our business.

We may be exposed to intellectual property rights infringement or misappropriation claims by third parties during the course of our operations. Defense against any of these claims would be both costly and time-consuming, and could divert the efforts and resources of our management and other personnel. There can be no assurance that favorable final outcomes will be obtained in all cases. An adverse determination in any such litigation or proceedings could subject us to liabilities to third parties, require us to seek consents or licenses from third parties, pay ongoing fees or royalties, or subject us to injunctions prohibiting the provision and marketing of the relevant products. To the extent that such consents or licenses are not available to us on commercially reasonable terms or at all, we may be required to expend considerable time and resources sourcing alternative technologies, if any, or we may be forced to delay or suspend the relevant products. Protracted litigation could also result in reduced customer demand. In addition, we could face disruptions to our business operations as well as damage to our reputation as a result of infringement claims, and our business, financial condition and results of operations could be materially and adversely affected.

If we fail to maintain or enhance our brand recognition, or if we incur excessive expenses in this effort without achieving the anticipated benefits, our reputation, business, financial condition and operating results may suffer.

We believe that maintaining and enhancing our reputation is critical to our relationships with our customers. Our ability to maintain our position as a supplier of tap-changers and power equipment relies on the consistent and high quality of our products, customers' satisfaction with our products and after-sale services, and the increasing brand awareness through marketing activities. Any negative public perception or word of mouth that our products are defective or otherwise unsatisfactory, even if factually incorrect or based on

isolated incidents, could damage our reputation and undermine the trust and credibility we have established with our customers, and have a negative impact on our ability to attract new customers or retain our current customers. If we are unable to maintain our reputation or the positive recognition of our products and after-sale services, we may not be able to maintain or grow our customer base, and our business, financial condition and results of operations may be materially and adversely affected.

We depend on information technology and other infrastructure that are exposed to certain risks, including cybersecurity risks to or other privacy or data security incidents.

We rely on information technology systems to manage and operate our business, some of which are supported by third-party vendors including cloud-based systems and managed service providers. If these systems fail to function properly, experience security breaches or disruptions or do not provide the anticipated benefits, our ability to manage our operations could be impaired.

We may be subject to information technology system failures or network disruptions caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic break-ins, or other events or disruptions. System redundancy and other continuity measures may be ineffective or inadequate, and our business continuity and disaster recovery planning may not be sufficient for all eventualities. Such failures or disruptions could adversely impact our business by, among other things, interfering with customer transactions or impeding the assembling and shipping of our products.

Our information technology systems may be subject to computer viruses or other malicious codes, unauthorized access attempts, phishing, and other cyberattacks. Because the techniques used in these cyberattacks change frequently and may be difficult to detect for periods of time, we may face difficulties in anticipating and implementing adequate preventative measures. As of the Latest Practicable Date, we have not been materially affected by cyberattacks, However, we cannot guarantee that our security efforts will prevent breaches or breakdowns to our databases or systems. If the information technology systems, networks or service providers we rely upon fail to function properly or if we suffer a loss, significant unavailability of or disclosure of our business or stakeholder information and we do not effectively address these failures on a timely basis, we may be exposed to reputational, competitive and business harm as well as litigation and regulatory action, including administrative fines. The costs and operational consequences of responding to breaches and implementing remediation measures could be significant.

Our operations and production depend on a stable, timely and adequate supply of utilities and various services from third-party providers at commercially reasonable prices.

In addition to main raw materials and equipment, we depend on the supply of utilities, such as power, water and Internet connection to maintain our production processes and our operations. Our production volume and production costs are dependent on our ability to source

such utilities at acceptable prices and maintain a stable supply. The prices for utilities are subject to price volatility attributable to a number of factors that may be beyond our control, such as inflation, disruption in the global supply chain, general economic conditions, demand from other industries for the same utilities, and local and national regulatory requirements. There can be no assurance that shortages of utilities will not occur in the future or that we will be able to pass on related cost increases to our customers. Significant fluctuations in such costs may have a material effect on our profitability if we are unable to adjust the prices of our products accordingly, and may also harm our competitive advantages with respect to the affected products.

We work with a broad range of third-party service providers to support our business operations, such as logistic service providers. Our ability to deliver our products to customers depends on the reliable services provided by such third-party providers, which may be subject to business interruptions, errors, or delays with respect to their service facilities caused by human errors, natural factors, and other events. If the third-party service providers experience any of these incidents and will not be able to deliver services in a timely manner or at all, there is no assurance that we could identify substitute service providers who are capable of the same services on terms that are commercially acceptable to us in a timely manner, which may cause disruptions in the supply of our products to customers. Furthermore, upon expiry of existing contracts with third parties, we may not be able to renew such contracts at terms commercially favorable to us, if at all, or find an appropriate substitute in a timely manner, in which case our business may be adversely affected.

We are subject to environmental protection and health and safety laws and regulations and may be exposed to potential costs for compliance and liabilities.

Our business operations are subject to a broad range of increasing stringent laws and regulations relating to the environment, occupational health and safety and labor matters. In particular, in terms of environmental protection, we are required to comply with laws, regulations and various industry standards relating to air emissions, discharges of wastewater, waste gas and solid waste, noise pollution, toxic chemicals, waste treatment, and the energy efficiency of certain products, among other things. See "Regulatory Overview — Laws and Regulations on Environmental Protection." Potential adverse environmental consequences caused by our manufacturing operations may give rise to liabilities that may require us to incur costs to remedy such discharge, or to make material changes to our manufacturing process. In addition, we are required to maintain safe production conditions and protect the occupational health of our employees under applicable laws and regulations. We cannot assure you that we will not experience any material accidents or worker injuries in the course of our manufacturing process in the future.

The requirements imposed by environmental protection and health and safety laws and regulations may be amended in the future and more stringent laws or regulations may be adopted. As a result, we may be unable to comply with, or accurately predict the potentially substantial cost of complying with, these laws and regulations. Failure to comply these laws

and regulations could subject us to, among other things, legal liability, fines, suspensions of our production, and loss of license to operate certain facilities, which could have an adverse effect on our business, financial condition and results of operations.

We may be involved in legal or other proceedings arising out of or in relation to our business operations.

We may from time to time be involved in litigations, other legal proceedings or disputes arising in the normal course of business. For example, during the Track Record Period, we faced litigation in connection to our acquisition of Changzheng Electric arising from its pre-acquisition guarantees. See "History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers." These litigations, other legal proceedings or disputes, including threatened proceedings, may result in damages to our reputation, substantial costs and diversion of our resources and management's attention. Moreover, we have been and may in the future be exposed to compliance matters relating to certain aspects of business operations from time to time, some of which have resulted in, or may result in, fines or other administrative penalties to us. Should any significant non-compliance issue happen in the future, it may adversely affect our business, financial condition and results of operations.

In addition, we may from time to time be subject to various government inquiries, investigations, and proceedings related to legal and regulatory requirements. In certain cases, these inquiries, investigations, and proceedings can be complex, time-consuming, costly to investigate, and require significant company and management attention. We are unable to predict the outcomes and implications of such inquiries, investigations, and proceedings on our business, and such inquiries, investigations, and proceedings could result in large fines and penalties and require changes to our products and operations, and materially and adversely affect our brand, reputation, business, results of operations and financial condition.

Any negative publicity about us or our products, regardless of its nature or veracity, could adversely affect our business.

We believe that our brand is integral to the success of our business. We may incur extra expenses in promoting our brand. However, we cannot assure you that these activities will be successful or effective as expected. In addition, any negative publicity about our Company, Directors, employees, branding or products, whether warranted or not, may adversely affect our reputation and business. If our brand or reputation is damaged, we may face challenges in maintaining our current business relationships with our customers and in entering into new markets, which may adversely affect our business, financial condition, results of operations and prospects.

Moreover, increased regulation or heightened societal and industrial expectations regarding responsible sourcing practices could increase our compliance costs. Any failure to comply with such regulations or meet such expectations as a result of misconduct by our suppliers could result in negative publicity that adversely affects our reputation. Given that we do not directly control the procurement or employment practices of our suppliers, we could be

subject to financial or reputational risks as a result of their conducts. To the extent we are unable to manage these risks, our ability to timely supply competitive products will be harmed, our costs will increase, and our business, financial condition and results of operations will be adversely affected.

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

We face risks related to natural disasters, health epidemics, other disease outbreaks and events that are beyond our control.

Our business could be materially and adversely affected by natural disasters and extreme weather conditions, such as earthquakes, snowstorms, fires, floods, outbreaks of a widespread health epidemic or pandemic (including, without limitation, the COVID-19 pandemic), or other events such as wars, acts of terrorism or environmental accidents that are beyond our control. The occurrence of such a disaster or prolonged outbreak of an epidemic or pandemic illness or other adverse public health developments may cause a decrease in the level of business activities in the respective jurisdictions where we operate. Such events may also significantly affect our industry and may even cause a temporary closure of the facilities that we or our business partners use for operations, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or pandemic or other outbreaks harm the global or PRC economy in general.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS IN WHICH WE OPERATE

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

Our operations may be influenced to a significant degree by political, economic and social conditions in the markets in which we operate our business, including geopolitical and economic developments, government procurement and investment policies, environmental and

energy regulations, resource allocation, foreign exchange management, change of laws, and the differing product standards and technical requirements. Such risks and uncertainties may adversely impact our ability to implement our growth strategy and expand in both domestic and overseas markets.

In particular, the power equipment industry in which we operate is influenced by national and regional policies concerning energy structure, grid investment, production localization, and the inclusion of manufacturers on government-approved procurement or "white lists." Adjustments to these policies or delays in approval or tendering processes could adversely affect our ability to obtain orders or participate in key projects. Additionally, the introduction of new technical standards or quality certifications, or the tightening of environmental and safety compliance requirements, could increase our costs of production and testing.

Economic and market conditions in our key operating regions are sensitive to fluctuations in global economic activity and to changes in domestic industrial policy, infrastructure investment cycles, and overall power demand. Factors such as changes in government spending on grid and renewable energy projects, volatility in raw material prices, exchange rate movements, inflation, and changes in financing conditions all affect the operating environment of the power equipment industry and our profitability. Trade frictions, export restrictions, or geopolitical tensions could limit our access to certain overseas markets or delay project execution. Growth of the economy in each of our geographic markets has been uneven, both geographically and among various sectors of the economy. An economic downturn, decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other markets in which we may operate could have a material adverse effect on our business, financial condition and results of operations.

Some of the markets in which we operate have experienced, and may in the future experience, political instability, including strikes, demonstrations, protests, marches, guerilla activity, nationwide state of emergency, incidents of terrorism, regional conflicts or other types of civil disorder. These instabilities and any adverse changes in the political environment may result in lack of customer confidence, affect the strength of local economy, increase our costs, enlarge our exposure to legal and business risks, disrupt our office operations or affect our ability to expand our customer base.

Failure to obtain or renew the requisite licenses and approvals required in any jurisdiction where we operate in a timely manner may materially and adversely affect our business.

Under the laws and regulations in the PRC, Turkey, Indonesia and other jurisdictions where we operate, we are required to obtain or complete a number of licenses, approvals, registrations, filings, visas and other permissions for our operation, and for the lawful employment, deployment and travel of our personnel. We may become subject to additional license, approval, visa and other requirements as we develop and expand the scope of our business and engage in different business activities. If we fail to obtain, renew or maintain any such licenses, approvals, registrations or business visas in a timely manner, or at all, our

operations in the relevant jurisdiction could be disrupted, our personnel may be restricted from entering or remaining in such jurisdiction, we may be subject to administrative penalties or other sanctions, and our ability to execute projects, expand our business and sustain our growth may be materially and adversely affected.

In addition, certain licenses, permits or registrations we hold are subject to periodic renewal. We may not be able to maintain or timely renew our licenses and certificates when their current term expires. Furthermore, any developments in laws and regulations, or any development of interpretation thereof, could require us to obtain additional licenses, permits, approvals or certificates, and there is no assurance that we will be able to adapt to such developments in a timely manner or at all. If we fail to apply for, maintain or renew the licenses, permits, or registrations required for our operations, we may be subject to fines and additional penalties. Resolving such deficiencies and enhancing compliance may require additional operational expenses and divert our management attention. Additionally, we may experience negative publicity due to such deficiencies. As a result, our business, financial condition and results of operations may be adversely affected.

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

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. The legal systems of some geographic markets where we operate are consistently evolving, and the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

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

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our business and operations. Scrutiny and regulations of the industries in which we operate may further increase,

and we may be required to devote additional legal and other resources to addressing these regulations. Failure to adapt to changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may affect our business, financial condition and results of operations.

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

We receive substantial payments from our operations in the PRC in RMB and may need to convert RMB into other currencies to meet our foreign currency obligations, such as payments to fund our business activities outside the PRC and payments of dividends declared in respect of our H Shares, if any. The convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC are subject to certain regulatory requirements under PRC laws over foreign currency conversion and remittance. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to satisfy our foreign currency denominated obligations.

Under the existing PRC foreign exchange regulations, foreign exchange transactions under the current account conducted by us, including the payment of dividends, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements and conducting such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or its local branch unless otherwise permitted by law. Further, there is no assurance that new regulations will not be promulgated in the future that would have further requirements on the remittance of RMB into or out of the PRC. 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. 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.

Failure to comply with evolving governmental regulations and other legal obligations concerning data protection and cybersecurity may materially and adversely affect our business.

When conducting our business, we may need to store, transmit and process certain data of our employees, customers and suppliers as well as other data necessary for operation and management, and therefore face risks inherent in protecting the security and privacy of such data by using of information systems. In recent years, cybersecurity, privacy and data protection has become an increasing regulatory focus of government authorities across the world. Our business operations are subject to various regulatory requirements relating to cybersecurity and data privacy, including the PRC Data Security Law (《中華人民共和國數據安全法》), the Cybersecurity Law of PRC (《中華人民共和國網絡安全法》) and the Personal

Information Protection Law of the PRC (《中華人民共和國個人信息保護法》). In addition, regulatory requirements on cybersecurity and data privacy are evolving, of which the interpretation and application are also evolving and subject to change that may affect us.

Any failure or perceived failure of us to comply with applicable or future cybersecurity and data privacy and protection laws, or other concerns about our practices or policies with respect to the processing of data and cybersecurity, could subject us to potential liabilities and reputational damage.

The security measures implemented by us to secure our information technology systems and prevent unauthorized access to or loss of sensitive data may not be sufficient for all eventualities and may be vulnerable to hacking, employee error, system error, or other irregularities. We may incur further expenses to comply with laws and regulations relating to data privacy, data security and consumer protection, as well as relevant industry standards and contractual obligations.

There might be uncertainties in effecting services of legal process, enforcing foreign judgments or arbitration awards against us or our Directors and senior management personnel in the PRC.

We are a company incorporated under the laws of the PRC and our business is primarily based in the PRC. In addition, the majority of our Directors and senior management personnel reside in the PRC, and substantially all of their assets are located within the PRC. As a result, it may be difficult for investors to effect service of process upon us or those persons in the PRC for disputes brought in courts outside the PRC.

The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between the PRC and the country where the judgment is made or on principles of reciprocity between jurisdictions. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of some other jurisdictions. While arrangements for mutual recognition and enforcement of judgments in civil and commercial matters exist between Hong Kong and the PRC, the enforcement of Hong Kong court judgments in the PRC is subject to compliance with specific requirements and procedures, and there can be no assurance that a Hong Kong judgment will be enforced in the PRC in all circumstances. In addition, according to the PRC Civil Procedures Law, the PRC courts will not enforce a foreign judgment against us or our Directors and officers if they decide that the judgment violates the basic principles of PRC laws or national sovereignty, security or public interest. As a result, there is no assurance that a judgment rendered by a court outside the PRC would be recognized and enforced in a PRC court.

Any failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.

In accordance with relevant PRC laws and regulations, we are required to make contributions to the social insurance plans and the housing provident fund (collectively, the "**Employee Benefits**") for our employees. During the Track Record Period, we did not make adequate contribution to social insurance plans and housing provident fund for our employees as required by relevant PRC laws and regulations. If we fail to pay social insurance plans and housing provident fund contributions in full based on employees' actual salaries, we may be required to pay the outstanding amount and could face legal enforcement. As of the Latest Practicable Date, we had not received any notice or inquiry from the relevant governmental authorities due to the abovementioned practice of making contributions to the employee benefits, and we obtained compliance certificates from the relevant competent authorities with respect to contributions to the Employee Benefits during the Track Record Period. As advised by our PRC Legal Advisor, as of the Latest Practicable Date, we had not been subject to any fines, investigations or administrative penalties by the relevant governmental authorities in connection with any failure to make full contributions to social insurance or housing provident fund schemes, and matters aforementioned are not considered material non-compliance with applicable laws and regulations. The likelihood that the Company and its PRC subsidiaries would be subject to material administrative penalties or orders to make retroactive contributions imposed by the relevant social insurance or housing provident fund authorities is remote.

We face certain risks relating to the properties we occupy, which may disrupt our operations and incur relocation costs.

We occupy properties for multiple purposes. We own, lease or in the process of obtaining relevant government license and approvals for, the properties we occupy. Any limitations on the leased properties, or lessors' title to such properties, may impact our use of the properties, or in extreme cases, result in relocation, which may in turn adversely affect our business operations. Pursuant to applicable PRC laws and regulations, all lease agreements are required to be registered with the local land and real estate administration bureau. However, certain of our leased properties in the PRC have not been registered with the relevant PRC government authorities, the failure of which, while does not in itself invalidate the leases, may lead to fines if we fail to rectify within the prescribed time period after receiving notices from the relevant PRC government authorities. Furthermore, two of our PRC subsidiaries have not obtained all relevant government licenses and approvals for occupying the land for our photovoltaic power stations, which might lead to fines, forced return of the land, and/or forced demolition of facilities on the land. While we have confirmed with the governmental authorities that such situation does not constitute material violation of the law and we are allowed to continue to occupy relevant land for the current purpose, we are still taking measures to obtain the required licenses and/or approvals for the relevant land and the buildings thereon, but we cannot guarantee they will be obtained in a timely manner. In addition, Neixiang Tianhai has not obtained all requisite governmental permits for the occupation of a portion of land used for our photovoltaic power stations due to regulatory policy changes implemented after such

occupation occurred, and it may be subject to administrative penalties, including fines. As advised by our PRC Legal Advisor, based on a confirmation letter issued by the competent authority stating that such matters do not constitute material non-compliance, and taking into account the Company's undertaking to take timely remedial actions, any potential penalties arising from the foregoing matters are not expected to constitute material administrative penalties or to have a material adverse effect on our operations.

RISKS RELATING TO THE [REDACTED]

Filing with the CSRC is required in connection with our future [REDACTED], and we cannot predict whether we will be able to complete such filing.

On February 17, 2023, the CSRC released 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 its supporting guidelines, which came into effect on March 31, 2023 (the "**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. Pursuant to the Overseas Listing Regulations, PRC domestic companies which, after the overseas offering and listing, offers subsequent securities in the same overseas market or conducts offering and listing in other overseas markets (the "**Future Offerings**"), shall complete the filing procedures of, and report relevant information to, the CSRC. For details, see "Regulatory Overview — Laws and Regulations on Securities and Overseas Listing."

Based on the foregoing, we, as a PRC domestic company, are required to comply with the filing procedures of the CSRC for the Future Offerings after the [**REDACTED**]. It is uncertain whether we can, or how long it will take us to, complete filings procedures in connection with the Future Offerings. We may be subject to approval, filing or other requirements by other PRC government authorities under the PRC laws in the future. Any failure to complete the relevant procedures may have an adverse effect on the Future Offerings.

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

Under current PRC tax laws and regulations, non-Chinese resident individuals and non-Chinese resident enterprises are subject to different tax obligations on to the dividends paid to them by us and the gains realized upon the [**REDACTED**] or other disposition of our H Shares.

Non-Chinese resident individuals are required to pay individual income tax at a rate of 20% under IIT law for the interests, dividends and bonuses they receive in the PRC. We are required to withhold such tax from dividend payments, unless applicable tax treaties between the PRC and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. Generally, in accordance with the Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 issued by the SAT (《國家稅務總局關於國稅發[1993]045號文件廢止

後有關個人所得稅徵管問題的通知》), domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends to overseas resident individuals in the jurisdiction of the tax treaty, withhold individual income tax at the rate of 10%. When a tax rate of 10% is not applicable, the withholding company shall: (a) return the excess tax amount pursuant to due procedures if the applicable tax rate is lower than 10%; (b) withhold such foreign individual income tax at the effective tax rate agreed on if the applicable tax rate is between 10% to 20%; or (c) withhold such foreign individual income tax at a rate of 20% if no taxation treat is applicable.

For non-Chinese-resident enterprises that do not have establishments or premises in the PRC, and for those who have establishments or premises in the PRC but whose income is not related to such establishments or premises under the EIT law, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of Shares are ordinarily subject to China enterprise income tax at a rate of 20%. In accordance with the Circular on Issues Relating to the Withholding of Enterprise Income Tax by Chinese Resident Enterprise on Dividends Paid to Overseas Non-Chinese Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業 所得税有關問題的通知》) issued by the SAT, such tax rate has been reduced to 10%.

Changes to applicable tax laws and regulations or in the interpretation or application of such laws and regulations may materially affect the value of your [**REDACTED**] in our H Shares.

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

As we are listed on the Shenzhen Stock Exchange and will be [**REDACTED**] 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, which will result in additional compliance costs for us.

There has been no prior public market for our H Shares, and an active [REDACTED] market for our H Shares may not develop or be sustained.

Prior to the [**REDACTED**], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is expected to be fixed by agreement between the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and us and may not be an indication of the market price of our H Shares following the completion of the [**REDACTED**]. If an active public market for our H Shares does not develop after the [**REDACTED**], the market price and liquidity of our H Shares may be materially and adversely affected.

The price and [REDACTED] volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of securities in Hong Kong and elsewhere in the world.

The price and [**REDACTED**] volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in the PRC, especially those engaging in similar business to ours, that have listed their securities in Hong Kong may affect the volatility in the price of and [**REDACTED**] volumes for our H Shares. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the [**REDACTED**] performance of our H Shares. These broad market and industry factors may significantly affect the market price and volatility of our H Shares, regardless of our actual operating performance. In addition to market and industry factors, the price and [**REDACTED**] volume of our H Shares may be highly volatile for specific business reasons, such as variations in our revenue, earnings and cash flows. Any of these factors may result in large and sudden changes in the volume and [**REDACTED**] price of our H Shares.

Our A shares are listed 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 Stock Exchange. 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 trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent trading volumes and liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the [**REDACTED**] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. As such, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should not place undue reliance on the trading history of our A Shares when evaluating your [**REDACTED**] in our H Shares.

You will incur immediate and significant dilution as a result of the [REDACTED] and may experience further dilution if we issue additional Shares in the future.

As the [**REDACTED**] of our H Shares is higher than the net tangible book value per H Share of our H Shares immediately prior to the [**REDACTED**], [**REDACTED**] of our H Shares in the [**REDACTED**] will experience an immediate dilution in pro forma net tangible book value. If we issue additional H Shares in the future, [**REDACTED**] of our H Shares in the [**REDACTED**] may experience further dilution in their shareholding percentage.

Future sales or perceived sales of substantial amounts of our H shares in the public market could have material and adverse effects on the prevailing market price of our H shares and our ability to raise additional capital in the future.

The market price of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, especially by our Directors, executive officers and Controlling Shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur.

The H Shares held by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which [**REDACTED**] in our H Shares [**REDACTED**] on the Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any shares they may own now or in the future. Market sale of H Shares by such shareholders and the availability of these shares for future sale may have a negative impact on the market price of our H Shares.

Our Controlling Shareholders have significant influence over our Company, and their interests may not be aligned with the interests of our other shareholders.

Our Controlling Shareholders have significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders for approval, including but not limited to mergers, privatizations, consolidations and the sale of all, or substantially all, of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), the Controlling Shareholders will be together entitled to control the exercise of approximately [**REDACTED**] of the voting rights and thus remain as the Controlling Shareholders of our Company. The interests of our Controlling Shareholders might differ from the interests of our other Shareholders. In the event that our Controlling Shareholders cause us to pursue strategic objectives that conflict with the interests of our other Shareholders, our other Shareholders could be disadvantaged, and their interests could be damaged. Any conflict of interest between our Controlling Shareholders and our other Shareholders may also materially and adversely affect aspects such as the decision and implementation of our business plans, which may in turn affect our operations and prospects.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any dividends in the future.

We have declared dividends in the past. We protect our Shareholders' interest by ensuring a consistent dividend policy. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of the PRC, the payment of dividends may be subject to certain limitations. Moreover, the calculation of our profit under the China Accounting Standards for Business

Enterprises ("**PRC GAAP**") may differ in certain respects from the calculation under the International Financial Reporting Standards ("**IFRS**"). As a result, even if we report a profit for the year under IFRS, we may not have distributable profits as determined by PRC GAAP. Additionally, 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, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at a 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 the PRC. See "Financial Information — Dividends" for further details of our dividend policy. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

Under the existing foreign exchange regulations of the PRC, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval by or registration with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of the PRC to pay capital expenses, such as the repayment of loans denominated in foreign currencies. If the foreign exchange management system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands or affects our remittances of RMB in or out of the PRC, we may not be able to pay dividends in foreign currencies to our Shareholders.

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

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

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

This document contains information and statistics relating to our industry, which have been derived from third-party reports and other publicly available sources. We believe that the sources of the information are appropriate, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the Joint Sponsors, any of our or their respective Directors, executive officers or representatives or any other party involved in the [**REDACTED**], and no representation is given as to its accuracy. You should therefore not place undue reliance on such information.

You should read the entire document carefully and not rely on any information contained in press articles or other media regarding us, our H shares or the [REDACTED].

The [**REDACTED**] is being made solely on the basis of the information and representations contained in this document, which are true and accurate to the best of our knowledge and belief. Any information not contained in this document should not be relied upon in making an [**REDACTED**] decision with respect to the securities being [**REDACTED**].

Prior to the publication of this document, there has been coverage in the media regarding us and the [**REDACTED**], which may have contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**]. [**REDACTED**] should be aware that information and opinions published by third-party sources may have been based on outdated, incomplete, or inaccurate information. These sources may also have conflicts of interest, and their opinions may not be independent or objective. The media's coverage of our Company and the [**REDACTED**] may be influenced by a wide range of factors, including the bias of individual journalists, the preferences of media outlets and the demands of advertisers.

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

This document contains certain forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments. However, 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. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as a representation or warranty by us that our plans and objectives will be achieved. Accordingly, you should not place undue reliance on any forward-looking information.

In preparation for the [**REDACTED**], our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, a new applicant for a primary listing on the Stock Exchange 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. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Hong Kong Stock Exchange.

Our Group's management headquarters, senior management, business operations and assets are primarily based outside Hong Kong. Our Directors consider that either by means of relocation of existing executive Directors or the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company and our Shareholders as a whole. Therefore, we do not have, and do not contemplate to have, in the foreseeable future, 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, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules. We will ensure that there is a regular and effective communication between us and the Stock Exchange by way of the following arrangements:

(a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives (the "**Authorized Representatives**"), who will act as principal channel of communication with the Stock Exchange and ensure that our Company complies with the Listing Rules at all times. The two Authorized Representatives are Mr. Xiao Yi (肖毅) and Ms. Shum Kit Han (岑潔嫻). Each of our Authorized Representatives has provided his/her contact details to the Stock Exchange and will inform the Stock Exchange promptly in respect of any change in the authorized representatives. The Authorized Representatives will be available to meet with the Stock Exchange within a reasonable timeframe upon the request of the Stock Exchange and will be readily contactable by phone, facsimile (if applicable) and email. Each of the Authorized Representatives is authorized to communicate on our behalf with the Stock Exchange;

(b) each of the Authorized Representatives has means to contact all of our Directors (including our independent non-executive Directors) and senior management team promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. To enhance communication among the Stock Exchange, our Authorized Representatives and our Directors, we have ensured that (i) each Director has provided their respective contact details (including phone number and

email address) to the Authorized Representatives; (ii) in the event that a Director expects to travel or is otherwise out of office, he/she will provide his/her phone number of the place of his/her accommodation to the Authorized Representatives or maintain an open line of communication via his/her mobile phone; and (iii) each of our Directors has provided their respective contact details to the Stock Exchange and will inform the Stock Exchange promptly if there are any changes to their contact details;

(c) our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time when required;

(d) we have appointed First Shanghai Capital Limited as our Compliance Advisor 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**]. The Compliance Advisor will have access at all times to our Authorized Representatives, our Directors, and our senior management as prescribed by Rule 3A.23 of the Listing Rules, who will act as the additional channel of communication with the Stock Exchange when the Authorized Representatives are not available. Our Company shall ensure that our Authorized Representatives, Directors and our senior management members will timely provide such information and assistance as the Compliance Advisor may need or may reasonably request in connection with the performance of the Compliance Advisor's duties as set forth in the Listing Rules. To the extent reasonably practicable and legally permissible, we will keep the Compliance Advisor informed of all communications and dealings between the Stock Exchange and us;

(e) we have provided the Stock Exchange with the names, mobile phone numbers, office phone numbers, fax numbers (if applicable) and email addresses of at least two of the Compliance Advisor's officers who will act as our Compliance Advisor's contact persons between the Stock Exchange and our Company. To the extent reasonably practicable and legally permissible, meetings between the Stock Exchange and our Directors could be arranged through our Authorized Representatives or the Compliance Advisor, or directly with our Directors within a reasonable timeframe. We will inform the Stock Exchange as soon as practicable in respect of any change of the Authorized Representatives and/or the Compliance Advisor;

(f) we will appoint other professional advisers (including legal advisers in Hong Kong) after the [**REDACTED**] to assist us in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange; and

(g) our Company has designated one of our staff members as the communication officer at our headquarter after the [**REDACTED**] who will be responsible for maintaining day-to-day communication with the Authorized Representatives and our Company's

professional advisers in Hong Kong, including our legal advisers in Hong Kong and the Compliance Advisor to keep abreast of any correspondences and/or enquiries from the Stock Exchange and report to our executive Directors to further facilitate communication between the Stock Exchange and our Company.

WAIVERS IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules and Chapter 3.10 of the Guide for New Listing Applicants, 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.

Our Company has appointed Mr. Xia Haijing (夏海晶) ("**Mr. Xia**") and Ms. Shum Kit Han (岑潔嫻) ("**Ms. Shum**") as our joint company secretaries. See "Directors and Senior Management — Joint Company Secretaries" for their biographical details.

The Company believes that it would be in the best interests of the company and the corporate governance of the Group to have as its joint company secretary a person such as Mr. Xia, who joined the Group in July 2017 and has been the secretary of Board of our Company since October 2020 and who has extensive experience in corporate governance, capital markets affairs and board matters. Mr. Xia has the necessary nexus to the Board and close working relationship with management of the Company in order to perform the function of a joint

company secretary and to take the necessary actions in the most effective and efficient manner. However, Mr. Xia 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 Ms. Shum, a member of The Hong Kong Chartered Governance Institute, 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 Mr. Xia 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.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Xia may be appointed as a joint company secretary of our Company.

The wavier is valid for an initial period of three years from the [**REDACTED**] and is granted on the condition that Ms. Shum will work closely with Mr. Xia to jointly discharge the duties and responsibilities as company secretary and assist Mr. Xia in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Shum will also assist Mr. Xia 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. Ms. Shum is expected to work closely with Mr. Xia and will maintain regular contact with Mr. Xia, the Directors and the senior management of our Company. In addition, Mr. Xia will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. Mr. Xia will also be assisted by (a) the Compliance Advisor of our Company, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisors of our Company, on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations.

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the waiver will be revoked immediately if Ms. Shum ceases to provide assistance to Mr. Xia as a joint company secretary for the three-year period after the [**REDACTED**] or where there are material breaches of the Listing Rules by Our Company.

Before the expiration of the three-year period, the qualifications and experience of Mr. Xia 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. The Company will demonstrate to and seek the confirmation from the Stock Exchange that Mr. Xia, having had the benefit of Ms. Shum's assistance during the three-year period, has attained the relevant skills and experience under Note 2 to Rule 3.28 of the Listing Rules to carry out the duties of company secretary so that a further waiver would not be necessary.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
XIAO Yi (肖毅)	Room 8, Building No. 7 No. 100 Jinbang Road Changning District Shanghai, PRC (中國上海市長寧區金浜路100號7號樓8室)	Chinese
YANG Jianqin (楊建琴)	Room 201 No. 24, Lane 1669 Lingshi Road Putuo District Shanghai, PRC (中國上海市普陀區靈石路1669弄24號201室)	Chinese
LU Weili (陸維力)	Room 2402 No. 3, Lane 111 Xilingjiazhai Road Huangpu District Shanghai, PRC (中國上海市黃浦區西凌家宅路111弄3號2402室)	Chinese
XIE Jing (謝晶)	Room 302 No. 59, Lane 420 Gumei West Road Minhang District Shanghai, PRC (中國上海市閔行區古美西路420弄59號302室)	Chinese
ZHANG Xin (張鑫)	Room A2-1601 Debao Guiyuan Suzhou Road Huichuan District, Zunyi City Guizhou Province, PRC (中國貴州省遵義市匯川區蘇州路德寶貴園A2-1601室)	Chinese

Name	Residential Address	Nationality
Non-Executive Director		
ZHU Bin (朱彬)	No. 504 Building 1, Dushi Yangguang Garden Lixia District, Jinan City Shandong Province, PRC (中國山東省濟南市歷下區都市陽光花園1號樓504號)	Chinese
Independent Non-Executive Directors		
JIANG Xiuchen (江秀臣)	No. 9-1001 Xinghe Wan No. 3 Garden Lane 3988, Duhui Road Minhang District Shanghai, PRC (中國上海市閔行區都會路3988弄星河灣三號園9-1001)	Chinese
LI Qingyuan (李青原)	No. 1105 Hongjuncunchuyuan No. 91 Donghu Road Shuiguohu Wuchang District, Wuhan Hubei Province, PRC (中國湖北省武漢市武昌區水果湖東湖路91號紅軍村楚苑1105)	Chinese
WANG Xumiao (王徐苗)	Room 603 No. 2, Lane 509, Luban Road Huangpu District Shanghai, PRC (中國上海市黃浦區魯班路509弄2號603室)	Chinese
LIANG Jianhong (梁劍虹)	Room C, 21/F, Tower 2B SOUTHLAND Phase 1 of THE SOUTHSIDE 11 Heung Yip Road Wong Chuk Hang, Hong Kong	Chinese (Hong Kong)

For further information of the Directors, see "Directors and Senior Management."

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

J.P. Morgan Securities (Far East) Limited
28/F, Chater House
8 Connaught Road Central
Hong Kong

Haitong International Capital Limited
Suites 3001-3006 and 3015-3016
One International Finance Centre
No. 1 Harbour View Street
Central
Hong Kong

[**REDACTED**]

[REDACTED]

[**REDACTED**]

Legal Advisors to the Company	*As to Hong Kong law and U.S. law:* **Sullivan & Cromwell (Hong Kong) LLP** 20th Floor, Alexandra House 18 Chater Road, Central Hong Kong *As to PRC law:* **Grandall Law Firm (Shanghai)** 25-28/F, Suhe Centre 99 North Shanxi Road Jing'an District Shanghai, PRC
Legal Advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and U.S. laws:* **Clifford Chance** 27/F, Jardine House One Connaught Place Central Hong Kong *As to PRC law:* **Fangda Partners** 24/F, HKRI Centre Two HKRI Taikoo Hui 288 Shi Men Yi Road Shanghai 200041, PRC

Reporting Accountant and Auditor	**Ernst & Young** *Certified Public Accountants Registered Public Interest Entity Auditor* 27th Floor, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504 Wheelock Square No. 1717 West Nanjing Road Shanghai PRC

[**REDACTED**]

Registered Office in the PRC	Room 302, Site No. 1 Century Avenue 2222 Suncun Street Gaoxin District Jinan City Shandong Province, PRC (中國山東省濟南市高新區孫村街道世紀大道2222號1號廠房302室)
Head Office and Principal Place of Business in the PRC	No. 977 Tongpu Road Putuo District Shanghai, PRC (中國上海市普陀區同普路977號)
Principal Place of Business in Hong Kong	Room 1912, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company Website	**www.huaming.com** *(the information contained on this website does not form part of this document)*
Joint Company Secretaries	**Mr. Xia Haijing (夏海晶)** No. 977 Tongpu Road Putuo District Shanghai, PRC (中國上海市普陀區同普路977號) **Ms. Shum Kit Han (岑潔嫻)** *(A fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* Room 1912, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	**Mr. Xiao Yi (肖毅)** No. 977 Tongpu Road Putuo District Shanghai, PRC (中國上海市普陀區同普路977號)

	Ms. Shum Kit Han (岑潔嫻) Room 1912, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Audit Committee	Mr. Li Qingyuan (李青原) *(chairperson)* Mr. Wang Xumiao (王徐苗) Mr. Jiang Xiuchen (江秀臣)
Remuneration and Appraisal Committee	Mr. Jiang Xiuchen (江秀臣) *(chairperson)* Mr. Li Qingyuan (李青原) Mr. Xie Jing (謝晶)
Nomination Committee	Mr. Wang Xumiao (王徐苗) *(chairperson)* Mr. Jiang Xiuchen (江秀臣) Ms. Yang Jianqin (楊建琴)
Strategy Committee	Mr. Xiao Yi (肖毅) *(chairperson)* Mr. Lu Weili (陸維力) Mr. Jiang Xiuchen (江秀臣)

[**REDACTED**]

Compliance Advisor	**First Shanghai Capital Limited** 19th Floor, Wing On House 71 Des Voeux Road Central Hong Kong
Principal Bank	**China Construction Bank Corporation Shanghai Cao'an Road Branch** 368 Beishi Road Putuo District Shanghai, PRC (中國上海市普陀區北石路368號)

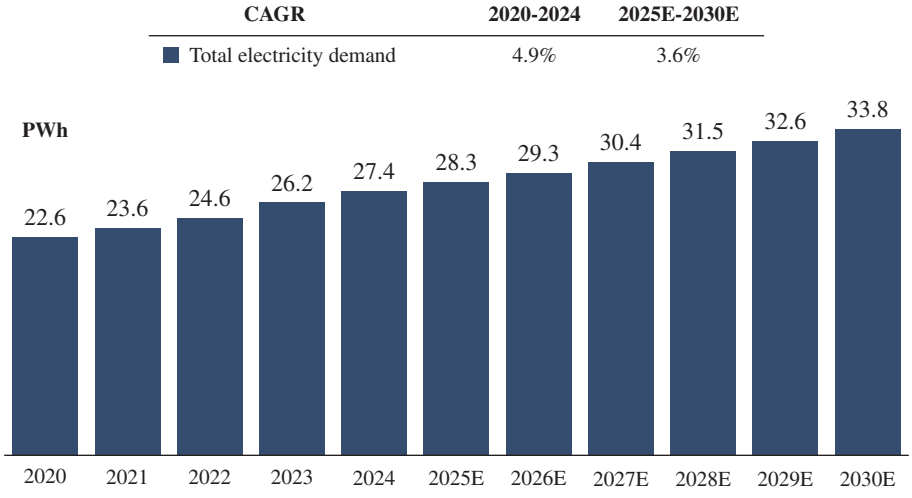
The information and statistics set out in this section and other sections of this document were extracted from the Frost & Sullivan Report, which was commissioned by the Company, and from various official government publications and available resources from public market research. The Company engaged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

Electricity is indispensable infrastructure that underpins modern economies and daily life. It enables essential public services such as hospitals, water and wastewater treatment, public safety and emergency response, and supports the continuity of manufacturing, transportation, commercial operations and household activities. It is also the foundation for the digital economy, including telecommunications networks, cloud computing and data centers, where even brief supply disruptions can lead to safety risks, operational downtime and material economic losses. Against this backdrop, growth of global demand for electricity is increasingly outpacing the speed at which grids can be reinforced and upgraded to maintain stable and compliant power delivery.

Electricity demand has continued to increase, supported by structural electrification across transportation, buildings and industrial processes, and by the higher penetration of electricity-intensive infrastructure such as AIDCs. At the same time, the ongoing integration of renewable generation is lifting requirements for grid reinforcement and reliable power delivery, resulting in ongoing investments across power networks.

The chart below sets out global electricity demand from 2020 to 2030.

Global Electricity Demand, 2020-2030E



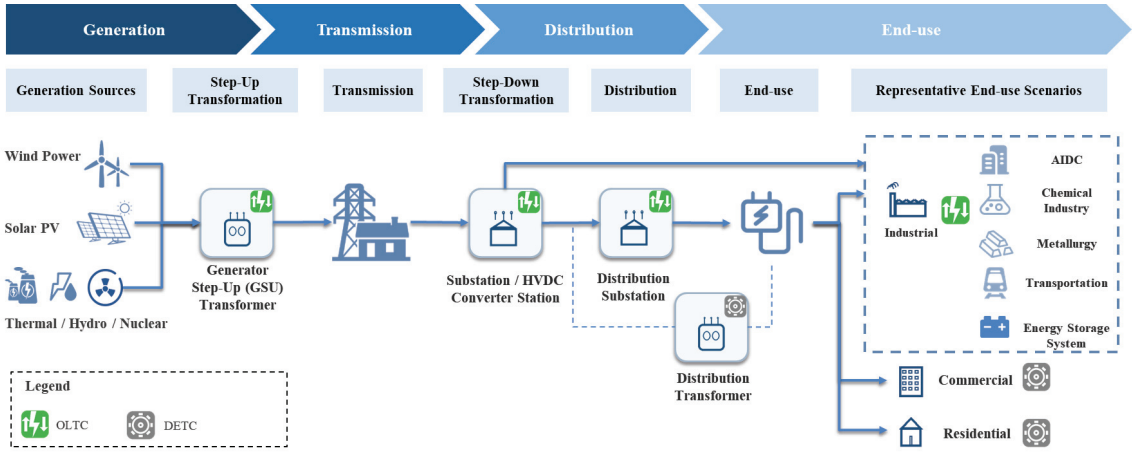
Source: International Energy Agency, World Bank, Frost & Sullivan analysis

The acceleration of electrification, proliferation of renewable energy build-outs and growing data centers loads are driving continuous increase in global electricity consumption while also amplifying system variability. 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, heightening requirements for grid reinforcement, system stability and power quality.

To fulfill the heightened requirements, there have been continued investments in transmission and distribution equipment, particularly transformers. Transformers are core equipment for power transmission and distribution. Tap changers are a critical part of transfomers, serving as the only mechanically dynamic major component to regulate voltage under fluctuating load conditions. Without effective tap changing and voltage regulation, grid voltage instability would exacerbate the risk of equipment failures and outages. This underpins the structure demand for tap-changers, having them as a indispensable part of reliable and compliant grid operation.

The chart below illustrates the principal application scenarios of tap-changers across the power system value chain.

Application of Tap-Changers Across Power System



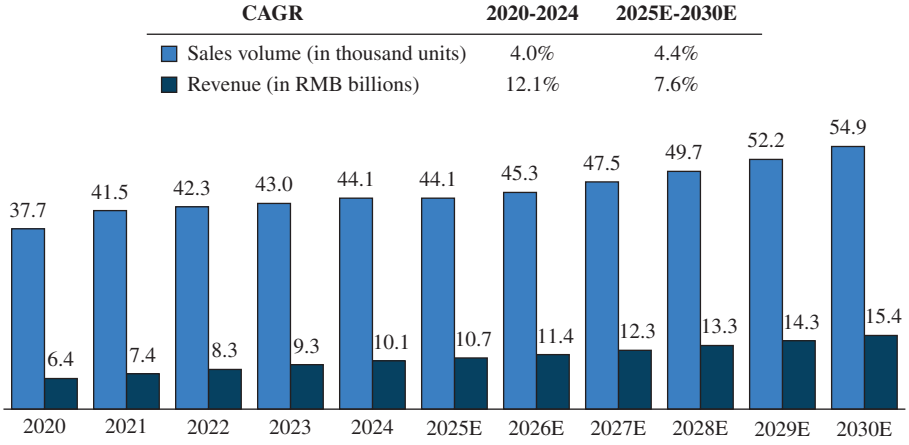
Source: Frost & Sullivan analysis

GLOBAL TAP-CHANGER MARKET OVERVIEW

Global demand for tap-changers has continued to grow on a relatively stable basis, supported by sustained grid investment and transformer fleet expansion, together with recurring replacement demand as installed equipment reaches end of service life. In addition, ongoing upgrading in technology and application mix, including rising penetration of on-load and vacuum solutions and increasing deployment in higher voltage class and HVDC applications, has supported revenue growth ahead of shipment growth.

The chart below sets out the global tap-changer market size, in terms of sales volume and revenue, for the years from 2020 to 2030.

Global Tap-Changer Market Size, by Sales Volume and Revenue, 2020-2030E



Source: Listed companies' public filings, companies' websites, Frost & Sullivan analysis

Global Tap-changer Market Size Breakdown by Regions

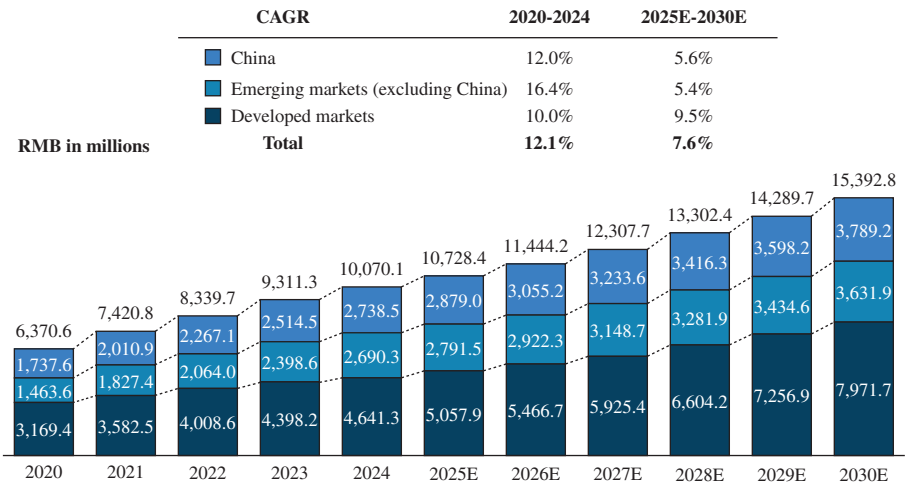
The global tap-changer market has a clear regional split. Developed markets are largely replacement led and tend to upgrade toward higher voltage classes, wider adoption of vacuum solutions and broader use of online monitoring and digitalized operation and maintenance. Emerging markets are largely expansion led, focusing on new substations and distribution build out, with increasing configuration of on load voltage regulation in new projects. Together, new installations and replacement demand provide a diversified source of global revenue.

In China, demand is supported by renewable integration and cross regional transmission expansion, with HVDC and UHV projects driving higher voltage class applications and broader adoption of vacuum OLTCs. Distribution side on load voltage regulation and online monitoring are also increasing. The China market reached RMB2,738.5 million in 2024 and is projected to reach RMB3,789.2 million by 2030.

Major developed markets remain replacement led, supported by aging assets and tighter compliance and testing requirements. Aggregate developed markets reached RMB4,641.3 million in 2024 and are projected to reach RMB7,971.7 million by 2030.

Emerging markets (excluding China) are primarily driven by greenfield grid build-out and capacity expansion to improve electrification coverage, enhance transmission and distribution capability, and address load growth driven by urbanization and industrialization. This growth is accompanied by the accelerating adoption of vacuum solutions and the expansion of service and spare parts networks. The aggregate market size for emerging markets reached RMB2,791.5 million in 2024 and is projected to grow to RMB3,631.9 million by 2030.

Global Tap-Changer Market Size, by Revenue and by Regions, 2020-2030E



Source: Listed companies' public filings, companies' websites, Frost & Sullivan analysis

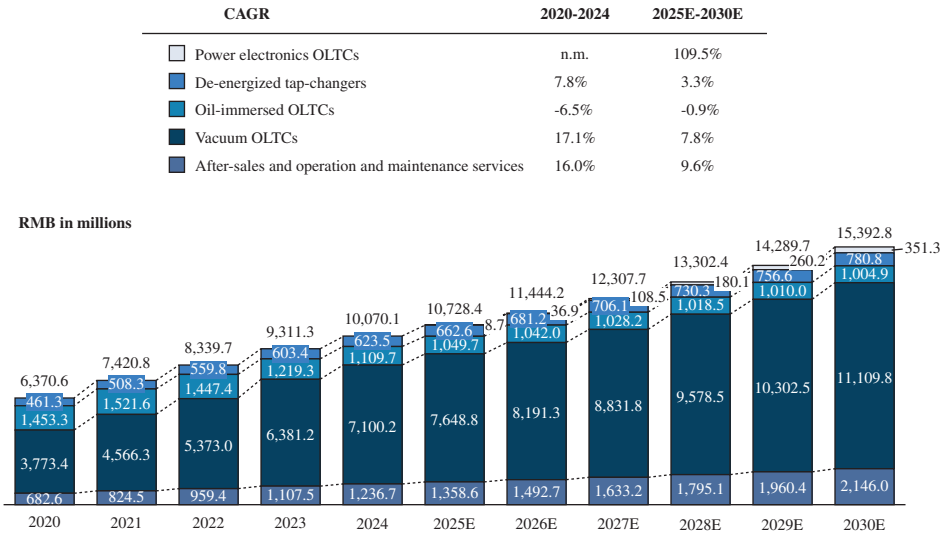
Global Tap-changer Market Size Breakdown by Product Types

Vacuum OLTCs quench the switching arc within sealed vacuum interrupters, reducing reliance on insulating oil, extending maintenance intervals and improving service availability. As a result, vacuum solutions have become the mainstream choice in new-build projects across generation, transmission and distribution, particularly in higher voltage class and HVDC applications.

In terms of revenue, the global vacuum OLTC market increased from RMB3,773.4 million in 2020 to RMB7,100.2 million in 2024, and is projected to reach RMB11,109.8 million by 2030. By 2030, vacuum products are expected to account for approximately 89.1% of the OLTC segment by revenue.

Oil immersed OLTCs require more stringent oil condition management and shorter maintenance intervals, resulting in higher downtime-related costs in many applications. Demand continues to contract due to substitution by vacuum solutions, with usage increasingly concentrated in replacement and compatibility-constrained applications.

Global Tap-Changer Market Size, by Revenue and by Product Categories, 2020-2030E



Source: Listed companies' public filings, companies' websites, Frost & Sullivan analysis

As grid operating conditions become more volatile, demand for on load voltage regulation without interrupting supply is increasing, fostering OLTC penetration. Penetration in new installations increased to approximately 72% in 2024 and is expected to reach approximately 75% by 2030, while the share within the installed base is expected to rise from approximately 65% to approximately 70%, with OLTCs increasingly becoming a choice by default in the configuration of power networks, converter transformers, and mission-critical end-use scenarios.

Within OLTC technology pathways, vacuum OLTCs represent the clearest direction. Vacuum interrupters reduce reliance on oil, extend maintenance intervals and improve service availability, supporting better life cycle economics, particularly in higher voltage class, HVDC and critical load applications. Vacuum solutions accounted for approximately 71% of new installations in 2024 and are expected to reach approximately 85% by 2030. Within the installed base, penetration is expected to increase from approximately 35% to approximately 50%, primarily through replacement during scheduled overhaul windows.

Oil immersed OLTCs are shifting from mainstream new install choice to installed base upgrade demand. While they retain cost and compatibility advantages, they are disadvantaged in maintenance intervals, oil management and downtime costs, supporting substitution by vacuum solutions during maintenance cycles. Their share of new installations is expected to decline from approximately 29% in 2024 to approximately 13% by 2030, while their share in the installed base is expected to decrease from approximately 65% to approximately 49%, with demand increasingly concentrated in end-of-life replacement and selected compatibility constrained scenarios.

Power electronic OLTCs remain at an early stage and are oriented toward highly dynamic nodes requiring fast and programmable regulation and digital coordination, such as renewable interconnection points, source grid load storage projects and higher requirement industrial users. Adoption is expected to remain limited in the near term and to account for approximately 2% of new installations by 2030, with expansion dependent on further validation, cost reduction and interface standardization.

Growth Drivers and Development Trends

- **Rising demand for voltage regulation amid grid modernization and shifting load profiles.** The integration of renewables and interconnected grids, alongside concentrated loads from AIDCs and EV charging, has made voltage regulation an operational necessity. As these requirements extend into distribution networks and end-users, tap-changer installation rates are climbing, especially for transformers of 35kV and above.

- **Digitalization and end-of-feeder voltage management in distribution networks.** As loads grow more dispersed with pronounced peaks, and distributed PV and EV charging increase intermittency, distribution grids are experiencing more frequent voltage fluctuations. This is driving the broader adoption of on-load regulation at key nodes, enabling faster corrections, lower power losses, and condition-based maintenance.

- **Scale deployment of higher-voltage and HVDC projects are increasing performance requirements and raising average per-unit value.** Supplier selection is increasingly driven by proven track record at higher voltage class, including completion of relevant type and special tests and in-service references, supporting revenue growth that is expected to outpace volume growth over time.

- **The market is predominantly driven by mainstream vacuum solutions, with power electronic solutions providing incremental growth.** Favored for their low maintenance and high reliability, vacuum technologies lead both new installment and upgrades. Traditional oil-immersed alternatives are now largely limited to cost-sensitive or compatibility-constrained cases. Concurrently, power electronic solutions are gaining traction in digitalized industrial settings, though wider market penetration depends on ongoing cost reductions and technical validation.

- **Grid investment recovery and regional divergence support incremental demand, while business models extend toward services and data.** Demand is supported by refurbishment-led cycles in developed markets and expansion-led cycles in emerging markets, which partially offsets regional volatility. As the installed base grows, revenue is shifting toward overhaul, spare parts and after-sale services, supported by online monitoring and predictive maintenance, increasing recurring and data-enabled value creation and reinforcing entry barriers.

Entry Barriers and Key Success Factors

- **Stringent vendor qualification, high switching costs and outage risk.** Tap-changers account for approximately 5% to 25% of a transformer's cost, yet historically are associated with approximately 25% to 30% of transformer failures, making reliability a primary procurement criterion. The market is concentrated, with only a limited number of leading global suppliers, and customers typically prioritize supplier brand and reputation, proven project references, and validated product quality and service capability. Entry into qualified vendor lists generally requires extensive validation, including endurance testing of up to 300,000 switching operations over up to 12 months. Supplier replacement may also trigger system-level recertification and require planned outage windows and on-site integration, while quality issues can result in return-to-factory or major rework with substantial logistics and lifting costs. Accordingly, customers generally prioritize outage risk, operation and maintenance cost, and long-term availability over price, reinforcing incumbent relationships and high barriers to entry.

- **Strict system compatibility and integration complexity.** Tap-changers are engineered as an integral part of the transformer and must match the transformer's mechanical envelope, winding and tapping design, insulation and oil system configuration, and control/protection interfaces across different OEM platforms. Switching suppliers typically requires transformer-level redesign and revalidation, including interface changes and on-site commissioning support. Given the risk of retesting, rework and schedule disruption, customers generally favor established solutions with proven compatibility and in-service references to minimize execution and operational risks.

- **Multi-disciplinary R&D capability.** Tap-changers integrate materials and insulation, mechanical transmission, electrical switching and process and cleanliness control, where the core challenge is system integration and manufacturing consistency. The same model is expected to deliver stable performance across different configurations and operating conditions. This typically requires an end-to-end capability covering design and simulation, machining and surface treatment, molding and encapsulation, testing and quality traceability.

- **Complex supply chains and dedicated production lines.** Production typically involves a long supply chain with comprehensive manufacturing and outsourced processes across metallurgy, precision machining, insulation and sealing components. Certain key materials may be procured in small batches, limiting new entrants' pricing leverage and delivery stability. Dedicated molds and tooling require substantial investment and yields generally improve only through multiple iterations, forming natural scale barriers.

- **Full life-cycle services and customization capability.** Tap-changers are often customized by voltage class, load characteristics and grid connection specifications, requiring accumulated engineering know-how to support configuration and delivery. After commissioning, maintenance cycles can exceed 20 years, requiring spare parts assurance, periodic overhaul, local responsiveness and online diagnostics. Leading players typically benefit from decades of product platform and service network build out that is difficult to replicate quickly.

COMPETITIVE LANDSCAPE ANALYSIS

The global tap-changer market is characterized by high barriers to entry, which has resulted in market share concentration among a small number of leading players. According to Frost & Sullivan, in terms of revenue from the tap-changer business in 2024, we ranked second globally in terms of revenue, with a market share of 17.9%. The three largest global players collectively accounted for approximately 82.5% of the market, reflecting a high degree of industry concentration. In addition, the Company is the only China-based participant among the top three globally.

Ranking	Company	Headquarter	Revenue of Tap-changer Business	Market Share
			(RMB in millions)	*(%)*
1	Company A	Germany	5,052.4	50.2%
2	The Company	China	1,798.9	17.9%
3	Company B	Switzerland	1,448.2	14.4%
	Top 3 combined			**82.5%**

Source: Listed companies' public filings, companies' websites, Frost & Sullivan analysis

Note: Company A: Established in 1891 and headquartered in Regensburg, Germany, a private company engaged in the R&D and manufacture of transformer tap-changers and related monitoring solutions.

Company B: Incorporated in 2020 and headquartered in Zurich, Switzerland, a private company and a subsidiary of a Japanese diversified industrial group; its transformer components and tap-changer business traces back over a century, with key operations based in Sweden.

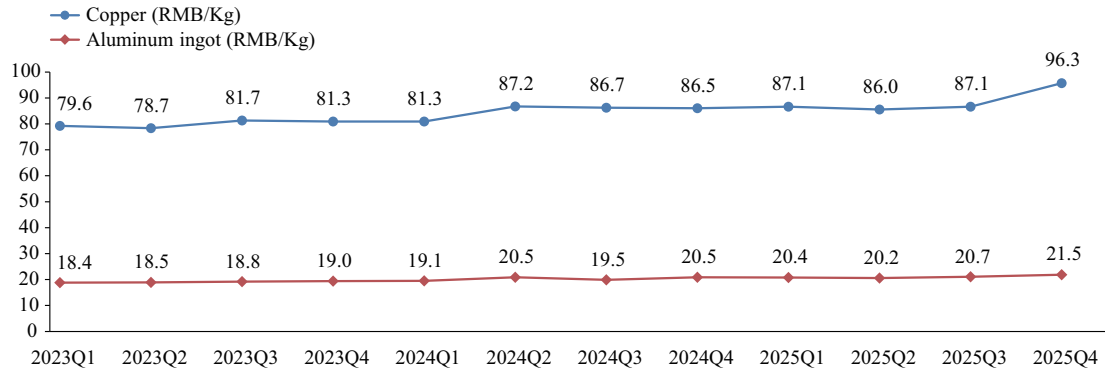
Competition among leading players has evolved from standalone product performance to integrated service capabilities and a proven track record in large-scale, high-profile projects. As the industry advances toward higher voltage classes, such as UHV and HVDC projects, customers increasingly prioritize end-to-end solutions. This encompasses efficient testing, scaled delivery, in-service commissioning, and comprehensive after-sales operations and maintenance support. Consequently, market share expansion is now primarily driven by a supplier's accumulated track record in high-profile benchmark projects and their ability to provide reliable, full life-cycle services.

In parallel, utility customers and transformer OEMs are moving from single sourcing toward dual or multi sourcing to enhance supply chain security and reduce execution risk. New suppliers, prior to eventual participation as dual-source tenders, typically need to progress from vendor list admission to pilot deployment. Procurement wallet share increase is expected only after sustaining satisfactory in-service performance over maintenance cycles with traceable operating data serving as support.

RAW MATERIALS PRICE ANALYSIS

Copper and aluminum ingot are key raw materials for tap-changers and may influence manufacturing costs. From the first quarter of 2023 to the fourth quarter of 2025, copper and aluminum ingot prices were broadly stable with a gradual upward trend from 2025. Manufacturers typically mitigate raw material price risks through sourcing diversification, procurement planning and, where appropriate, contractual arrangements and product mix optimization.

The chart below sets out the historical price movements of copper and aluminum ingot from the first quarter of 2023 to the fourth quarter of 2025.



Source: NBS, Frost & Sullivan analysis

SOURCE OF INFORMATION

This section contains information extracted from the Frost & Sullivan Report prepared by Frost & Sullivan independently, which is commissioned by us in connection with the [**REDACTED**]. We expect to pay Frost & Sullivan a total of RMB680,000 for the Frost & Sullivan Report and our use of the report. Frost & Sullivan is a consulting company which provides industry consulting services, commercial due diligence and strategic consulting services for a variety of industries. We are of the view that the payment of such fee does not impair the fairness of the conclusions drawn in the Frost & Sullivan Report. We have extracted certain information from the Frost & Sullivan Report in this section, as well as in the sections headed "Summary," "Risk Factors," "Business," "Financial Information" and elsewhere in this document to provide our potential [**REDACTED**] with a more comprehensive presentation of the industry in which we operate.

The contents disclosed in this section apply to the relevant effective laws and regulations of the People's Republic of China ("**PRC Laws**") that currently have a material impact on our business operations in the PRC, but do not include a detailed analysis of the PRC Laws relating to our business activities and operations in the PRC, nor do they apply to all PRC Laws relating to our business operations in the PRC, and such PRC Laws may be subject to change in the future.

LAWS AND REGULATIONS ON COMPANIES AND FOREIGN INVESTMENT

The establishment, operation, and management of corporate entities in the PRC are governed by the *Company Law of the People's Republic of China (《中華人民共和國公司法》)* ("**Company Law**"). The *Company Law* was promulgated by the Standing Committee of the National People's Congress ("**NPCSC**") on December 29, 1993, most recently amended on December 29, 2023, and effective from July 1, 2024. Unless otherwise stipulated by the foreign investment law (as defined below), foreign-invested entities are also bound by the *Company Law*. The *Company Law* generally governs two types of companies, namely limited liability companies and joint stock limited companies. Both types of companies have legal person status, and the liability of the shareholders of a limited liability company or a joint stock limited company is limited to the amount of registered capital they have subscribed for. The *Company Law* also applies to foreign-invested limited liability companies or joint stock limited companies.

Foreign-invested entities in the PRC must also comply with foreign investment laws and regulations, including the *Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》)* ("**Foreign Investment Law**"), which was promulgated by the National People's Congress ("**NPC**") on March 15, 2019 and effective from January 1, 2020, and the *Implementing Regulations of the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法實施條例》)*, which were promulgated by the State Council on December 26, 2019 and effective from January 1, 2020. According to the *Foreign Investment Law*, the PRC implements a system of pre-establishment national treatment plus a negative list for foreign investment management. The negative list will be issued by or upon approval by the State Council.

According to the *Measures for Reporting Foreign Investment Information (《外商投資信息報告辦法》)* jointly promulgated by the Ministry of Commerce ("**MOFCOM**") and the State Administration for Market Regulation on December 30, 2019 and effective from January 1, 2020, where foreign investors carry out investment activities directly or indirectly within the PRC, the foreign investors or foreign-invested enterprises shall submit investment information to the competent commerce departments in accordance with these Measures.

According to the *Measures for Security Review of Foreign Investment (《外商投資安全審查辦法》)* promulgated by the NDRC and the MOFCOM on December 19, 2020 and effective from January 1, 2021, foreign investments that affect or may affect national security shall be subject to security review in accordance with these Measures. For investments in important infrastructure, important transportation services, and other important fields

concerning national security, foreign investors or relevant domestic parties that obtain actual control of the invested enterprises shall voluntarily declare to the Office of the Working Mechanism (established at the NDRC and led jointly by the NDRC and MOFCOM) prior to the implementation of the investment.

LAWS AND REGULATIONS ON OVERSEAS INVESTMENT

According to the *Measures for the Administration of Overseas Investment (《境外投資管理辦法》)* promulgated by the MOFCOM on March 16, 2009, amended on September 6, 2014, and effective from October 6, 2014, the overseas investment activities of companies and other enterprises established in the PRC are subject to the administration and supervision of the MOFCOM and provincial-level competent commerce departments; and according to the *Measures for the Administration of Enterprise Overseas Investment (《企業境外投資管理辦法》)* promulgated by the NDRC on December 26, 2017 and effective from March 1, 2018, they are also subject to the administration of the NDRC. Under these administrative measures, if the overseas investment to be carried out by a Chinese enterprise (the "**Investing Entities**") involves sensitive countries, regions, or sensitive industries, it shall be subject to the project approval of the NDRC and the investment approval of the MOFCOM; overseas investment projects other than those requiring approval shall be filed separately with the NDRC and the MOFCOM. Both the NDRC and the MOFCOM have established online systems for Investing Entities to submit approval/record-filing application documents and data. If the approval or record-filing is granted, the Investing Entities will receive the approval document or record-filing notice issued by the NDRC, as well as the *Enterprise Overseas Investment Certificate (《企業境外投資證書》)* issued by the MOFCOM.

LAWS AND REGULATIONS ON CUSTOMS

According to the *Customs Law of the People's Republic of China (《中華人民共和國海關法》)* ("**Customs Law**") promulgated by the NPCSC on January 22, 1987 and most recently amended on and effective from April 29, 2021, the China Customs is the state organ for supervision and administration of entries into and exits from the customs territory. In accordance with the *Customs Law* and other relevant laws and administrative regulations, Customs supervises transport conveyances, goods, luggage, postal articles, and other articles entering or leaving the territory, and collects customs duties and other taxes and fees. Imported goods from the time of entry until the completion of customs procedures, exported goods from the time of customs declaration until the time of exit, and transit, transshipment, and through goods from the time of entry until the time of exit shall be subject to customs supervision. Unless otherwise provided, customs declarations for imported and exported goods may be handled by the consignees and consignors or entrusted customs declaration enterprises. The consignees of imported goods and the consignors of exported goods shall make truthful declarations and submit import and export licenses and relevant documents to Customs for review.

According to the *Provisions of the PRC Customs on the Administration of Record-filing of Customs 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 of thee People's Republic of China ("**GACC**") on November 19, 2021 and effective from January 1, 2022, consignees and consignors of imported and exported goods, as well as customs declaration enterprises engaged in customs declaration business, shall handle record-filing procedures with the relevant customs administrative departments.

According to the *Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》)* promulgated by the NPCSC on May 12, 1994 and most recently amended on and effective from December 30, 2022, and the *Notice of the Department of Enterprise Management and Audit on Matters Related to the Record-filing of Consignees and Consignors of Imported and Exported Goods (《企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知》)* issued and implemented by the GACC on January 3, 2023, the consignees and consignors of import and export goods applying for record-filing shall obtain market entity qualifications, and it is no longer required to obtain a foreign trade operator record-filing. According to the *Regulations of the People's Republic of China on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》)* ("**Regulations on the Administration of Import and Export of Goods**") promulgated by the State Council on December 10, 2001, most recently amended on March 10, 2024 and effective from May 1, 2024, trade activities involving the import of goods into or export of goods out of the customs territory of China shall comply with the *Regulations on the Administration of Import and Export of Goods (《貨物進出口管理條例》)*. Goods prohibited from import and export shall not be imported or exported; goods restricted from import and export shall be subject to quota or license administration; and goods freely imported and exported are not subject to restriction. Import and export operators shall go through customs declaration and clearance procedures with Customs upon presentation of relevant import and export licenses or import and export quota licenses.

LAWS AND REGULATIONS ON FOREIGN EXCHANGE

According to the *Foreign Exchange Administration Regulations of the People's Republic of China (《中華人民共和國外匯管理條例》)* promulgated by the State Council on January 29, 1996 and most recently amended and effective from August 5, 2008, payments under current accounts, such as profit distribution, interest payments, and trade and service-related foreign exchange transactions, can be freely exchanged into foreign currencies and paid without prior approval from the State Administration of Foreign Exchange ("**SAFE**"), provided that certain procedural requirements are met. In contrast, the conversion of RMB into foreign currencies and remittance out of the PRC for payments under capital accounts, such as direct investment, repayment of foreign currency loans, round-trip investment, and investment in securities outside the PRC, require prior approval from or registration with the SAFE or its local branches.

According to the *Notice of the State Administration of Foreign Exchange on Issues Concerning 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 by the SAFE on and effective from December 26, 2014, a domestic company shall, within 15 working days from the date of completion of its overseas listing and offering, handle overseas listing registration with the local SAFE branch at its place of registration. The funds raised by a domestic company from an overseas listing may be repatriated to the PRC or deposited overseas, and the uses of the funds shall be consistent with those listed in publicly disclosed documents such as the prospectus, corporate bond offering circular, shareholder circular, and resolutions of the board of directors or general meeting.

LAWS AND REGULATIONS ON ENTERPRISE INVESTMENT PROJECTS

According to the *Regulations on the Administration of Approval and Record-filing of Enterprise Investment Projects (《企業投資項目核准和備案管理條例》)* promulgated by the State Council on November 30, 2016 and effective from February 1, 2017, fixed-asset investment projects built by enterprises within the PRC that involve national security, major productivity layouts, strategic resource development, and significant public interests are subject to approval by the Chinese government. The specific project scope, approval authorities, and approval limits shall be subject to the catalog of investment projects requiring government approval, while other projects shall be subject to record-filing procedure.

The *Notice of the State Council on Promulgating the Catalog of Investment Projects Subject to Government Approval (2016 Version) (《國務院關於發布政府核准的投資項目目錄(2016年本)的通知》)* promulgated and implemented by the State Council on December 12, 2016 sets out the regulations for projects requiring approval.

LAWS AND REGULATIONS ON PRODUCT QUALITY

According to the *Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》)* promulgated by the NPCSC on February 22, 1993 and most recently amended on and effective from December 29, 2018, producers are liable for the quality of products they produce. Product quality should not possess unreasonable dangers that threaten personal or property safety, and must possess the properties for use, with product standards explicitly marked on the product or its packaging. If a defect in a product causes bodily harm or damage to another person's property, the victim may claim compensation from either the producer or the seller of the product. Producers or sellers who produce or sell substandard products will be ordered to cease production and sales, have the illegally produced or sold products confiscated, and be subject to a fine; if there are illegal gains, such illegal gains shall be confiscated; and in serious circumstances, business licenses shall be revoked. If the act constitutes a crime, criminal liabilities shall be pursued in accordance with the law.

LAWS AND REGULATIONS ON ANTI-UNFAIR COMPETITION

According to the *Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》)* ("**Anti-Unfair Competition Law**") most recently amended by the NPCSC on June 27, 2025 and effective from October 15, 2025, business operators shall abide by the principles of voluntariness, equality, fairness, and good faith, and observe laws and business ethics during production and business operations. Unfair competition behavior referred to in the *Anti-Unfair Competition Law* means that business operators, in production and operation activities, violate the provisions of the *Anti-Unfair Competition Law*, disrupt the order of market competition, and harm the lawful rights and interests of other business operators or consumers. Business operators who violate the *Anti-Unfair Competition Law* shall bear civil, administrative, or criminal liability depending on specific circumstances.

According to the *Anti-Monopoly Law of the People's Republic of China (《中華人民共和國反壟斷法》)* ("**Anti-Monopoly Law**") most recently amended on June 24, 2022 and effective from August 1, 2022, monopolistic acts in economic activities within the territory of the PRC, as well as monopolistic acts outside the territory of the PRC that have the effect of eliminating or restricting competition on the domestic market, are subject to the *Anti-Monopoly Law*. Monopolistic behaviors under the *Anti-Monopoly Law* include the conclusion of monopoly agreements between operators, abuse of dominant market position by operators, and concentrations of operators that have or may have the effect of eliminating or restricting market competition. The anti-monopoly law enforcement agencies designated by the State Council are responsible for anti-monopoly law enforcement work in accordance with the *Anti-Monopoly Law*. The State Council's anti-monopoly law enforcement agencies may, according to work needs, authorize corresponding agencies of the people's governments of provinces, autonomous regions, and municipalities directly under the Central Government to take charge of relevant anti-monopoly law enforcement work. Business operators who violate the *Anti-Monopoly Law* may be subject to fines, confiscation of illegal gains, and orders to cease illegal acts by the anti-monopoly law enforcement agencies.

LAWS AND REGULATIONS ON ELECTRIC POWER BUSINESS

Electric Power Business License

According to the *Electric Power Law of the People's Republic of China (《中華人民共和國電力法》)* promulgated by the NPCSC on December 28, 1995 and most recently amended on and effective from December 29, 2018, this law applies to electric power construction, production, supply, and consumption activities within the territory of the PRC.

According to the *Provisions on the Administration of Electric Power Business Licenses (《電力業務許可證管理規定》)* promulgated by the former State Electricity Regulatory Commission ("**SERC**") on October 13, 2005, and most recently amended on January 4, 2024 and effective from March 1, 2024, the NEA is responsible for guiding, supervising, and administering the licensing of electric power businesses, while local dispatch agencies of the NEA are responsible for the issuance and daily supervision and administration of electric

power business licenses. The electric power industry in the PRC implements a market access licensing system. An entity or individual engaging in electric power business within the PRC shall obtain an electric power business license in accordance with relevant provisions. Except under special circumstances stipulated by the NEA, no entity or individual may engage in the electric power business without obtaining an electric power business license. Public power plants, grid-connected captive power plants, and other enterprises specified by the SERC engaging in power generation businesses must obtain an electric power business license for power generation.

License for Installation (Repair, Testing) of Electric Power Facilities

According to the *Administrative Measures for Licenses for Installation (Repair, Testing) of Electric Power Facilities (《承裝(修、試)電力設施許可證管理辦法》)* most recently amended by the NDRC on April 11, 2025 and effective from July 1, 2025, those engaging in installation, repair, and testing of electric power facilities within the PRC shall obtain a license for installation (repair, testing) of electric power facilities in accordance with the provisions of these measures. The installation, repair, and testing of electric power facilities specifically refers to the installation, repair, and testing of power transmission (including step-up substations and outgoing lines for power generation projects), power supply, and power consumption facilities. The aforementioned licenses are divided into three categories: installation, repair, and testing.

LAWS AND REGULATIONS ON CONSTRUCTION PROJECTS

Construction Project Planning Permit

According to the *Urban and Rural Planning Law of the People's Republic of China (《中華人民共和國城鄉規劃法》)* promulgated by the NPCSC on October 28, 2007 and most recently amended on and effective from April 23, 2019, for construction of buildings, structures, roads, pipelines, and other projects within urban and town planning areas, the construction entity or individual shall apply for a construction project planning permit from the urban and rural planning authorities of municipal or county people's governments or the town people's governments designated by the people's governments of provinces, autonomous regions, or municipalities directly under the Central Government. When applying for a construction project planning permit, the applicants shall submit, among other things, documents in relation to land use rights, construction project design schemes. Projects that meet planning and planning conditions will be granted a construction project planning permit.

Construction Work Commencement Permit

According to the *Construction Law of the People's Republic of China (《中華人民共和國建築法》)* promulgated by the NPCSC on November 1, 1997 and most recently amended on and effective from April 23, 2019, prior to the commencement of a construction project, the construction entity shall, in accordance with the relevant provisions of the State, apply to the construction administration department of the people's government at or above the county level

where the project is located for a construction work commencement permit; however, small-scale projects below the limit determined by the construction administration department of the State Council are exempted.

According to the *Administrative Measures for Construction Work Commencement Permits of Construction Projects (《建築工程施工許可管理辦法》)* promulgated by the Ministry of Housing and Urban-Rural Development ("**MOHURD**") on October 15, 1999 and most recently amended on and effective from March 30, 2021, construction entities must apply for a construction work commencement permit prior to starting the construction of various housing buildings and their ancillary facilities, their decoration and renovation, the installation of associated lines, pipelines, and equipment, as well as the construction of urban municipal infrastructure projects within the PRC. Construction projects with an investment of less than RMB300,000 or a building area of less than 300 square meters may not need to apply for a construction work commencement permit. The housing and urban-rural development authorities of the people's governments of provinces, autonomous regions, and municipalities directly under the Central Government may adjust the limits based on actual local conditions and file them with the MOHURD of the State Council for the record.

Completion Acceptance

According to the *Regulation on the Quality Management of Construction Projects (《建設工程質量管理條例》)* promulgated by the State Council on January 30, 2000 and amended on and effective from April 23, 2019, and the *Administrative Measures for the Record-filing of Completion Acceptance of Building Construction and Municipal Infrastructure Projects (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》)* promulgated by the MOHURD on and effective from October 19, 2009, entities undertaking new construction, expansion, or reconstruction of various housing buildings and municipal infrastructure projects within the PRC shall file for the record with the construction administrative department of the local people's government at or above the county level where the project is located within 15 days from the date the project passes the completion acceptance.

LAWS AND REGULATIONS ON LAND AND REAL ESTATE REGISTRATION

According to the *Civil Code of the People's Republic of China (《中華人民共和國民法典》)* ("**Civil Code**") promulgated by the NPC on May 28, 2020 and effective from January 1, 2021, the creation, alteration, transfer, and extinguishment of real estate rights shall take effect upon legal registration; without registration, they shall not take effect, unless otherwise provided by law. Real estate registration shall be handled by the registration authority where the real estate is located.

According to the *Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法》)* ("**Land Administration Law**") promulgated by the NPCSC on June 25, 1986, amended on August 26, 2019, and effective from January 1, 2020, construction entities that acquire the right to use state-owned land through compensated use (such as land grants) may only use the land after paying land grant fees, other land-use fees, and related

expenses in accordance with the standards and measures prescribed by the State Council. Any construction entity using state-owned land shall use the land in accordance with the provisions of the compensated use contract (such as a land grant contract) or the requirements of the approval document for land-use right allocation. If land uses are changed within urban planning areas, prior consent from the relevant urban planning administrative department must be obtained before applying for approval. Land is classified by purpose into agricultural land, construction land, and unutilized land. Construction land can be further divided into state-owned construction land and collective operational construction land, and land users can obtain land use rights for construction land in accordance with the *Land Administration Law*. The registration of land ownership and use rights must be handled in accordance with laws and administrative regulations concerning real estate registration. The planning period for overall land utilization plans is determined by the State Council. Overall land utilization plans are subject to hierarchical examination and approval. Any modification to an approved overall land utilization plan must be approved by the original approval authority; without approval, the land use designated in the overall plan shall not be changed. Anyone who occupies land illegally without approval or by obtaining approval through deceptive means will be ordered by the relevant departments to return the illegally occupied land. For unauthorized conversion of agricultural land into construction land in violation of the overall land utilization plan, the demolition of newly built buildings and other facilities on the illegally occupied land within a time limit will be ordered to restore the land to its original state; if the use conforms to the overall land utilization plan, the newly built buildings and other facilities on the illegally occupied land shall be confiscated, and a fine may be imposed concurrently. The persons directly in charge and other persons directly responsible for the entity illegally occupying the land shall be given disciplinary sanctions according to law; if a crime is constituted, criminal responsibility shall be pursued according to law.

According to the *Interim Regulations on Real Estate Registration (《不動產登記暫行條例》)* promulgated by the State Council on November 24, 2014, most recently amended on March 10, 2024, and effective from May 1, 2024, real estate registration is handled by the real estate registration agencies of the people's governments at or above the county level. Each real estate unit has a unique code. The real estate register shall record the following items: (i) the natural conditions of the real estate, such as location, boundaries, spatial limits, area, and use; (ii) ownership status, such as the subject, type, content, origin, duration, and right changes of real estate rights; (iii) matters concerning restrictions or warnings of real estate rights; and (iv) other relevant matters.

LAWS AND REGULATIONS ON LEASING

According to the *Civil Code*, the owner of real or movable property is legally entitled to possess, use, benefit from, and dispose of it.

According to the *Administrative Measures for Commodity Housing Leasing (《商品房屋租賃管理辦法》)* promulgated by the MOHURD on December 1, 2010 and effective from February 1, 2011, within 30 days after a housing lease contract is concluded, the parties to the housing lease shall go to the construction (real estate) competent department of the

municipality directly under the Central Government, city, or county people's government where the leased housing is located to complete the lease registration and record-filing; those violating the aforementioned provisions will be ordered by the construction (real estate) competent department to make corrections within a time limit, and an enterprise failing to make corrections within the time limit will be subject to a fine ranging from RMB1,000 to RMB10,000. In addition, it stipulates that houses whose usage nature has been changed in violation of regulations shall not be rented out; otherwise, the construction (real estate) competent department may order correction within a time limit, and impose a fine of up to RMB5,000 if there are no illegal gains, or a fine of not less than one to three times the illegal gains but not exceeding RMB30,000 if there are illegal gains.

LAWS AND REGULATIONS ON FIRE SAFETY

According to the *Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》)* promulgated by the NPCSC on April 29, 1998 and most recently amended on and effective from April 29, 2021, for special construction projects as specified by the MOHURD of the State Council, the construction entity shall submit the fire protection design documents to the housing and urban-rural development authorities for examination. For other construction projects besides those stipulated in the preceding paragraph, the construction entity shall, when applying for a construction work commencement permit or applying for approval to commence construction, provide fire protection design drawings and technical data sufficient to meet construction needs. The fire protection design and construction of construction projects must comply with the national technical standards for fire protection in engineering construction. Construction projects that are subject to fire protection design examination according to law but have not undergone examination or have failed the examination shall not commence construction. Construction projects subject to fire protection acceptance checks according to law shall be prohibited from being put into use if they have not undergone acceptance checks or have failed them; other construction projects that fail random legal inspections shall be ordered to stop using. According to the *Interim Provisions on the Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》)* promulgated by the MOHURD on April 1, 2020, amended on August 21, 2023, and effective from October 30, 2023, the review system for fire protection design and acceptance applies only to special construction projects, while other construction projects are subject to the record-filing and random inspection system.

LAWS AND REGULATIONS ON ENVIRONMENTAL PROTECTION

According to the *Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》)* ("**Environmental Protection Law**") promulgated by the NPCSC on September 13, 1979 and most recently amended on April 24, 2014 and effective from January 1, 2015, enterprises, public institutions, and other producers and operators shall prevent and reduce environmental pollution and ecological destruction, and assume liability for damages caused in accordance with the law. According to the *Environmental Protection Law* and other relevant PRC laws and regulations, the Ministry of Environmental Protection and local environmental protection departments are responsible for the supervision and

administration of environmental protection work. Pursuant to the *Environmental Protection Law*, construction projects that have an impact on the environment must undergo an environmental impact assessment.

Environmental Impact Assessment

The *Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》)* ("**Environmental Impact Assessment Law**") was promulgated by the NPCSC on October 28, 2002 and most recently amended on and effective from December 29, 2018. According to the *Environmental Impact Assessment Law*, the State implements classified management of environmental impact assessments for construction projects based on the degree of the project's impact on the environment.

According to the *Interim Measures for the Environmental Protection Acceptance of Construction Projects upon Completion (《建設項目竣工環境保護驗收暫行辦法》)* effective from November 20, 2017 and the *Regulations on the Environmental Protection Management of Construction Projects (《建設項目環境保護管理條例》)* amended on July 16, 2017 and effective from October 1, 2017, after the completion of a construction project requiring the preparation of an environmental impact report or environmental impact statement form, the construction entity shall, in accordance with the standards and procedures prescribed by the environmental protection administrative department of the State Council, conduct an acceptance check of the supporting environmental protection facilities and prepare an acceptance report. For construction projects requiring an environmental impact report or statement form, the supporting environmental protection facilities can only be put into production or use after passing the acceptance check.

According to the *Environmental Impact Assessment Law*, if a construction entity starts construction without submitting the environmental impact report or statement form for approval according to law, or without reapplying for approval or requesting re-examination of the environmental impact report or statement form in accordance with the *Environmental Impact Assessment Law*, the ecological environment competent department at or above the county level shall order it to cease construction and, depending on the circumstances and consequences of the violation, impose a fine ranging from 1% to 5% of the total investment amount of the construction project, and may order it to restore to the original state; administrative sanctions shall be imposed according to law on the responsible persons in charge of the construction project and other directly responsible personnel.

Pollutant Discharge Permit

According to the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》)* promulgated by the NPCSC on October 30, 1995 and most recently amended on April 29, 2020 and effective from September 1, 2020, entities generating hazardous waste must store, utilize, and dispose of hazardous waste in accordance with relevant national requirements and environmental protection standards, and shall not dump or stack hazardous waste without

authorization. Furthermore, providing or entrusting hazardous waste to units or other producers or operators without a hazardous waste disposal license to engage in collection, storage, utilization, or disposal activities is prohibited; otherwise, the ecological environment competent department will order correction, impose a fine, confiscate illegal gains, and in serious cases, upon approval by the people's government, order the suspension of business or closure.

According to the *Regulation on the Administration of Pollutant Discharge Permits (《排污許可管理條例》)* promulgated by the State Council on January 24, 2021 and effective from March 1, 2021, and the *Administrative Measures for Pollutant Discharge Permitting (《排污許可管理辦法》)* promulgated by the Ministry of Ecology and Environment on January 10, 2018 and most recently amended on and effective from July 1, 2024, pollutant discharging entities are subject to either focal management or simplified management depending on factors such as the amount of pollutants generated, the volume of discharge, and the degree of environmental impact. The review, decision, and information disclosure of pollutant discharge permits shall be processed through the national pollutant discharge permit management information platform. The validity period of a pollutant discharge permit is 5 years. Pollutant discharging entities that need to continue discharging pollutants shall apply for an extension 60 days before the expiration of the validity period. For violations of the relevant provisions of the pollutant discharge permit, the competent ecology and environment department has the right to order correction, restrict production, suspend production for rectification, suspend business or close down, and impose a fine. If the act constitutes a crime, criminal responsibility shall be pursued in accordance with the law.

Enterprises, public institutions, and other producers and operators subject to pollutant discharge permit requirement under the law shall apply for a pollutant discharge permit according to the law and discharge pollutants in accordance with the stipulations of the pollutant discharge permit. Those without a pollutant discharge permit shall not discharge pollutants.

The *Regulation 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 from January 1, 2014, and the *Administrative Measures for the Permitting of Urban Sewage Discharge into Drainage Pipe Networks (《城鎮污水排入排水管網許可管理辦法》)* promulgated by the MOHURD on January 22, 2015 and most recently amended on December 1, 2022 and effective from February 1, 2023, stipulate that enterprises, public institutions, and individual industrial and commercial households engaging in industrial, construction, catering, medical, and other activities shall apply to the competent urban drainage department for a permit to discharge sewage into the drainage pipe networks (drainage permit) before discharging sewage into urban drainage facilities. If sewage is discharged into urban drainage facilities without obtaining a drainage permit, the relevant competent urban drainage department shall order the cessation of the illegal act, require the adoption of correction measures within a specified period, compel the retrospective application for a drainage permit, and may impose a fine of up to RMB500,000.

LAWS AND REGULATIONS ON PRODUCTION SAFETY

According to the *Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》)* promulgated by the NPCSC on June 29, 2002 and most recently amended on June 10, 2021 and effective from September 1, 2021, production and business operation entities must strengthen production safety management, establish and improve a complete production safety responsibility system for all employees and production safety rules and regulations, increase the input and guarantee of production safety funds, materials, technology, and personnel, improve production safety conditions, enhance production safety standardization and informatization construction, build a dual prevention mechanism of hierarchical safety risk control and hidden danger investigation and management, improve risk prevention and resolution mechanisms, and raise the level of production safety to ensure production safety.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY

Trademarks

According to the *Trademark Law of the People's Republic of China (《中華人民共和國商標法》)* ("**Trademark Law**") promulgated by the NPCSC on August 23, 1982 and most recently amended on April 23, 2019 and effective from November 1, 2019, and the *Implementing Regulations of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》)* promulgated by the State Council on August 3, 2002 and most recently amended on April 29, 2014 and effective from May 1, 2014, registered trademarks in the PRC include commodity trademarks, service trademarks, collective trademarks, and certification trademarks. The Trademark Office of the China National Intellectual Property Administration handles trademark registration and grants a validity period of ten years for registered trademarks, which can be renewed for another ten years upon request at the expiration of the initial or any subsequent ten-year term. The *Trademark Law* adopts the "first-to-file" principle for trademark registration. Acts constituting infringement of the exclusive right to use a registered trademark include, but are not limited to, using a trademark that is identical or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant. For infringement established by the industrial and commercial administration department, the infringer will be ordered to cease the infringement immediately and may be subject to fines. Furthermore, the infringer shall be liable for compensation for the losses suffered by the right holder.

Patents

According to the *Patent Law of the People's Republic of China (《中華人民共和國專利法》)* promulgated by the NPCSC on March 12, 1984 and most recently amended on October 17, 2020 and effective from June 1, 2021, and the *Implementing Rules of the Patent Law of the People's Republic of China (中華人民共和國專利法實施細則)* promulgated by the State Council, most recently amended on December 11, 2023, and effective from January 20, 2024, there are three types of patents in the PRC: invention, utility model, and design. The protection

period is 20 years for an invention patent, 10 years for a utility model patent, and 15 years for a design patent, all calculated from the date of application. The Chinese patent system implements the "first-to-file" principle, which means that when two or more applicants separately file patent applications for the identical invention-creation, the patent right shall be granted to the person who files first. Implementing a patent without the permission of the patentee constitutes patent infringement, for which compensation liability must be borne toward the patentee, and fines or even criminal prosecution may be incurred.

Copyright

According to the *Copyright Law of the People's Republic of China (《中華人民共和國著作權法》)* promulgated by the NPCSC on September 7, 1990 and most recently amended on November 11, 2020 and effective from June 1, 2021, works created by Chinese citizens, legal entities, or other organizations in fields such as literature, art, and natural sciences, social sciences, engineering technology, and computer software in written, oral, or other forms, whether published or not, enjoy copyright. Copyright holders enjoy a variety of rights, including the right of publication, the right of authorship, and the right of reproduction.

According to the *Regulations on the Protection of Computer Software (《計算器軟件保護條例》)* promulgated by the State Council on June 4, 1991 and most recently amended on January 30, 2013 and effective from March 1, 2013, and the *Measures for the Registration of Computer Software Copyright (《計算器軟件著作權登記辦法》)* promulgated by the National Copyright Administration on April 6, 1992 and most recently amended on June 18, 2004 and effective from July 1, 2004, the National Copyright Administration oversees the administration of software copyright registration nationwide, and designates the Copyright Protection Center of China as the software registration agency. The Copyright Protection Center of China shall issue registration certificates to computer software copyright applicants in accordance with the provisions of the *Measures for the Registration of Computer Software Copyright (《計算器軟件著作權登記辦法》)* and the *Regulations on the Protection of Computer Software (《計算器軟件保護條例》)*.

Domain Names

According to the *Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》)* promulgated by the Ministry of Industry and Information Technology ("**MIIT**") on August 24, 2017 and effective from November 1, 2017, the MIIT is the primary regulatory body for national domain name services. Domain name services adopt a "first-to-file" principle. Applicants for domain name registration shall provide the domain name registration agency with genuine, accurate, and complete identity information of the domain name holder for registration purposes. Upon completion of the domain name registration, the applicant becomes the holder of the domain name.

LAWS AND REGULATIONS ON EQUITY INCENTIVE PLANS

According to the *Notice of the State Administration of Foreign Exchange on Issues Concerning Foreign Exchange Administration for Domestic Individuals Participating in Equity Incentive Plans of Overseas Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》)* promulgated by the SAFE on and effective from February 15, 2012, and other relevant regulations, directors, supervisors, senior management personnel, and other employees who are Chinese citizens or non-Chinese citizens residing continuously in the PRC for not less than one year participating in any equity incentive plan of an overseas listed company must, with few exceptions, handle foreign exchange registration, account opening, and fund transfers and currency exchanges through a domestic agency with the SAFE. In addition, an overseas entrusted institution must be engaged to handle matters relating to individual exercise of rights, purchase and sale of corresponding stocks or equity, and the corresponding transfer of funds.

Foreign exchange income received by Chinese residents from selling shares under an equity incentive plan and dividends distributed by overseas listed companies shall be remitted to bank accounts opened by domestic institutions in the PRC before being distributed to the Chinese residents.

LAWS AND REGULATIONS ON TAXATION

Enterprise Income Tax

According to the *Enterprise Income Tax Law (《企業所得税法》)* promulgated by the NPCSC on March 16, 2007 and most recently amended on and effective from December 29, 2018, and the *Implementing Regulations of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》)* promulgated by the State Council on December 6, 2007 and most recently amended on December 6, 2024 and effective from January 20, 2025, a domestic enterprise established within the PRC in accordance with the law, or established under the laws of a foreign country (region) but whose actual management body is within the PRC, shall be regarded as a resident enterprise. A resident enterprise shall pay a 25% enterprise income tax on its income derived from inside and outside the PRC. Preferential enterprise income tax rates apply to industries and projects supported and encouraged for development by the State. High-tech enterprises that require key state support may enjoy a reduced enterprise income tax rate of 15%.

Value-Added Tax

According to the *Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值税法》)* ("**Value-Added Tax Law**") promulgated by the NPCSC on December 25, 2024 and effective from January 1, 2026, all units and individuals (including individual industrial and commercial households) selling goods, services, intangible assets, and real estate within the PRC, as well as importing goods, are value-added tax taxpayers and shall pay

value-added tax in accordance with the regulations. Unless otherwise stipulated, the tax rate for selling goods, processing, repair and replacement services, tangible movable property leasing services, and importing goods is 13.0%.

LAWS AND REGULATIONS ON EMPLOYMENT AND SOCIAL INSURANCE

Labor Contracts

According to the *Labor Law of the People's Republic of China (《中華人民共和國勞動法》)* promulgated by the NPCSC on July 5, 1994 and most recently amended on and effective from December 29, 2018, the *Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》)* promulgated by the NPCSC on June 29, 2007 and most recently amended on December 28, 2012 and effective from July 1, 2013, and the *Implementing Regulations of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》)* promulgated by the State Council on and effective from September 18, 2008, employers must legally establish and perfect their labor rules and regulations, strictly observe national standards, provide relevant training to laborers, and guarantee laborers' right to enjoy labor rights and perform labor obligations. To establish a labor relationship between an employer and a laborer, a written labor contract must be signed. Labor contracts are divided into fixed-term labor contracts, non-fixed-term labor contracts, and labor contracts that expire upon the completion of a specific task. The wages paid by an employer to laborers shall not be lower than the minimum wage standard at the place where the employer is located. In addition, employers must establish and perfect systems for labor safety and occupational sanitation, strictly execute the national regulations and standards on labor safety and occupational sanitation, and carry out labor safety and occupational sanitation education for laborers to prevent accidents during laboring, and reduce occupational hazards.

Social Insurance

The *Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》)* ("**Social Insurance Law**") promulgated by the NPCSC on October 28, 2010 and most recently amended on and effective from December 29, 2018 established a social insurance system that includes basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance, and laid out detailed provisions regarding the legal obligations and liabilities of employers who fail to comply with social insurance laws and regulations. According to the *Social Insurance Law* and the *Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》)* promulgated by the State Council on January 22, 1999 and most recently amended on and effective from March 24, 2019, enterprises must handle social insurance registration with local social insurance agencies and pay or withhold relevant social insurance for their employees. Employers that fail to pay social insurance shall be ordered to pay within a specified time limit and subject to a late fee. Employers that still fail to make payments beyond the deadline may be subject to a fine ranging from one to three times the outstanding amount.

Housing Provident Fund

According to the *Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》)* promulgated by the State Council on April 3, 1999 and most recently amended and effective from March 24, 2019, entities must register the deposit of the housing provident fund with the housing provident fund management center and handle the procedures for opening or transferring housing provident fund accounts for their employees, for the purpose of depositing the employees' housing provident fund. Entities must also deposit housing provident funds in full and on time, and the deposit ratio for both employees and employers shall not be less than 5% of the average monthly salary of the employee in the previous year. In the event of overdue or insufficient deposits by an entity, it will be ordered by the housing provident fund management center to make the deposit within a time limit. If the entity still fails to deposit within the time limit, the center may apply to a people's court for compulsory enforcement.

LAWS AND REGULATIONS ON CYBERSECURITY AND DATA PROTECTION

According to the *Measures for Cybersecurity Review (《網絡安全審查辦法》)* jointly promulgated by the Cyberspace Administration of China ("**CAC**") and 12 other Chinese regulators on December 28, 2021 and effective from February 15, 2022, network platform operators holding personal information of more than 1 million users who intend to list abroad must apply to the Cybersecurity Review Office for a cybersecurity review.

According to the *Measures for the Security Assessment of Outbound Data Transfers (《數據出境安全評估辦法》)* promulgated by the CAC on July 7, 2022 and effective from September 1, 2022, when a data processor provides data abroad and any of the following circumstances applies, it must apply to the CAC via CAC's provincial branch where it is located for a security assessment of the outbound data transfer: (i) the data processor provides important data abroad; (ii) a critical information infrastructure operator or a data processor processing personal information of more than 1 million people provides personal information abroad; (iii) a data processor that has cumulatively provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals abroad since January 1 of the previous year provides personal information abroad; or (iv) other circumstances prescribed by the national cyberspace administration that require a security assessment for outbound data transfer.

According to the *Regulations on Network Data Security Administration (《網絡數據安全管理條例》)* promulgated by the State Council on September 24, 2024 and effective from January 1, 2025, network data processors engaged in network data processing activities that affect or may affect national security shall undergo a national security review in accordance with relevant national provisions. Network data processors handling the personal information of more than 10 million individuals shall also comply with the regulations imposed on network data processors processing important data.

LAWS AND REGULATIONS ON SECURITIES AND OVERSEAS LISTING

Securities Laws and Regulations

The *Securities Law of the People's Republic of China (《中華人民共和國證券法》)* was promulgated by the NPCSC on December 29, 1998, most recently amended on December 28, 2019, and effective from March 1, 2020. It comprehensively regulates activities in the Chinese securities market, including the offering and trading of securities, acquisitions of listed companies, and the responsibilities of stock exchanges, securities companies, and securities regulatory agencies. The Securities Law further provides that where a domestic enterprise issues securities directly or indirectly overseas or lists its securities for trading overseas, it shall comply with the relevant provisions of the State Council. Specific measures for subscribing to and trading shares of domestic companies in foreign currencies shall be separately formulated by the State Council. The China Securities Regulatory Commission ("**CSRC**") is the securities regulatory agency established by the State Council, responsible for supervising and administering the securities market, maintaining market order, and ensuring the legal operation of the market. Currently, the issuance and [**REDACTED**] of H shares are primarily governed by the rules and regulations promulgated by the State Council and the CSRC.

Overseas Listing

The CSRC promulgated 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》)* ("**Trial Measures for Overseas Listing**") and five supporting guidelines on February 17, 2023, which were effective from March 31, 2023. The *Trial Measures for Overseas Listing (《境外上市試行辦法》)* introduces a new record-filing system. According to the *Trial Measures for Overseas Listing*, domestic enterprises that directly or indirectly offer securities or list their securities for trading overseas shall file with the CSRC within 3 working days after submitting their application documents for an overseas offering and listing. The *Trial Measures for Overseas Listing* stipulates that under any of the following circumstances, overseas offering and listing are explicitly prohibited: (i) offering and listing are explicitly prohibited by laws, administrative regulations, or relevant state provisions; (ii) the overseas offering and listing may endanger national security as reviewed and determined by competent authorities of the State Council in accordance with the law; (iii) the domestic enterprise, or its controlling shareholder or actual controller, has committed a criminal offense involving corruption, bribery, embezzlement, misappropriation of property, or disruption of the socialist market economic order within the last three years; (iv) the domestic enterprise is currently under investigation according to law for suspected crimes or major violations of laws and regulations, and no clear conclusion has been reached; or (v) there are material ownership disputes over the equity held by the controlling shareholder or the shareholders controlled by the controlling shareholder or actual controller. As advised by our PRC legal advisors, we are not under any of the aforementioned circumstances that would prohibit us from listing overseas.

In addition, according to the *Trial Measures for Overseas Listing*, after an issuer offers securities and lists on an overseas market, it shall submit a report to the CSRC within three working days after the occurrence and public disclosure of the following events: (i) a change of control; (ii) investigations or penalties imposed on the issuer by overseas securities regulatory authorities or relevant competent authorities; (iii) a change of listing status or listing board; and (iv) a voluntary or mandatory delisting. Domestic companies offering and listing overseas shall strictly comply with the provisions of relevant laws, administrative regulations, and national security provisions regarding foreign investment, cybersecurity, and data security, and earnestly fulfill their obligations to safeguard national security.

The CSRC and three other relevant government departments jointly promulgated 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》)* ("**Confidentiality Provisions**") on February 24, 2023, which were effective from March 31, 2023. According to the *Confidentiality Provisions (《保密規定》)*, where domestic enterprises provide or publicly disclose, or provide or publicly disclose through their overseas listing entities, documents or materials involving state secrets or the working secrets of state organs to relevant securities companies, securities service institutions, overseas regulatory authorities, and other entities or individuals, they shall apply for approval from the competent department with approval authority according to law, and file for the record with the administrative department of confidentiality at the same level. Where domestic companies provide accounting archives or copies of accounting archives to securities companies, securities service institutions, overseas regulatory authorities, and other entities or individuals, they shall perform the corresponding procedures in accordance with relevant national regulations. The working papers formed within the PRC by securities companies and securities service institutions providing relevant securities services for the overseas offering and listing of domestic enterprises shall be kept within the PRC. If they need to be transferred overseas, approval procedures shall be handled in accordance with relevant national regulations.

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:

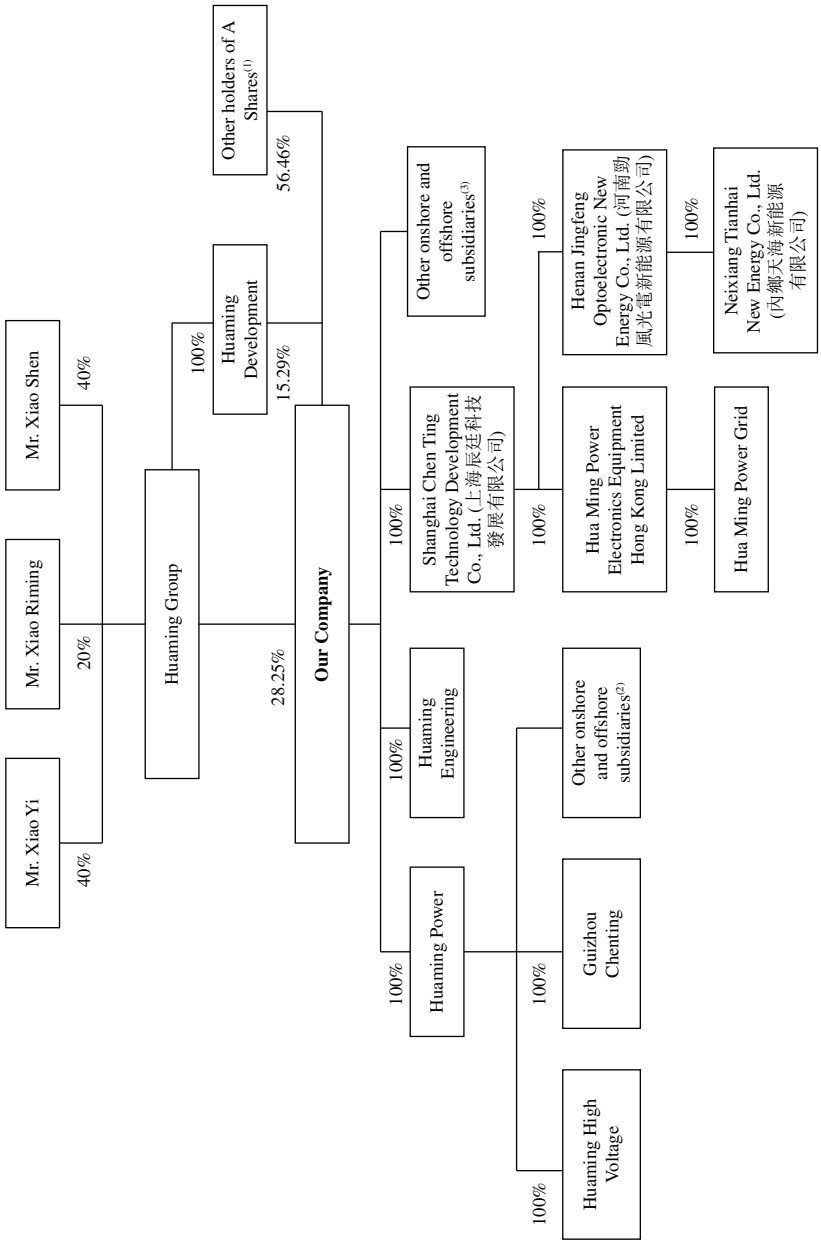
(a) represent at least 5% of our Company's total number of issued Shares (including A Shares and H Shares, but excluding any treasury Shares), with an expected market value of not less than HK$50,000,000; or

(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

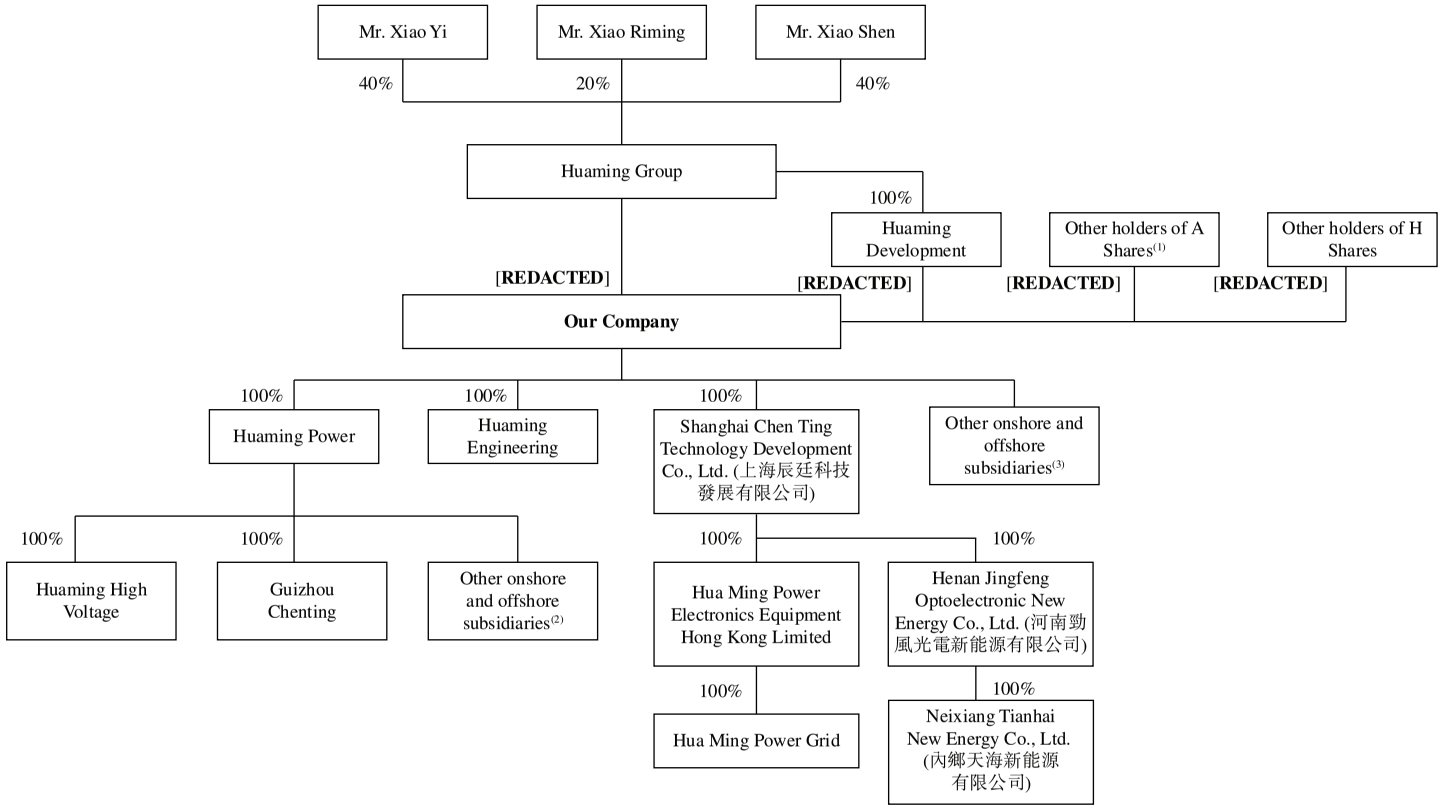
b. 2 non-wholly owned subsidiaries, being:

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.

OVERVIEW

Who We Are

We are a leading global manufacturer of transformer tap-changers. We ranked second globally and first in the PRC in the tap-changer market, in terms of revenue in 2024, according to Frost & Sullivan. We provide a broad range of tap-changers and related solutions serving traditional and high-growth end markets, anchored in reliability and innovation. As indispensable and mission-critical components of power transformers, tap-changers position us to participate in the growth of the power industry driven by demand from new energy sectors, ESS, AIDCs and other end markets.

We have remained dedicated to the tap-changer business for over three decades, making extensive investment in product development, high-precision manufacturing processes, and technology R&D. We have therefore built comprehensive end-to-end capabilities spanning R&D, design, manufacturing, testing, sales, and after-sales services, and established deep, long-term relationships with leading transformer manufacturers and power grid operators worldwide. Over the years, we have achieved significant milestones across multiple dimensions, strengthening our market position and global competitiveness:

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.

In addition to our power equipment business, which is our core business and contributed 82.8%, 77.9% and 86.6% of our total revenue in 2023, 2024 and 2025, respectively, we also operate in CNC equipment business and power station EPC business. To allocate resources more efficiently and concentrate on our core business, we are scaling down and will ultimately exit the power station EPC business.

Our Key Milestones

Since our inception, our development has been deeply anchored in the tap-changer industry. Over the following decades, we reinforced our market leadership through disciplined operational execution, a successful A-share listing of our Group in 2015 that validated our business model in the capital markets, and the strategic acquisition of a key domestic peer in 2018, after which we effectively established an unchallenged leading position in China's tap-changer market.

Building on this long-term focus and accumulated capabilities, we have continuously translated technological depth into product breakthroughs and extended our leadership beyond the domestic market through early and sustained international expansion.

Product Breakthroughs: our market position is powered by relentless product innovation and perfection. We have consistently improved our products and solutions tailored for different application scenarios, successfully shattering the long-standing monopoly once held by foreign manufacturers.

- 2007: Delivered the single-phase 2400A high-current combined OLTC, which is China's first 500kV transformer OLTC that remains in operation.

- 2012: Delivered the 72.5kV OLTC for the dry-type transformer, the world's first-of-its-kind.

- 2021: Delivered China's first 1000kV UHV transformer DETC.

- 2022: Our UHV converter vacuum OLTC was officially commissioned for operation in the ±500kV Xiluodu HVDC Transmission Project (±500kV 溪洛渡直流輸電工程), and broke the long-standing monopoly once held by foreign manufacturers.

- 2024: Developed an optimized design solution for the current-carrying system of OLTCs suitable for converter transformer applications and completed the development of an engineering prototype of a mechanical OLTC, under a collaboration project for the first-of-its-kind system/product (首台套共同研發項目).

- 2025: Our vacuum OLTC has been officially commissioned for scaled operation in the Longdong-Shandong ±800kV UHV DC transmission project (隴東—山東±800kV特高壓直流輸電工程).

Overseas Expansion: we are an early mover in global expansion with direct exports commencing in 1999. This gave us significant first-mover advantages and established a resilient international presence. Our nearly three decades of solid global standing, including establishing production bases and sales and service network, is a testament of our lasting product quality and strategic vision.

- 2016: Commenced production at Turkey production base to enhance our market penetration in Europe.

- 2018-2019: Established sales and service subsidiaries in Brazil and the United States.

- 2022: Established a wholly-owned subsidiary in Singapore and began developing a sales and service network across the Southeast Asian market.

- 2025: Commenced production at our Indonesia production base.

Our Industry

We operate in the electricity sector, which forms the foundation of modern economic and industrial activity. In recent years, national decarbonization targets and the structural transition from fossil fuels to clean electricity have driven sustained growth in global electricity demand. At the same time, replacement and upgrading cycles of power infrastructure continue to generate stable demand for core components of power equipment. Accordingly, industry demand is supported by both expanding electricity consumption and ongoing requirements to enhance grid reliability and power quality.

In China, electricity infrastructure investment under the 15th Five-Year Plan (2026-2030) has increased meaningfully. 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 supporting 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, heightening requirements for grid reinforcement, system stability and power quality. 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 elevating technical requirements for voltage regulation, system flexibility and grid reinforcement, reinforcing long-term 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.

Our Global Footprint

We maintain a comprehensive global sales and manufacturing network. As of the Latest Practicable Date, our products have a global footprint in over 120 countries and regions through various channels. In 2025, our revenue from overseas sales accounted for 19.9% of our total revenue for the same year. In particular, our revenue from overseas sales reached RMB478.8 million in 2025 from RMB274.3 million in 2023, with a CAGR of 32.1%.

We have established a "Glocal" (global + local) production and supply network. We have established overseas production bases in Turkey and Indonesia, complemented by sales and service outlets in the United States, Brazil and Singapore. Our international operations follow a coordinated model. While core components and manufacturing capabilities are centralized in China, we established localized assembly and service functions in regional hubs. This structure enhances supply-chain resilience and improves responsiveness to regional customer requirements.

Our Historical Financial Performance

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.

COMPETITIVE STRENGTHS

Global Leader in the Tap-Changer Industry

With over three decades of focused development, we have established a leading position in the global tap-changer industry, supported by scale, technological depth and comprehensive manufacturing capabilities. According to Frost & Sullivan, we ranked first in the PRC tap-changer market by sales volume in 2024, with approximately 80% domestic market share, significantly exceeding other competitors. Globally, we ranked second in terms of revenue in 2024, with a market share of approximately 17.9%. In voltage segments below 500kV, we held a global market share of approximately 57.3% by sales volume in 2024, according to Frost & Sullivan, demonstrating our strong position across mainstream product categories.

Our leadership is underpinned by a comprehensive product portfolio spanning multiple voltage levels and technological platforms. In segments historically dominated by international manufacturers, including EHV and UHV applications, we have progressively strengthened our competitiveness. Our 500kV series tap-changers passed national product appraisal in 2010 and entered commercial application. In 2022, the ± 500kV UHV converter vacuum OLTC became the first of its kind to pass the national appraisal and be successfully commissioned for operation, breaking the long-standing monopoly of foreign manufacturers. In 2025, our new-type vacuum OLTC was officially commissioned for large-scale commercial operation in the Longdong-Shandong ±800kV UHV DC transmission project. These developments demonstrate our capability to compete in the highest technical segments of the industry.

Our manufacturing and international operating capabilities further reinforce our industry position. Through vertically integrated production bases in China and localized assembly operations overseas, we are able to support regional grid projects and enhance supply-chain responsiveness. In 2025, following the establishment of our Indonesia production base, we secured multiple 500kV orders from the local power grid. In addition, both of our production bases in Turkey and Indonesia have successfully obtained local production certifications, enabling us to better serve the respective local markets and benefit from preferential policies applicable to locally manufactured products. Our expanding presence in HV segments and overseas markets reflects the competitiveness of our product portfolio across diverse regulatory and technical environments.

We are recognized in the industry for our expertise and play an active role in formulating national and industry standards for tap-changers. We led the drafting and promulgating of several national and industry standards. Our employees, as recognized industry experts, have actively participated to the development of international standards through bodies such as the Institute of Electrical and Electronics Engineers. Through these efforts, we have reinforced our technological leadership and industry influence.

Our long-term technological accumulation and production capabilities have been recognized at national and industry levels, including our designation as a National Manufacturing Champion Enterprise (國家級製造業單項冠軍) in 2024, in recognition of our outstanding contribution in power equipment and our independently developed series of tap-changer products.

Leveraging our established market leadership, comprehensive product platform and expanding international footprint, we are well positioned to capture growth opportunities supported by infrastructure investment, and increasing demands driven by new energy sectors, ESS and AIDCs.

World-Class Product and Brand Built on Quality and Innovation

Tap-changers are crucial for transformers and the power systems, because they regulate voltage by adjusting the transformer's turns ratio to maintain a stable output voltage, which is essential for system performance and power quality. They are designed to prevent damage from over- or under-voltage conditions. Consequently, tap-changers are regarded as mission-critical products, whereby the stability and safety are of paramount importance to end users. Producing quality products and being at the forefront of innovation are our core principles driving the global competitiveness and influence of our products and brand.

Our core competitiveness is reflected in our superior product quality, customization capability, comprehensive lifecycle service offering, extensive project experience, and stalwart customer trust. To meet customers' highly specific application requirements and to suit varying regional environments and technical standards, our manufacturing operations are characterized by low-volume and multi-specification production, with a high degree of customization. Leveraging our proprietary industrial design and simulation software system, integrated with end-to-end advanced production equipment across all stages of manufacturing, we have achieved complete in-house design and production capabilities, which allow for agile, small-batch production across a wide variety of specifications.

We provide a comprehensive suite of products and services. With over 30 years of accumulated expertise in product development and technology, we possess comprehensive capabilities in designing and manufacturing highly customized products across a wide range of technical specifications and application scenarios. Our tap-changer portfolio is adaptable to diverse installation environments. Our product matrix encompasses three core technological platforms, oil-immersed, vacuum, and dry-type OLTCs with unit prices ranging from ten thousand to several hundred thousand Renminbi (depending on specification and application). Furthermore, our global customization capabilities enable us to provide products and solutions tailored to region-specific environments and technical standards, which empower clients worldwide with a footprint across more than 120 countries and regions. We also provide full lifecycle services that meet international standards, including warranty, maintenance, and after-sales support.

Our quality management system is rigorously aligned with international standards. We operate China's first tap-changer laboratory accredited by the China National Accreditation Service for Conformity Assessment ("**CNAS**") under IEC/ISO 17025, equipped with advanced testing instruments, including a large bridge-type coordinate measuring machine, an X-ray non-destructive testing chamber, a spark direct-reading spectrometer, and a fully automated image measurement system. These facilities ensure that our product quality complies with international standards. Guided by the ISO 9001:2016 framework, we have established a comprehensive quality management system emphasizing process management and risk control, thereby ensuring consistent product reliability and operational excellence.

Over the years, we have accumulated extensive project experience and have secured mandates from important customers, including leading power grid operators in China and overseas, large industrial clients, as well as leading companies in emerging industries. We have participated in numerous key projects both domestically and internationally and have met the industry's most stringent quality and safety requirements.

Fully Integrated and Self-Sufficient Production and Testing Capabilities Across the Entire Value Chain

We possess the world's only independent vertically integrated production and testing capability across the entire tap-changer industry value chain, according to Frost & Sullivan. The resulting controllability delivers three key advantages: full process control, cost efficiency and accelerated R&D cycle.

Tap-changers comprise over 1,000 components made from diverse materials, from cast steel and aluminum to copper-tungsten contacts. Each material requires specific production processes and dedicated tooling, placing exceptionally high demand on our supply chain integration and quality control capabilities. For example, in order to produce a small piece of tap-changer, we need to complete a complex set of production processes, including non-ferrous smelting, powder metallurgy, machining, insulation materials, and electrical and electronic control. Certain materials, such as insulation materials, exist in multitude categories but in small quantities for each type, thus limiting the bargaining power of smaller new entrants and resulting in higher costs. Moreover, a high degree of product customization necessitates a larger inventory of specialized molds and tooling. The specialized molds and tooling required for production equipment demand substantial upfront investment, and the return on investment is generally long-term and gradual, thereby creating natural barriers to entry for our industry.

We have two fully integrated production bases in Fengxian, Shanghai and Zunyi, Guizhou Province covering the entire industry chain. Our domestic production operations are a testament to deep vertical integration and operational excellence. We exercise stringent control over the entire production lifecycle, commencing with raw material processing and advancing through precision stages like mold fabrication, machining, and finishing treatments. Our core competence lies in the seamless, in-house management of critical production activities. In 2025, our in-house production rate maintained at a high level of up to 80%. We believe a high level of in-house production capability indicates strong vertical integration, enhanced supply chain control, and greater ability to manage quality, costs and production stability independently.

Building upon our strong domestic foundation is our "Glocal" (global + local) model, which enables us to combine centralized capabilities with localized presence in selected overseas markets. Under this model, we leverage the cost efficiency and engineering capabilities of our Chinese production bases for the development and production of key components, while our overseas facilities in Turkey and Indonesia support downstream activities, including localized processing, assembly and market-facing operations. This approach allows us to balance scale, technical depth and cost competitiveness with proximity to customers and responsiveness to local market requirements, thereby strengthening our overall competitive position.

Our product validation process is designed to meet the most rigorous client expectations and technical standards. We recognize that, given the mission-critical nature of tap-changers, customers exercise extreme diligence in their selection. Even with standard certifications in place, it is common for clients to mandate additional on-site witness testing, conducting either by third-party agencies or their own delegates. This validation cycle for a single product model can extend up to a year. To directly address this industry challenge and accelerate time-to-market for our customers, we operate the first CNAS-accredited tap-changer laboratory under IEC/ISO 17025 in China. This accreditation signifies international recognition of our testing capabilities and procedures, ensuring alignment with global standards. Consequently, enabling our end-to-end full-stack capabilities, our in-house CNAS-accredited laboratory provides comprehensive testing capacity, allowing us to manage R&D schedules with greater flexibility and accelerate development cycles.

Accordingly, our average delivery cycle is normally within two months, which enables us to timely fulfill customer requirements regarding product delivery time. In addition, our highly vertically integrated production capabilities minimize intermediate costs, enhance profitability, and enable us to maintain a high gross profit margin during the Track Record Period. Our production bases in Shanghai, Guizhou, Indonesia and Turkey serve as facilities that fully cover global customers, realizing the integration of R&D, production, testing, and service. This structure significantly reduces supplier coordination and product validation time and cost, while enabling us to respond rapidly to customers' customized requirements.

Sustained R&D Investment and Deep Technological Accumulation Supporting Industry-Leading Product Development Capabilities

We are committed to investment in research and development and technological accumulation, establishing our capability to spearhead product innovation within the tap-changer industry. As of the Latest Practicable Date, we hold over 300 patents and have independently developed multiple tap-changer products, having achieved a series of technological breakthroughs over the years. As the first enterprise in China to develop UHV tap-changer manufacturing technology, we successfully ended the long-standing dominance of foreign enterprises in the tap-changer industry. The technologies in UHV products enable us to rapidly integrate these proven technological gains into EHV products.

We have independently developed online monitoring system that can be deployed across various applications, as required by customers, to monitor the operating conditions of OLTCs, transformers, and other power equipment installed in substations, thereby addressing customers' efficiency, safety and cost challenges associated with manual on-site maintenance. Such self-developed OLTC online monitoring system aligns perfectly with the prevailing market trend toward intelligent equipment operation and maintenance, and has already been deployed in UHV equipment. We plan to promote such online monitoring system across other voltage levels.

Concurrently, we continue to invest in R&D to upgrade our production processes. For instance, we continue to enhance component precision and production efficiency through upgrading our proprietary specialized CNC machinery. In addition, we have independently developed automatic epoxy resin casting equipment, enabling high-precision molding and manufacturing of tap-changer components such as terminal boards, ensuring both structural precision and performance stability. As of December 31, 2025, our R&D team comprised 195 personnel. During the Track Record Period, our aggregate R&D expenditure amounted to RMB248.3 million, which represents the highest level in the industry, according to Frost & Sullivan.

Long-term Global Presence Driving a High-Potential International Growth Trajectory

We had been committed to delivering products that meet international benchmarks since we began our business in the 1990s. This has driven the success of our international growth trajectory. We began direct exporting and entered the European market for the first time in 1999. In recent years, we have accelerated our international expansion by launching production operation in Turkey in 2016 and Indonesia in 2025, as well as establishing sales and service outlets in the United States, Brazil, and Singapore between 2019 and 2023. With production bases overseas ensuring rapid response to Europe, Asia and the Americas, and a sales network covering the Americas, we deliver proven local responsiveness. This integrated network is validated by an extensive global footprint, with our products reaching over 120 countries and regions.

Our early entry into international markets provides a solid foundation to accelerate our future global expansion. In 2023, 2024 and 2025, our revenue from overseas sales amounted to RMB274.3 million, RMB 307.6 million and RMB478.8 million, respectively, with a CAGR of 32.1%. In emerging markets, we maintain a leading position, with a strong presence in the Turkish power grid market, the industrial transformer sector in Indonesia and a notable market position in the Brazilian power grid market. Furthermore, we have participated in numerous key national grid and industrial projects in Saudi Arabia, Italy, Portugal and Spain, further enhancing our international influence. Meanwhile, our market penetration and product recognition in North America continue to strengthen. Our overseas production facilities will be able to supply clients directly within or close to their regions, which is expected to further enhance our competitiveness by reducing our exposure to evolving international trade complexities, leading to a more resilient supply chain and optimized cost structure.

A Visionary Management Team with Extensive Industry Experience

We are led by a visionary and experienced management team that is committed to building a truly competitive and enduring brand in the global tap-changer industry. Given the critical nature of our products, earning customer confidence is a process that typically requires decades of consistently delivering quality, reliability and efficiencies. Our management direction is flexible, efficient, independent from our major shareholders and, most importantly, market oriented, allowing us to respond swiftly and effectively to market dynamics.

Adhering to the corporate philosophy of "integrity in management, benevolence in conduct, innovation, and self-improvement (誠信治業、仁德待人、創新不止、自強不息)," we advocate a people-oriented corporate culture and emphasize the mutual growth of employees and our enterprise, with a continuous focus on innovation and excellence.

We recognize environmental, social, and governance ("**ESG**") as an integral part of our core corporate philosophy and integrate ESG in our business operations. We are committed to making a positive and sustainable impact on our stakeholders through environmentally and socially responsible operations.

We benefit from a long-tenured management team with extensive industry experience. Since our Company's inception, Mr. Xiao Yi, Chairman of the Board, has led our development for over 30 years, serving as the cornerstone of our steady and sustainable growth. As of the Latest Practicable Date, we have received numerous honors, including recognition as an "Annual Return Enterprise" and inclusion in the "CBN Capital Market Value List." In 2024, Mr. Xiao Yi, Chairman of the Board, was awarded "Outstanding Management Pioneer of the Year among Chinese Listed Companies."

FUTURE STRATEGIES

Increase investment in product and process R&D to accelerate digital transformation and enhance product quality and reliability

We will continue to increase investment in product and process R&D to reinforce our technological leadership and support the long-term evolution of our product portfolio toward higher voltage levels, higher reliability, and greater intelligence. Our R&D efforts will focus on advancing core tap-changer technologies, manufacturing processes, and system-level reliability, with particular emphasis on accelerating the domestic substitution of UHV and EHV products, expanding the application of self-developed technologies in high-end and mission-critical scenarios, and expanding and accelerating the sales and application of power electronic OLTCs.

In parallel, we will strengthen the integration of digital technologies across the product lifecycle. We plan to further develop intelligent online monitoring and condition-based maintenance solutions, enabling real-time equipment monitoring, early fault diagnosis, and predictive maintenance. By expanding our maintenance and service offerings, we aim to improve operational efficiency for customers, enhance lifecycle value, and transition from a pure equipment supplier toward a technology-enabled solution provider.

Upgrade manufacturing capabilities through digitalization and automation

We will continue to upgrade our production lines, workshops, and equipment to enhance manufacturing efficiency, consistency, and scalability. Our manufacturing strategy is centered on a long-term roadmap toward digitalization and automation, designed to support the growing demand for high-end products and increasingly complex application scenarios.

Building on the launch of our MES in 2023 and the implementation of a smart automated warehouse in 2025, we have established end-to-end digital coverage across the production process, spanning R&D, prototyping, production execution, and warehouse management. This has enabled the formation of a unified and traceable data chain, laying the foundation for intelligent manufacturing.

Going forward, we will continue to introduce automation at critical processes. For example, we have successfully completed the automation upgrade of our insulating cylinder production lines, significantly improving efficiency and product consistency. These initiatives are intended to enhance production capacity for UHV and EHV vacuum tap-changers, improve quality stability, and support sustainable growth.

Expand global marketing and service networks to strengthen international presence and customer support

We will continue to expand and enhance our global marketing and service network to support the increasing internationalization of our customer base and to capture growth opportunities in overseas power equipment as well as CNC equipment markets. Our strategy is to align closely with our customers' global development plans, ensuring that our product portfolio, certifications, and service capabilities can meet their requirements across different regions.

We will strengthen our international sales systems and establish localized sales and service teams in key overseas markets, enabling faster market insight, closer customer engagement, and more responsive after-sales support. At the same time, we will continue to invest in brand building by participating in major international industry exhibitions, technical conferences, and academic forums, reinforcing our positioning as a globally recognized tap-changer manufacturer, and a specialized CNC equipment manufacturer.

Through these initiatives, we aim to transform our accumulated technological and manufacturing strengths into sustainable overseas market penetration and long-term customer partnerships.

Strengthen global production synergy and advance overseas localization

Our production strategy is built on a synergistic network of domestic and overseas production facilities. We will leverage the complementary strengths of these facilities to enhance coordination in technology, management and capacity utilization, thereby improving overall operational efficiency and optimizing global resource allocation.

At the same time, we will advance the localization of overseas operational capabilities in key international markets to strengthen supply-chain resilience and improve responsiveness to regional customer needs. This localization strategy focuses on enhancing local assembly, testing and service capabilities, enabling shorter delivery cycles, region-specific customization and reduced logistics costs, thereby strengthening our competitiveness in overseas markets.

To support effective execution of this global production and localization strategy, we will selectively collaborate with local suppliers, service providers and industry partners whose capabilities complement our operations. Such partnerships are intended to enhance operational efficiency, strengthen local market access and improve service capability, while remaining aligned with our core business focus and long-term development objectives.

Attract and retain international management and technical talent

We will continue to enhance our international management and operational capabilities by attracting and retaining talent with global vision and specialized expertise. In parallel, we will promote the development of localized management and technical teams to ensure that our overseas operations are well aligned with local regulatory, market, and customer requirements, supporting sustainable global expansion.

OUR BUSINESS

During the Track Record Period, we primarily engaged in three types of businesses: (i) power equipment, comprising the research and development, manufacturing, sales and full life-cycle operation and maintenance of tap-changers, which constitutes our core business; (ii) CNC equipment, comprising the research and development, manufacturing and sales of CNC equipment; and (iii) power station EPC, comprising the engineering, procurement and construction of photovoltaic power stations.

The table below sets forth a breakdown of our revenue by nature of business 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)					
Power equipment	1,611,018	82.8	1,798,909	77.9	2,088,230	86.6
CNC equipment	160,953	8.3	174,319	7.6	243,481	10.1
Power station EPC	116,749	6.0	286,711	12.4	28,890	1.2
Others[(1)]	56,917	2.9	48,936	2.1	51,179	2.1
Total	**1,945,637**	**100.0**	**2,308,875**	**100.0**	**2,411,780**	**100.0**

Note:

(1) Revenue from other sources mainly included electricity sales generated from certain photovoltaic power stations that we own. To a much lesser extent, it also included rental income from investment property operating leases.

POWER EQUIPMENT

Our core business comprises the research and development, manufacturing, sales and full life-cycle operation and maintenance of tap-changers. In modern power systems, transformers serve a wide range of essential functions, including generator step-up applications, system interconnection, power distribution and integration within HVDC converter systems. A tap-changer is an integral component incorporated within a transformer to regulate its output voltage by selectively connecting to different winding tap positions. Through such switching mechanism, the transformer is able to adjust its output voltage in response to variations in load demand or supply conditions, thereby maintaining stable and reliable voltage within the power system. Therefore, tap-changers must meet exceptionally stringent standards for precision, durability and operational reliability, as any failure could compromise the stability of the entire power system.

Tap-changers are generally classified along four core technical dimensions. First, based on operating condition, they are divided into de-energized tap-changers (DETC) and on-load tap-changers (OLTC). Second, by current transition principle, they are categorized into resistor-type and reactor-type designs. Third, according to arc-quenching technology, they are differentiated between conventional oil-immersed arc interruption and vacuum arc interruption systems. Fourth, in terms of insulation medium, products may be oil-immersed or gas-insulated depending on the structural configuration and application requirements. Our product portfolio comprehensively covers all major categories across these dimensions, enabling us to provide full-spectrum solutions for various voltage levels and operating environments. As the specific products within each category of our tap-changers are designed to suit different voltage and current levels, the unit selling price range of each product category is relatively wide.

In addition to tap-changer products, we also provide operation and maintenance services for our tap-changer customers.

On-load Tap-changers

An OLTC is a key device integrated into a transformer that enables adjustment of output voltage while the transformer remains energized and under load, allowing current flowing to remain continuous and without interruption during the transition from one tap position to another. During each transition, the transition circuit will withstand step voltages of up to 6000V, together with substantial currents of up to over 1000A. OLTCs are generally required to perform approximately 500,000 tap-changing operations over their operating life while maintaining consistent performance and reliability, and they are widely applied in power utility and industrial power systems where continuous and stable operation is essential. Our tap-changer products mainly comprise OLTCs.

Key Components of OLTCs

OLTCs generally comprise a diverter switch, a tap selector, a drive mechanism and a controller. In addition to these core components, we also install intelligent online monitoring systems upon customer request to provide real-time data on operating conditions and enhance preventive maintenance capability.

Diverter Switch

The diverter switch is responsible for transferring the load current from the tap in operation to the next selected tap and serves as the key component enabling voltage regulation under load. The diverter switch is subject to high current, thermal stress and arc impact, therefore requiring exceptional wear resistance, insulation performance and mechanical strength. Its contact system must maintain low contact resistance and strong arc endurance to ensure stable performance under frequent switching conditions. To prevent degradation caused by wear or carbonization, stringent standards are imposed on contact materials, spring pressure and arc-quenching design.

Tap Selector

The tap selector is responsible for pre-selecting the next tap position in the tap-changing sequence. To prevent short circuits or faulty contacts during tap changes, the tap selector is equipped with multiple contact arms and mechanical interlocking structures to ensure precise correspondence between the preselected and actual tap positions. Such arms and structures must possess high mechanical strength and heat resistance to maintain stable contact and reliable insulation during long-term operation and frequent switching. Therefore, the tap selector is subject to rigorous manufacturing requirements, including stringent standards for precision, insulation performance and operational stability.

Drive Mechanism

The drive mechanism is responsible for converting control signals into mechanical motion to drive the tap selector and diverter switch for tap changing. It must meet stringent performance requirements to ensure precise and reliable operations. We apply the fiber-optic connection to enhance fast, interference-free signal transmission between the controller and the drive mechanism and the non-contact angle encoding technology to improve measurement precision through accurate and stable position detection.

Controller

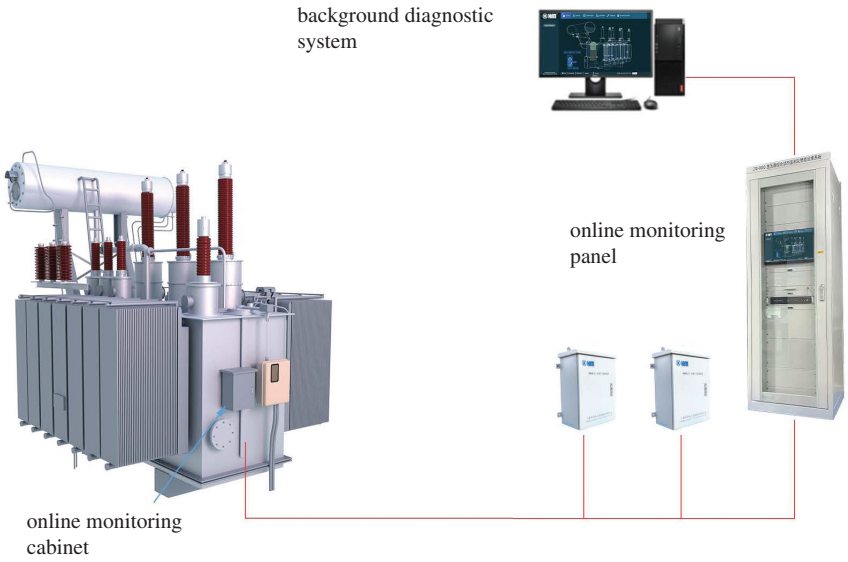
The controller serves as the central control and communication unit of the OLTC, responsible for issuing voltage-regulation commands and monitoring tap-changing operations. It receives the voltage on the output side of the transformer and sends "raise," "lower" or "stop" commands to control the tap-changer accordingly.

Intelligent Online Monitoring System

OLTCs are subject to long-term mechanical stress, electrical stress and oil medium aging, and faults may occur during their operating life. We offer intelligent online monitoring systems to allow customers to equip such devices according to their operational needs to monitor the operating conditions of OLTCs. In addition, our intelligent online monitoring systems may also be applied to support the monitoring of transformers and in some cases, they can also be extended to monitor the status of other power facilities installed in substations, such as circuit breakers and surge arresters.

Our OLTC intelligent online monitoring system consists of three main components: the local online monitoring cabinet, the remote online monitoring panel and the background diagnostic system. These components operate in coordination to form a layered and distributed monitoring and diagnostic architecture.

Our OLTC intelligent online monitoring systems have been adopted by various power grid users and have been applied across multiple voltage levels and application scenarios. Our products have enabled continuous monitoring of OLTC operating conditions and have accumulated engineering application experience.



Types of OLTCs

OLTCs are primarily distinguished by their arc-quenching mechanisms and insulation medium. During on-load switching, an OLTC transfers current between winding taps while the transformer remains energized, creating conditions under which electrical arcing may occur. To ensure safe and reliable operation, such arcing must be effectively controlled or extinguished, typically through oil-immersed arc interruption or sealed vacuum interrupters. In addition, OLTCs require appropriate insulation systems to ensure stable operation. Depending on their structural configuration and application requirements, OLTCs may utilize oil or gas as the insulation medium.

OLTCs were our major products during the Track Record Period. The diagram below presents OLTC products categorized by arc-quenching technology and insulation medium.

		Arc-quenching technology	
		Oil	**Vacuum**
Insulation medium	**Oil**	Oil-immersed OLTCs	Vacuum OLTCs
	Gas	—	Dry-type OLTCs

Our OLTC products can generally be classified into three types: (i) oil-immersed OLTCs, which achieve arc quenching through oil and utilize oil as the insulation medium; (ii) vacuum OLTCs, which achieve arc quenching through vacuum interrupters and utilize oil as the insulation medium; and (iii) dry-type OLTCs, which achieve arc quenching through vacuum interrupters and utilize gas as the insulation medium.

Oil-immersed OLTCs

As the most traditional and widely adopted form of OLTCs, oil-immersed OLTCs have been extensively applied across a broad range of power and industrial transformer applications. While OLTCs require periodic oil maintenance, the technology is mature and has been well proven to ensure stable and reliable operation. The unit selling prices of our oil-immersed OLTC products typically range from RMB35,000 to RMB300,000.

The following table, with illustrative images, provides an overview of the rated voltages and product features of our selected oil-immersed OLTC products.

Product	Example	Applicable Transformer Rated Voltages	Product Features
CM type oil-immersed OLTC		Up to 330kV	The CM type is widely adopted and well suited for HV transformers operating under normal tap-changing frequencies. It is designed for power and industrial transformers, with a rated three-phase current of up to 600A and single-phase current of up to 1500A.
CMD type oil-immersed OLTC		Up to 500kV	Built on the CM type, the CMD type is our high-end oil-immersed OLTC model, developed by integrating internationally adopted advanced combined-structure designs with our proprietary engineering concepts. Our CMD type enables higher current-carrying capacity and supports large-capacity applications in power and industrial transformers, with a rated three-phase current of up to 1000A and single-phase current of up to 2400A.
CV type oil-immersed OLTC		Up to 110kV	The CV type is an integrated design that combines the diverter switch and tap selector into a single selector switch to form a compact structure with reduced overall dimensions and a simplified connection to transformers, facilitating easier installation and deployment. The CV type offers a more economical solution and has been widely adopted across a broad range of transformer applications, representing an important product type within our OLTC portfolio.

Vacuum OLTCs

Vacuum OLTCs are revolutionary as they replace the traditional oil-immersed arch-quenching mechanism with sealed vacuum interrupters. As a newer mainstream alternative to oil-immersed OLTCs, vacuum OLTCs are increasingly adopted in transformers for their strong safety profile, less maintenance requirements and extended service life. We offer a wide range of vacuum OLTC products. The unit selling prices of our vacuum OLTC products typically range from RMB140,000 to RMB600,000.

The following table, with illustrative images, provides an overview of the rated voltages and product features of our selected vacuum OLTC products.

Product	Example	Applicable Transformer Rated Voltages	Product Features
VCME type vacuum OLTC		Up to 330kV	The VCME type is the vacuum version of our CM type oil-immersed OLTCs. By retaining the overall dimensional configuration of the CM type, the VCME type allows existing CM type oil-immersed OLTCs to be upgraded through the replacement of the diverter switch insert, thereby supporting their conversion to vacuum OLTCs. With a rated three-phase current of up to 600A and single-phase current of up to 1500A, it is designed for mainstream HV transformer classes and standard load capacities, serving as a general-purpose vacuum OLTC for a wide range of power and industrial transformer applications under diverse operating conditions.
SHZV type vacuum OLTC		Up to 500kV	The SHZV type is the vacuum version of our CMD type oil-immersed OLTCs. Building upon the structural and performance strengths of the CMD type, the SHZV type has a rated three-phase current of up to 1000A and single-phase current of up to 2400A. It enables maintenance-free operation for up to 300,000 switching cycles with no need for contact replacement, significantly reducing maintenance frequency and extending service life.
CHVT type vacuum OLTC		Up to ±800kV	The CHVT type is jointly developed by us and certain well-established academic institutions and research organizations under China's National Key Research and Development Program, specifically for converter transformers. For more details, see "— Research and Development — Key R&D Initiative: Current-carrying System Design Optimization for Converter Transformer OLTCs." The CHVT type provides a step voltage of up to 6000V, with a rated three-phase current of up to 1500A and single-phase current of up to 3600A.

Product	Example	Applicable Transformer Rated Voltages	Product Features
VCV-G type vacuum OLTC		Up to 145kV	The VCV-G type is our vacuum version of the CV type oil-immersed OLTCs, featuring a compact structure with reduced space requirements, providing a more cost-effective option. The VCV-G type is designed to achieve up to 300,000 maintenance-free switch cycles, reducing operating costs and extending maintenance intervals during its service life.
HWV type vacuum OLTC		Up to 72.5kV	The HWV type is an externally mounted vacuum OLTC designed for high-current applications. It supports a rated three-phase current of up to 1000A and offers up to 35 tap positions. The HWV type features an independent oil compartment fully separated from the transformer oil tank, which reduces transformer size and manufacturing costs.
HWDK type vacuum OLTC		Up to 72.5kV	The HWDK type is an externally mounted reactor-type vacuum OLTC designed for high-current applications. Compared with conventional in-tank OLTCs, it supports a rated three-phase current of up to 2400A and delivers enhanced switching reliability. The HWDK type is equipped with monitoring and interlocking functions capable of detecting vacuum interrupter failures and preventing abnormal switching operations.

Dry-type OLTCs

By eliminating oil as the arc-quenching and insulation medium, dry-type OLTCs avoid risks of oil degradation and leakage, providing a cleaner, safer and more environmentally friendly operation. As a result, they are commonly used in transformers installed in commercial buildings and office facilities where fire safety and environmental requirements are higher. As dry-type OLTCs rely solely on gas for insulation, their performance is more sensitive to ambient conditions. As a result, they are typically applied to transformers with lower rated voltage levels, typically up to 35kV. Our CZ type significantly expands the applicable voltage range of transformers, supporting voltage classes of up to 110kV. The unit selling prices of our dry-type OLTC products typically range from RMB30,000 to RMB300,000.

The following table, with an illustrative image, provides an overview of the rated voltage and product features of our CZ type dry-type OLTC products.

Product	Example	Applicable Transformer Rated Voltages	Product Features
CZ type dry-type OLTC		Up to 110kV	The CZ type supports urban power grid applications and industrial needs. It is also suitable for offshore drilling platforms, where operating conditions are more demanding.

De-energized Tap-changers

DETCs are used to adjust voltage when the transformer is de-energized. Unlike OLTCs, DETCs do not perform live switching and therefore have a simpler configuration, typically only including a drive mechanism and a tap selector. DETCs are typically employed in power and industrial transformers subject to relatively stable operating conditions, where load fluctuations and voltage variations are limited. While less flexible in dynamic voltage regulation compared to OLTCs, DETCs provide a cost-effective and dependable option for transformers operating under stable grid conditions. The unit selling prices of our DETC products typically range from RMB10,000 to RMB230,000.

The following table, with an illustrative image, provides an overview of the rated voltage and product features of our WSL type DETC products.

Product	Example	Applicable Transformer Rated Voltages	Product Features
WSL type DETC		Up to 1000kV	The WSL type is designed with high mechanical strength and strong short-circuit withstand capability.

Operation and Maintenance Services

Safe operation of tap-changers is essential to the reliable performance of transformers, substations and the broader power grid, and regular inspection and maintenance are indispensable. This is particularly true for OLTCs, given its critical mission to regulate voltage under load and its mechanical complexity. We also provide operation and maintenance services for our customers, including periodic inspection, component replacement, insert lifting maintenance and diverter switch insert replacement.

To enhance the efficiency and traceability of our operation and maintenance services, we have established a digitalized service management system with centralized, cloud-based data storage and management capabilities. Through this system, each of our tap-changer products is registered with a serial number, and its entire service history, including inspections, maintenance and overhauls, is systematically recorded. Service work orders are issued and managed through the system, allowing field service personnel to clearly understand response timelines and service requirements and to prepare necessary tools and replacement components and related materials prior to on-site servicing. Key service actions are recorded during on-site servicing, allowing our internal technical teams to conduct verification and analysis for quality control and service standardization purposes. Completed service cases are further categorized and summarized to facilitate cross-departmental knowledge sharing, thereby supporting internal coordination and the continuous improvement of our products and service processes.

CNC EQUIPMENT

Our CNC equipment business focuses on the research and development, manufacturing and sales of integrated CNC equipment. CNC equipment is a complete, computer-driven machining system that operates through pre-programmed digital instructions to precisely control machine tools in performing various precision machining operations, such as cutting and shaping, thereby allowing efficient, accurate and flexible manufacturing across a wide range of industrial applications.

We possess in-house R&D capabilities covering mechanical engineering, electrical systems, hydraulics and software development. This cross-disciplinary capability allows us to coordinate different engineering functions at the design stage and optimize overall system architecture, enhancing equipment flexibility while effectively controlling manufacturing costs. In addition, we operate dedicated welding and machining workshops responsible for the fabrication of key structure components. Our in-house fabrication enables us to maintain effective quality control and reduce component procurement costs.

Our CNC equipment mainly consists of three categories, designed for the manufacturing of tower steel structures, building steel structures and large plate materials, respectively. According to Frost & Sullivan, our integrated CNC equipment for tower steel structure fabrication has established a leading position in the domestic market and demonstrates an advanced level of technical capability by international standards.

The following table, with illustrative images, provides an overview of the typical applications, product features and unit price range of our major CNC equipment products.

Product	Example	Applications	Product Features	Main Products Unit Price Range
Integrated CNC equipment for tower steel structure fabrication		Primarily used for producing steel components for power transmission towers and communication towers.	Enables fully automated processing of angle steels, covering the entire workflow of feeding, turning, punching, shearing, marking, discharging and stacking.	RMB0.25 million-RMB2 million
Integrated CNC equipment for building steel structure fabrication		Primarily used for producing various H-shaped, box-shaped, C-shaped and tubular steel components used in steel structure buildings, bridges and other infrastructure.	Capable of performing automated drilling, sawing, marking, stamping and slotting operations on steel structural components, with automatic workpiece conveying and stable machining accuracy.	RMB0.2 million-RMB2.5 million
Integrated CNC equipment for large plate material fabrication		Primarily used for processing large plate workpieces used in power generation equipment (including thermal, nuclear and wind power), petrochemical facilities, seawater desalination systems and central refrigeration equipment.	Capable of performing automated drilling, boring, milling and tapping operations on large components such as tube plates and flanges.	RMB1 million-RMB5 million

POWER STATION EPC

Our power station EPC business primarily involves the engineering, procurement and construction of photovoltaic power stations. We enter into contracting arrangements directly with project owners, pursuant to which we act as the general contractor for the overall project or as the contractor for specified project scopes or designated construction packages. In such capacity, we are responsible for the execution of the relevant construction works in accordance with the approved design, technical specifications and other contractual requirements. During project implementation, we establish dedicated project teams to carry out on-site construction, procure materials based on the construction schedule and manage progress to ensure timely completion and delivery of the power station projects. To allocate resources more efficiently and concentrate on our core business, we are scaling down and will ultimately exit the power station EPC business.

Our power station EPC services are project-specific and tailored to the technical requirements, site conditions and commercial objectives of each project owner. Our revenue from this business is project-based and is recognized over time using an input method to measure progress toward the complete satisfaction of the relevant performance obligations. Revenue is recognized based on the proportion of actual costs incurred relative to the estimated total costs of the construction services. Customer payments are made directly by project owners in accordance with the contractual milestones and agreed payment terms.

The following table provides an overview of the power station EPC projects that were delivered during the Track Record Period and a project that we were finalizing as of the Latest Practicable Date.

Project	Capacity	Description	Status
Qinghai Golmud Centralized Ground-mounted Project	50MW	A ground-mounted photovoltaic power station equipped with integrated inverter units to convert solar power into grid-compatible electricity, with the generated electricity transmitted to the power grid through a newly constructed substation.	Complete
Fujian Ningde Distributed Rooftop Project	24MW	The project utilizes rooftop space of industrial buildings to install photovoltaic panels and comprises multiple low-voltage and high-voltage grid connection points.	Complete
Guangxi Guigang Centralized Ground-mounted Project	200MW	The project integrates photovoltaic power generation with agricultural land use, enabling solar power generation while maintaining agricultural activities.	Complete
Ningxia Zhongwei Centralized Ground-mounted Project	200MW	A centralized ground-mounted photovoltaic power station developed for large-scale solar power generation.	Complete
Henan Neixiang Centralized Ground-mounted Project[(1)]	150MW	A centralized ground-mounted photovoltaic power station developed for large-scale solar power generation.	Finalizing

Note:

(1) Acquired by us in November 2025 and is operated through our subsidiary, Neixiang Tianhai. In addition, we also operate two other photovoltaic power stations.

RESEARCH AND DEVELOPMENT

We have placed strong emphasis on R&D since our establishment. We define our product priorities and R&D directions capitalizing on our deep understanding of industry dynamics and application-specific requirements. We believe that technological innovation should be driven by real-world applications and deliver tangible value to customers, and our R&D efforts emphasize the practicality, reliability and market adaptability of technologies.

We have established the first CNAS-accredited tap-changer laboratory in China. Test reports issued by this laboratory are recognized in various countries, enabling us to independently conduct type tests required prior to new product launch without relying on third-party institutions, thereby avoiding testing-cycle delays that could otherwise affect R&D progress.

As of December 31, 2025, we had 195 R&D personnel, representing 10.9% of our total employees as of the same date. Our R&D personnel possess an average experience of 14 years, many of whom were trained in mechanical engineering, electrical machines, high-voltage electrical apparatus, mechatronics, numerical control technology, power engineering, electrical automation and computer science. In addition, as of December 31, 2025, approximately 52.3% of our R&D personnel had been working in our Group for over 10 years, ensuring continuity of our technology development. In 2023, 2024 and 2025, we recorded research and development costs of RMB78.5 million, RMB81.4 million and RMB88.5 million, respectively, representing 4.0%, 3.5% and 3.7% of our revenue for the same years, respectively.

As a result of our sustained R&D efforts, we have established a comprehensive intellectual property portfolio to support our product development and commercialization. As of December 31, 2025, we had registered 108 invention patents, 181 utility patents and 11 design patents in Chinese mainland and a total of 13 invention patents and one utility patents in the United States, Brazil, Germany, South Korea and India.

R&D Centers

Our R&D activities are primarily conducted through three specialized R&D centers, each with clearly defined functional responsibilities, which together support the orderly advancement of our R&D activities and the continuous improvement of our products and technologies.

We operate two R&D centers in Putuo, Shanghai and Zunyi, Guizhou dedicated to tap-changer technologies. The two centers operate on a project-by-project basis and are equipped with advanced digital design and simulation systems as well as high-voltage and high-current testing and precision measurement facilities, supporting product design and development, key component technologies, process optimization and product testing and validation. Notably, in 2023, our R&D center in Putuo, Shanghai was recognized as excellent by the Shanghai Municipal Commission of Economy and Informatization.

We also operate an R&D center in Jinan, Shandong focused on CNC equipment technologies. Equipped with industry-specific design software and testing and calibration equipment, the center supports the development of integrated CNC products and the continuous enhancement of manufacturing automation and machining precision.

In-House Product Development Process

Our in-house R&D team is primarily responsible for developing new products. The R&D department will normally submit project initiatives for internal approval and if approved, an R&D team will be established to oversee the overall conceptual and detailed structural design. The same R&D team will develop the product model which will be subject to scrutiny by the technical team on its structural integrity, material selection and process compatibility, following which the product model will be put into trial production to verify its manufacturability and assembly precision. The R&D team will also produce a testing plan based on product characteristics to verify the performance and structural stability of the components. Such testing will form the basis of prototype development which will undergo further testing to ensure compliance with national and industry standards and technical and performance requirements. Pilot production will only take place when all internal evaluation of the prototype's performance and structural design have been tested and verified. At pilot production stage, process stability is verified and production processes are refined to lay the foundation for subsequent commercialization.

R&D Collaboration

While our R&D activities are primarily conducted by our in-house team, we also actively collaborate with academic institutions and research organizations on specific projects that require specialized expertise and jointly pursue selected research initiatives. Our collaborations with academic institutions and research organizations not only provide us with additional technical support and expertise for our R&D activities, but also facilitate knowledge exchange and external benchmarking, which we believe is conducive to maintaining the technological relevance of our products. Such collaborations are typically structured on a project basis and can generally be classified into commissioned R&D projects and sponsored collaborative R&D projects.

Commissioned R&D Projects

We engage academic institutions on a commissioned basis to support the completion of specific tasks within our overall R&D programs. For example, we have collaborated with Xi'an Jiaotong University, a leading engineering university in China, in connection with the application of modeling, simulation and analytical techniques to certain aspects of the research, testing and validation of tap-changer switching circuits. Through these collaborations, we are able to draw upon external academic expertise to support and enhance our in-house R&D capabilities, particularly in relation to simulation-based analysis and verification, thereby improving the overall efficiency and reliability of our product development and testing processes.

The key terms of our agreements for commissioned R&D projects generally include:

- *Term*. The term of the agreements typically ranges from several months to one year, depending on the nature of R&D activities involved.

- *Payment*. We generally pay fixed fees to our collaboration partners. Payments are typically made on an installment basis and are linked to the achievement of specific milestones.

- *Intellectual property*. In most cases, we and our partners jointly own the intellectual properties developed through collaborations. However, we typically retain the exclusive right to commercialize such intellectual property and are not obligated to share profits or pay fees to our partners.

- *Confidentiality*. Both we and our partners are generally obligated to maintain confidentiality of the technical information and data related to the commissioned R&D projects.

Sponsored Collaborative R&D Projects

We also participate in sponsored collaborative R&D projects, under which we work together with academic institutions and research organizations to carry out defined R&D activities. Such projects are typically conducted under special research programs sponsored by government agencies, pursuant to which eligible participants receive research funding. Under these arrangements, participating entities generally undertake R&D tasks in accordance with an approved project framework, with clearly defined research objectives, implementation plans and milestone requirements, and are subject to ongoing supervision and acceptance in accordance with the relevant program requirements. For a discussion of a featured sponsored collaborative R&D project, see "— Key R&D Initiative: Current-carrying System Design Optimization for Converter Transformer OLTCs."

The key terms of our agreements for sponsored collaborative R&D projects generally include:

- *Term*. The term of agreements typically ranges from two to three years, as determined by the relevant government-approved project plan.

- *Funding sources*. Government agencies provide research funding under applicable research programs. Depending on the nature and requirements of the projects, participating entities may also be required to contribute self-funded resources in accordance with the approved project budgets and applicable project arrangements. Government fundings are generally allocated among participating entities based on their respective task assignments, and the receipt and use of such funds are typically linked to project milestones.

- *Intellectual property*. Intellectual properties independently developed by a participating entity are typically owned by that entity, while those jointly developed by multiple participating entities are generally jointly owned, with the respective ownership interests to be determined through agreement among the relevant parties in reference to their respective contributions.

- *Confidentiality*. Participating entities are generally required to maintain the confidentiality of technical information and data related to the sponsored collaborative R&D projects.

Key R&D Initiative: UHV Converter Transformer OLTC

From 2021 to 2022, we participated in an R&D project initiated by a major power grid operator in China, focusing on the development of a vacuum OLTC solution for use in UHV converter transformers in HVDC transmission systems as several OLTC failures have occurred in HVDC transmission projects in China since 2018, posing material risks to the safe and stable operation of the power grid. In this project, we played a key role in the research and development of vacuum OLTCs for UHV converter transformer applications and undertook core technical work relating to the design, engineering development and prototype validation of such products.

Our involvement

We carried out the design optimization of OLTCs for UHV converter transformer applications and we established the OLTC design solution and corresponding process control schemes and completed the development of an engineering prototype. We also addressed performance enhancement under high-frequency switching conditions, supporting the long-term reliability of vacuum OLTC applications.

Outcome and Significance

This project achieved a substantive technical breakthrough in the development of vacuum OLTCs for UHV converter transformer applications. As a result, our UHV converter vacuum OLTC was officially commissioned for operation in the ±500kV Xiluodu HVDC Transmission Project in 2022, breaking the long-standing monopoly of foreign manufacturers. The project also enabled the localization of the entire manufacturing chain, covering raw materials, components and complete equipment, supporting the availability of domestically manufactured converter transformer OLTCs.

Key R&D Initiative: Current-carrying System Design Optimization for Converter Transformer OLTCs and the Development of an Engineering Prototype

From 2021 to 2024, we participated in an R&D project under China's National Key Research and Development Program within the Energy Storage and Smart Grid Technology program, aimed at improving the operational reliability and engineering service life of

mechanical OLTCs used in converter transformers with a focus on the design optimization of current-carrying system and the development of an engineering prototype for OLTCs used in converter transformers. We were the lead undertaking entity and carried out collaborative R&D together with a number of well-established academic institutions and research organizations.

Our involvement

We further optimized the current-carrying capacity of the current-carrying system of converter transformer OLTCs. We conducted a comprehensive assessment of the design, manufacturing and testing stages applicable to OLTCs used in converter transformers and established full tap-range simulation models for OLTCs to analyze switching-related stresses.

Outcome and Significance

We developed an optimized design solution for the current-carrying system of OLTCs suitable for converter transformer applications and successfully translated such design into our CHVT type vacuum OLTCs, which have been successfully commissioned for scaled commercial operation.

Our Key Technologies

We have developed advanced proprietary technologies that enable us to manufacture our products with higher precision, ensuring the safe and reliable operation of transformers and supporting the overall stability of power systems. These capabilities position us as a trusted partner for power grid operators and utility companies, who place a premium on safety and system resilience. In particular, our core technologies relating to tap-changers include the following:

- ***Current-Carrying Reliability of Contacts.*** We achieve stable and reliable current conduction through optimized contact geometry and precisely controlled contact pressure, ensuring consistent contact engagement during operation. In addition, we implement strict thickness control over silver plating applied to stationary contacts to maintain low contact resistance, reducing thermal losses and enhancing long-term operational reliability.

- ***Integrity of Insulation Systems.*** We independently manufacture a broad range of critical insulation components, including epoxy glass fiber wound cylinders, pultruded insulating bars, main shafts, sheet molding compound (SMC) compression-molded components and reinforced nylon injection-molded components. Through stringent material selection, process control and quality inspection standards, these insulation components are designed to withstand prolonged operation under varying voltage levels, ensuring the long-term electrical and mechanical safety and stability of our tap-changers.

- ***Stability of Actuation Systems.*** We maintain strict performance tolerances for the spring energy accumulator, which is critical to the reliable operation of tap-changers. The spring force degradation after two million operating cycles is required to not exceed 1%. In addition, critical rotating and transmission components are manufactured with micrometer-level dimensional tolerances, and selected key components undergo specialized heat-treatment processes to enhance wear resistance and ensure stable long-term mechanical performance.

- ***Environmental Robustness of Sealing Structures.*** Tap-changers are required to operate under complex and demanding environmental conditions, with ambient temperatures ranging from as low as -60 °C to as high as +105 °C. To address these challenges, we select sealing rings made from different base materials tailored to specific operating conditions and precisely design compression ratios to ensure optimal sealing performance. For components requiring sealing, we strictly control groove machining tolerances and surface finish to achieve accurate dimensional compatibility and long-term sealing stability.

For a detailed discussion of the production processes and technologies through which these key technologies are implemented, see "— Production — Production Process and Technologies — Tap-changers."

We have also developed technical capabilities for our CNC equipment business, which support the design and manufacture of our products and contribute to manufacturing efficiency. In particular, we possess integrated in-house capabilities covering mechanical, electrical and hydraulic design. In addition, we have established a dedicated software development team to support the implementation of automation across our production lines and facilitate the MES connectivity among different production line modules, improving overall manufacturing efficiency and intelligence.

PRODUCTION

We manufacture products in our production facilities located domestically and overseas, consistently delivering high-quality products to meet customers' demands in a timely manner. Our facilities in Fengxian, Shanghai and Zunyi, Guizhou in Chinese mainland, as well as in Turkey and Indonesia, are dedicated to the production of our tap-changer products, and our facility located in Jinan, Shandong is dedicated to the production of our CNC equipment products.

We possess full value-chain manufacturing capabilities and maintain comprehensive control over the entire production process of our products. We outsource only a limited number of standardized manufacturing steps and maintain strict oversight of outsourced production by carefully selecting contract manufacturers and enforcing rigorous quality control. This integrated approach enables us to rapidly coordinate internal resources upon receipt of customer orders, ensuring swift production scheduling and the ability to meet highly customized requirements. Our manufacturing operations are characterized by low-volume and multi-specification production, which allows us to better fulfill highly customized and time-sensitive orders. As a result, our average delivery cycle is normally within two months.

The power grid and utility sectors impose stringent requirements on the safety, continuity and stability of power supply equipment. Any failure in these systems can lead to severe economic and social consequences. By producing key components in-house, we ensure strict adherence to technical specifications and manufacturing standards, thereby achieving higher precision in component manufacturing and enhancing product reliability and operational safety. Furthermore, this approach also allows us to reduce reliance on external suppliers and contract manufacturers, optimize resource allocation and maintain competitive pricing while safeguarding product quality.

To meet the stringent safety and precision requirements of transformer manufacturing and the broader power industry, we have adopted a portfolio of advanced manufacturing technologies and processes. See "— Production Process and Technologies — Tap-changers" for details. We have also applied thermoplastic polymer insulation materials with degradable and recyclable properties, which enable green and sustainable material reuse while maintaining excellent thermal resistance, electrical strength and mechanical stability. With the materials, we have significantly improved material utilization and product consistency, effectively reduced resource waste and promoted the standardization and sustainability of our production processes.

In addition, because we operate a CNC equipment manufacturing subsidiary, we can design and fabricate special-purpose production equipment for tap-changer components based on specific manufacturing needs. This capability allows us to meet specialized, low-volume requests that are often not feasible for most market players due to high equipment development costs and long lead time. We have independently developed automatic epoxy resin casting equipment, enabling high precision molding and manufacturing of tap-changer components such as terminal boards, ensuring both structural precision and performance stability.

Production Process and Technologies

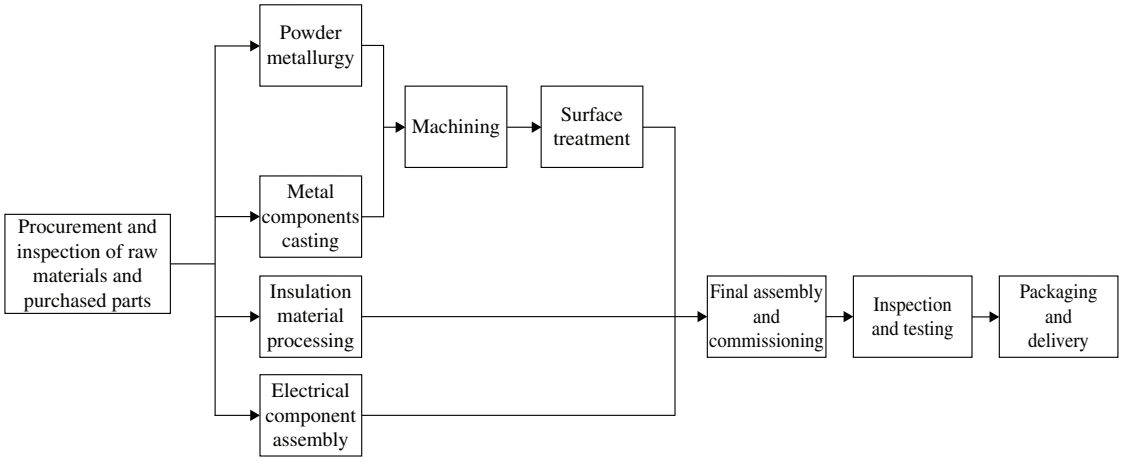
Our production operations are demand-driven, with manufacturing activities meticulously planned and executed based on confirmed customer orders. The production planning team carefully balances multiple critical factors, including order specifications, delivery schedules, equipment capacity, production line utilization and raw material availability, to develop comprehensive manufacturing schedules and material allocation plans. Our production facilities then carry out the entire manufacturing cycle, including material preparation, precision production, rigorous testing, careful packaging and final warehousing. This build-to-order approach ensures efficient resource allocation while maintaining the flexibility to accommodate priority orders, enabling us to deliver high-quality products that precisely meet customer requirements and timelines.

While specific production steps may vary depending on product models and individual customer requirements, the core manufacturing process for each product category remains consistent.

Tap-changers

The tap-changer industry features a relatively long value chain, encompassing multiple stages of design and manufacturing processes. Production involves a high degree of technical complexity, involving powder metallurgy, casting, machining and surface treatment of metal components, insulation material processing, electrical component assembly and final assembly and commissioning.

The following is a highly summarized flowchart illustrating the major stages of the production process of our tap-changer products.



The production of tap-changers requires exceptionally stringent control and long-term technical accumulation. As tap-changers operate under high voltage and high current conditions, their reliability depends critically on precise mechanical design, refined surface finishing and consistent manufacturing quality, particularly in relation to contact systems, switching mechanisms and arc-quenching performance. As a result, stable product performance cannot be achieved through short-term efforts, but rather through sustained experience, iterative improvement and continuous process refinement over many years.

In addition, we offer highly-customized tap-changers to adapt to different transformer designs, voltage levels, current ratings and operating conditions. This high degree of customization requires a wide variety of dedicated tooling and molds, as well as the ability to design, modify and maintain them efficiently. Through long-term specialization in the tap-changer field, we have accumulated extensive know-how in tooling and mold development, enabling us to support diverse customer requirements while maintaining consistent quality and reliability across customized solutions.

Procurement and inspection of raw materials and purchased parts. Raw materials and purchased parts are sourced from qualified suppliers. We require suppliers to provide relevant quality assurance documentation and conduct inspections and testing on incoming materials to ensure compliance with our acceptance criteria. Materials that pass quality checks are admitted into the warehouse for use in subsequent production processes.

Powder metallurgy. Our alloy contacts are manufactured using powder metallurgy. This process utilizes metal powders, or mixtures of metal and non-metal powders, which are compacted and sintered to produce metallic, or composite structural parts. Powder metallurgy offers advantages such as energy efficiency, material savings, stable performance, high dimensional accuracy and suitability for mass production, and it enables the fabrication of materials and complex geometries that are difficult to achieve through traditional casting and machining methods.

Metal components casting. Metal components requiring casting are produced in our casting workshop, where molten metal is poured into molds to form casting blanks. This process completes the initial forming of the component blanks and provides the foundation for subsequent machining operations. Based on the material characteristics and the performance requirements of different parts, we employ appropriate casting technologies, including low pressure die casting and investment casting, to meet the required mechanical and dimensional specifications.

Machining. The casting blanks are processed in the machining workshop through cutting, drilling, milling and finishing to produce parts that meet the drawing specifications. Certain components are directly manufactured from raw materials as profiles, plates or bars through machining processes, without requiring a powder metallurgy casting stage. This stage also includes finishing operations such as grinding, trimming and deburring to ensure surface quality and dimensional accuracy.

Surface treatment. Certain metal components undergo surface protection treatments such as nickel plating, silver plating and blackening to enhance their electrical conductivity, corrosion resistance and wear resistance. The surface treatment process requires strict control over coating thickness and uniformity to ensure stable electrical contact and mechanical performance under long-term operation and complex environmental conditions. In addition, certain structural components and actuation parts adopt enhanced surface treatment processes, including electrostatic powder coating and soft nitriding. The application of these surface treatment processes contributes to the long-term stability and reliability of metal components used in tap-changers.

Insulation material processing. Insulation material processing is the stage in which various insulating components required for tap-changer assembly are prepared and formed. This step ensures that insulation parts achieve the necessary dielectric strength, mechanical robustness and dimensional stability to meet long-term operational requirements. Depending on the structural form and performance requirements of the insulation components, we employ different manufacturing techniques, including SMC preparation, pultrusion and filament winding.

Electrical component assembly. In the electrical component assembly stage, various inspected and qualified electrical components are assembled on the production line in accordance with the relevant process requirements to form electrical sub-assemblies with current-carrying, insulation and electrical connection functions. During the assembly process,

operators follow the assembly drawings and standard operating procedures to verify the positioning of components, fastening torque and reliability of electrical connections to ensure that the assembled sub-assemblies meet the required electrical performance and safety standards.

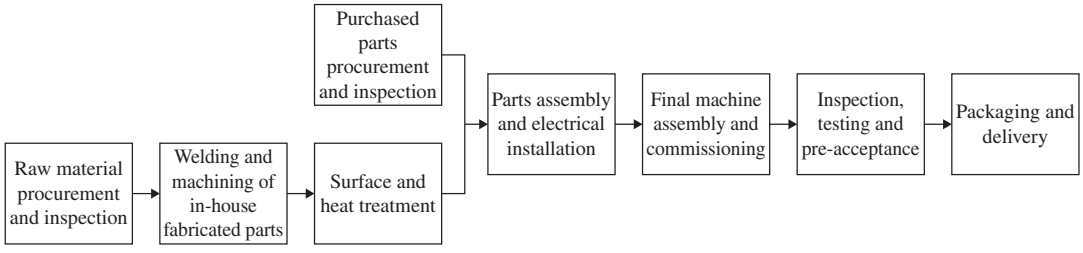
Final assembly and commissioning. In the final assembly and commissioning stage, the metal components, insulation components and electrical sub-assemblies completed in the preceding processes are assembled in sequence to form the tap-changers in accordance with the assembly drawings and process requirements. During this stage, operators verify the positioning, fit clearance and fastening torque of key parts, and perform basic adjustments on moving mechanisms such as the drive mechanism and contact assembly to ensure smooth and coordinated operation of the assembled unit. The focus of this stage is on completing the structural integration of the equipment and conducting initial functional adjustments, thereby preparing the product for subsequent electrical performance and safety testing.

Inspection and testing. Upon completion of final assembly and commissioning, the products enter the inspection and testing stage, during which the overall electrical performance, mechanical reliability and operational safety of the tap-changers are comprehensively verified. The principal tests and inspections include mechanical test, transition resistance test, on-load switching test and oil chamber leakage inspection. To verify compliance with the relevant technical specifications and product acceptance standards, our inspection procedures are conducted in accordance with stringent criteria.

Packaging and delivery. Finished products are packaged in accordance with pressure-resistant, shock-resistant and moisture-proof standards and are accompanied by operation manuals and certificates of conformity. Qualified logistics service providers are engaged to ensure the safety and integrity of the products during transportation.

CNC Equipment

The following is a highly summarized flowchart illustrating the major stages of the production process of our CNC equipment products.



Procurement and inspection of raw materials and purchased parts. Raw materials and purchased parts are sourced from qualified suppliers. We require suppliers to provide relevant quality assurance documentation and conduct inspections and testing on incoming materials to ensure compliance with our acceptance criteria. Materials that pass quality checks are admitted into the warehouse for use in subsequent production processes.

Welding and machining of in-house fabricated part. Structural components such as beds, columns, beams, worktables are fabricated in the welding workshop according to design drawings. Precision parts such as spindle boxes and saddles are machined in the machining workshop through machining processes to achieve the required dimensional and geometric accuracy for assembly.

Surface treatment and heat treatment. Depending on part function, surface protection and heat treatment processes and are carried out, including normalizing, tempering, sandblasting, anti-rust coating and painting. Key friction or wear surfaces may undergo surface hardening or plating to enhance durability and appearance.

Parts assembly and electrical installation. Mechanical parts, including the actuation system, guideways, ball screws, lubrication units and hydraulic and pneumatic systems, are assembled. At the same time, electrical cabinets, wiring, sensors and servo systems are installed, ensuring proper coordination between mechanical and electrical parts and preparing the equipment for final assembly and testing.

Final machine assembly and commissioning. The final machine assembly involves integrating all major parts into a complete system. The assembled units then undergo alignment and precision adjustment, installation of tools and fixtures, no-load and load tests, as well as program debugging and trial cutting, to ensure that motion control accuracy and processing performance meet design specifications.

Inspection, testing and pre-acceptance. Finished machines are inspected by the quality management department in accordance with national and industry standards as well as design drawings, covering geometric accuracy, positioning and repeatability, spindle rotation accuracy and other performance parameters. Where required, customers are invited for on-site pre-acceptance testing before shipment.

Packaging and delivery. Finished products are packaged in accordance with pressure-resistant, shock-resistant and moisture-proof standards and are accompanied by operation manuals and certificates of conformity. Qualified logistics service providers are engaged to ensure the safety and integrity of the products during transportation.

Production Facilities

Tap-changers

We are the only tap-changer manufacturer in China with fully integrated, full value-chain production facilities. Each of our two facilities in China provides us with end-to-end comprehensive manufacturing capabilities, encompassing raw material procurement, component manufacturing, part processing and final product assembly, enabling us to exercise comprehensive control over the entire production process. They are also equipped with state-of-the-art manufacturing equipment and supported by advanced process technologies developed through continuous innovation and sustained investment.

In addition to our two production facilities in China, we also operate two overseas facilities located in Turkey and Indonesia. These facilities function as regional hubs, supporting a localized operating model that integrates design in China with local assembly and delivery in overseas markets. This operating structure enables us to reduce transportation and inventory costs, accelerate delivery to overseas customers and enhance responsiveness to regional market demands.

The following table sets forth details of our four production facilities as of December 31, 2025.

Production Facility	Year of Commencement of Operation	Features	Total gross floor area	Ownership of the Premises
			(m^2)	
Fengxian, Shanghai	2002	Equipped with a comprehensive suite of advanced and highly automated manufacturing and testing equipment, enabling high-precision machining, integrated processing and stringent quality control across key production stages.	84,878	Owned
Zunyi, Guizhou	2018	Equipped with a highly automated production system and specialized precision equipment, enabling stable dimensional accuracy, high process consistency and enhanced operational safety.	52,226	Owned
Turkey	2016	Equipped with well-established assembly processes and quality control systems.	7,644	Leased
Indonesia	2025	Equipped with well-established assembly processes and quality control systems.	1,587	Leased

The following table sets forth the production capacity, production volume and utilization rate of our two domestic production facilities for the years indicated.

	Year ended December 31,								
	2023			2024			2025		
	Production capacity[1]	Production volume	Utilization rate[2]	Production capacity[1]	Production volume	Utilization rate[2]	Production capacity[1]	Production volume	Utilization rate[2]
	(units)		*(%)*	*(units)*		*(%)*	*(units)*		*(%)*
Fengxian (Shanghai)	12,000	10,221	85.2	12,000	9,482	79.0	12,000	11,044	92.0
Zunyi (Guizhou)	8,000	5,554	69.4	8,000	6,517	81.5	8,000	6,472	80.9

Notes:

(1) Production capacity for each year is calculated based on the following assumptions: (i) 300 operational days per year for our facilities in China; and (ii) eight operating hours per worker per day.

(2) The utilization rate is calculated by dividing production volume by the production capacity for the same year.

Our overseas production facilities focus on assembling the components provided by our domestic production facilities into complete tap-changer units. Accordingly, our domestic production volumes include the tap-changers assembled at our overseas facilities.

CNC Equipment

Our self-owned CNC equipment production facility, located in Jinan, Shandong, commenced operations in 2009. As of December 31, 2025, the facility occupied a land area of over 77,653 square meters, with a plant area of approximately 42,996 square meters. The CNC equipment production facility is equipped with advanced large-scale machining equipment, enabling the machining of structural components of varying sizes and complexity with high precision across both rough and finishing processes.

Our CNC equipment products are highly customized, with significant variations in size, configuration and technical specifications across different models. As a result, individual units differ substantially in scale and complexity. In 2023, 2024 and 2025, our production volume was 223, 338 and 458 sets, respectively.

Outsourcing

We selectively outsource a limited number of standardized manufacturing processes to rigorously vetted contract manufacturers, such as electroplating and silver plating. These outsourcing contract manufacturers must strictly adhere to our technical specifications and quality standards, with outsourced components undergoing our full inspection protocol before warehouse acceptance.

QUALITY CONTROL

We believe that product quality is vital to our business operations and sustainable growth. As such, we are committed to developing and producing products that meet the highest industry standards. In order to ensure that our products are of high quality and safety standards, we have instituted a comprehensive quality control program that is managed and implemented by our quality management department.

We have established a comprehensive quality management framework guided by the core principles of the ISO 9001:2015 standard, including process management, risk-based thinking and the Plan — Do — Check — Act (PDCA) cycle. Under this framework, we have defined our quality policies, objectives and requirements, and adopted a process-based approach to ensure effective operation and continuous improvement of our quality management system through ongoing monitoring and measurement. To ensure the continual effectiveness of our quality management framework, we undergo a surveillance audit every year and a recertification audit every three years in accordance with the ISO 9001:2015 certification requirements.

Building upon this quality management framework, we have developed advanced inspection and testing capabilities. We are equipped with a comprehensive range of advanced instruments for raw material inspection and production process quality control. These facilities enhance the precision and efficiency of inspection processes and support the consistency and reliability of our product quality.

Quality Control Measures

Our quality control measures primarily focus on procurement quality management and production process quality management.

Procurement Quality Management

Our procurement quality management emphasizes rigorous supplier control and material inspection. We have established a structured supplier selection process to ensure that suppliers meet our standards. See "— Raw Materials, Inventory Management and Suppliers — Suppliers — Suppliers Selection and Management." Each batch of raw materials must be accompanied by quality assurance documents and is subject to inspections and testing to ensure compliance with both external and internal quality standards.

Our quality management department is responsible for inspections and testing of raw materials. In accordance with our inspection specifications, the section conducts sampling inspections at ratios prescribed and performs all tests in compliance with applicable standards. For instance, the trace element content of metallic materials is analyzed using spectrometers, silver-plated pieces are tested for coating thickness, and key aluminum materials undergo not only compositional analysis but also X-ray flaw detection. For machined parts, coordinate measuring techniques and other precision inspection methods are applied.

Production Process Quality Management

Under our production process quality management framework, each production unit is staffed with dedicated inspection personnel who conduct end-to-end quality monitoring throughout the production process, including first article inspection, in-process inspection and pre-storage final inspection.

We have introduced a range of state-of-the-art testing and measurement instruments, including large-scale bridge coordinate measuring machines, X-ray non-destructive testing facilities, spark direct reading spectrometers and fully automated image measuring systems. These advanced instruments have significantly enhanced the accuracy and efficiency of inspection, thereby ensuring the overall quality and reliability of our products. In addition, we have adopted on-site visual management systems, including electronic dashboard and real-time alert systems, to facilitate prompt identification, communication and resolution of issues arising during the production process.

Quality Control Innovations

We continue to upgrade our quality control inspection methodologies and techniques with a view to enhancing the efficiency, sensitivity and reliability of our inspection processes.

As one of our inspection technique innovations, in 2024, we introduced the helium-based leak detection method to test the leak tightness of our tap-changer components. Under the conventional industry method, leak testing is performed with compressed air and normally requires a 24-hour testing cycle. By contrast, the helium-based detection method leverages helium's small molecular weight and high permeability to detect micro-leaks with greater sensitivity, reducing the testing time from 24 hours to 20 minutes. In addition, helium testing offers significantly higher accuracy compared with compressed air testing, which is susceptible to ambient temperature fluctuations that may cause pressure drift and compromise the reliability of results.

The helium-based leak detection method, together with our other inspection technique innovations, has not only significantly shortened our production cycle but also further strengthened our product quality assurance.

Industry Standards Formulation

We have earned industry recognition for our leading position and in-depth understanding of the tap-changer industry, which has enabled us to participate in the formulation of a number of national and industry standards relevant to our products and manufacturing processes.

We or our employees have led and actively participated in the formulation of the following standards of electrical equipment.

Standard No.	Standard Name	Type
GB/T 10230.1-2019	Tap-changers — Part 1: Performance requirements and test methods (分接開關第1部分:性能要求和試驗方法)	National standard
GB/T 10230.2-2025	Tap-changers — Part 2: Application guide (分接開關第2部分:應用導則)	National standard
GB/T 2900.95-2015	Electrotechnical terminology — Transformers, voltage regulators and reactors (電工術語 變壓器、調壓器和電抗器)	National standard
JB/T 8314-2025	Test guide for tap-changers (分接開關試驗導則)	Industry standard
DL/T 574-2021	Guide for the operation and maintenance of tap-changers in the power transformer (變壓器分接開關運行維修導則)	Industry standard
DL/T 1538-2016	Application guide for vacuum OLTCs for power transformers (電力變壓器用真空有載分接開關使用導則)	Industry standard
DL/T 1805-2018	Selection guide to the OLTC for power transformers (電力變壓器用有載分接開關選用導則)	Industry standard
DL/T 2003-2019	Application guide of OLTC for HVDC converter transformers (換流變壓器用有載分接開關使用導則)	Industry standard
DL/T 265-2012	Field test guide on the OLTC for transformer (變壓器用有載分接開關現場試驗導則)	Industry standard
JB/T 13750-2020	Capacitance regulating tap-changers (調容分接開關)	Industry standard
DL/T 2829-2024	Guidelines for the operation and maintenance of on-load tap-changers for converter transformers (換流變壓器用有載分接開關運行檢修導則)	Industry standard
GB/T 46131-2025	Technical requirements and test methods for tap-changer for ultra high voltage transformers (特高壓變壓器用分接開關技術要求與試驗方法)	National standard

We have also led the formulation of multiple national standards for CNC equipment, including:

Standard No.	Standard Name	Type
GB/T33639-2017	CNC hydraulic punching and drilling composite machine for plates (數控液壓沖鑽複合機)	National standard
GB/T31394-2015	CNC three dimensions drilling machine (數控三維鑽床)	National standard
GB/T25663-2010	CNC movable gantry type multi-spindle drilling machine (數控龍門移動多主軸鑽床)	National standard
GB/T23481-2009	CNC Punching, marking & cutting line for angles (數控角鋼加工生產線)	National standard

SALES AND MARKETING

Sales Arrangement

We consider an in-depth understanding of our products and customers' technical requirements to be essential to our sales process. We also place great emphasis on cultivating and maintaining close and long-term relationships with transformer manufacturers and end-user power utilities, as well as our CNC equipment customers, which we believe are critical for anticipating market developments and addressing customers' evolving needs. Therefore, we conduct direct sales to our customers. During the Track Record Period, we derived substantially all of our revenue from direct sales, with sales through distributors accounting for 0.69%, 0.58% and 0.99% of our total revenue in 2023, 2024 and 2025, respectively. We believe this sales approach enables us to accurately anticipate and respond to customers' requirements, foster enduring partnerships with key industry participants and reinforce our position and sustainable development in the tap-changer industry.

As a result of our long-term focus on product quality, reliability and customer engagement, we hold a leading position in the domestic tap-changer market. Our products are customized for local power grid standards, reaching customers in over 120 countries and regions across the Americas, Europe, Asia, Oceania and Africa. We also maintain a sophisticated sales and marketing team for overall sales, marketing and services activities. As of December 31, 2025, our sales and marketing department consisted of 259 dedicated personnel. Their primary responsibilities include formulating sales and marketing strategies, conducting business negotiations, maintaining customer relationships and providing after-sales services.

Marketing and Branding

Our marketing efforts in the tap-changer business are primarily directed towards transformer manufacturers, power companies and power grids. As our tap-changer products are installed on transformers, transformer manufacturers are our direct customers, and power companies and power utilities, as the ultimate end users, also place stringent requirements on the safety, reliability and performance of tap-changers and often specify the qualified tap-changer providers when purchasing transformers. Therefore, maintaining direct communication and long-term engagement with them is also a strategically important element of our overall sales and marketing strategy. Accordingly, our domestic and overseas sales and marketing teams, working in collaboration with our technical personnel, actively engage with both transformer manufacturers and power utilities to showcase and promote our products and provide full-cycle technical training and support. Through these initiatives, we seek to enhance customers' understanding of our products, reinforce their confidence in product quality and reliability and further strengthen the recognition and reputation of our brand in both domestic and overseas markets.

We actively carry out sales and marketing activities in overseas markets. During the Track Record Period, overseas sales were a key driver of revenue growth, with revenue from overseas sales accounting for approximately 19.9% of total revenue in 2025, compared with 14.1% in 2023. In addition to our direct export sales, domestic transformer manufacturers also use our tap-changers on transformers exported for overseas projects, enabling us to serve overseas end users indirectly. In connection with these overseas projects, we may also participate in technical communications, qualification support and project coordination activities with overseas end users, on a on project-specific and demand-driven basis and typically in coordination with our transformer manufacturing customers and, in certain markets, with the assistance of local agents.

In addition, we also actively participate in major domestic and international industry exhibitions and conferences, such as those organized by the International Council on Large Electric Systems (CIGRE), and host seminars attended by representatives from power utilities to promote our products and enhance brand awareness.

With respect to our CNC equipment business, we actively participate in international exhibitions and conferences and plan to expand our marketing team to enhance our promotional capability.

Pricing

We take into account various factors when determining the price of our products, including raw material price, manufacturing complexity and costs, technological differentiation, level of customization, business relationship with customers and the competitive landscape where the sales take place. Our finance department formulates the guideline price of our products based on the production costs, while our sales and marketing teams typically adjust the final quotation with reference to competitors' pricing, prevailing market conditions and the strategic importance of specific transactions and customers.

After-Sales Services

We believe that the accessibility and quality of after-sales services constitute an important factor affecting consumers' purchasing decisions. Therefore, we are dedicated to delivering comprehensive and high-quality after-sales services to enhance customer satisfaction, promote customer loyalty and establish long-term and stable relationships with our customers.

We offer operation and maintenance services to our tap-changer customers, ensuring the stable and efficient operation of their equipment and reducing maintenance-related downtime. We have established a dedicated after-sales service team with professional engineers to provide prompt technical support, respond to customer inquiries and deliver on-site operation and maintenance services to sustain optimal equipment performance throughout its lifecycle. For a detailed discussion of our tap-changer operation and maintenance services, see "— Power Equipment — Operation and Maintenance Services."

For our CNC equipment customers, our after-sales services cover on-site product maintenance and repair as well as remote technical support. Our after-sales team performs routine maintenance and inspection visits to monitor equipment conditions and carry out necessary adjustments. For equipment requiring repair or major overhauls, we undertake refurbishment and component replacement to restore performance. We also provide remote technical support to help customers identify and resolve operational issues in a timely manner and maintain close communication with customers.

Product Warranties and Product Return

We typically offer a product warranty period of 18 to 36 months for our tap-changer products, commencing from the date of delivery, as specified in the relevant contracts. For our CNC equipment products, we generally offer a standard product warranty period of one year, commencing from the date of acceptance. During the warranty period, we provide routine maintenance and repair services, both free of charge, to ensure the proper operation of our products and to address any product defects or malfunctions. After the expiration of the warranty period, we continue to provide lifetime maintenance and repair services for our customers, subject to charges for the relevant material and labor costs.

Given the significant costs of disassembling and reinstalling a tap-changer, our tap-changer products are rarely removed or returned once installed. As such, product issues are typically addressed through on-site maintenance and repair services. For our CNC equipment products, returns are uncommon and generally arise from discrepancies between product specifications and customers' actual requirements. Such cases are resolved through mutual agreement with customers to preserve good relationships.

During the Track Record Period and up to the Latest Practicable Date, we had not encountered any product return, product replacement or product liability claims that had, or would reasonably be expected to have, a material adverse impact on our business, financial condition and results of operations.

OUR CUSTOMERS

In 2023, 2024 and 2025, the aggregate revenue from our five largest customers in each year accounted for 28.8%, 32.8% and 26.7% of our total revenue for such year, respectively, and revenue from our largest customer in each year accounted for 8.7%, 9.2% and 9.9% of total revenue for such year, respectively.

Except for Neixiang Tianhai, our largest customer in 2024, which was acquired by us in November 2025 and has since been our subsidiary, all of our five largest customers in each period during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders which, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest customers in each period during the Track Record Period except for Neixiang Tianhai.

The following tables set forth the details of our top five customers for each year during the Track Record Period:

Rank	Customer	Type of products/ services sold	Background	Duration of business relationship	Revenue	Percentage of total revenue
					(RMB'000)	
For the year ended December 31, 2023						
1 . .	Customer A	Power equipment	A large-scale energy equipment manufacturing group in China, primarily providing green and clean energy solutions worldwide.	Over 10 years	169,316	8.7%
2 . .	Customer B	Power equipment	A leading company primarily engaged in the research, development, manufacturing and testing of HV, EHV and UHV transmission and distribution equipment in China.	Over 10 years	114,928	5.9%

Rank	Customer	Type of products/ services sold	Background	Duration of business relationship	Revenue	Percentage of total revenue
					(RMB'000)	
3 . .	Customer C	Power equipment	A large-scale power transmission and transformation equipment enterprise in China, primarily providing technologies, products and services in energy and power industry.	Over 10 years	111,718	5.7%
4 . .	Customer D	Power equipment	A transformer manufacturer specializing in development and manufacturing of transformers and related intelligent monitoring systems in China.	Over 10 years	96,120	4.9%
5 . .	Customer E	Power equipment	A leading transformer manufacturer in China, primarily engaged in development, manufacturing and sales of transformers.	Over 10 years	69,791	3.6%
For the year ended December 31, 2024						
1 . .	Neixiang Tianhai	Power station EPC	A company primarily engaged in the construction of photovoltaic power stations and development of new energy technologies in China.	9 years	212,989	9.2%
2 . .	Customer A	Power equipment	A large-scale energy equipment manufacturing group in China, primarily providing green and clean energy solutions worldwide.	Over 10 years	200,913	8.7%

Rank	Customer	Type of products/ services sold	Background	Duration of business relationship	Revenue	Percentage of total revenue
					(RMB'000)	
3 . .	Customer C	Power equipment	A large-scale power transmission and transformation equipment enterprise in China, primarily providing technologies, products and services in energy and power industry.	Over 10 years	122,254	5.3%
4 . .	Customer D	Power equipment	A transformer manufacturer specializing in development and manufacturing of transformers and related intelligent monitoring systems in China.	Over 10 years	114,201	4.9%
5 . .	Customer B	Power equipment	A leading company primarily engaged in the research, development, manufacturing and testing of HV, EHV and UHV transmission and distribution equipment in China.	Over 10 years	108,678	4.7%
For the year ended December 31, 2025						
1 . .	Customer A	Power equipment	A large-scale energy equipment manufacturing group in China, primarily providing green and clean energy solutions worldwide.	Over 10 years	237,947	9.9%

Rank	Customer	Type of products/ services sold	Background	Duration of business relationship	Revenue	Percentage of total revenue
					(RMB'000)	
2 . .	Customer C	Power equipment	A large-scale power transmission and transformation equipment enterprise in China, primarily providing technologies, products and services in energy and power industry.	Over 10 years	116,629	4.8%
3 . .	Customer B	Power equipment	A leading company primarily engaged in the research, development, manufacturing and testing of HV, EHV and UHV transmission and distribution equipment in China.	Over 10 years	104,393	4.3%
4 . .	Customer E	Power equipment	A leading transformer manufacturer in China, primarily engaged in development, manufacturing and sales of transformers.	Over 10 years	94,424	3.9%
5 . .	Customer D	Power equipment	A transformer manufacturer specializing in development and manufacturing of transformers and related intelligent monitoring systems in China.	Over 10 years	91,416	3.8%

The following is a summary of the key contractual terms of agreements with our customers:

- *Pricing Structure*. We sell our products to customers at fixed prices. Our contracts typically include a detailed quotation covering separate products and components.

- *Payment Terms*. We adopt different payment terms with our tap-changer customers, such as (i) full payment prior to shipment and (ii) full payment within a specified credit period following product acceptance, typically ranging from 30 to 90 days, depending on the customer and contractual arrangements. Our payment terms with CNC equipment customers typically consist of an upfront down payment upon order confirmation, followed by staged payments tied to shipment, delivery and/or customer acceptance of the equipment.

- *Delivery and Implementation*. We are usually tasked with delivery and, where applicable, installation, commissioning and other implementation services for certain customers to ensure compliance with the specified performance and technical requirements.

- *Product Return or Exchange*. We typically do not allow our customers to return or exchange products.

- *Penalty and Termination*. Generally, either party has the right to terminate the agreement and claim liquidated damages if the other party breaches the agreement. The non-breaching party may also be entitled to recover any additional losses arising from the breach.

Overlapping of Customers and Suppliers

Customer A, a large-scale energy equipment manufacturing group in China, and Customer E, a leading transformer manufacturer in China, were also suppliers of us during the Track Record Period. We sold tap-changers to Customer A and Customer E, and purchased from Customer A and Customer E power equipment in relation to our power station EPC business.

During the Track Record Period, our sales to Customer A accounted for 8.7%, 8.7% and 9.9% of our total revenue in 2023, 2024 and 2025, respectively. Our purchases from Customer A accounted for 0.6% of our total purchases in 2023, and we did not purchase any products from Customer A in 2024 and 2025.

During the Track Record Period, our sales to Customer E accounted for 3.6%, 3.8% and 3.9% of our total revenue in 2023, 2024 and 2025, respectively. Our purchases from Customer E accounted for 0.9% and 0.5% of our total purchases in 2023 and 2024, respectively, and we did not purchase any products from Customer E in 2025.

All of our sales to and purchases from Customer A and Customer E were conducted in the ordinary course of business under normal commercial terms and on an arm's-length basis.

RAW MATERIALS, INVENTORY MANAGEMENT AND SUPPLIERS

We procure raw materials from qualified suppliers for our production. We have a dedicated team responsible for monitoring and managing inventory levels, maintaining rigorous quality control standards, establishing and strengthening supplier relationships and implementing comprehensive cost and risk management measures throughout the procurement process. As a result of these efforts, we are able to manage our procurement costs, improve quality control implementation and enhance overall operating efficiency.

Raw Materials

The key raw materials for our production primarily include copper, steel ingots, aluminum ingots, tungsten powder, tin powder and epoxy resin. For the years ended December 31, 2023 and 2024 and 2025, our costs of raw materials and components were RMB638.9 million, RMB834.3 million and RMB811.3 million, respectively, accounting for 67.6%, 69.9% and 73.0% of our total cost of sales during the respective periods. In 2023, 2024 and 2025, purchases of raw materials and components from overseas were immaterial relative to our total raw material and component costs.

We place great emphasis on the quality of raw materials used in our production process. In addition to requiring our suppliers to provide quality assurance documents for each batch of raw materials delivered, we conduct inspections and testing of incoming materials to ensure they meet our acceptance criteria. For a detailed discussion of our raw material testing measures and capabilities, see "— Quality Control — Quality Control Measures — Procurement Quality Management." As advised by Frost & Sullivan, our raw material testing capabilities are considered advanced within the machining industry.

We have adopted comprehensive policies and measures to manage supply chain risks and fluctuations in raw material prices. These include, among others: (i) establishing stable partnerships with suppliers to ensure timely delivery and entering framework agreements with key suppliers; (ii) maintaining at least two suppliers, normally from different regions, for each type of raw material; (iii) closely monitoring market prices of raw materials; and (iv) dynamically adjusting our raw material procurement plans in line with our business growth targets and sales forecasts, while maintaining appropriate safety stock levels to mitigate the impact of supply shortage and price fluctuations. These measures enable us to effectively mitigate the impact of supply chain disruptions and raw material price volatility on our operations. During the Track Record Period, we have not experienced any significant material fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers or material delay in delivery of our orders from our suppliers.

Inventory Management

Our inventories consist of (i) raw materials, representing the various kinds of supplies that we procure for manufacturing our products; (ii) consigned processing materials, which are consigned to our suppliers to complete certain processes; (iii) work in progress; (iv) goods in transit; and (v) finished goods. Our inventories amounted to RMB324.2 million, RMB352.2 million and RMB386.8 million as of December 31, 2023, 2024 and 2025, respectively.

We place strong emphasis on managing inventory turnover and maintain strict control over inventory levels to prevent excessive stock accumulation. Leveraging our enterprise resource planning system, we adopt a sales and operations planning to align replenishment strategies with sales orders, demand forecasts and actual consumption data.

For the years ended December 31, 2023, 2024 and 2025, our inventory turnover was 122, 103 and 121 days, respectively. See "Financial Information — Discussion of Selected Items of Consolidated Statements of Financial Position — Inventories."

Suppliers

We have developed long-standing and stable relationships with a diversified group of suppliers. We adopt a systematic approach to supplier selection and management to safeguard the stability of our supply chain and ensure that the raw materials provided meet our quality, reliability and compliance standards.

Suppliers Selection and Management

We have established a structured supplier selection process to ensure that suppliers meet our standards. Prior to adding new suppliers, our cross-functional supplier management team, comprising the procurement, technology, process and quality departments, conduct initial assessments of potential suppliers' credentials, covering qualifications, certifications and background checks on integrity and dispute records. Qualified suppliers then undergo assessments of raw materials to be procured, under which we examine the quality of materials in accordance with our technical specifications and review the competitiveness of pricing. Upon finishing the assessments and obtaining internal approval, we arrange pilot production runs and conduct type or specific testing on key components, and only suppliers that pass these tests may enter the mass procurement stage.

We conduct periodic assessments of our existing suppliers pursuant to our supplier management framework, including on-site inspections and off-site reviews of relevant records and documentation covering their material inspection pass rate, on-time delivery rate, service quality and pricing, to ensure continued compliance with our internal policies and requirements.

Material Terms of the Supply Agreements

We typically enter into procurement framework agreements with our major suppliers based on our template agreement. The terms of the agreements vary depending on the result of our negotiation with each supplier, but these agreements typically include the following terms:

- *Product details.* The specific products, quantities and specifications will be specified in individual purchase orders issued under the agreement.

- *Term.* The agreement specifies the duration of the agreement, which is typically two years.

- *Pricing.* The specific pricing will be specified in individual purchase orders issued under the agreement.

- *Payments*. Payments are subject to satisfactory completion of our inspection process and formal acceptance of the delivered materials.

- *Credit term*. Our suppliers typically grant us a credit term of 60 to 90 business days.

- *Delivery and acceptance*. Suppliers are generally responsible for delivery and insurance until we take possession. Upon delivery, the goods are inspected, and any defective products must be repaired or replaced by the supplier at their own expense.

- *Warranty and maintenance*. Suppliers are responsible for resolving quality issues and bearing all associated costs. Suppliers are also required to provide the applicable upgrades, replacements and support services.

- *Compliance.* Suppliers must comply with all applicable legal and industry standards.

- *Termination and remedies*. The agreement may be terminated by mutual written consent of both parties or where the occurrence of a force majeure event renders the performance impossible. Under the agreement, we are also entitled to terminate the agreement for reasons including breach of the agreement or repeated delivery delays.

- *Penalties.* The agreement sets out defined penalties and liquidated damages for delayed deliveries, along with provisions imposing interest and refund obligations where suppliers fail to perform or the agreement is terminated due to suppliers' breach.

- *Renewal.* The agreement provides for renewal discussions within two months prior to expiry. Unless both parties agree to renew the agreement or enter into a new framework agreement, the agreement automatically terminates upon expiration.

Major Suppliers

In 2023, 2024 and 2025, the aggregate purchases from our five largest suppliers in each year accounted for 31.5%, 37.4% and 18.8% of our total purchases for such year, respectively, and purchases from our largest supplier in each year accounted for 11.8%, 17.2% and 7.2% of our total purchases for such year, respectively.

The following tables set forth certain information of our five largest suppliers for each period during the Track Record Period.

Rank	Supplier	Type of products/ services purchased	Background	Duration of business relationship	Purchase	Percentage of total procurement amount
					(RMB'000)	
For the year ended December 31, 2023						
1 . .	Supplier A	Construction materials and equipment	An energy technology company in China primarily engaged in photovoltaic equipment manufacturing, power engineering construction and the development of new energy technologies and software.	4 years	91,926	11.8%
2 . .	Supplier B	Raw materials	A company primarily engaged in international trade and wholesale business in China.	Over 10 years	67,638	8.7%
3 . .	Supplier C	Construction materials and equipment	A photovoltaic power company in China, primarily engaged in the research, development, manufacturing and sales of silicon solar cells, wind turbines and photovoltaic modules.	2 years	44,358	5.7%

Rank	Supplier	Type of products/ services purchased	Background	Duration of business relationship	Purchase	Percentage of total procurement amount
					(RMB'000)	
4 . .	Supplier D	Raw materials	A company primarily engaged in the distribution and wholesale of insulating boards, transformers and thyristors in China.	2 years	22,281	2.9%
5 . .	Supplier E	Construction services	A construction company in China primarily engaged in civil, building, hydroelectric installation and municipal engineering projects.	7 years	19,255	2.5%
For the year ended December 31, 2024						
1 . .	Supplier A	Construction materials and equipment	An energy technology company in China primarily engaged in photovoltaic equipment manufacturing, power engineering construction and the development of new energy technologies and software.	4 years	151,931	17.2%
2 . .	Supplier C	Construction materials and equipment	A photovoltaic power company in China, primarily engaged in the research, development, manufacturing and sales of silicon solar cells, wind turbines and photovoltaic modules.	2 years	68,634	7.8%

Rank	Supplier	Type of products/ services purchased	Background	Duration of business relationship	Purchase	Percentage of total procurement amount
					(RMB'000)	
3 . .	Supplier B	Raw materials	A company primarily engaged in international trade and wholesale business in China.	Over 10 years	57,272	6.5%
4 . .	Supplier D	Raw materials	A company primarily engaged in the distribution and wholesale of insulating boards, transformers and thyristors in China.	2 years	27,048	3.1%
5 . .	Supplier F	Construction materials and equipment	A company primarily engaged in the manufacturing of metal structures, construction engineering and related equipment leasing in China.	3 years	26,127	3.0%
For the year ended December 31, 2025						
1 . .	Supplier B	Raw materials	A company primarily engaged in international trade and wholesale business in China.	Over 10 years	57,859	7.2%
2 . .	Supplier G	Raw materials	A company specializing in the manufacturing of medium- and high-voltage electrical non-ferrous metal components in China.	Over 10 years	25,631	3.2%

Rank	Supplier	Type of products/ services purchased	Background	Duration of business relationship	Purchase	Percentage of total procurement amount
					(RMB'000)	
3 . .	Supplier H	Raw materials	A leading company primarily engaged in manufacturing vacuum interrupter and vacuum switch equipment in China.	2 years	23,725	3.0%
4 . .	Supplier I	Raw materials	A company primarily engaged in the wholesale and retail of metal materials and related products in China.	9 years	22,000	2.7%
5 . .	Supplier J	Raw materials	A manufacturing company in China primarily engaged in the casting of non-ferrous and ferrous metals, and the processing of machinery parts and components.	7 years	21,382	2.7%

All of our five largest suppliers in each period during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders which, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest suppliers in each period during the Track Record Period.

AWARDS AND RECOGNITION

The following table sets out a summary of the major awards and recognitions we have received.

Year	Name of Award or Recognition	Issuing Authority
2025	National Advanced Collective in the Industrial and Information Technology System (全國工業和信息化系統先進集體)	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
2025	Third Prize of the China Machinery Industry Science and Technology Award (機械工業科學技術獎三等獎)	China Machinery Industry Federation (中國機械工業聯合會); Chinese Mechanical Engineering Society (中國機械工程學會)
2024	First Prize of the Power Innovation Award (電力創新獎一等獎)	China Electricity Council (中國電力企業聯合會)
2024	National Manufacturing Champion Enterprise (國家級製造業單項冠軍企業)	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
2022	National Specialized, Refined, Distinctive and Innovative "Little Giant" Enterprise (國家級專精特新"小巨人"企業)	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)

COMPETITION

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 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%. In contrast, the global CNC equipment market for steel structure fabrication is larger in overall size and more fragmented in competitive landscape. For more information on the competitive landscape, see "Industry Overview." 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. For more details on our competitive edges, see "— Competitive Strengths."

EMPLOYEES

As of December 31, 2025, we had 1,796 full-time employees, including 1,678 in Chinese mainland and 118 overseas. The following table sets forth the number of our full-time employees by function as of December 31, 2025.

	Number	% of total
Production	1,030	57.3
Sales and marketing	259	14.4
Technology[(1)]	226	12.6
Finance	36	2.0
Administrative	208	11.6
Procurement	28	1.6
Project management	9	0.5
Total	**1,796**	**100.0**

Note:

(1) Including R&D and IT.

We recruit our personnel through publishing job information on channels such as the Internet. We entered into employment contracts with our employees to cover matters such as the employment period, compensation, benefits and grounds for termination. We have also entered into non-competition and non-solicitation agreements with certain key employees, under which they agree not to engage in competing businesses or solicit our employees for a specified period after their departure. As required by PRC laws and regulations, we make contributions to the social insurance and housing provident fund.

We offer a variety of training programs to our employees, including both on-site and off-site trainings. Our training programs cover diverse topics, including new employee orientation, general competency, workplace safety, job-specific technical skills and management development.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material labor disputes or strikes that may have a material adverse impact on our business, financial condition or results of operations.

INTELLECTUAL PROPERTY

We recognize the importance of intellectual property rights to our business and are committed to the development and protection of our intellectual property rights. We have developed a large portfolio of intellectual property rights to protect our technologies and products. As of December 31, 2025, we had registered 108 invention patents, 181 utility patents

and 11 design patents in Chinese mainland and a total of 13 invention patents and one utility patents in the United States, Brazil, Germany, South Korea and India. As of the same date, we had 34 trademark registrations in Chinese mainland and 15 trademark registrations covering jurisdictions such as the United States, Brazil, Germany, India and Indonesia. For more information of intellectual property rights that are material to our business, see "Appendix VI — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights."

Our technical department and administration department are dedicated to managing and safeguarding our intellectual property rights. They are responsible for patent applications and maintenance and utilization of granted patents. We have entered into confidentiality agreements with our senior and middle management and key members of our R&D team, under which they are required to keep confidential information related to our technology and operation as well as other information.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material proceedings in respect of, and we had not received notice of any claims of material infringement of, any intellectual property rights, in which we may be a claimant or a respondent.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We recognize ESG as an integral part of our core corporate philosophy and integrate ESG in our business operations. We are committed to making a positive and sustainable impact on our stakeholders through environmentally and socially responsible operations.

Governance

Strong corporate governance is fundamental to achieving our ESG objectives. Our governance framework is comprehensive, well-structured and supported by effective leadership. The Shareholders' general meeting serves as the highest governing body of the Company and exercises its powers in accordance with applicable laws and regulations, including making decisions on significant corporate matters, reviewing and approving profit distribution proposals and electing Directors, safeguarding the lawful rights and interests of all Shareholders. The Board of Directors focuses on strategy formulation, risk control and oversight of management, serving as the central decision-making body of the Company and providing a solid foundation for our long-term development. The senior management is responsible for implementing the Company's strategies and overseeing day-to-day operations, coordinating and advancing production and operations, technological innovation and other key initiatives to ensure the efficient achievement of our business objectives.

Our commitment to high standards of governance and transparency has been widely recognized. In 2024, we were recognized as an "Annual Return Enterprise" and were included in the "CBN Capital Market Value List." In the same year, Mr. Xiao Yi, our Chairman of the Board, was recognized as an "Outstanding Management Pioneer of the Year among Chinese

Listed Companies" by Securities Times. In 2025, Mr. Xia Haijing, our Secretary of the Board, was awarded a 4A Rating in the Public Company Board Secretary Performance Evaluation (董事會秘書履職評價4A級) by the China Association for Public Companies (中國上市公司協會).

Environment

We have established a comprehensive, top-down environmental management framework designed to integrate environmental protection into every stage of our operations. This framework clearly defines roles and responsibilities across all management levels, ensuring accountability, effective coordination and continuous improvement in environmental performance.

Emissions and Waste Management

Our management of key emissions and waste, including exhaust gases, solid waste and industrial wastewater, is as follows:

Exhaust Gas Management. We ensure compliance with applicable atmospheric pollution prevention and control standards through our monitoring and treatment of exhaust gases generated in our manufacturing process.

Solid Waste Management. Our solid waste mainly consists of general industrial waste, domestic waste and hazardous waste such as organic solvents and lubricating oil. We manage all waste through source segregation, standardized storage and proper disposal to ensure regulatory compliance and environmental safety.

Wastewater Management. We operate a comprehensive wastewater treatment system. In addition, we engage qualified environmental monitoring institutions to conduct annual testing of wastewater discharge at all of our production facilities to ensure compliance with applicable standards.

Carbon Management

We are committed to advancing low-carbon development. The following table sets forth details of our greenhouse gas emissions during the Track Record Period:

	For the Year Ended December 31,		
	2023	**2024**	**2025**
Scope 1 GHG emissions (metric tonnes)	1,178.16	798.79	735.41
Scope 2 GHG emissions (metric tonnes)	10,370.19	11,840.08	10,431.29

Green Manufacturing and Product Management

We are committed to advancing green manufacturing and low-carbon production across our entire value chain, from research and development to production and sales. We have established a comprehensive management framework to integrate environmental considerations into every stage of the manufacturing process. Through the transition from "hot" to "cold" processing, we have shifted from energy-intensive hot casting to stamping and cold extrusion techniques. This transformation has significantly reduced energy consumption and exhaust emissions, while enhancing production efficiency and product quality. Our green material substitution initiative focuses on replacing non-reusable thermosetting materials with recyclable thermoplastic materials, thereby reducing pollution during production and improving resource utilization.

Social

Employment and Labor Standards

As of December 31, 2025, we had 1,678 full-time employees in Chinese mainland and 118 full-time employees overseas. We strictly enforce equal opportunity principles and prohibit all forms of discrimination, child labor and forced labor. Our recruitment and employment practices are governed by a robust policy framework, including policies relating to labor contract management, recruitment and hiring, and resignation management. These measures help ensure that every stage of employment, from hiring to separation, is carried out in full compliance with applicable labor standards and with due respect for employee rights.

Occupational Health and Safety

We regard occupational health and safety as one of our core responsibilities and have implemented a comprehensive system of policies and practices to safeguard employee well-being. Our occupational health and safety management system covers inspection, evaluation training and hazard rectification.

Employee Health. We place strong emphasis on occupational disease prevention and employee health management. All production sites are equipped with ventilation systems as well as dust and noise control facilities and are subject to annual occupational hazard assessments by certified third-party institutions. Employees in high-risk positions undergo regular occupational health examinations, and comprehensive health records are maintained to ensure early detection and intervention of potential health issues.

Risk Prevention. We place strong emphasis on risk prevention and emergency preparedness. We continuously improve our risk management and emergency response systems, with subsidiaries and production sites conducting regular inspections in accordance with our policies and procedures. By reviewing inspection outcomes and analyzing potential hazard scenarios, we enhance our capacity for early identification and effective response. Dedicated emergency response teams, equipped facilities and sufficient reserves of materials are maintained to ensure rapid and coordinated action when incidents occur.

Training. Workforce development is an integral part of our occupational safety management. Our comprehensive training programs cover new employee orientation, general competency, workplace safety and job-specific technical skills. Through continuous training and awareness initiatives, we strengthen employees' safety consciousness, enhance their ability to identify and mitigate workplace hazards and ensure that they are equipped with the knowledge and skills necessary to maintain a safe, healthy and sustainable working environment.

Employee Welfare

We place great emphasis on employee welfare and have established comprehensive policies such as the Employee Welfare Management Measures. We provide statutory benefits in accordance with applicable laws and regulations, including social insurance and housing provident fund contributions as well as various types of paid leave such as annual, marriage, bereavement, maternity, paternity and nursing leave. Beyond statutory entitlements, we offer a broad range of corporate benefits designed to enhance employee well-being, such as holiday allowances, regular health check-ups, housing rental subsidies, employee dormitories and cafeterias, and subsidies for qualification training. Notably, we fully reimburse advanced education fees for outstanding employees, reinforcing our commitment to continuous learning and career development.

Community Outreach and Philanthropy

We are deeply committed to fulfilling our corporate social responsibilities and to fostering sustainable development alongside our customers, business partners and broader stakeholders. We have implemented targeted community assistance programs, including ongoing support for Malu Village in Shanghai, China. Notably, we launched two public welfare initiatives: the "Warm Meal" program, which provides care and assistance to local communities, and the "Huaming Cares — Silver Hair Support" initiative, which focuses on supporting elderly care and advancing geriatric healthcare services. In 2023, 2024 and 2025, our total charitable donations amounted to RMB1.18 million, RMB2.03 million, and RMB6.90 million, reflecting our sustained commitment to social well-being and community development.

Business Ethics

We strictly abide by the laws and regulations relating to business ethics and integrity, including but not limited to the Anti-Unfair Competition Law of the PRC and the Basic Norms for Enterprise Internal Control. We uphold a high standard for integrity and have established a comprehensive compliance system with robust internal controls to prevent and detect corruption and other unethical conduct. We maintain a zero-tolerance policy towards corruption, bribery, extortion, fraud, embezzlement and other unethical business conducts and continuously promote a culture of integrity and accountability among our employees.

All employees are subject to our anti-corruption and integrity management framework, which establish preventive and corrective mechanisms against unethical business conducts. The framework is implemented through rigorous internal monitoring and cross-departmental coordination. Our human resources department collect, organize and analyze information related to compliance and integrity, ensuring effective communication, documentation and follow-up on all reported matters. In cases of serious misconduct, departments are required to promptly report details to company leadership for immediate review and resolution. To strengthen our culture of integrity and accountability, we have established dedicated anti-corruption reporting channels via phone, email and post. We strictly maintain the confidentiality of whistleblowers and enforce a zero-tolerance policy for any form of threat, retaliation or intimidation. To further encourage proactive reporting and protection of the Company's interests, employees whose reports are verified as valid and result in the recovery of losses are eligible for appropriate recognition and rewards.

PROPERTIES

We own and lease properties in Chinese mainland and overseas for production, research and development, warehousing, staff accommodation and general office purposes.

As of the Latest Practicable Date, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Owned Properties

As of December 31, 2025, we held land use right of eight parcels of land with an aggregate site area of approximately 297,540 square meters and owned 10 properties with an aggregate gross floor area of approximately 180,288 square meters in Chinese Mainland in connection with our business operations. As of the Latest Practicable Date, certain parcels of land owned by us in the PRC with an aggregate site area of approximately 15,869 square meters, and the buildings erected thereon for our photovoltaic power stations, had not yet obtained the relevant land use right certificates and/or property ownership certificates. For more details, see "Risk Factors — Risks Relating to Doing Business in the Jurisdictions in Which We Operate — We face certain risks relating to the properties we occupy, which may disrupt our operations and relocation costs." Our PRC Legal Advisor is of the view that the absence of the relevant certificates in respect of such land parcels and buildings does not materially or adversely affect our use of such properties, nor does it have a material adverse effect on our business, financial condition or results of operations.

As of December 31, 2025, we owned one piece of land overseas with a gross site area of approximately 12,596 square meters. The ownership of the property is legal and valid, and there are no disputes over the ownership of the property.

Leased Properties

As of December 31, 2025, we leased six parcels of land with an aggregate site area of approximately 4,475,333 square meters and five properties with an aggregate gross floor area of approximately 58,259 square meters in Chinese mainland in connection with our business operations. As of the Latest Practicable Date, we have not registered our lease agreements for three leased properties in Chinese mainland with the relevant authorities. Our PRC Legal Advisor is of the view that the absence of lease registration filings will not have a material adverse impact on our business operations, financial condition or results of operations. See "Risk Factors — Risks Relating to Doing Business in the Jurisdictions in Which We Operate — We face certain risks relating to the properties we occupy, which may disrupt our operations and relocation costs."

As of December 31, 2025, we had eight leased properties overseas, with a total gross floor area of approximately 10,194 square meters.

INSURANCE

We maintain insurance policies that are required under PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. Our employee-related insurance policies consist of social insurance, as required by PRC laws, accident insurance and employer liability insurance. We also maintain manufacturing safety liability insurance, product liability insurance and property all risks insurance. During the Track Record Period, we did not submit any material insurance claims, and we did not experience any business interruptions which had a material adverse effect on our business or financial position.

LICENSE, PERMITS AND APPROVALS

We are required to obtain or complete a number of licenses, approvals, registration and other permissions for our operation. Failure to obtain or renew the requisite licenses, approvals, registration and other permissions in a timely manner may materially and adversely affect our business. See "Risk Factors — Risks Relating to Our Business and Industries — We face certain risks relating to the properties we occupy, which may disrupt our operations and relocation costs." During the Track Record Period and as of the Latest Practicable Date, we have obtained all licenses, permits and approvals that are material and necessary for our business operations in jurisdictions where we operate, and such licenses, permits and approvals remained in full effect.

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. As of the Latest Practicable Date, we were not involved in any pending or threatened legal, arbitration or administrative proceedings that we believe would have a material adverse effect on our business, financial condition or results of operations.

We are subject to various regulatory requirements and guidelines issued by regulatory authorities. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. We had certain matters relating to real property and social insurance and housing provident fund contributions that did not fully comply with the applicable PRC laws and regulations. We do not believe that such matters, individually or in the aggregate, would reasonably be expected to have a material adverse effect on our business, financial condition or results of operations. For further details, see "Risk Factors — Risks Relating to Doing Business in the Jurisdictions in Which We Operate — Any failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties," "Risk Factors — Risks Relating to Doing Business in the Jurisdictions in Which We Operate — We face certain risks relating to the properties we occupy, which may disrupt our operations and relocation costs."

RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various risks in the course of our operations. To address potential risks associated with our business activities, we have established a set of internal control and risk management policies and procedures and conduct periodic reviews to assess their effectiveness and implement enhancements where appropriate. We have adopted, and will continue to adopt, among others, the following risk management measures:

- establish an Audit Committee to review and supervise our financial reporting process and internal control system;

- provide trainings periodically to our senior management and employees on professional conduct, compliance requirements and internal control policies, and implement reporting and accountability mechanisms for internal control deficiencies and non-compliance matters;

- establish and implement a formal risk management policy, setting out procedures for risk identification, assessment, response, monitoring and reporting, and designate responsible departments to oversee the implementation of risk management measures across the Group;

- strengthen internal control over key operational areas, including supplier management, tax management, intellectual property and intangible asset management, and data confidentiality and information security, through the adoption of formal written policies and defined approval procedures.

Our Directors are of the view that our current internal control measures are adequate and effective to enable us to comply with our obligations under the Listing Rules and other applicable legal and regulatory requirements.

BOARD OF DIRECTORS

Our Board currently consists of ten Directors, including five executive Directors, one non-executive Director, and four independent non-executive Directors, namely:

Name	Age	Date of joining our Group	Date of appointment as a Director	Position	Key responsibilities
Mr. XIAO Yi (肖毅)	58	April 1995	January 2016	Chairman of the Board, Executive Director	Overall strategic planning, management, development and major investment and financing decision of our Group
Ms. YANG Jianqin (楊建琴)	51	April 1995	April 2017	Executive Director, General Manager	Overall operation and management, strategic planning and development of our Group
Mr. LU Weili (陸維力)	60	January 2017	May 2022	Executive Director	Overall strategic planning, management and development of our Group
Mr. XIE Jing (謝晶)	62	July 2009	September 2019	Executive Director	Overall strategic planning, management and development of our Group
Mr. ZHANG Xin (張鑫)	40	January 2003	September 2022	Executive Director	Overall strategic planning, management and development of our Group
Mr. ZHU Bin (朱彬)	61	January 2016	May 2025	Non-executive Director	Providing strategic guidance and advice to our Board
Prof. JIANG Xiuchen (江秀臣)	61	August 2023	August 2023	Independent Non-executive Director	Supervising and providing independent opinion and judgment to our Board
Prof. LI Qingyuan (李青原)	48	May 2025	May 2025	Independent Non-executive Director	Supervising and providing independent opinion and judgment to our Board
Mr. WANG Xumiao (王徐苗)	46	May 2025	May 2025	Independent Non-executive Director	Supervising and providing independent opinion and judgment to our Board
Mr. LIANG Jianhong (梁劍虹)	49	Upon [**REDACTED**]	March 2026 (with effect from [**REDACTED**])	Independent Non-executive Director	Supervising and providing independent opinion and judgment to our Board

Executive Directors

Mr. XIAO Yi (肖毅), aged 58, is the chairman of the Board and has been our Director since January 2016. He was redesignated as an executive Director on March 2, 2026 with effect from the [**REDACTED**]. He is primarily responsible for overall strategic planning, management, development and major investment and financing decision of our Group. Mr. Xiao also currently serves as the chairman of Huaming Power.

Mr. Xiao joined our Group in April 1995 as the chairman of Huaming Power. Before that, he also served as a technical director of Huaming Switchgear from March 1991 to April 1995.

Mr. Xiao is a senior engineer (高級工程師) recognized by the Engineering Senior Professional and Technical Qualification Evaluation Committee of Shanghai Electric United Corporation (上海市電氣聯合公司工程技術高級專業技術職務任職資格評審委員會) in April 1995. Mr. Xiao graduated in July 1989 from Suzhou Vocational University (蘇州市職業大學) (currently known as Suzhou Polytechnic University (蘇州職業技術大學)) with a major in mechanical manufacturing process and equipment.

Mr. Xiao was recognized as a Shanghai Model Worker (上海市劳動模範) by Shanghai Municipal People's Government (上海市人民政府) in April 2010.

Ms. YANG Jianqin (楊建琴), aged 51, has been a Director since April 2017 and the general manager of our Company since May 2025. She was redesignated as an executive Director on March 2, 2026 with effect from the [**REDACTED**]. She is primarily responsible for overall operation and management, strategic planning and development of our Group. Ms. Yang also currently serves as the general manager of Huaming Power.

Ms. Yang joined our Group in April 1995 and successively served as technician, deputy technical director, deputy chief engineer, director of the CNAS Testing Center, deputy head of production and chief engineer of Huaming Power from July 1994 to 2013. Before her appointment as our general manager, she had been deputy general manager of the Company from April 2016 to May 2025. Before joining our Group, she served as a technician at Huaming Switchgear from July 1994 to April 1995.

Ms. Yang graduated from Southwest University of Science and Technology (西南科技大學) with a major in mechanical design, manufacturing and automation through an online education program in January 2020.

Mr. Lu Weili (陸維力), aged 60, has been a Director since May 2022. He was redesignated as an executive Director on March 2, 2026 with effect from the [**REDACTED**]. He is primarily responsible for overall strategic planning, management and development of our Group.

Mr. Lu joined our Group in January 2017, and had served successively as the senior advisor at Huaming Engineering and Shanghai Chen Ting Technology Development Co., Ltd. (上海辰廷科技發展有限公司) from January 2017 to October 2021. From October 2021 to May 2025, he also served as the general manager of the Company.

Before joining our Group, Mr. Lu gained extensive professional experience in the power and energy industries with a number of international companies. From January 2005 to January 2009, he worked at AREVA T&D, a French company specializing in HV energy transmission infrastructure. From January 2009 to November 2016, he worked at the Alstom Group (whose power and grid business were acquired by General Electric in November 2015).

Mr. Lu received his bachelor's degree in energy, power and mechanical engineering, specializing in steam turbine engineering, in 1987 from Harbin Institute of Technology (哈爾濱工業大學).

Mr. XIE Jing (謝晶), aged 62, has been a Director since September 2019. He was redesignated as an executive Director on March 2, 2026 with effect from the [**REDACTED**]. He is primarily responsible for overall strategic planning, management and development of our Group.

In addition to his role on our Board, he has also served as deputy general manager of production of Huaming Power since July 2018, where he overseas production operations and raw material procurement.

Mr. Xie joined our Group in July 2009 and accumulated management experience across multiple functional areas with the Group. From July 2009 to January 2016, he successively served as deputy general manager of overseas sales and deputy general manager of production of the Company from July 2009 to January 2016. From January 2016 to July 2018, he served as an executive director of Hmelektromekani KÜ Retreti Manonmanoni Mms¸i Rketrketi, our subsidiary in Turkey.

Mr. Xie graduated from Branch of East China Textile Institute of Technology (華東紡織工學院分院) (currently known as Shanghai University of Engineering Science (上海工程技術大學)) with a major in textile machinery in July 1985.

Mr. ZHANG Xin (張鑫), aged 40, has been a Director since September 2022. He was redesignated as an executive Director on March 2, 2026 with effect from the [**REDACTED**]. He is primarily responsible for overall strategic planning, management and development of our Group. Mr. Zhang has also served as a general manager of Guizhou Chenting and as deputy general manager of Huaming Power since February 2023 and July 2025, respectively.

Mr. Zhang joined our Group in January 2003, and has since served across various subsidiaries of our Group. At Huaming Power, he served successively as intern technician, technician and deputy director of the metal workshop from January 2003 to August 2012. He then continued his career at Huaming High Voltage as deputy director of metal workshop, manager of quality management department and deputy general manager from September 2012 to July 2025.

Mr. Zhang graduated from Southwest University of Science and Technology (西南科技大學) with a major in mechanical design, manufacturing and automation through an online education program in January 2020.

Non-executive Director

Mr. ZHU Bin (朱彬), aged 61, has been a Director since May 2025. He was redesignated as an non-executive Director on March 2, 2026 with effect from the [**REDACTED**]. He is primarily responsible for providing strategic guidance and advice to our Board.

From 2010 to 2016, Mr. Zhu worked at Shandong Fin CNC Machine Co., Ltd. (山東法因數控機械股份有限公司), the predecessor of our Company. Following the Major Asset Restructuring, he remained with our Group and worked successively at Shandong Fin CNC Machine Co., Ltd. (山東法因智能設備有限公司) and Shandong Fin CNC Machine Co., Ltd. (山東法因數控機械設備有限公司), subsidiaries of our Company, from March 2016 to December 2024.

Before joining our Group, Mr. Zhu devoted his career primarily to the motorcycle industry. From July 1987 to June 2000, he worked at the Jinan factory and Qingdao office of China Qingqi Group Co., Ltd. (中國輕騎集團有限公司) successively as technician, deputy workshop director, director of production technology department and director of the motorcycle research institute. He then served as assistant to general manager at Jinan Qingqi Second Assembly Co., Ltd. (濟南輕騎第二裝配有限公司) from June 2000 to June 2002. Thereafter, he returned to China Qingqi Group Co., Ltd., where he successively served as general manager of the two-wheel motorcycle division and general manager of the radar company from July 2002 to September 2009.

Mr. Zhu is a senior engineer (高級工程師) recognized by the Department of Human Resources of Shandong Province (山東省人事廳) (currently known as the Department of Human Resources and Social Security of Shandong Province (山東省人力資源和社會保障廳)) in November 1998. Mr. Zhu obtained a bachelor's degree in engineering, specializing in internal combustion engine, from Shandong Industrial University (山東工業大學) (currently known as Shandong University (山東大學)) in July 1987.

Independent Non-Executive Directors

Prof. JIANG Xiuchen (江秀臣), aged 61, has been our independent Director since August 2023. He was redesignated as an independent non-executive Director on March 2, 2026 with effect from the [**REDACTED**]. He is primarily responsible for supervising and providing independent opinion and judgment to our Board.

Prof. Jiang joined our Group in August 2023 as an independent Director of our Company. Prof. Jiang is a professor at the School of Electrical Engineering of Shanghai Jiao Tong University (上海交通大學電氣工程學院), where he previously served as lecturer and associate professor from April 1992 until his promotion to professorship. He also serves as executive director at Shanghai Feiyouche Energy Technology Co., Ltd. (上海飛優徹能源科技有限公司) since March 2024 and as executive partner at Shanghai Caineng Enterprise Management Partnership (Limited Partnership) (上海載能企業管理合夥企業(有限合夥)) since July 2020.

Prof. Jiang obtained a bachelor's degree in high-voltage technology and device from Shanghai Jiao Tong University in July 1987, a master's degree in high-voltage and insulation technology from Tsinghua University (清華大學) in March 1992, and a doctorate degree in power systems and automation from Shanghai Jiao Tong University in December 2001.

Prof. LI Qingyuan (李青原), aged 48, has been our independent Director since May 2025. He was redesignated as an independent non-executive Director on March 2, 2026 with effect from the [**REDACTED**]. He is primarily responsible for supervising and providing independent opinion and judgment to our Board.

Prof. Li joined our Group in May 2025 as an independent Director of our Company. Prof. Li is a professor at the Economics and Management School of Wuhan University (武漢大學經濟與管理學院), where he had served successively as lecturer and associate professor from August 2005 until his promotion to professorship. Prof. Li has also been appointed by the Ministry of Education of the PRC (中華人民共和國教育部) as a distinguished professor under the 2021 "Changjiang Scholars Award Program" of the Ministry of Education (教育部2021年度"長江學者獎勵計劃"特聘教授).

Prof. Li has been an independent non-executive director and the chairman of the audit committee of Black Sesame International Holding Limited, a company listed on the Stock Exchange (stock code: 02533.HK), since July 2024. Prof. Li has also been the independent director of Beijing Dinghan Technology Group Co., Ltd. (北京鼎漢技術集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300011.SZ), since August 2024. In addition, Prof. Li served as an independent director and the chairman of the audit committee of the following listed companies.

Name of listed companies	Stock Exchange (stock code)	Date of appointment	Date of departure
ArcSoft Corporation Limited (虹軟科技股份有限公司)	Shanghai Stock Exchange (688088.SH)	January 2019	December 2024
Hubei Guangji Pharmaceutical Co., Ltd. (湖北廣濟藥業股份有限公司)	Shenzhen Stock Exchange (000952.SZ)	April 2021	August 2024

In his capacity as an independent director of these listed companies, Prof. Li has been involved in their financial management, including periodic financial reviews and annual audit and reporting.

Prof. Li has been a non-practicing member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since obtaining his certified public accountant qualification in June 2010. Prof. Li obtained a bachelor's degree in accounting from Wuhan University of Automotive Industry (武漢汽車工業大學) (currently known as Wuhan University

of Technology (武漢理工大學) in June 1999, a master's degree in accounting and a doctorate degree in business management from Wuhan University in 2002 and June 2005 respectively. Prof. Li was awarded Distinguished Young Scholars in the Humanities and Social Sciences (人文社科傑出青年學者) by Wuhan University in December 2020.

Mr. WANG Xumiao (王徐苗), aged 46, has been our independent Director since May 2025. He was redesignated as an independent non-executive Director on March 2, 2026 with effect from the [**REDACTED**]. He is primarily responsible for supervising and providing independent opinion and judgment to our Board.

Mr. Wang joined our Group in May 2025 as an independent Director of our Company. Mr. Wang is an executive director and managing partner of Shanghai W&W Partners (上海翰鴻律師事務所) since August 2016. He previously worked at the Municipal Government of Huangpu District (formerly known as Luwan District (盧灣區)) of Shanghai (上海黃浦區政府) from May 2003 to December 2014 successively as secretary at section chief level (正科級秘書) and section head of the Commerce Committee (商務委員會科長). Mr. Wang also worked as a full-time lawyer at Shanghai United Law Firm (上海市聯合律師事務所) from December 2014 to August 2016.

Mr. Wang obtained his practice certificate as a lawyer in the PRC in April 2004. He also holds the Level three lawyer qualification issued by the Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in February 2021. He obtained a bachelor's degree in law from East China Institute of Political Science and Law (華東政法學院) (currently known as East China University of Political Science and Law (華東政法大學)) in July 2001, and a master's degree in international law from Shanghai Academy of Social Sciences (上海社會科學院) in June 2007.

Mr. LIANG Jianhong (梁劍虹), aged 49, was appointed as our independent non-executive Director on March 2, 2026 with effect from the [**REDACTED**]. He is primarily responsible for supervising and providing independent opinion and judgment to our Board.

Mr. Liang has over 20 years of experience in investment banking and securities industry and has been extensively involved in a broad wide range of financial advisory transactions, including initial public offerings, placements, mergers and acquisitions and private equity financing. From July 2002 to April 2006, he worked successively in the investment banking departments of BOCI Securities Limited and UBS AG, Hong Kong Branch. He subsequently served in the commercial and investment banking department of J.P. Morgan Securities (Asia Pacific) Limited from April 2006 to March 2013, with his final position being executive director. From January 2014 to April 2019, Mr. Liang worked at China Securities (International) Finance Holding Company Limited, where he successively served as the co-head of the investment banking department and as a managing director of China Securities (International) Corporate Finance Company Limited. In April 2019, Mr. Liang founded Mont Avenir Capital Limited and served as its chief executive officer from August 2019 to July 2024. He also served as a Responsible Officers for Type 1 and Type 6 Licenses at Mont Avenir Capital Limited.

Mr. Liang has been an independent non-executive director of China Huirong Financial Holdings Limited, a company listed on the Stock Exchange (stock code: 01290.HK), since May 2021.

Mr. Liang obtained a bachelor's degree in Engineering from Zhejiang University (浙江大學) in June 1997 and a master's degree in Economics from East China Normal University (華東師範大學) in July 2001.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. Our senior management team comprises the following individuals:

Name	Age	Date of joining our Group	Date of appointment as a senior management	Position	Key responsibilities
Ms. YANG Jianqin (楊建琴)	51	April 1995	April 2016	Executive Director, General Manager	Overall operation and management, strategic planning and development of our Group
Mr. ZHU Qiang (朱強)	43	June 2002	May 2025	Deputy General Manager	Overall management of the Group's operation
Mr. LEI Chunli (雷純立)	46	September 2014	May 2017	Chief Financial Officer	Overall management of the accounting and finance, investment and financing of our Group
Mr. XIA Haijing (夏海晶)	39	July 2017	October 2020	Secretary of the Board	Management of Board related matters, corporate governance, and investor relations of our Group

Ms. YANG Jianqin (楊建琴), aged 51, is an executive Director and general manager of our Company. For the biography of Ms. Yang, see "— Board of Directors — Executive Directors" of this section.

Mr. ZHU Qiang (朱強), aged 43, has been the deputy general manager of our Company since May 2025. He is primarily responsible for overall management of the Group's operation. He has also served as the executive deputy general manager (常務副總經理) of Huaming Power and Huaming High Voltage since September 2023.

Mr. Zhu joined our Group in June 2002, and had worked successively as technician, lead designer, deputy chief engineer and chief designer at Huaming Power from June 2002 to August 2023.

Mr. Zhu is a senior engineer (高級工程師) recognized by the Shanghai Municipal Human Resources and Social Security Bureau in November 2024. Mr. Zhu obtained a diploma in electrical operation and control from Shanghai Electromechanical Industry School (上海市機電工業學校) (currently known as Shanghai Dian Ji University (上海電機學院)) in July 2002. He also received a bachelor's degree in computer science and technology from East China Normal University (華東師範大學) in March 2012. Mr. Zhu was awarded "Shanghai Youth May Fourth Medal" by Shanghai Municipal Committee of the Communist Youth League (共青團上海市委員會) and Shanghai Municipal Human Resources and Social Security Bureau in April 2016.

Mr. LEI Chunli (雷純立), aged 46, has been the chief financial officer of our Company since May 2017. He is primarily responsible for overall management of the accounting and finance, investment and financing of our Group. He has also served as the head of finance of Huaming Power and Huaming High Voltage since May 2017.

Mr. Lei joined our Group in September 2014 and served as financial supervisor of Huaming Power from September 2014 to May 2017.

Before joining our Group, Mr. Lei worked successively at Yongchang Sekisui Composite Co., Ltd. (永昌積水複合材料有限公司) (currently known as Zhenshi Yongchang Composite Co., Ltd. (振石永昌複合材料有限公司)), and Sekisui (Shanghai) Environmental Technology Co., Ltd. (積水(上海)環境科技有限公司).

Mr. Lei obtained a bachelor's degree in financial management from Xinjiang Institute of Finance and Economics (新疆財經學院) (currently known as Xinjiang University of Finance and Economics (新疆財經大學)) in July 2004.

Mr. XIA Haijing (夏海晶), aged 39, has been the secretary to the Board of our Company since October 2020. He is primarily responsible for management of Board-related matters, corporate governance and investor relations of our Group.

Mr. Xia joined our Group in July 2017 and served as the head of investment and financing of our Company from July 2017 to October 2020. Before joining our Group, he successively worked as a trader at Ping An Tradition International Money Broking Co. Ltd. (平安利順國際貨幣經紀股份有限公司), business department manager at Sinolink Innovation Investment Co., Ltd. (國金創新投資股份有限公司) and senior investment manager at Guojin Dingxing Investment Co., Ltd. (國金鼎興投資有限公司).

Mr. Xia obtained a bachelor's degree in economics from Fudan University (復旦大學) in July 2009.

JOINT COMPANY SECRETARIES

Mr. XIA Haijing (夏海晶), the secretary of our Board, was appointed as one of our joint company secretaries on February 12, 2026 with effect from the date on which the Company passes the [**REDACTED**] for the [**REDACTED**]. For the biographical details of Mr. Xia, see "— Senior Management" in this section.

Ms. SHUM Kit Han (岑潔嫻) was appointed as one of our joint company secretaries on February 12, 2026 with effect from the date on which the Company passes the [**REDACTED**] for the [**REDACTED**]. She currently serves as a manager of corporate services of Tricor Services Limited, a member of Vistra Group. She is responsible for providing corporate secretarial and compliance services to listed companies.

Ms. Shum has over 10 years of experience in company secretary and corporate governance field. She obtained her master's degree in Professional Accounting and Corporate Governance in July 2015 and her bachelor's degree in English for Professional Communication in November 2005, both from the City University of Hong Kong. She also obtained her executive diploma in Anti-Money Laundering and Counter-Terrorist Financing from the University of Hong Kong School of Professional and Continuing Education in October 2022, and a diploma in Spanish as a foreign language in September 2023.

Ms. Shum is a Chartered Secretary, a Chartered Governance Professional, a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, and a member of the executive committee of the Mexican Chamber of Commerce in Hong Kong.

INTERESTS OF DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed above, none of our Directors or senior management has been a director of any listed companies in Hong Kong or overseas within the three years immediately preceding the date of this document.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, as of the Latest Practicable Date, there were no other matters with respect to the appointment of our Directors that need to be brought to the attention of the Shareholders and there was no information relating to our Directors or chief executive that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

As of the Latest Practicable Date, none of our Directors or senior management are related to other Directors or senior management of our Company.

Save as disclosed in the sections headed "Substantial Shareholders" and "Statutory and General Information — Further Information about our Directors and Substantial Shareholders — Disclosure of Interests" in Appendix VI to this document, as of the Latest Practicable Date, none of our Directors held any interest or short position in the Shares or underlying Shares within the meaning of Part XV of the SFO.

CONFIRMATION FROM OUR DIRECTORS

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on February 26, 2026, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Each independent non-executive Director has confirmed to us (a) his or her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules, (b) that he or she has no past or present financial or other interest in our business or any connection with any core connected person of our Company and (c) that there are no other factors that may affect his or her independence at the time of his or her appointment.

COMPETITION

Each of our executive and non-executive Directors confirmed 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.

Our Group has also adopted corporate governance measures which help us to manage any potential conflicts of interest between our Group and our Directors.

REMUNERATION OF DIRECTORS, FORMER SUPERVISORS AND SENIOR MANAGEMENT

During the Track Record Period, the remuneration of our Directors, former Supervisors and senior management was paid in the form of fees, basic salaries, allowances and benefits in kind, contributions to retirement benefit scheme, share-based payments and discretionary bonus.

The aggregate amount of remuneration (including any fees, salaries, allowances, benefits in kind and discretionary bonuses, share-based payments, pension scheme contributions and social welfare) paid to our Directors in the three years ended December 31, 2023, 2024 and 2025 were RMB5.08 million, RMB5.05 million and RMB9.55 million, respectively.

The aggregate amount of remuneration (including any fees, salaries, allowances, benefits in kind and discretionary bonuses, share-based payments, pension scheme contributions and social welfare) paid to our former Supervisors in the three years ended December 31, 2023, 2024 and 2025 were RMB1.45 million, RMB1.45 million and RMB0.81 million, respectively. None of our Directors or former Supervisors waived or agreed to waive any emolument during the same periods.

In the three years ended December 31, 2023, 2024 and 2025, the aggregate amount of remuneration paid to the five highest paid individuals of our Group (among which there were 1, 1 and 2 Director(s) respectively) were RMB6.43 million, RMB7.86 million and RMB11.40 million respectively. During the Track Record Period, no remuneration was paid to, or received by, our Directors, former Supervisors or the five highest paid individuals as an inducement to join or upon joining us. No compensation was paid to, or received by, our Directors, former directors, former Supervisors or the five highest paid individuals for the loss of office as a director or supervisor of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

It is estimated that under the arrangements currently in force, the aggregate amount of remuneration (excluding any discretionary bonus) payable to and benefits in kind receivable by our Directors in the year ending December 31, 2026 will be approximately RMB9.92 million.

Save as disclosed above, no other payments had been made, or are payable, by any member of our Group to our Directors and former Supervisors during the Track Record Period.

For additional information on our Directors during the Track Record Period as well as information on the five highest paid individuals, see Notes 8 and 9 to the Accountants' Report set out in Appendix I to this document.

BOARD COMMITTEES

In accordance with relevant PRC laws and regulations, the Articles and the practices in relation to the Corporate Governance Code under the Listing Rules, we have established four board committees, namely, the audit committee (the "**Audit Committee**"), the remuneration and appraisal committee (the "**Remuneration and Appraisal Committee**"), the nomination committee (the "**Nomination Committee**") and the strategy committee (the "**Strategy Committee**").

Audit Committee

We have established the Audit Committee with terms of reference in compliance with the relevant PRC laws and regulations and Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are, among others, to review and supervise the financial reporting process, risk management and internal control system of our Group. The Audit Committee consists of three members, namely, Prof. Li Qingyuan, Mr. Wang Xumiao and Mr. Jiang Xiuchen. Prof. Li Qingyuan, being the chairperson of the Audit Committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration and Appraisal Committee

We have established the Remuneration and Appraisal Committee with terms of reference in compliance with the relevant PRC laws and regulations and Rules 3.25 and 3.26 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration and Appraisal Committee are to review and make recommendation to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management. The Remuneration and Appraisal Committee consists of three members, namely, Prof. Jiang Xiuchen, Prof. Li Qingyuan and Mr. Xie Jing, with Prof. Jiang Xiuchen being the chairperson of the committee.

Nomination Committee

We have established the Nomination Committee with terms of reference in compliance with the relevant PRC laws and regulations and Rule 3.27A of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendation to the Board regarding the appointment of Director and senior management

and succession planning for Directors. The Nomination Committee consists of three members, namely, Mr. Wang Xumiao, Prof. Jiang Xiuchen and Ms. Yang Jianqin, with Mr. Wang Xumiao being the chairperson of the committee.

Strategy Committee

We have established the Strategy Committee with terms of reference in compliance with the relevant PRC laws. The primary duties of the Strategy Committee are to research and make recommendation to the Board regarding the long-term development strategy, major investment decisions and environmental, social and governance matters of the Company. The Strategy Committee consists of three members, namely, Mr. Xiao Yi, Mr. Lu Weili and Prof. Jiang Xiuchen, with Mr. Xiao Yi being the chairperson of the committee.

DIVERSITY

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") with a view to enhance the effectiveness of the Board and to maintain a high standard of corporate governance. Pursuant to the Board Diversity Policy, the Company seeks to achieve diversity of the Board through the consideration of a wide range of factors, including but not limited to gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels. Our Directors believe that our board diversity policy is well implemented. Our Board consists of ten Directors spanning a wide range of ages from 46 years old to 62 years old and will include one female Director. Furthermore, our Directors have a balanced mixed of knowledge and skills, including overall management and strategic development, legal, accounting, and financial and investment management, in addition to extensive experience in the power and energy industry. They obtained degrees in various majors including engineering, economics, accounting and law, among others. Taking into account our existing business model and specific needs as well as the different background of our Directors, we believe the composition of our Board satisfies our Board Diversity Policy.

Our Nomination Committee is responsible for the implementation of the Board Diversity Policy and ensuring its compliance with the Corporate Governance Code. After the [**REDACTED**], the Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness, and we will disclose in our corporate governance report the implementation results of the Board Diversity Policy annually.

CORPORATE GOVERNANCE CODE

Our Group is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Group complies or intends to comply with the corporate governance requirements under the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the [**REDACTED**]. Our Directors recognize the importance of incorporating elements of good corporate governance in

the management structures and internal control procedures of our Group to achieve effective accountability. Our Group intends to comply with all code provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules after the [**REDACTED**].

COMPLIANCE ADVISOR

We have appointed First Shanghai Capital Limited as our compliance advisor (the "**Compliance Advisor**") pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Advisor will advise our Company in certain circumstances including: (a) before the publication of any regulatory announcement, circular or financial report; (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases; and (c) where the Hong Kong Stock Exchange makes an inquiry to our Company under Rule 13.10 of the Listing Rules.

Meanwhile, pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor shall inform us on a timely basis of any amendment or supplement to the Listing Rules issued by the Hong Kong Stock Exchange from time to time and any new or amended laws and regulations in Hong Kong applicable to our Company. The Compliance Advisor shall also provide advice to us on the continuing requirements under the Listing Rules and applicable laws and regulations.

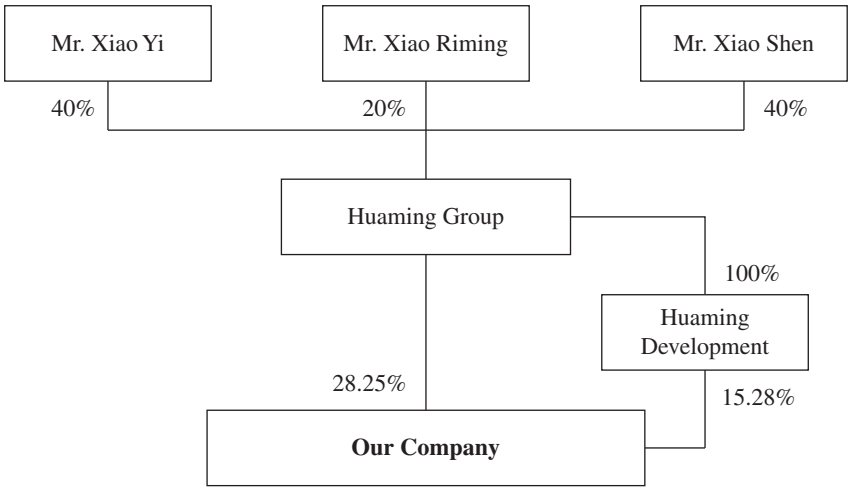
The term of appointment of our Compliance Advisor shall commence on the [**REDACTED**] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

OVERVIEW

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 (i) approximately 43.53% of our total issued share capital and (ii) 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). For further details of the treasury Shares, see "Share Capital — Our Shares" in this document.

Mr. Xiao Yi, Mr. Xiao Shen and Mr. Xiao Riming are deemed to be acting in concert in respect of our Company by reason of their kinship under the applicable rules of the Shenzhen Stock Exchange.

The shareholding of Mr. Xiao Yi, Mr. Xiao Shen and Mr. Xiao Riming in our Company as at the Latest Practicable Date was as follows:



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**]), Mr. Xiao Yi (our executive Director and Chairman of our Board), Mr. Xiao Shen (brother of Mr. Xiao Yi) and Mr. Xiao Riming (father of Mr. Xiao Yi and Mr. Xiao Shen) will continue to be collectively entitled to control approximately [**REDACTED**]% of the voting power at general meetings of our Company.

In light of the above, 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, Huaming Group was principally engaged in investment holding and management, and Huaming Development was principally engaged in investment holding.

For details of Mr. Xiao Yi, see "Directors and Senior Management — Board of Directors" in this document.

COMPETITION

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.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are of the view that we are able to conduct our business independently from our Controlling Shareholders and their close associates after the [**REDACTED**].

Management Independence

Our business has been managed and conducted by our Board and senior management. Upon [**REDACTED**], our Board will consist of ten Directors, comprising five executive Directors, one non-executive Director and four independent non-executive Directors, and we also have four senior management members (of which one is an executive Director). For further information of our Directors and senior management, see "Directors and Senior Management" in this document.

As of the Latest Practicable Date, save for Mr. Xiao Yi, who serves as (i) an executive director of Huaming S&T (a wholly-owned subsidiary of Huaming Group) and (ii) a director of Huaming New Energy Development (Beijing) Co., Ltd. (華明新能源發展(北京)有限公司) (a company owned as to 49% by Huaming Group), none of our Directors or members of our senior management holds any directorship or senior management position in our Controlling Shareholders or their respective close associates (other than our Company or any member of our Group).

Notwithstanding the above, our Directors are of the view that our Board as a whole and together with our senior management team are able to manage our business independently from the Controlling Shareholders and their close associates for the following reasons:

(1) our Directors and senior management are able to devote sufficient time and efforts to manage the daily operations of our Group and make decisions independent of the Controlling Shareholders. Our executive Directors have been devoting and will continue to allocate adequate amount of time and effort to the management and operation of our Group and would bear the best interests of the Company and the Shareholders as a whole in mind;

(2) each Director is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(3) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;

(4) we have established clear reporting lines among the management team of our Company and between our management team and the Board, and our management team ultimately reports to the executive Directors, who are responsible for reporting to the Board. The Board supervises and monitors the performance of our Company's management team generally through receiving regular reports from our executive Directors, attending regular meetings and other ad hoc meetings of our Board to consider, deliberate and approve material matters which exceed the delegated authorities of our management team, as well as through the regular updates provided to our Directors of our operational and financial information;

(5) as an A-share listed company, we have formulated and adopted a comprehensive internal control and management system in compliance with the relevant requirements of the rules of the Shenzhen Stock Exchange. The Articles of Association has also included relevant provisions to manage conflict of interest, pursuant to which our Directors are prohibited from voting in any Board resolution approving any contract or arrangement or any other proposal in which he/she has a connected or related relationship, and shall not be counted in the quorum present at the particular Board meeting;

(6) we have appointed four independent non-executive Directors to provide a balance of the number of potentially interested and independent Directors with a view to promote the interests of our Company and the Shareholders as a whole. The independent non-executive Directors will be entitled to engage professional advisers at our cost for advice on matters relating to any potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective associates;

(7) where a Shareholders' meeting is held to consider a proposed transaction in which the Controlling Shareholders have a material interest, the Controlling Shareholders shall abstain from voting on the resolutions and shall not be counted towards the quorum for the voting; and

(8) our Company has appointed First Shanghai Capital Limited as our Compliance Advisor, which will provide advice and guidance to our Company in respect of compliance with the applicable laws and Listing Rules including various requirements relating to Directors' duties and corporate governance.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team are able to perform the managerial role in our Group independently.

Financial Independence

We have an independent financial system. We make financial decisions according to our own business needs and neither our Controlling Shareholders nor their close associates intervene with our use of funds. We have opened accounts with banks independently and do not share any bank account with our Controlling Shareholders or their close associates. We have made tax filings and paid tax independently from our Controlling Shareholders or their close associates pursuant to applicable laws and regulations. We have established an independent finance department as well as implemented sound and independent audit, accounting and financial management systems. We have adequate internal resources and credit profile to support our daily operations.

During the Track Record Period, our Controlling Shareholder Mr. Xiao Yi provided guarantees in favor of certain lenders in respect of certain loans of our Company. All such guarantees had been released as of the Latest Practicable Date.

Based on the above, our Company considers there is no financial dependence on our Controlling Shareholders and their close associates.

Operational Independence

We engage in our operations independently, making and implementing operational decisions independently. We have obtained all material licenses and permits necessary for our business operations and are not dependent upon our Controlling Shareholders or their close associates for any such licenses and permits. In addition, we have established our internal organizational and management structure which includes Shareholders' meetings, our Board and other committees and formulated the terms of reference of these bodies in accordance with the requirements of the applicable laws and regulations, the Listing Rules and the Articles of Association, so as to establish a regulated and effective corporate governance structure with independent departments, each with specific areas of responsibilities.

Based on the above, our Directors are satisfied that we will be able to function and operate independently from our Controlling Shareholders and their close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance to protect the interest of our Shareholders. We would adopt the following corporate governance measures to manage potential conflict of interests between our Group and our Controlling Shareholders:

(1) where a Shareholders' meeting is held for considering proposed transactions in which our Controlling Shareholders have a material interest, our Controlling Shareholders shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(2) where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(3) in the event that our independent non-executive Directors are requested to review any conflict of interest between our Group and our Controlling Shareholders, our Controlling Shareholders shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its annual reports or by way of announcements;

(4) our Company has established internal control mechanisms to identify connected transactions. If our Group and our Controlling Shareholders or any of their associates intend to engage in any connected transaction, our Company will comply with the relevant requirements relating to connected transactions under the Listing Rules;

(5) as required by the Listing Rules, our independent non-executive Directors shall review any continuing connected transactions annually and confirm in our annual reports that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favourable to us than those available to or from Independent Third Parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole;

(6) our Audit Committee will conduct a review on the effectiveness of the above internal control measures on an annual basis;

(7) our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company's cost as and when appropriate in accordance with the Corporate Governance Code;

(8) we have appointed First Shanghai Capital Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Company and our Controlling Shareholders, and to protect our minority Shareholders' interests after the [**REDACTED**].

OVERVIEW

Upon [**REDACTED**], certain transactions between members of our Group and our connected person will constitute one-off connected transactions of our Company under Chapter 14A of the Listing Rules.

CONNECTED PERSON

We have entered into certain transactions with the following connected person, which will constitute our one-off connected transactions upon [**REDACTED**]:

Connected Person	Connected Relationship
Huaming S&T	Huaming S&T is a wholly-owned subsidiary of Huaming Group, a substantial shareholder of our Company. Therefore, Huaming S&T is an associate of Huaming Group and thus a connected person of our Company.

ONE-OFF CONNECTED TRANSACTIONS

Property Lease Agreements between the Group and Huaming S&T

Description of the Transactions

On October 24, 2025, our Group entered into the following property lease agreements with Huaming S&T (collectively, the "**Property Lease Agreements**"):

		Lessee	Lessor	Term	Leased properties
(1)	The property lease between Huaming S&T and the Company (the "**Huaming Equipment Property Lease Agreement**")	The Company	Huaming S&T	January 1, 2026 to December 31, 2028	Certain properties located in Putuo District, Shanghai as factories and office spaces
(2)	The property lease between Huaming S&T and Huaming Power (the "**Huaming Power Property Lease Agreement**")	Huaming Power, our wholly-owned subsidiary			Certain properties located in Putuo District, Shanghai as factories
(3)	The property lease between Huaming S&T and Huaming High Voltage (the "**Huaming High Voltage Property Lease Agreement**")	Huaming High Voltage, our wholly-owned subsidiary			Certain properties located in Putuo District, Shanghai as factories

Each of the Property Lease Agreements was entered into (i) in the ordinary and usual course of business of our Group; (ii) on arm's length basis; and (iii) on normal commercial terms with the rent being determined with reference to, among others, the leased area, geographical location and condition of the relevant leased properties and the prevailing market rates for similar properties in the surrounding area.

Under the Huaming Equipment Property Lease Agreement, the balance of the lease liabilities, being the present value of the lease payments recognized by our Group in relation to the relevant leased properties according to IFRS 16 as of December 31, 2025 amounted to approximately RMB21,058,000. As of December 31, 2023, 2024 and 2025, the value of the right-of-use assets in connection with the lease of the relevant leased properties from Huaming S&T under the Huaming Equipment Property Lease Agreement was approximately RMB14,029,000, RMB10,581,000, and RMB21,058,000, respectively.

Under the Huaming Power Property Lease Agreement, the balance of the lease liabilities, being the present value of the lease payments recognized by our Group in relation to the relevant leased properties according to IFRS 16 as of December 31, 2025 amounted to approximately RMB21,009,000. As of December 31, 2023, 2024 and 2025, the value of the right-of-use assets in connection with the lease of the relevant leased properties from Huaming S&T under the Huaming Power Property Lease Agreement was approximately RMB7,392,000, RMB3,696,000, and RMB21,009,000, respectively.

Under the Huaming High Voltage Property Lease Agreement, the balance of the lease liabilities, being the present value of the lease payments recognized by our Group in relation to the relevant leased properties according to IFRS 16 as of December 31, 2025 amounted to approximately RMB27,600,000. As of December 31, 2023, 2024 and 2025, the value of the right-of-use assets in connection with the lease of the relevant leased properties from Huaming S&T under the Huaming High Voltage Property Lease Agreement was approximately RMB9,888,000, RMB4,944,000, and RMB27,600,000, respectively.

Reasons for and Benefits of the Transactions

We have been using the relevant leased properties under each of the Property Lease Agreements (collectively, the "**Leased Properties**") during the Track Record Period. Any relocation of our factories may cause unnecessary disruption of our administration and incur additional costs. The continuation of such leases is cost efficient and is beneficial to our operations.

In light of the above, our Directors are of the view that the transactions under each of the Property Lease Agreements are fair and reasonable and in the best interest of our Group and the Shareholders as a whole.

Hong Kong Listing Rules Implications

In accordance with IFRS 16 "Leases", our Company recognized a right-of-use asset on its balance sheet in connection with the lease under the Property Lease Agreements. Therefore, the leases of the Leased Properties from Huaming S&T under the Property Lease Agreements are regarded as acquisition of capital asset and one-off connected transactions entered into by our Group prior to the [**REDACTED**], rather than continuing connected transactions for the purposes of the Hong Kong Listing Rules. Accordingly, the reporting, announcement, annual review and independent Shareholders' approval requirements in Chapter 14A of the Hong Kong Listing Rules will not be applicable.

So far as our Directors are aware, 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 changes to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**], the following persons will have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Division 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 our share capital carrying rights to vote in all circumstances at general meetings of our Company:

		As of the Latest Practicable Date		Immediately following the [REDACTED][(2)]		
Name of Shareholder	Nature of Interest[(1)]	Number of A Shares	Approximate % of shareholding	Number of A Shares[(1)]	Approximate % in A Shares	Approximate % in total Shares
Huaming Group[(3)]	Beneficial owner	253,144,534	28.25%	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
	Interest in controlled corporation	136,986,301	15.28%	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Huaming Development	Beneficial owner	136,986,301	15.28%	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Mr. XIAO Yi (肖毅)[(4)]	Interest in controlled corporation	390,130,835	43.53%	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Mr. XIAO Shen (肖申)[(4)]	Interest in controlled corporation	390,130,835	43.53%	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Mr. XIAO Riming (肖日明)[(4)]	Interest in controlled corporation	390,130,835	43.53%	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of (i) [**REDACTED**] Shares, comprising 896,225,431 A Shares and [**REDACTED**] H Shares in issue immediately after 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 changes to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**].

(3) As of the Latest Practicable Date, Huaming Group (i) directly held 253,144,534 A Shares; and (ii) wholly-owned Huaming Development which directly held 136,986,301 A Shares. Therefore, Huaming Group is deemed to be interested in the aggregate of 390,130,835 A Shares under the SFO.

(4) As of the Latest Practicable Date, Mr. XIAO Yi, Mr. XIAO Shen and Mr. XIAO Riming held 40%, 40% and 20% equity interest in Huaming Group, respectively. Mr. XIAO Riming is the father of Mr. XIAO Yi and Mr. XIAO Shen. Mr. XIAO Yi, Mr. XIAO Shen and Mr. XIAO Riming are considered as acting in concert in respect of the Company under the applicable rules of the Shenzhen Stock Exchange. Therefore, each of Mr. XIAO Yi, Mr. XIAO Shen and Mr. XIAO Riming is deemed to be interest in the 390,130,835 A Shares held by Huaming Group (directly and indirectly) under the SFO.

Save as disclosed above and the section headed "Statutory and General Information — Further Information about our Directors and Substantial Shareholders" in Appendix VI to this document, our Directors are not aware of any person who will, immediately following 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 changes to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), have any interest and/or short position in the Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO, or who are 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 meeting of the Company or any other member of our Group.

This section presents certain information regarding our share capital before and upon completion of the [**REDACTED**].

BEFORE THE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company was RMB896,225,431, comprising 896,225,431 A Shares (including 246,209 A Shares as treasury Shares, accounting for approximately 0.03% of the total number of A Shares in issue as of the Latest Practicable Date) of nominal value of RMB1.00 each.

UPON 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 changes to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**], the share capital of our Company immediately following completion of the [**REDACTED**] will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital of our Company
A Shares in issue	896,225,431	[**REDACTED**]%
H Shares to be [**REDACTED**] under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	100.00%

Assuming that (1) the [**REDACTED**] is fully exercised, (2) any Remaining Shares will be granted under the 2025 Employee Shareholding Scheme prior to the [**REDACTED**], and (3) there are no other changes to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**], the share capital of Our Company immediately following completion of the [**REDACTED**], will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital of our Company
A Shares in issue	896,225,431	[**REDACTED**]%
H Shares to be [**REDACTED**] under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	100.00%

OUR SHARES

Our H Shares in issue upon completion of the [**REDACTED**], and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between Chinese mainland and Hong Kong. Our A Shares can be subscribed for and traded by Chinese mainland investors,

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. Our H Shares can be [**REDACTED**] for or [**REDACTED**] by Hong Kong and other overseas [**REDACTED**] and qualified domestic institutional [**REDACTED**]. If our H Shares are eligible securities under the Southbound Trading Link, they can also be [**REDACTED**] for and [**REDACTED**] by Chinese mainland [**REDACTED**] in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

As of the Latest Practicable Date, 246,209 A Shares were held by our Company as treasury Shares, which shall be used by our Company in connection with employee stock ownership plan(s) or employee share incentives of our Company. These A Shares were repurchased by our Company during the period from April 2025 to July 2025. If such 246,209 A Shares are not utilized within 36 months from the announcement of the results of repurchase and changes in our Shares, all such unutilized A Shares shall be cancelled. The 246,209 A Shares may be transferred out of treasury for the purpose of and pursuant to such share scheme(s) adopted by our Company and our Company will comply with applicable requirements under Rule 19A.39E of the Listing Rules as and when appropriate and required. For further information of our employee incentive scheme, see "Statutory and General Information — Employee Incentive Scheme" in Appendix VI to this document.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our 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. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND TRADING ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the [**REDACTED**]. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for [**REDACTED**] and [**REDACTED**] on the Hong Kong Stock Exchange.

APPROVAL FROM A SHAREHOLDERS REGARDING THE [REDACTED]

Approval from holders of A Shares is required for our Company to [**REDACTED**] H Shares and seek the [**REDACTED**] of H Shares on the Stock Exchange. Such approval was obtained by us at the shareholders' general meeting of our Company held on March 2, 2026 and is subject to the following conditions:

(i) **Size of the [REDACTED].** The proposed number of H Shares to be [**REDACTED**] shall not exceed [**REDACTED**] of the total issued share capital enlarged by the H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (before the exercise of the [**REDACTED**]). The number of H Shares to be issued pursuant to the exercise of the [**REDACTED**] shall not exceed [**REDACTED**] of the total number of H Shares to be [**REDACTED**] initially under the [**REDACTED**].

(ii) **Method of [REDACTED].** The method of [**REDACTED**] shall be by way of an [**REDACTED**] to institutional [**REDACTED**] and a [**REDACTED**] for [**REDACTED**] in Hong Kong.

(iii) **Target [REDACTED].** The H Shares shall be [**REDACTED**] to public [**REDACTED**] in Hong Kong under the [**REDACTED**] and international [**REDACTED**], qualified domestic institutional [**REDACTED**] in the PRC and other [**REDACTED**] who are in compliance with the relevant regulatory requirements to invest abroad in [**REDACTED**].

(iv) [**REDACTED**] **basis**. The [**REDACTED**] price of the H Shares will be determined, among others, after due consideration of the interests of existing Shareholders as a whole, acceptance of [**REDACTED**] and the risks related to the [**REDACTED**], according to international practice, through the demands for orders and book building process, subject to the domestic and overseas capital market conditions.

(v) **Validity period**. The [**REDACTED**] and [**REDACTED**] of H Shares on the Stock Exchange shall be completed within 24 months from the date of approval by the general meeting of the Company on March 2, 2026 provided that, if the Company has obtained, within such validity period, the approvals from the relevant regulatory authorities (including the CSRC, the SFC and the Stock Exchange) in respect of the [**REDACTED**] and [**REDACTED**] of H Shares, the validity period shall be automatically extended to the later of (i) the date of completion of the [**REDACTED**] and [**REDACTED**] of H Shares, and (ii) the date of completion of the exercise of the [**REDACTED**] (if any).

There is no other approved [**REDACTED**] plan for our Shares except the [**REDACTED**].

SHAREHOLDERS' GENERAL MEETING

See "Appendix III — Summary of Articles of Association" for details of circumstances under which our general meeting is required.

You should read the following discussion and analysis in conjunction with our consolidated financial information included in the Accountants' Report set out in Appendix I to this document, together with the accompanying notes. Our historical financial information and the consolidated financial statements of our Group have been prepared in accordance with the IFRS Accounting Standards, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions. You should read the whole Appendix I and not rely merely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. Our actual results could differ materially from those anticipated in the forward-looking statements due to various factors, including those discussed in the sections headed "Forward-Looking Statements," "Risk Factors" and elsewhere in this document. Discrepancies between totals and sums of amounts listed in this section in any table or elsewhere in this document may be due to rounding.

OVERVIEW

We are a leading global manufacturer of transformer tap-changers. We ranked second globally and first in the PRC in the tap-changer market, in terms of revenue in 2024, according to Frost & Sullivan. We provide a broad range of tap-changers and related solutions serving traditional and high-growth end markets, anchored in reliability and innovation. As indispensable and mission-critical components of power transformers, tap-changers position us to participate in the broader growth of the power industry driven by demand from new energy sectors, ESS, AIDCs and other end markets.

In addition to our power equipment business, which is our core business and contributed 82.8%, 77.9% and 86.6% of our total revenue in 2023, 2024 and 2025, respectively, we also operate in CNC equipment business and power station EPC business. To allocate resources more efficiently and concentrate on our core business, we are scaling down and will ultimately exit the power station EPC business.

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.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which are beyond our control. We believe the following are key factors that affect our results of operations:

Industrial Policies and Growth of Global Tap-changer Market

The demand for our products and solutions is subject to the industrial policies affecting the industry in which we operate and the growth of tap-changer market. Changes in the general industry conditions could affect our business and result of operations.

In recent years, nations across the globe, including the PRC, have implemented policies and taken initiatives to promulgate the clean energy transition and the power grid upgrade, driving demand for new power equipment installations. For instance, in January 2026, State Grid Corporation of China announced the 15th Five-Year Plan (2026-2030), which is expected to further reinforce policy and investment support for the power sector by accelerating the construction of a new-type power system, expanding grid infrastructure, and facilitating large-scale integration of renewable energy to ensure energy security and green transition. The 15th Five-Year Plan further provides that the fixed-asset investment is expected to reach RMB4 trillion and used for the construction of a new-type power system, representing a 40% increase compared with the 14th Five-Year Plan period. In September 2025, the PRC National Energy Administration (國家能源局) and other authorities issued the Guiding Opinions on Promoting the High-Quality Development of Energy Equipment (關於推進能源裝備高質量發展的指導意見), which emphasize strengthening technological breakthroughs in energy transmission equipment and promoting the application of environmentally friendly green equipment. In August 2025, the PRC Ministry of Industry and Information Technology (工業和信息化部), the State Administration for Market Regulation (市場監管總局), and the National Energy Administration (國家能源局) issued the Work Plan for Stabilizing Growth in the Power Equipment Industry (2025-2026) (電力裝備行業穩增長工作方案(2025-2026年)), which sets the targets for steady growth in revenue of new energy equipment and the power equipment sector. These policies support the development of and investment in power equipment, providing a strong foundation for our strengthening operating results. Outside of the PRC, many countries have also implemented policies to support the development of electricity transmission and power sector updates. For instance, in January 2026, the U.S. Federal Energy Regulatory Commission released Energized for 2026, which proposes accelerating the construction of power generation and grid. In June 2025, the European Union issued EU Guidance on Ensuring Electricity Grids Are Fit for the Future, which estimates large amounts of investments in the distribution grid upgrades and the transmission grid development.

The global tap-changer market has demonstrated steady growth in recent years. According to Frost & Sullivan, the global tap-changer market size increased from RMB6.4 billion in 2020 to RMB10.1 billion in 2024, and is expected to further grow to RMB15.4 billion in 2030. The PRC is also one of the major markets for tap-changers. According to Frost & Sullivan, the tap-changer market size in the PRC grew from RMB1.7 billion in 2020 to RMB2.7 billion in

2024, and is expected to further grow to RMB3.8 billion in 2030. Capitalizing on our strong technology capacity and leading market position that allow us to effectively capture market opportunities brought up by the growing market demand of tap-changer and power equipment in the PRC and around the world, we derived revenue of RMB1,945.6 million, RMB2,308.9 million and RMB2,411.8 million in 2023, 2024 and 2025, respectively. Going forward, we believe that we are well-positioned to capture future market opportunities to achieve continuous growth.

Our Ability to Optimize the Mix of Products and Services

Our financial conditions and results of operations are affected by the mix of products and services that we provide, and may vary from period to period due to the change in the composition of our revenue from different categories of products and services. During the Track Record Period, we primarily derived our revenue from power equipment business which constituted our core business. In addition, we operate in CNC equipment business and power station EPC business, and generate income from electricity sales from certain photovoltaic power stations that we own.

The gross profit margin of our different types of products or services varies due to, among other things, the differences in the technological barriers and supply-demand dynamics. In 2023, 2024 and 2025, our gross profit margin was 51.5%, 48.3% and 53.9%, respectively. In the same periods, our gross profit margin for power equipment business was 57.8%, 57.9% and 59.3%, respectively, which remained consistently at a high level and was higher than our overall gross profit margin. We focus on OLTCs as our core offering and continue to deepen our R&D and manufacturing capabilities to meet the advanced requirements of our customers. We believe that our ability to develop and manufacture high-end power equipment products, such as UHV tap-changers and vacuum tap-changers, will continue to support our revenue growth and contribute to our high gross profit margin. In light of the long-term growth potential in CNC equipment, we also plan to continue expanding our CNC equipment business to drive our business growth. In addition, to allocate resources more efficiently and concentrate on our core business, we are scaling down and will ultimately exit the power station EPC business.

Our future success depends on our ability to anticipate industry trends and develop products with high-performance that meet the evolving demand of our customers. We aim to further optimize our product portfolio. By continuously refining the mix of our products and services and leveraging technological innovation, we are committed to sustaining robust financial performance and driving long-term growth. However, fluctuations in product demand, shifts in market dynamics and evolving competitive dynamics may impact our financial performance.

Growth of Customer Base and Expansion of Overseas Markets

The expansion of our customer base is a key driver of our business growth. Our revenue and overall profitability are largely affected by our ability to maintain existing customer cooperation and attract new customers. We have established close long-term collaborations with our major customers by continuously optimizing product quality, upgrading our technologies, and offering reliable services, so as to meet our customers' needs. With enhanced product offerings, we target to further grow our customer base and explore new business opportunities, including expanding our market coverage geographically.

We have witnessed emerging overseas opportunities for tap-changers and CNC equipment in recent years, driven by, among other things, increased infrastructure investment and growing demand from new energy sectors, AIDCs, ESS and other end markets. We have been strategically expanding our international footprint for both the power equipment business and the CNC equipment business. During the Track Record Period, our revenue from overseas sales amounted to RMB274.3 million, RMB307.6 million and RMB478.8 million in 2023, 2024 and 2025, respectively, with a CAGR of 32.1%. Our production facilities in Turkey and Indonesia have commenced operation in 2016 and 2025, respectively, strengthening our ability to serve overseas customers. Going forward, overseas expansion will continue to be one of our key business strategies. See "Business — Future Strategies — Expand global marketing and service networks to strengthen international presence and customer support" and "Business — Future Strategies — Strengthen global production synergy and advance overseas localization" for details. While we believe that our proven track record in serving overseas customers, coupled with our product portfolio and R&D capabilities, well positions us to attract overseas customers, expand our market share in global power equipment market, and increase our future revenue, there is no assurance that our overseas expansion will be successful. In particular, we face more competition in the global market compared to the domestic market. Our competitors in the global market might benefit from their first-mover advantage, readily existing trust from their customers, and local market insights, making it difficult for us to obtain new overseas customers. The expansion of overseas markets and global customer base might cause increased operating costs for, among other things, sales and marketing activities and localized services, which could also affect our financial performance and results of operations.

Management of Costs and Improvement of Operational Efficiency

Our business results, profitability and future growth are affected by our ability to continuously enhance and improve our operational efficiency and cost optimization. Our cost of sales primarily consists of costs of raw materials and components, manufacturing costs, and labor costs related to manufacturing and construction. The cost of raw materials and components, being the largest component of our cost of sales during the Track Record Period, amounted to RMB638.9 million, RMB834.3 million and RMB811.3 million in 2023, 2024 and 2025, respectively, accounting for 67.6%, 69.9% and 73.0% of our total cost of sales in the respective years. Therefore, we are subject to the risks of fluctuations in the price of our key materials and components. Changes in the availability and price of raw materials and components could have a significant impact on our operating costs, profit margin and results

of operations. To mitigate supply chain risks and price volatility, we closely monitor raw material costs through market trend analysis, supplier negotiations and periodic price assessments. We procure raw materials and adjust inventory levels based on price forecast to avoid disruption in our supply chain and control our raw material costs. For details of our inventory management, see "Business — Raw Materials, Inventory Management and Suppliers — Inventory Management."

In addition to the cost control, operational efficiency also affects our profitability and future growth. We have implemented various measures to enhance our production efficiency and improve cost-control, including improving raw material utilization and recyclability, upgrading product quality and scale, innovating material processing techniques to reduce reliance on certain raw materials, implementing intelligent manufacturing, and introducing new equipment to promote automation level and reduce the proportion of labor costs to total cost. We believe that our ability to efficiently manage our manufacturing and operations is critical to sustaining the scale of our business, driving the continued growth of our total revenue and gross profit margin, and maintaining our competitiveness in an industry where cost control is key to long-term success. Going forward, we expect to continue enhancing our operational efficiency to mitigate input cost pressures and safeguard our profitability.

Investment in Research and Development and Advance in Technology

Our business growth is largely attributable to strong in-house R&D capabilities. Staying at the forefront of innovation is critical to maintaining our competitiveness and meeting evolving market demands. During the Track Record Period, we have dedicated to investing in technology development and innovation. Our research and development expenses amounted to RMB78.5 million, RMB81.4 million and RMB88.5 million in 2023, 2024 and 2025, respectively, accounting for 4.0%, 3.5% and 3.7% of our revenue, respectively. We have built in-depth industry knowledge and technical know-how of power equipment industry throughout the years. Our investment in R&D activities yielded over 300 issued patents as of the Latest Practicable Date.

Our investment in R&D enabled us to build our market leadership and is expected to yield long-term results. In particular, our development of high-end products, such as UHV tap-changers, enables us to remain at the forefront of industry innovation. While exploring new technological frontiers in the power equipment industry, we also continued to optimize the performance of our existing products through our R&D efforts. As the market evolves, the performance of our products also requires consistent enhancement. Our ability to develop more advanced technologies and design innovative products that tailor to customers' changing requirements has been and will continue to be critical to our ability to maintain our competitive edge and excel in the market. We will continue to invest in proprietary technology development and innovation to grow our competitive strengths and to enhance our market position. Therefore, the outcome and effectiveness of our research efforts could affect our profitability and future results of operations.

BASIS OF PRESENTATION

Our consolidated financial information has been prepared in accordance with IFRS issued by the International Accounting Standards Board. All IFRS effective for the accounting period commencing from January 1, 2026, 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 historical financial information has been prepared under the historical cost convention except for certain financial instruments, which have been measured at fair value at the end of each reporting period.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

Notes 2.3 and 3 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. See Notes 2.3 and 3 to "Appendix I — Accountants' Report."

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss for the periods 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**

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
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**

Revenue

The following table sets forth the breakdown of our revenue by type of goods or services for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
Power equipment business	1,611,018	82.8	1,798,909	77.9	2,088,230	86.6
CNC equipment business	160,953	8.3	174,319	7.6	243,481	10.1
Power station EPC business	116,749	6.0	286,711	12.4	28,890	1.2
Others	56,917	2.9	48,936	2.1	51,179	2.1
Total	**1,945,637**	**100.0**	**2,308,875**	**100.0**	**2,411,780**	**100.0**

During the Track Record Period, our revenue was derived primarily from the following types of businesses, including:

(1) **Power equipment business** — Our revenue was principally derived from the research and development, manufacturing, sales and full life-cycle operation and maintenance of tap-changers, which constituted our core business. In 2023, 2024 and 2025, the power equipment business contributed 82.8%, 77.9% and 86.6% of our total revenue, respectively.

(2) **CNC equipment business** — We also generated revenue from the research and development, manufacturing, sales and services of integrated CNC equipment. In 2023, 2024 and 2025, the CNC equipment business contributed 8.3%, 7.6% and 10.1% of our total revenue, respectively.

(3) **Power station EPC business** — A portion of our revenue was generated from the engineering-procurement-construction (EPC) of photovoltaic power stations. In 2023, 2024 and 2025, the power station EPC business contributed 6.0%, 12.4% and 1.2% of our total revenue, respectively.

(4) **Others** — Revenue from other sources mainly included electricity sales generated from certain photovoltaic power stations that we own. To a much lesser extent, it also included rental income from investment property operating leases. In 2023, 2024 and 2025, others business contributed 2.9%, 2.1% and 2.1% of our total revenue, respectively.

During the Track Record Period, our products were sold in both domestic and international markets. Revenue from Chinese mainland represents sales to customers located in Chinese mainland, while revenue from overseas represents (i) sales generated by our overseas subsidiaries and (ii) sales directly exported from Chinese mainland to customers located outside Chinese mainland. The following table sets forth a geographic breakdown of our revenue for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
Chinese mainland	1,671,366	85.9	2,001,285	86.7	1,933,013	80.1
Overseas	274,271	14.1	307,590	13.3	478,767	19.9
Total revenue	**1,945,637**	**100.0**	**2,308,875**	**100.0**	**2,411,780**	**100.0**

Cost of Sales

We primarily incur cost of sales in relation to our cost of sales of goods and services, which mainly includes (i) costs of raw materials and components, (ii) manufacturing costs, and (iii) labor costs related to manufacturing and construction. The following table sets forth a breakdown of our cost of sales by nature for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
Costs of raw materials and components	638,922	67.6	834,314	69.9	811,307	73.0
Manufacturing costs	112,989	12.0	126,725	10.6	140,190	12.6
Labor costs	168,583	17.8	203,496	17.1	127,474	11.5
Others[(1)]	23,999	2.5	28,692	2.4	31,934	2.9
Total	**944,493**	**100**	**1,193,227**	**100**	**1,110,905**	**100**
As % of total revenue		*48.5*		*51.7*		*46.1*

Note:

(1) Others include primarily operating cost of our photovoltaic power stations and impairment losses.

Gross Profit and Gross Margin

The following table sets forth a breakdown of our gross profit and gross margin by type of goods or services for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
	(RMB'000, except for percentages)					
Power equipment business	931,809	57.8%	1,041,753	57.9%	1,238,342	59.3%
CNC equipment business	27,213	16.9%	21,425	12.3%	44,918	18.4%
Power station EPC business	7,711	6.6%	27,919	9.7%	(8,085)	(28.0)%
Others	34,411	60.5%	24,551	50.2%	25,700	50.2%
Total	**1,001,144**	**51.5%**	**1,115,648**	**48.3%**	**1,300,875**	**53.9%**

Other Income and Gains

During the Track Record Period, our other income and gains primarily consisted of (i) interest income, primarily representing interest income on our bank deposits; (ii) government grants, mainly representing government subsidies received by us related to income; and (iii) gain on disposal of items of property, plant and equipment. The following table sets forth a breakdown of our other income and gains for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
Other income						
Interest income	26,838	43.4	35,127	42.9	30,822	27.7
Government grants	25,966	42.0	34,573	42.2	22,130	19.9
Value-added tax additional deduction	3,038	4.9	3,109	3.8	4,332	3.9
Dividend income from equity investments at fair value through other comprehensive income	–	–	1,767	2.2	1,767	1.6
Investment income from structured deposits and wealth management products	1,628	2.6	203	0.2	77	0.1
Others	2,209	3.6	6,994	8.5	2,017	1.8
Total other income	**59,679**	**96.6**	**81,773**	**99.8**	**61,145**	**55.0**
Gains						
Gain on disposal of items of property, plant and equipment	–	–	–	–	39,135	35.2
Foreign exchange gains, net	2,122	3.4	–	–	10,477	9.4
Gain on bargain purchase	–	–	–	–	233	0.2
Gain on disposal of financial assets at fair value through profit or loss, net	–	–	179	0.2	104	0.1
Gain on disposal of an asset classified as held for sale	–	–	–	–	77	0.1
Total gains	**2,122**	**3.4**	**179**	**0.2**	**50,026**	**45.0**
Total other income and gains	**61,801**	**100.0**	**81,952**	**100.0**	**111,171**	**100.0**
As % of total revenue		*3.2*		*3.5*		*4.6*

Sales and Marketing Expenses

During the Track Record Period, our sales and marketing expenses primarily consisted of (i) service fees incurred mainly for after-sales services to strengthen customer relationship; (ii) employee compensation for our sales and marketing staff; (iii) marketing expenses; (iv) consultation expenses; and (v) travel expenses. The following table sets forth the breakdown of our sales and marketing expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
Service fees	87,293	42.3	89,626	42.8	106,987	42.5
Employee compensation	67,665	32.8	69,970	33.4	71,736	28.5
Marketing expenses	16,737	8.1	17,710	8.4	17,415	6.9
Consultation expenses	20,240	9.8	13,493	6.4	19,461	7.7
Travel expenses	7,684	3.7	10,429	5.0	14,484	5.8
Share-based payment	–	–	–	–	11,218	4.5
Vehicle expenses	962	0.5	341	0.2	1,001	0.4
Office expenses	463	0.2	680	0.3	822	0.3
Others	5,151	2.5	7,374	3.5	8,390	3.3
Total	**206,195**	**100.0**	**209,623**	**100.0**	**251,514**	**100.0**
As % of total revenue		*10.6*		*9.1*		*10.4*

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) employee compensation for our administrative staff; (ii) depreciation and amortization; (iii) professional services fees and consulting fees; and (iv) taxes other than VAT surcharges. The following table sets forth the breakdown of our administrative expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
Employee compensation	61,352	40.1	67,640	41.4	74,531	39.6
Share-based payment	–	–	–	–	12,390	6.6
Depreciation and amortization	24,929	16.3	28,227	17.3	26,644	14.1

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
Professional service fees/Consulting fees	17,252	11.3	22,083	13.5	24,027	12.8
Taxes other than VAT surcharges	15,669	10.2	17,466	10.7	17,012	9.0
Office expenses	17,469	11.4	10,978	6.7	14,368	7.6
Travel expenses	3,380	2.2	4,009	2.5	4,538	2.4
Others	12,922	8.4	12,800	7.8	14,859	7.9
Total	**152,973**	**100**	**163,203**	**100**	**188,369**	**100**
As % of total revenue		*7.9*		*7.1*		*7.8*

Research and Development Expenses

During the Track Record Period, our research and development expenses primarily consisted of (i) material fees; and (ii) employee compensation for our research and development staff. The following table sets forth the breakdown of our research and development expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
Material fees	30,046	38.3	33,336	41.0	41,732	47.2
Employee compensation	33,812	43.1	35,689	43.9	32,507	36.7
Share-based payment	–	–	–	–	4,609	5.2
Testing fees	4,429	5.6	7,094	8.7	3,967	4.5
Depreciation and amortization	1,819	2.3	1,985	2.4	2,318	2.6
Technical service fees	1,171	1.5	602	0.7	2,030	2.3
Commissioned development expenses	6,263	8.0	943	1.2	472	0.5
Others	928	1.2	1,712	2.1	836	0.9
Total	**78,468**	**100.0**	**81,361**	**100.0**	**88,471**	**100.0**
As % of total revenue		*4.0*		*3.5*		*3.7*

Reversal of Impairment Losses/(Impairment Losses) on Financial and Contract Assets, Net

During the Track Record Period, our net reversal of impairment losses/(impairment losses) on financial and contract assets mainly included the provision or reversal of bad debt reserves for certain trade and bills receivables. We incurred a net reversal of impairment losses on financial and contract assets of RMB25.9 million in 2023, a net impairment loss of RMB6.5 million in 2024, and a net reversal of impairment loss of RMB0.5 million in 2025.

Fair Value Gains on Financial Assets at Fair Value Through Profit or Loss, Net

During the Track Record Period, our net fair value gains on financial assets at fair value through profit or loss mainly included a one-time fair value gain in 2023 from our unlisted equity investment. Following a court ruling on the repurchase price in dispute, the court determined that the counterparty must pay us a higher amount to repurchase our investment than the value we had conservatively estimated and carried on our books. This gain represents the positive adjustment to align the investment's recorded value with the legally mandated settlement. We have collected the mandated repurchase amount from the counterparty in 2024 accordingly. We incurred net fair value gains on financial assets at fair value through profit or loss of RMB6.7 million, nil and RMB0.007 million in 2023, 2024 and 2025, respectively.

Other Expenses

During the Track Record Period, our other expenses primarily included exchange losses, losses on the transfer of financial assets measured at amortized cost, losses on asset disposal, and non-operating expenses. In 2023, 2024 and 2025, our other expenses amounted to RMB6.2 million, RMB10.0 million and RMB24.7 million, respectively.

Finance Costs

During the Track Record Period, our finance costs mainly consisted of (i) interest on interest-bearing bank and other borrowings; and (ii) interest on lease liabilities. In 2023, 2024 and 2025, our finance costs amounted to RMB16.3 million, RMB17.3 million and RMB13.4 million, respectively.

Share of profits and losses of joint ventures and associates

Our share of profits and losses of joint ventures and associates was RMB10.3 million, RMB16.9 million and RMB2.2 million in 2023, 2024 and 2025, respectively, mainly related to our investments in Jinkaiqiyu (Beijing) New Energy Development Partnership (Limited Partnership) (金開啟昱(北京)新能源發展合夥企業(有限合夥)) ("**Jinkaiqiyu**") and Jiaxin Jiaoying Huaming Venture Capital Partnership (Limited Partnership) (嘉興交贏華明創業投資合夥企業(有限合夥)). On December 31, 2024, we and Jinkai New Energy Technology Co., Ltd.

entered into a Partnership Share Transfer Agreement, pursuant to which we shall transfer all of our investments in Jinkaiqiyu to Jinkai New Energy Technology Co., Ltd. and the transaction was completed in December 2025.

Income Tax Expense

We recorded income tax expense of RMB95.1 million, RMB106.9 million and RMB128.6 million in 2023, 2024 and 2025, respectively. Our effective income tax rate, calculated by dividing income tax expense by profit before tax, expressed as a percentage, was 14.7%, 14.7% and 15.2% in 2023, 2024 and 2025, respectively. Our effective income tax rate in each period was lower than the 25% statutory tax rate, primarily because (i) the impact of different tax rates in the jurisdictions where certain of our subsidiaries were domiciled and operated; (ii) the preferential tax rates of the PRC that we or certain of our subsidiaries were benefited from; and (iii) additional deductible allowance for qualified research and development expenses.

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and/or operate. We are subject to various rates of income tax under different jurisdictions. During the Track Record Period and up to the Latest Practicable Date, we paid all relevant taxes that were due and applicable to us and had no disputes or unresolved tax issues with relevant tax authorities. For the statutory tax rate and preferential income tax rates applicable to our Company and our subsidiaries, see Note 10 to "Appendix I — Accountants' Report."

Profit for the Year and Net Margin

As a result of the foregoing, our profit was RMB550.7 million, RMB619.8 million and RMB719.6 million in 2023, 2024 and 2025, respectively.

Net margin represents profit for the year divided by revenue, expressed as a percentage. In 2023, 2024 and 2025, our net margin was 28.3%, 26.8% and 29.8%, respectively.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 4.5% from RMB2,308.9 million in 2024 to RMB2,411.8 million in 2025, primarily driven by the continued revenue growth of our power equipment and CNC equipment businesses.

- Our revenue generated from power equipment business increased by 16.1% from RMB1,798.9 million in 2024 to RMB2,088.2 million in 2025. This increase was primarily due to the increased demand for tap-changers, especially the increase in the demand for OLTCs and DETCs.

- Our revenue generated from CNC equipment business increased by 39.7% from RMB174.3 million in 2024 to RMB243.5 million in 2025. This increase was primarily due to the increased overseas demand for CNC equipment, in particular in the Middle East and Southern Asia.

- Our revenue generated from power station EPC business decreased by 89.9% from RMB286.7 million in 2024 to RMB28.9 million in 2025. This significant decrease was primarily due to our strategic adjustments to focus on our core business with higher gross margin.

- Our revenue generated from other business increased by 4.6% from RMB48.9 million in 2024 to RMB51.2 million in 2025, primarily driven by the increased number of our photovoltaic power stations. We owned three photovoltaic power stations in 2025 compared to two in 2024.

Our revenue from Chinese mainland decreased by 3.4% from RMB2,001.3 million in 2024 to RMB1,933.0 million in 2025, because we recorded more revenue from our power station EPC business in China in 2024 for a large project. Our revenue from overseas sales increased by 55.7% from RMB307.6 million in 2024 to RMB478.8 million in 2025, primarily attributable to the growing demand for tap-changers and CNC equipment from overseas customers.

Cost of Sales

Our cost of sales decreased by 6.9% from RMB1,193.2 million in 2024 to RMB1,110.9 million in 2025, primarily driven by the decreases in cost of raw materials and components and labor costs, both related to the phasing out of our power station EPC business.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 16.6% from RMB1,115.6 million in 2024 to RMB1,300.9 million in 2025. Our gross margin increased from 48.3% in 2024 to 53.9% in 2025, mainly attributable to the expansion of scale as well as the increase of profit margin of our power equipment business. In addition, our structural adjustments of the business to focus on our core business with a relatively high gross margin also contributed to the overall outcome of our gross profit and gross margin.

- Our gross profit for power equipment business increased by 18.9% from RMB1,041.8 million in 2024 to RMB1,238.3 million in 2025, primarily driven by rapid business growth in 2025. Our gross profit margin for power equipment business increased from 57.9% to 59.3% for the same year, primarily due to optimized product mix. In 2025, we sold more vacuum OLTCs, which generally enjoy relatively higher gross margins.

- Our gross profit for CNC equipment business increased by 109.7% from RMB21.4 million in 2024 to RMB44.9 million in 2025, primarily driven by increased export sales. Our gross profit margin for CNC equipment business increased from 12.3% to 18.4% for the same year, primarily due to increased sales overseas, which generally enjoy higher gross margins.

- For our power station EPC business, we recorded a gross profit of RMB27.9 million with a gross profit margin of 9.7% in 2024, and a gross loss of RMB8.1 million with a gross loss margin of 28.0% in 2025. The gross loss in 2025 was primarily attributable to a one-off adjustment to the estimated revenue attributable to a power station EPC project during contract payment settlement.

- Our gross profit for other business increased by 4.7% from RMB24.6 million in 2024 to RMB25.7 million in 2025, driven by the increased electricity sales from the increased number of photovoltaic power sections we own. Our gross profit margin for other business remained relatively stable at 50.2% in 2024 and 50.2% in 2025.

Other Income and Gains

Our other income and gains increased by 35.7% from RMB82.0 million in 2024 to RMB111.2 million in 2025, primarily due to (i) a gain on disposal of items of property, plant and equipment of RMB39.1 million recognized in 2025 relating to our disposal of certain production facilities and land use rights in the PRC; and (ii) net foreign exchange gains of RMB10.5 million in 2025, as compared to nil in 2024, which was mainly due to the increase of value of certain assets denominated in foreign currencies caused by the change of foreign exchange rates; such a trend was partially offset by a decrease of RMB12.4 million in government grants.

Sales and Marketing Expenses

Our sales and marketing expenses increased by 20.0% from RMB209.6 million in 2024 to RMB251.5 million in 2025, primarily attributable to (i) an increase of RMB17.4 million in service fees related to after-sales services, which was in line with our business growth; and (ii) share-based payment of RMB11.2 million, as compared to nil in 2024, which was mainly relating to the increased compensation provided by us to our employees.

Administrative Expenses

Our administrative expenses increased by 15.4% from RMB163.2 million in 2024 to RMB188.4 million in 2025, primarily attributable to (i) share-based payment of RMB12.4 million, as compared to nil in 2024, which was mainly relating to the increased compensation provided by us to our employees; and (ii) an increase of RMB6.9 million in employee compensation relating to the rising administrative staff headcount and salaries for overseas operations.

Research and Development Expenses

Our research and development expenses increased by 8.7% from RMB81.4 million in 2024 to RMB88.5 million in 2025, primarily attributable to (i) an increase of RMB8.4 million in material fees, as we increased our investment in research and development for our collaboration projects on UHV products to maintain our technological competitiveness; and (ii) share-based payment of RMB4.6 million, as compared to nil in 2024, which was mainly relating to the increased compensation provided by us to our employees.

Reversal of Impairment Losses (Impairment Losses) on Financial and Contract Assets, Net

We recorded a net reversal of impairment losses on financial assets and contract assets of RMB0.5 million in 2025, primarily due to the receipt of payments from a customer in respect of certain contract assets under our power station EPC business that had previously been impaired. Accordingly, the related impairment losses were reversed during the year. We recorded net impairment losses on financial assets and contract assets of RMB6.5 million in 2024, primarily attributable to a payment made in connection with a potential investment project in Southeast Asia, which did not proceed.

Fair Value Gains on Financial Assets at Fair Value Through Profit or Loss, Net

We recorded nil under this item in 2024, while recorded net fair value gains on financial assets at fair value through profit or loss of RMB7,000 in 2025, which was mainly related to a small amount of wealth management product.

Other Expenses

Our other expenses increased by 147.9% from RMB10.0 million in 2024 to RMB24.7 million in 2025, which was mainly related to the loss caused by our disposal of Changzheng Electric.

Finance Costs

Our finance costs decreased by 22.1% from RMB17.3 million in 2024 to RMB13.4 million in 2025, primarily contributed to a decrease in interest on interest-bearing bank and other borrowings due to the reduction in the interest rates.

Share of profits and losses of joint ventures and associates

Our share of profits and losses of joint ventures and associates decreased by 87.0% from RMB16.9 million in 2024 to RMB2.2 million in 2025, primarily due to the sale of our investments in Jinkaiqiyu, which no longer contributed to our share of profits and losses of joint ventures and associates in 2025.

Income Tax Expenses

Our income tax expenses increased by 20.3% from RMB106.9 million in 2024 to RMB128.6 million in 2025, primarily reflecting the growth in our profit before tax.

Profit for the Year and Net Margin

As a result of the foregoing, our profit increased by 16.7% from RMB619.8 million in 2024 to RMB719.6 million in 2025. Our net margin was 26.8% and 29.8% in 2024 and 2025, respectively.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 18.7% from RMB1,945.6 million in 2023 to RMB2,308.9 million in 2024, primarily driven by the revenue growth of power equipment business.

- Our revenue generated from power equipment business increased by 11.7% from RMB1,611.0 million in 2023 to RMB1,798.9 million in 2024. This increase was primarily due to the increased demand for power equipment in both the domestic market and the overseas market, especially the significant increase in the demand for power equipment driven by the growth of power grid investment, new energy sectors, AIDCs and ESS.

- Our revenue generated from CNC equipment business increased by 8.3% from RMB161.0 million in 2023 to RMB174.3 million in 2024, showing a steady growth of this business driven by overseas market growth.

- Our revenue generated from power station EPC business increased by 145.6% from RMB116.7 million in 2023 to RMB286.7 million in 2024. This increase was primarily due to the recognition of revenue for a photovoltaic power station EPC project in Henan Province, the PRC during that year.

- Our revenue generated from other business decreased by 14.0% from RMB56.9 million in 2023 to RMB48.9 million in 2024, primarily affected by the expiration of local government subsidies for photovoltaic power generation. We owned two photovoltaic power stations and generated electricity for sales in 2023 and 2024.

Our revenue from Chinese mainland increased by 19.7% from RMB1,671.4 million in 2023 to RMB2,001.3 million in 2024, primarily attributable to the growing demand for power equipment and CNC equipment in the PRC driven by the power grid investment, as well as completion of a large project under our power station EPC business in 2024. Our revenue from overseas sales increased by 12.1% from RMB274.3 million in 2023 to RMB307.6 million in 2024, primarily attributable to the growing demand for tap-changers and CNC equipment from overseas customers and our active expansion of overseas business.

Cost of Sales

Our cost of sales increased by 26.3% from RMB944.5 million in 2023 to RMB1,193.2 million in 2024, primarily driven by the increased costs related to construction under our power station EPC business, which is consistent with the recognition of revenue for the same period, as well as the increased costs of raw materials and components, mainly attributable to the growth of our production and sale volume.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 11.4% from RMB1,001.1 million in 2023 to RMB1,115.6 million in 2024. Our gross margin decreased from 51.5% in 2023 to 48.3% in 2024, mainly attributable to the relatively low profit margin of the power station EPC business, which constituted a higher portion of our total revenue in 2024 due to the recognition of revenue for a large project during that year.

- Our gross profit for power equipment business increased by 11.8% from RMB931.8 million in 2023 to RMB1,041.8 million in 2024, primarily driven by the growth of our power equipment business in 2024. Our gross profit margin for power equipment business remained relatively stable at 57.8% in 2023 and 57.9% in 2024.

- Our gross profit for CNC equipment business decreased by 21.3% from RMB27.2 million in 2023 to RMB21.4 million in 2024, despite the growth of our CNC equipment business in 2024. Our gross profit margin for this business decreased from 16.9% to 12.3% for the same year, primarily due to (i) increased competition in the domestic market, which led to an overall decrease in selling prices; and (ii) a change in product mix, with increased sales of products with lower gross profit margins.

- Our gross profit for power station EPC business increased by 262.1% from RMB7.7 million in 2023 to RMB27.9 million in 2024, primarily driven by revenue growth of our power station EPC business in 2024. Our gross profit margin for this business increased from 6.6% in 2023 to 9.7% in 2024, primarily attributable to the decrease in prices of raw materials used in the photovoltaic power station construction in 2024.

- Our gross profit for other business decreased by 28.7% from RMB34.4 million in 2023 to RMB24.6 million in 2024, affected by the decrease of gross profit margin. Our gross profit margin for other business decreased from 60.5% in 2023 to 50.2% in 2024, primarily affected by the expiration of local government subsidies.

Other Income and Gains

Our other income and gains increased by 32.6% from RMB61.8 million in 2023 to RMB82.0 million in 2024, primarily due to (i) an increase of RMB8.6 million in government grants relating to income; and (ii) an increase of RMB8.3 million in interest income mainly relating to the increased interest rate for USD.

Sales and Marketing Expenses

Our sales and marketing expenses increased by 1.7% from RMB206.2 million in 2023 to RMB209.6 million in 2024, remained relatively stable, benefiting from our business expansion, enhanced brand building efforts, and solidified relationships with our customers, which led to the economies of scale.

Administrative Expenses

Our administrative expenses increased by 6.7% from RMB153.0 million in 2023 to RMB163.2 million in 2024, primarily due to (i) an increase of RMB6.3 million in employee compensation relating to the rising administrative staff headcount and salaries, (ii) an increase of RMB4.8 million in professional service and consulting fee primarily relating to preliminary due diligence for our projects in Southeast Asia, and (iii) an increase of RMB3.3 million in depreciation and amortization.

Research and Development Expenses

Our research and development expenses increased by 3.7% from RMB78.5 million in 2023 to RMB81.4 million in 2024, primarily due to (i) an increase of RMB3.3 million in material fees and an increase of RMB2.7 million in testing fees, as we increased our investment in research and development for our projects on UHV products to maintain our technological competitiveness; and (ii) an increase of RMB1.9 million in employee compensation due to the rising R&D staff headcount and salaries.

Reversal of Impairment Losses (Impairment Losses) on Financial and Contract Assets, Net

We recorded net reversal of impairment losses on financial assets and contract assets of RMB25.9 million in 2023, as compared to net impairment losses on financial assets and contract assets of RMB6.5 million in 2024. Such a difference was mainly because we previously recorded impairment losses for certain trade and bill receivables of two customers in relation to our power station EPC business, which were collected in 2023, leading to the reversal of impairment losses for these trade and bill receivables in that year.

Fair Value Gains on Financial Assets at Fair Value Through Profit or Loss, Net

We recorded net fair value gains on financial assets at fair value through profit or loss of RMB6.7 million in 2023, while recorded nil under this item for 2024. Such a difference was due to the recognition of a one-time fair value gain related to our unlisted equity investment. See "— Description of Selected Components of Consolidated Statements of Profit or Loss — Fair Value Gains on Financial Assets at Fair Value Through Profit or Loss, Net" for more details.

Other Expenses

Our other expenses increased by 60.9% from RMB6.2 million in 2023 to RMB10.0 million in 2024, which was mainly due to the foreign exchange loss in 2024.

Finance Costs

Our finance costs increased by 5.9% from RMB16.3 million in 2023 to RMB17.3 million in 2024 as a result of the combination of (i) an increase in the interest on interest-bearing bank and other borrowings due to the increased total amount of bank and other borrowings; and (ii) a decrease in the interest on lease liabilities in line with our continuous payments of rents.

Share of Profits and Losses of Joint Ventures and Associates

Our share of profits and losses of joint ventures and associates increased by 64.1% from RMB10.3 million in 2023 to RMB16.9 million in 2024, primarily due to the improved performance of Jinkaiqiyu, which is an investment holding company, as a result of better performance of its underlying investments in the photovoltaic industry.

Income Tax Expenses

Our income tax expenses increased by 12.3% from RMB95.1 million in 2023 to RMB106.9 million in 2024, primarily reflecting the growth in our profit before tax.

Profit for the Year and Net Margin

As a result of the foregoing, our profit increased by 12.6% from RMB550.7 million in 2023 to RMB619.8 million in 2024. Our net margin was 28.3% and 26.8% in 2023 and 2024, respectively.

DISCUSSION OF SELECTED ITEMS 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, which are extracted from the Accountants' Report included in Appendix I to this document:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
NON-CURRENT ASSETS			
Property, plant and equipment	919,839	948,626	1,170,424
Investment properties	3,999	3,780	3,561
Equity investments designated at fair value through other comprehensive income	72,145	58,270	58,804
Right-of-use assets	193,100	173,266	456,729
Goodwill	99,419	99,419	99,419
Other intangible assets	20,198	16,824	52,050
Investments in a joint venture	27,658	27,192	21,141

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Investments in an associate	110,792	–	–
Deferred tax assets	87,474	94,555	68,205
Prepayments, other receivables and other assets	–	20,853	4,194
Total non-current assets	**1,534,624**	**1,442,785**	**1,934,527**
CURRENT ASSETS			
Inventories	324,174	352,190	386,796
Contract fulfillment cost	41,299	31,377	292
Trade and bills receivables	1,233,239	1,124,585	1,256,267
Contract asset	43,225	58,361	43,255
Prepayments, other receivables and other assets	230,129	155,605	290,914
Financial assets at fair value through profit or loss	56,254	2,129	2,477
Assets classified as held for sale	–	128,180	–
Tax recoverable	609	1,151	1,502
Pledged deposits	62,911	51,402	126,814
Restricted cash	–	6,028	–
Cash and cash equivalents	991,684	1,103,901	1,165,599
Total current assets	**2,983,524**	**3,014,909**	**3,273,916**
CURRENT LIABILITIES			
Trade and bills payables	385,526	422,388	401,334
Contract liabilities	83,274	54,414	67,676
Other payables and accruals	118,689	180,917	242,693
Interest-bearing bank and other borrowings	100,563	250,008	282,920
Lease liabilities	25,309	30,977	43,089
Tax payable	27,194	53,554	43,307
Total current liabilities	**740,555**	**992,258**	**1,081,019**
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	321,128	220,275	553,736
Lease liabilities	34,023	11,210	336,425
Deferred tax liabilities	30,028	25,977	41,732
Provision	–	1,088	3,038
Deferred income	29,703	25,543	20,121
Total non-current liabilities	**414,882**	**284,093**	**955,052**
Net assets	3,362,711	3,181,343	3,172,372

Property, Plant and Equipment

Our property, plant and equipment primarily include photovoltaic power station, buildings, construction in progress, and machinery. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Photovoltaic power station	407,544	389,208	497,096
Buildings	347,610	363,222	378,619
Construction in progress	22,987	57,921	132,149
Machinery	94,745	92,036	121,366
Leasehold improvements	31,705	29,570	21,880
Office equipment and electronic devices	10,360	11,360	12,932
Vehicles	2,983	3,741	4,292
Land	1,905	1,568	2,090
Total	**919,839**	**948,626**	**1,170,424**

Our property, plant and equipment increased from RMB919.8 million as of December 31, 2023 to RMB948.6 million as of December 31, 2024, mainly due to (i) an increase of RMB34.9 million in construction in progress relating to the construction of certain production facilities; and (ii) an increase of RMB15.6 million in buildings relating to the completion of certain production facilities. Such an increase was partially offset by a decrease of RMB18.3 million in photovoltaic power station relating to the depreciation of photovoltaic power stations.

Our property, plant and equipment further increased to RMB1,170.4 million as of December 31, 2025, mainly due to (i) an increase of RMB107.9 million in photovoltaic power stations primarily attributable to our acquisition of Neixiang Tianhai in 2025, whose photovoltaic power stations were consolidated into our assets; (ii) an increase of RMB74.2 million in construction in progress relating to the continued construction of production facilities and the additional construction in progress recorded after the acquisition of Neixiang Tianhai; (iii) an increase of RMB29.3 million in machinery for equipment upgrades and replacement of aging production lines; and (iv) an increase of RMB15.4 million in buildings attributable to the completion of construction-in-progress projects. Such increase was partially offset by a decrease of RMB7.7 million in leasehold improvements primarily due to limited additions during the year and ongoing depreciation.

Right-of-Use Assets

Our right-of-use assets include leasehold land and buildings used in our operations. We have lease contracts for various items of leasehold land and buildings used in our operations. Lump sum lease payments were made upfront to the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 2 and 10 years.

Our right-of-use assets decreased from RMB193.1 million as of December 31, 2023 to RMB173.3 million as of December 31, 2024, mainly due to (i) a decrease of RMB15.8 million in leasehold buildings, and (ii) a decrease of RMB4.0 million in leasehold land, both of which were mainly due to the depreciation of these right-of-use assets.

Our right-of-use assets increased to RMB456.7 million as of December 31, 2025, mainly due to (i) an increase of RMB219.8 million in machinery, and (ii) an increase of RMB89.6 million in leasehold buildings, both of which were primarily attributable to our acquisition of Neixiang Tianhai, whose right-of-use assets were consolidated into our assets. Such increase was partially offset by a decrease of RMB26.0 million in leasehold land mainly due to foreign currency translation effects resulting from the amortization of land use right.

Goodwill

Our goodwill mainly arose from our acquisition of the tap-changer business of Changzheng Electric to enhance our product portfolio and production capabilities; we recorded goodwill of RMB99.4 million subsequent to the acquisition. The carrying amount of our goodwill remained at RMB99.4 million as of December 31, 2023, 2024 and 2025. For details on the impairment testing of goodwill, see Note 16 to the Accountants' Report in Appendix I to this document.

Inventories

Our inventories consist of (i) raw materials, representing the various kinds of supplies that we procure for manufacturing our products, which mainly include copper, steel ingots, aluminum ingots and vacuum bubbles; (ii) consigned processing materials, which are consigned to our suppliers to complete certain processes, such as silver coating which we typically outsource; (iii) work in progress; (iv) goods in transit; and (v) finished goods. Under our inventory control policy, we regularly monitor and analyze our historical procurement, inventory level and projected usage of our inventories to meet the demand of our customers in a timely manner without causing inventory accumulation or shortage. We have established an inventory management system that monitors each stage of the warehousing process. See "Business — Raw Materials, Inventory Management and Suppliers."

The following table sets forth our inventory balances as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Raw materials	76,485	91,786	97,014
Consigned processing materials	1,719	851	989
Work in progress	164,704	174,181	193,249
Goods in transit	20,002	25,991	31,947

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Finished goods	67,683	66,531	74,681
	330,593	359,340	397,880
Less: provision for impairment losses on inventories	(6,419)	(7,150)	(11,084)
Total	**324,174**	**352,190**	**386,796**

Our inventories increased from RMB324.2 million as of December 31, 2023 to RMB352.2 million as of December 31, 2024, primarily resulting from (i) an increase of RMB15.3 million in raw materials mainly due to the increased sales volume and business growth of our CNC equipment business; and (ii) an increase of RMB9.5 million in work in progress mainly due to our power equipment and CNC equipment businesses.

Our inventories further increased to RMB386.8 million as of December 31, 2025, primarily due to (i) an increase of RMB19.1 million in work in progress, (ii) an increase of RMB8.2 million in finished goods, and (iii) an increase of RMB5.2 million in raw materials, all of which were mainly in response to the anticipated increase in customer demand for our products, in particular in the overseas market, to ensure timely delivery of our products.

The aging analysis of our inventories as of the dates indicated is as follows:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Within 1 year	283,045	299,469	348,766
1 to 2 years	26,300	20,578	16,797
Over 2 years	14,830	32,143	21,234
Total	**324,174**	**352,190**	**386,796**

We periodically assess the net realizable value of our inventories and provides for inventory impairment based on the difference between the cost of the inventory and the net realizable value. During the Track Record Period, we recorded impairment losses on inventories of RMB1.5 million, RMB4.3 million and RMB6.5 million in 2023, 2024 and 2025, respectively. The increased amounts for impairment losses on inventories from 2023 to 2025 were in line with the increased amounts of inventories in each period.

The following table sets forth our inventory turnover days for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
		(RMB'000)	
Inventory turnover days[(1)]	122	103	121

Note:

(1) The inventory turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of inventories (net of provision for impairment of inventories) in that period by cost of sales for the corresponding period and then multiplying by 365 days for the years ended December 31, 2023, 2024 and 2025.

In 2023, 2024 and 2025, our inventory turnover days were 122 days, 103 days and 121 days, respectively. The decrease in inventory turnover days from 2023 to 2024 was primarily due to higher growth of cost of sales compared to the growth of inventories, contributed by the expansion of power station EPC business in 2024. The increase in inventory turnover days from 2024 to 2025 was primarily due to an increase in inventories in response to the anticipated increase in customer demand for our products.

As of January 31, 2026, approximately RMB73.9 million, or 19.1%, of our inventories as of December 31, 2025 had been subsequently utilized or sold.

Trade and Bills Receivables

Our trade and bills receivables consist of trade receivables, bank acceptance notes, and commercial acceptance notes. The following table sets forth our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Trade receivables	636,318	717,960	609,629
Bank acceptance notes	632,185	494,192	616,184
Commercial acceptance notes	180,429	127,527	106,388
Less: Impairment losses	(215,693)	(215,094)	(75,934)
Net carrying amount	**1,233,239**	**1,124,585**	**1,256,267**

Our trade and bills receivables decreased from RMB1,223.2 million as of December 31, 2023 to RMB1,124.6 million as of December 31, 2024, primarily due to (i) a decrease in bank acceptance notes of RMB138.0 million as we arranged for the discount of such bank acceptance notes in 2024; and (ii) a decrease in commercial acceptance notes of RMB52.9

million as we received less commercial acceptance notes from our clients in 2024. Such a decrease was partially offset by an increase in trade receivables of RMB81.6 million, which was in line with our business growth in the same year.

Our trade and bills receivables increased to RMB1,256.3 million as of December 31, 2025, primarily due to higher business volume during that period. In particular, bills receivable increased as a greater number of customers opted to settle through bank acceptance notes. This shift in settlement methods also contributed to a corresponding decrease in trade receivables.

The following table sets forth aging analysis of trade and bills receivables based on transaction dates and net of loss allowance, as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Within 1 year	1,163,181	1,054,795	1,169,527
1-2 year	41,960	36,322	68,433
2-3 year	12,662	18,137	11,677
3-4 year	10,259	9,460	1,522
4-5 year	5,177	5,871	1,039
Over 5 years	–	–	4,069
Total	**1,233,239**	**1,124,585**	**1,256,267**

The following table sets forth the movements in the impairment losses on trade receivables and commercial acceptance notes as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
At beginning of year	252,140	215,693	215,094
Impairment losses (reversed)/recognized	(22,944)	3	324
Amount written off as uncollectible	(13,503)	(602)	(3,000)
Disposal of a subsidiary	–	–	(19,484)
Acquisition of a subsidiary	–	–	(117,000)
At end of year	**215,693**	**215,094**	**75,934**

The bank acceptance notes were issued by reputable banks and with short-term maturity. Accordingly, the identified impairment loss was immaterial at the end of each of the years within the Track Record Period.

Our impairment losses on trade and bills receivables remained relatively stable as of December 31, 2023 and 2024. We recorded a higher amount written off as uncollectible in 2023, primarily due to the write-off of certain long-outstanding receivables during the year. As such receivables had been previously fully provided for, the write-off did not have any material adverse impact on our financial position or results of operations. Our impairment losses on trade and bills receivables decreased significantly from December 31, 2024 to December 31, 2025, as a result of the elimination of trade and bills receivables due from Neixiang Tianhai after our acquisition of Neixiang Tianhai.

The following table sets forth our trade and bills receivables turnover days for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
		(days)	
Trade and bills receivables turnover days[(1)]	232	186	180

Note:

(1) The trade and bills receivables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of trade and bills receivables in that period by revenue for the corresponding period and then multiplying by 365 days for the years ended December 31, 2023, 2024 and 2025.

Our trade and bills receivables turnover days were 232 days, 186 days and 180 days in 2023, 2024 and 2025, respectively. The decrease in our trade and bills receivables turnover days from 2023 to 2024 was primarily due to more bill discounting in 2024. Our trade and bills receivables turnover days remained relatively stable at 186 days in 2024 and 180 days in 2025.

As of January 31, 2026, approximately RMB91.6 million, or 7.3%, of our trade and bills receivables as of December 31, 2025 had been subsequently settled.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily consist of (i) deposits and other receivables; (ii) prepayments to suppliers; (iii) other tax recoverable; and (iv) prepayments for items of property, plant and equipment. The following table sets forth our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Current portion:			
Deposits and other receivables	57,625	64,088	145,095

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Prepayments to suppliers	97,455	35,793	44,971
Other tax recoverable	81,566	63,309	95,612
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Due from related parties	3,528	3,528	3,528
Others	1,178	4,656	3,143
	241,352	171,374	298,980
Impairment allowance	(11,223)	(15,769)	(8,066)
	230,129	155,605	290,914
Non-current portion:			
Prepayments for items of property, plant and equipment	–	20,853	4,194
	–	20,853	4,194
Total	**230,129**	**176,458**	**295,108**

Our prepayments, other receivables and other assets decreased from RMB230.1 million as of December 31, 2023 to RMB176.5 million as of December 31, 2024, mainly due to (i) a decrease of RMB61.7 million in prepayments to suppliers as a result of a substantial advance payment to the suppliers for photovoltaic equipment during the initial phase of a project in 2023, which was no longer recorded as prepayments in 2024 as we had already received the equipment then; and (ii) a decrease of RMB18.3 million in other tax recoverable as a result of a higher output VAT liability relative to the available input VAT credits during the period. Such a decrease was partially offset by (i) an increase of RMB20.9 million in prepayments for items of property, plant and equipment as a result of the prepayments for the acquisition of certain assets for some production facilities that were under construction; and (ii) an increase of RMB6.5 million in deposits and other receivables as a result of the disposal of certain fix assets.

Our prepayments, other receivables and other assets increased to RMB295.1 million as of December 31, 2025, primarily due to (i) an increase of RMB81.0 million in deposits and other receivables, primarily attributable to receivables from the local government arising from land resumption compensation in relation to our CNC equipment production base; and (ii) an increase of RMB32.3 million in other tax recoverable, primarily attributable to the consolidation of tax recoverable of Neixiang Tianhai following its becoming our subsidiary.

Cash and Cash Equivalents

We had cash and cash equivalents of RMB991.7 million, RMB1,103.9 million and RMB1,165.6 million as of December 31, 2023 and 2024 and 2025, respectively. See "— Liquidity and Capital Resources — Cash Flow Analysis" for more details.

Trade and Bills Payables

Our trade and bills payables mainly represent outstanding amounts due to our suppliers of raw materials and equipment as well as our various service providers. The following table sets forth our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Trade payables	187,251	268,376	221,465
Bills payables	198,275	154,012	179,869
Total	**385,526**	**422,388**	**401,334**

Our trade and bills payables increased from RMB385.5 million as of December 31, 2023 to RMB422.4 million as of December 31, 2024, primarily due to (i) capital investment in 2024 to upgrade our production base in Guizhou; and (ii) growth of our power equipment business and power station EPC business.

Our trade and bills payables decreased to RMB401.3 million as of December 31, 2025, primarily due to the settlement of trade and bills payables associated with the capital investment, coupled with a decline in power station EPC business. Meanwhile, we increased our use of bills for settlement purposes, resulting in an increase in bills payables and a corresponding decrease in trade payables.

Our trade payables are interest-free and are normally settled within 120 days upon receipt of the invoice. The following table sets forth an aging analysis of our trade and bills payables, based on invoice date, as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Within 1 year	360,086	407,088	378,093
Over 1 years	25,440	15,300	23,241
Total	**385,526**	**422,388**	**401,334**

The following table sets forth our trade and bills payables turnover days for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
		(days)	
Trade and bills payables turnover days[(1)]	133	124	135

Note:

(1) The trade and bills payables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of trade and bills payables in that period by cost of sales for the corresponding period and then multiplying by 365 days for the years ended December 31, 2023, 2024 and 2025.

Our trade and bills payables turnover days were 133 days, 124 days and 135 days in 2023, 2024 and 2025, respectively. The decrease in our trade and bills payables turnover days from 2023 to 2024 was primarily driven by a large amount of costs recognized for a major project under our power engineering business with low outstanding payables. The increase in our trade and bills payables turnover days from 2024 to 2025 was primarily due to the decrease in our trade and bills payables primarily affected by the phasing out in power station EPC business.

Our Directors confirm that we did not have any material defaults in payment of trade and bills payables during the Track Record Period and up to the Latest Practicable Date.

As of January 31, 2026, approximately RMB60.3 million, or 15.0%, of our trade and bills payables as of December 31, 2025 had been subsequently settled.

Contract Liabilities

Our contract liabilities mainly represent the prepayments received by us for CNC equipment and power station EPC businesses. Our contract liabilities decreased from RMB83.3 million as of December 31, 2023 to RMB54.4 million as of December 31, 2024, primarily because we received a large advance payment for a power engineering project in 2023, which was recognized as contract liabilities in 2023 but gradually recognized as revenue in 2024 as the project progressed and met the revenue recognition criteria. Our contract liabilities increased to RMB67.7 million as of December 31, 2025, primarily due to the increase in advance payments for our CNC equipment exported to the overseas market.

As of January 31, 2026, approximately RMB18.7 million, or 27.6%, of our contract liabilities as of December 31, 2025 had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals primarily include (i) payroll and welfare payable; (ii) other tax payables; (iii) dividends payable; (iv) deposits and other payables; and (v) advance of grant of shares under share award scheme. The following table sets forth our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Payroll and welfare payable	60,808	64,240	65,878
Other tax payables	21,588	24,860	32,769

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Dividends payable	–	50,189	–
Deposits and other payables	36,293	36,152	37,393
Advance of grant of shares under restricted stocks	–	–	95,701
Advance of compensation plans	–	5,476	10,952
Total	**118,689**	**180,917**	**242,693**

Our other payables and accruals increased from RMB118.7 million as of December 31, 2023 to RMB180.9 million as of December 31, 2024, primarily attributable to an increase in dividends payable of RMB50.2 million in 2024. We declared a dividend payment in the fourth quarter of 2024, which was paid in early 2025.

Our other payables and accruals further increased to RMB242.7 million as of December 31, 2025, primarily attributable an increase of RMB101.2 million in advance of grant of shares under restricted stocks and compensation plans in connection with the implementation of our share incentive arrangements.

LIQUIDITY AND CAPITAL RESOURCES

Overview

As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB991.7 million, RMB1,103.9 million and RMB1,165.6 million, respectively, consisting of cash at bank and on hand.

Our primary uses of cash during the Track Record Period were to fund the construction of our manufacturing bases, working capital needs and dividend distribution. Historically, we have financed our operations and other capital requirements primarily through cash generated from our business operations, bank and other borrowings, and equity financing.

Our anticipated cash needs primarily relate to our business operations (especially our overseas operations), expansion of production capacity, product research and development and dividend distribution. We expect to fund our future working capital and other cash requirements primarily with cash generated from our operations, bank and other borrowings, and other financing activities (including the net [**REDACTED**] from the [**REDACTED**]).

Working Capital Sufficiency

Taking into account our internal resources, our cash flow from operating activities and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors believe that the working capital available to us is sufficient at present and for at least the next 12 months from the date of this document.

Cash Flow Analysis

The following table sets forth a summary of our cash flows for the periods 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**

Operating Activities

Net cash generated from or used in operating activities primarily comprised our profit before tax for the period adjusted by (i) non-cash items, (ii) changes in working capital and (iii) the effect of interest received and income tax paid.

In 2025, our net cash from operating activities was RMB604.0 million. Our profit before tax of RMB848.2 million was adjusted to reflect primarily (i) non-cash items of depreciation of property, plant and equipment of RMB76.6 million, share-based compensation of RMB38.1 million, and depreciation of right-of-use assets of RMB27.4 million; and (ii) working capital adjustments for an increase in other payables and accruals of RMB21.0 million and a decrease in contract fulfillment costs of RMB17.9 million. Such adjustments were partially offset by (i) non-cash items of loss on disposal of items of property, plant and equipment and right-of-use assets of RMB39.1 million and interest income of RMB30.8 million; and (ii) working capital adjustments for an increase in trade receivables of RMB230.3 million, an increase in pledged deposits of RMB75.4 million, and an increase in inventories of RMB41.1 million.

In 2024, our net cash from operating activities was RMB889.4 million. Our profit before tax of RMB726.6 million was adjusted to reflect primarily (i) non-cash items of depreciation of property, plant and equipment of RMB72.0 million, depreciation of right-of-use assets of RMB29.0 million, and finance costs of RMB17.3 million, which was partially offset by interest

income of RMB35.1 million and share of profits and losses of joint ventures and associates of RMB16.9 million; and (ii) working capital adjustments for a decrease in trade receivables of RMB117.4 million, a decrease in in prepayments, other receivables and other assets of RMB72.8 million, and a decrease in pledged deposits of RMB11.5 million, which was partially offset by an increase in inventories of RMB32.3 million, a decrease in contract liabilities of RMB28.9 million, and an increase in contract assets of RMB17.1 million.

In 2023, our net cash from operating activities was RMB621.7 million. Our profit before tax of RMB645.8 million was adjusted to reflect primarily (i) non-cash items of depreciation of property, plant and equipment of RMB63.4 million, depreciation of right-of-use assets of RMB27.8 million, and finance costs of RMB16.3 million, which was partially offset by interest income of RMB26.8 million, reversal of impairment of trade receivables of RMB22.9 million, and share of profits and losses of joint ventures and associates of RMB10.3 million; and (ii) working capital adjustments for an increase in trade payables of RMB94.5 million, an increase in contract liabilities of RMB51.6 million, a decrease in trade receivables of RMB32.4 million, and an increase in deferred income of RMB20.9 million, which was partially offset by an increase in prepayments, other receivables and other assets of RMB89.6 million, an increase in contract fulfillment cost of RMB41.1 million, an increase in pledged deposits of RMB39.1 million, a decrease in other payables and accruals of RMB22.1 million, and an increase in inventories of RMB19.8 million.

Investing Activities

In 2025, our net cash from investing activities was RMB50.5 million. This net cash inflow was primarily attributable to (i) disposal of assets classified as held for sale of RMB128.3 million; and (ii) redemption of structured deposits and wealth management products of RMB52.2 million, as partially offset by (i) purchases of items of property, plant and equipment of RMB106.6 million; and (ii) purchases of structured deposits and wealth management products of RMB52.4 million.

In 2024, our net cash used in investing activities was RMB57.0 million. This net cash outflow was primarily attributable to (i) purchases of items of property, plant and equipment of RMB113.2 million; and (ii) purchases of structured deposits and wealth management products of RMB72.8 million. This net cash outflow was partially offset by (i) redemption of structured deposits and wealth management products of RMB100.0 million; and (ii) proceeds from disposal of financial assets at fair value through profit or loss of RMB26.8 million.

In 2023, our net cash from investing activities was RMB6.5 million. This net cash inflow was primarily attributable to redemption of structured deposits and wealth management products of RMB180.0 million. This net cash inflow was partially offset by (i) purchases of items of property, plant and equipment of RMB63.0 million; (ii) purchases of structured deposits and wealth management products of RMB60.0 million; and (iii) investment in an associate and joint venture of RMB57.0 million.

Financing Activities

In 2025, our net cash used in financing activities was RMB587.0 million. This net cash outflow was primarily attributable to (i) dividends paid of RMB604.9 million; (ii) repayment of interest-bearing bank and other borrowings of RMB327.3 million; and (iii) repurchase of shares held for a share award scheme of RMB220.9 million, partially offset by (i) new interest-bearing bank and other borrowings of RMB510.1 million, and (ii) proceeds from shares granted under restricted stocks and compensation plans of RMB101.2 million.

In 2024, our net cash used in financing activities was RMB723.8 million. This net cash outflow was primarily attributable to (i) dividends paid of RMB734.9 million, and (ii) repayment of interest-bearing bank and other borrowings of RMB370.0 million, partially offset by new interest-bearing bank and other borrowings of RMB419.4 million.

In 2023, our net cash used in financing activities was RMB627.6 million. This net cash outflow was primarily attributable to (i) dividends paid of RMB511.4 million, and (ii) repayment of interest-bearing bank and other borrowings of RMB238.0 million, partially offset by new interest-bearing bank and other borrowings of RMB160.0 million.

Net Current Assets

The following table sets forth details of our current assets and current assets as of the dates indicated:

	As of December 31,			As of January 31,
	2023	2024	2025	2026
	(RMB'000)			*(unaudited)*
CURRENT ASSETS				
Inventories	324,174	352,190	386,796	425,554
Contract fulfillment cost	41,299	31,377	292	292
Trade and bills receivables	1,233,239	1,124,585	1,256,267	1,203,556
Contract asset	43,225	58,361	43,255	43,393
Prepayments, other receivables and other assets	230,129	155,605	290,914	334,093
Financial assets at fair value through profit or loss	56,254	2,129	2,477	–
Assets classified as held for sale	–	128,180	–	–
Tax recoverable	609	1,151	1,502	2,771
Pledged deposits	62,911	51,402	126,814	96,448
Restricted cash	–	6,028	–	–
Cash and cash equivalents	991,684	1,103,901	1,165,599	893,833
Total current assets	2,983,524	3,014,909	3,273,916	2,999,940

	As of December 31,			As of January 31,
	2023	2024	2025	2026
	(RMB'000)			*(unaudited)*
CURRENT LIABILITIES				
Trade and bills payables	385,526	422,388	401,334	403,400
Contract liabilities	83,274	54,414	67,676	71,001
Other payables and accruals	118,689	180,917	242,693	218,402
Interest-bearing bank and other borrowings	100,563	250,008	282,920	421,157
Lease liabilities	25,309	30,977	43,089	26,074
Tax payable	27,194	53,554	43,307	21,401
Total current liabilities	740,555	992,258	1,081,019	1,161,435
NET CURRENT ASSETS	2,242,969	2,022,651	2,192,897	1,838,505

We recorded net current assets of RMB2,243.0 million, RMB2,022.7 million, RMB2,192.9 million and RMB1,838.5 million as of December 31, 2023, 2024 and 2025, and January 31, 2026, respectively.

Our net current assets decreased from RMB2,243.0 million as of December 31, 2023 to RMB2,022.7 million as of December 31, 2024, primarily due to (i) a decrease of RMB108.7 million in trade and bills receivables; (ii) a decrease of RMB74.5 million in prepayments, other receivables and other assets; and (iii) an increase in current liabilities primarily as a result of an increase of RMB149.4 million in interest-bearing bank and other borrowings and an increase of RMB62.2 million in other payables and accruals; this decrease was partially offset by (i) an increase of RMB128.2 million in assets classified as held for sale; and (ii) an increase of RMB112.2 million in cash and cash equivalents.

Our net current assets increased from RMB2,022.7 million as of December 31, 2024 to RMB2,192.9 million as of December 31, 2025, primarily due to (i) an increase of RMB135.3 million in prepayments, other receivables and other assets; (ii) an increase of RMB131.7 million in trade and bills receivables; (iii) an increase of RMB75.4 million in pledged deposits; and (iv) an increase of RMB61.7 million in cash and cash equivalents; this increase was partially offset by (i) a decrease of RMB128.2 million in assets classified as held for sale; and (ii) an increase of RMB61.8 million in other payables and accruals.

Our net current assets decreased from RMB2,192.9 million as of December 31, 2025 to RMB1,838.5 million as of January 31, 2026, primarily due to (i) a decrease in cash and cash equivalents of RMB271.8 million and (ii) an increase in short-term interest-bearing bank and other borrowings of RMB138.2 million, both related to our repayment of equipment finance lease liabilities to optimize our finance cost structure.

Indebtedness

During the Track Record Period, our indebtedness mainly consisted of interest-bearing bank and other borrowings and lease liabilities. As of January 31, 2026, being the latest practicable date for the purpose of the indebtedness statement, except as disclosed in this document, 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. Our Directors confirm that there had been no material change in our indebtedness position since January 31, 2026 and up to the Latest Practicable Date.

The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of January 31,
	2023	2024	2025	2026
	(RMB'000)			
				(unaudited)
Current				
Interest-bearing bank and other borrowings	100,563	250,008	282,920	421,157
Lease liabilities	25,309	30,977	43,089	26,074
Non-current				
Interest-bearing bank and other borrowings	321,128	220,275	553,736	393,645
Lease liabilities	34,023	11,210	336,425	95,666
Total	**481,023**	**512,470**	**1,216,170**	**936,542**

As of January 31, 2026, our total facilities for bank borrowings amounted to RMB936.5 million, of which unutilized bank facilities amounted to RMB912.4 million.

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank borrowings and other borrowings, default in payment of bank borrowings and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

As of December 31, 2025 and up to the Latest Practicable Date, we did not have any material contingent liabilities.

CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

We did not have material commitments as of December 31, 2023, 2024 and 2025.

Our capital expenditures during the Track Record Period were primarily for purchase of property, plant and equipment in connection with our production capability expansion. In 2023, 2024 and 2025, we recorded capital expenditures of RMB63.0 million, RMB113.8 million and RMB112.1 million, respectively.

During the Track Record Period, we funded our capital expenditures primarily with cash generated from our business operations, bank and other borrowings, and equity financing. We intend to fund our planned capital expenditures through a combination of cash generated from our operations, bank and other borrowings, and other financing activities (including the net [**REDACTED**] from the [**REDACTED**]).

The following table sets forth our capital expenditures for the periods indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
		(RMB'000)	
Purchase of property, plant and equipment	62,959	113,169	106,560
Purchase of other intangible assets	57	608	5,577
Total	**63,016**	**113,777**	**112,137**

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we had not entered into any off-balance sheet commitments and arrangements.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions, details of which are set out in Note 42 of the Accountants' Report in Appendix I to this document.

Our Directors are of the view that each of the related party transactions set out in Note 42 of the Accountants' Report in Appendix I to this document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our results of operations or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates or for the periods 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.

DISCLOSURE ABOUT MARKET RISK

We are exposed to various market risks, including interest rate risk, foreign currency risk, credit risk, and liquidity risk. See Note 46 to "Appendix I — Accountants' Report."

DIVIDENDS

During the Track Record Period, we declared cash dividends to our Shareholders as follows:

	Year ended December 31,		
	2023	2024	2025
		(RMB'000)	
Dividends for ordinary shareholders of the Company declared during the year:			
Interim dividend	241,981	292,169	358,391
Final dividend	268,867	492,925	194,531
Total	**510,848**	**785,094**	**552,922**

As of the Latest Practicable Date, we have paid these dividends in full.

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. Our Board will formulate differentiated cash dividend plan, taking into consideration factors such as the characteristics of the industry in which we operates, our stage of development, business model, profitability level, debt repayment capacity, whether there are any material capital expenditure arrangements, and returns to investors, and in accordance with the procedures prescribed in the Articles of Association.

Pursuant to applicable PRC laws and regulations, it is required that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. Our dividend policy sets forth that we may distribute dividends out of our after-tax profits only when the following conditions are satisfied: (i) the distributable profits for the relevant financial year (being the after-tax profits remaining after making up prior years' losses and making statutory reserve appropriations) are positive; and (ii) an audit report with an unqualified opinion on our financial statements for such year has been issued by our auditors. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had approximately RMB380 million of retained profits available for distribution to our Shareholders.

[**REDACTED**] EXPENSES

Our [**REDACTED**] expenses mainly include [**REDACTED**] commissions, legal and other professional fees paid and payable to professional parties, and printing and other expenses for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**]. 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**]-related 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**], which was recognized as prepayments, other receivables and other assets in the consolidated statements of financial position as of December 31, 2025 and to be deducted from equity upon successful [**REDACTED**]. We expect to incur additional [**REDACTED**] expenses of approximately [**REDACTED**], of which approximately [**REDACTED**] is expected to be recognized in the consolidated statements of profit or loss as administrative expenses, and approximately [**REDACTED**] is expected to be recognized as a deduction in equity directly upon the [**REDACTED**].

The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[**REDACTED**]

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial, operational or trading position since December 31, 2025 (being the date on which our latest consolidated financial information was prepared), and there has been no event since December 31, 2025 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules upon the [**REDACTED**] of the Shares on the Hong Kong Stock Exchange.

FUTURE PLANS

See "Business — Future Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

Assuming an [**REDACTED**] of [**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**] range of [**REDACTED**] to [**REDACTED**] per H Share), we estimate that we will receive net [**REDACTED**] of approximately [**REDACTED**] from the [**REDACTED**] after deducting the [**REDACTED**] commissions and other estimated expenses payable by us in connection with the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised.

In line with our development strategies and business priorities, we plan to use the net [**REDACTED**] from the [**REDACTED**] for the purposes set forth below:

- approximately [**REDACTED**] of the net [**REDACTED**], or approximately [**REDACTED**], is expected to be allocated to enhancing our core R&D capabilities, in order to maintain our leading position in the tap-changer industry and to respond to the increasingly demanding technical, performance and reliability requirements for power equipment arising from the development of new-generation power systems worldwide.

  (i) approximately [**REDACTED**] of the net [**REDACTED**], or approximately [**REDACTED**], will be used for expanding our product portfolio and strengthening our core product technologies. We plan to develop new products for application in new fields and regions. We also intend to build up our technology reserves in frontier areas, including new materials and new manufacturing processes, to support our long-term technological advancement. In addition, we plan to further enhance and upgrade our OLTC intelligent online monitoring systems, and expand the sales and application of power electronic OLTCs.

  (ii) approximately [**REDACTED**] of the net [**REDACTED**], or approximately [**REDACTED**], will be used for recruiting R&D talent and optimizing our global R&D footprint. We plan to recruit leading technical experts and senior engineers in areas such as power systems and materials science from a global talent pool. We also plan to establish and strengthen overseas R&D collaborations to align with international technological standards and tailor product development to the specific requirements of different regional power grids.

- approximately [**REDACTED**] of the net [**REDACTED**], or approximately [**REDACTED**], is expected to be allocated to expanding our global sales and service networks and strengthening our global marketing and branding initiatives, in order

to capture strong overseas demand for power equipment, enhance our global market presence and brand recognition and deepen our relationships with global customers, including major transformer manufacturers and power utilities.

(i) approximately [**REDACTED**] of the net [**REDACTED**], or approximately [**REDACTED**], will be used to expand our global sales network and strengthen our sales team. We plan to establish additional sales offices and build localized sales teams in key regions such as Southeast Asia, the Middle East, Europe and North America. We will also continue to pursue product certification and market entry approvals in major overseas markets to support the commercialization and localized deployment of our products in such markets.

(ii) approximately [**REDACTED**] of the net [**REDACTED**], or approximately [**REDACTED**], will be used to expand our global service network to improve our regional service capabilities. We plan to establish regional after-sales service centers and spare parts warehouses in major overseas markets to provide full lifecycle services covering installation guidance, commissioning, maintenance and technical support for our products. We also plan to strengthen training for overseas local service engineers and partners to enhance service responsiveness and quality, with a view to ensuring the timely and efficient provision of technical services across our global markets.

(iii) approximately [**REDACTED**] of the net [**REDACTED**], or approximately [**REDACTED**], will be used for global marketing activities to enhance our global brand visibility and recognition. We intend to further strengthen our industry engagement efforts by participating in international power industry exhibitions, organizing technical seminars and collaborating with industry organizations through various promotional and outreach initiatives, with a view to reinforcing our brand positioning as a leading global supplier of tap-changers.

- approximately [**REDACTED**] of the net [**REDACTED**], or approximately [**REDACTED**], is expected to be allocated to further developing overseas supply chain networks. We plan to identify, develop and qualify local suppliers in high-growth-potential markets to enhance localized sourcing capabilities, shorten delivery cycles, reduce logistics costs and mitigate potential geopolitical risks.

- approximately [**REDACTED**] of the net [**REDACTED**], or approximately [**REDACTED**], is expected to be allocated to upgrading our digitalized, intelligent and automated manufacturing capabilities, expanding our production capacity and advancing the application of new materials and manufacturing processes, in order to meet the growing demand from global markets, particularly for high-end products. We plan to continue implementing digitalization and automation upgrades at our existing production facilities by introducing intelligent assembly lines and digitalized quality control systems, with a focus on enhancing production efficiency,

assembly precision and testing capabilities. In particular, we aim to further strengthen quality consistency and performance stability for our UHV and EHV products. We also intend to expand our production capacity and further strengthen our manufacturing capabilities. In addition, we plan to apply part of the [**REDACTED**] to the application of new materials and manufacturing processes in our production. These initiatives are intended to support rising demand driven by power grid upgrades and high-end industrial users, while further improving product performance, reliability and cost efficiency.

- approximately [**REDACTED**] of the net [**REDACTED**], or approximately [**REDACTED**], is expected to be allocated for working capital and general corporate purposes to support our expanding operations and provide financial flexibility to respond to market changes and capture future growth opportunities.

To the extent that the net [**REDACTED**] from the [**REDACTED**] are either more or less than the amount assumed for the purposes of the allocations described above, we intend to adjust the allocation of the net [**REDACTED**] to the uses stated above on a pro rata basis.

If any part of our plan does not proceed as intended for reasons such as changes in government policies that render the development of any of our projects not viable, changes in market conditions or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net [**REDACTED**] to other uses that we consider appropriate and in the best interests of us and our Shareholders as a whole. In such event, we will comply with the applicable requirements under the Listing Rules.

To the extent that the net [**REDACTED**] are not immediately applied towards the purposes outlined above, and insofar as permitted by applicable laws and regulations, we will place the net [**REDACTED**] exclusively in short-term interest-bearing accounts with licensed commercial banks and/or authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

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[REDACTED]

The following is the text of a report received from our Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HUAMING POWER EQUIPMENT CO., LTD., J.P. MORGAN SECURITIES (FAR EAST) LIMITED AND HAITONG INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Huaming Power Equipment Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[●] to I-[●], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the [**REDACTED**] of the Company dated [●] (the [**REDACTED**]) in connection with the initial [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on I-[●] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

Certified Public Accountants
Hong Kong
[date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing 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

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
REVENUE	*5*	1,945,637	2,308,875	2,411,780
Cost of sales		(944,493)	(1,193,227)	(1,110,905)
Gross profit		1,001,144	1,115,648	1,300,875
Other income and gains	*5*	61,801	81,952	111,171
Sales and marketing expenses		(206,195)	(209,623)	(251,514)
Administrative expenses		(152,973)	(163,203)	(188,369)
Research and development expenses		(78,468)	(81,361)	(88,471)
Reversal of impairment losses/ (impairment losses) on financial and contract assets, net		25,927	(6,488)	455
Fair value gains on financial assets at fair value through profit or loss, net		6,728	–	7
Other expenses		(6,189)	(9,956)	(24,684)
Finance costs	*7*	(16,299)	(17,255)	(13,437)
Share of profits and losses of:				
A joint venture	*18*	(225)	(466)	2,179
An associate	*18*	10,527	17,388	–
PROFIT BEFORE TAX	*6*	645,778	726,636	848,212
Income tax expense	*10*	(95,120)	(106,855)	(128,585)
PROFIT FOR THE YEAR		550,658	619,781	719,627
Attributable to:				
Owners of the parent		542,405	614,299	709,737
Non-controlling interests		8,253	5,482	9,890
		550,658	619,781	719,627
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted *(RMB)*	*12*	0.61	0.69	0.79

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
PROFIT FOR THE YEAR	550,658	619,781	719,627
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	3,233	(6,428)	7,211
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	3,233	(6,428)	7,211
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value	(22,870)	(13,875)	534
Income tax effect	3,431	2,081	(80)
	(19,439)	(11,794)	454
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	(19,439)	(11,794)	454
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	(16,206)	(18,222)	7,665
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	534,452	601,559	727,292
Attributable to:			
Owners of the parent	526,843	600,618	711,331
Non-controlling interests	7,609	941	15,961
	534,452	601,559	727,292

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	919,839	948,626	1,170,424
Investment properties	*14*	3,999	3,780	3,561
Equity investments designated at fair value through other comprehensive income	*20*	72,145	58,270	58,804
Right-of-use assets	*15*	193,100	173,266	456,729
Goodwill	*16*	99,419	99,419	99,419
Other intangible assets	*17*	20,198	16,824	52,050
Investment in a joint venture	*19*	27,658	27,192	21,141
Investment in an associate	*19*	110,792	–	–
Deferred tax assets	*21*	87,474	94,555	68,205
Prepayments, other receivables and other assets	*26*	–	20,853	4,194
Total non-current assets		1,534,624	1,442,785	1,934,527
CURRENT ASSETS				
Inventories	*22*	324,174	352,190	386,796
Contract fulfilment cost	*23*	41,299	31,377	292
Trade and bills receivables	*24*	1,233,239	1,124,585	1,256,267
Contract asset	*25*	43,225	58,361	43,255
Prepayments, other receivables and other assets	*26*	230,129	155,605	290,914
Financial assets at fair value through profit or loss	*27*	56,254	2,129	2,477
Assets classified as held for sale	*19*	–	128,180	–
Tax recoverable		609	1,151	1,502
Pledged deposits	*28*	62,911	51,402	126,814
Restricted cash	*28*	–	6,028	–
Cash and cash equivalents	*28*	991,684	1,103,901	1,165,599
Total current assets		2,983,524	3,014,909	3,273,916
CURRENT LIABILITIES				
Trade and bills payables	*29*	385,526	422,388	401,334
Contract liabilities	*31*	83,274	54,414	67,676
Other payables and accruals	*30*	118,689	180,917	242,693
Interest-bearing bank and other borrowings	*32*	100,563	250,008	282,920
Lease liabilities	*15*	25,309	30,977	43,089
Tax payable		27,194	53,554	43,307

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Total current liabilities		740,555	992,258	1,081,019
NET CURRENT ASSETS		2,242,969	2,022,651	2,192,897
TOTAL ASSETS LESS CURRENT LIABILITIES		3,777,593	3,465,436	4,127,424
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	*32*	321,128	220,275	553,736
Lease liabilities	*15*	34,023	11,210	336,425
Deferred tax liabilities	*21*	30,028	25,977	41,732
Provision		–	1,088	3,038
Deferred income	*33*	29,703	25,543	20,121
Total non-current liabilities		414,882	284,093	955,052
Net assets		3,362,711	3,181,343	3,172,372
EQUITY				
Equity attributable to owners of the parent				
Share capital	*34*	227,247	227,247	227,247
Reserves	*36*	3,122,759	2,938,463	2,914,942
		3,350,006	3,165,710	3,142,189
Non-controlling interests		12,705	15,633	30,183
Total equity		3,362,711	3,181,343	3,172,372

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent									
	Share capital	Share premium*	Special reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Statutory surplus reserve*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 34	*Note 36*	*Note 36*		*Note 36*	*Note 36*				
As at 1 January 2023	227,247	1,264,631	–	(36,836)	18,997	38,296	1,821,607	3,333,942	4,720	3,338,662
Profit for the year	–	–	–	–	–	–	542,405	542,405	8,253	550,658
Other comprehensive income/(loss) for the year:										
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	(19,439)	–	–	–	(19,439)	–	(19,439)
Exchange differences on translation of foreign operations	–	–	–	–	–	3,877	–	3,877	(644)	3,233
Total comprehensive income/(loss) for the year	–	–	–	(19,439)	–	3,877	542,405	526,843	7,609	534,452
Capital injection from non-controlling shareholders	–	–	–	–	–	–	–	–	887	887
Dividends declared	–	–	–	–	–	–	(510,848)	(510,848)	–	(510,848)
Dividends declared to non-controlling equity holders of subsidiaries	–	–	–	–	–	–	–	–	(511)	(511)
Appropriation and utilisation of special reserve, net	–	–	69	–	–	–	–	69	–	69
As at 31 December 2023	227,247	1,264,631	69	(56,275)	18,997	42,173	1,853,164	3,350,006	12,705	3,362,711

Year ended 31 December 2024

	Attributable to owners of the parent									
	Share capital	Share premium*	Special reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Statutory surplus reserve*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 34	*Note 36*	*Note 36*		*Note 36*	*Note 36*				
As at 1 January 2024	227,247	1,264,631	69	(56,275)	18,997	42,173	1,853,164	3,350,006	12,705	3,362,711
Profit for the year	–	–	–	–	–	–	614,299	614,299	5,482	619,781
Other comprehensive loss for the year:										
Changes in fair value of equity investments at fair value through other comprehensive loss, net of tax	–	–	–	(11,794)	–	–	–	(11,794)	–	(11,794)
Exchange differences on translation of foreign operations	–	–	–	–	–	(1,887)	–	(1,887)	(4,541)	(6,428)
Total comprehensive income/(loss) for the year	–	–	–	(11,794)	–	(1,887)	614,299	600,618	941	601,559
Capital injection from non-controlling shareholders	–	–	–	–	–	–	–	–	1,987	1,987
Dividends declared	–	–	–	–	–	–	(785,094)	(785,094)	–	(785,094)
Appropriation and utilisation of special reserve, net	–	–	180	–	–	–	–	180	–	180
As at 31 December 2024	227,247	1,264,631	249	(68,069)	18,997	40,286	1,682,369	3,165,710	15,633	3,181,343

Year ended 31 December 2025

	Attributable to owners of the parent											
	Share capital	Share premium*	Share-based payment reserves*	Treasury shares*	Special reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Statutory surplus reserve*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 34	*Note 36*	*Note 36*			*Note 36*	*Note 36*	*Note 36*				
As at 1 January 2025	227,247	1,264,631	–	–	249	(68,069)	18,997	40,286	1,682,369	3,165,710	15,633	3,181,343
Profit for the year	–	–	–	–	–	–	–	–	709,737	709,737	9,890	719,627
Other comprehensive income for the year:												
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	454	–	–	–	454	–	454
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	1,140	–	1,140	6,071	7,211
Total comprehensive income for the year	–	–	–	–	–	454	–	1,140	709,737	711,331	15,961	727,292
Repurchase of shares and granted	–	(121,296)	–	(99,637)	–	–	–	–	–	(220,933)	–	(220,933)
Capital injection from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	390	390
Share-based payments	–	–	38,051	–	–	–	–	–	–	38,051	–	38,051
Dividends declared	–	–	–	–	–	–	–	–	(552,922)	(552,922)	–	(552,922)
Dividends declared to non-controlling equity holders of subsidiaries	–	–	–	–	–	–	–	–	–	–	(1,801)	(1,801)
Appropriation and utilisation of special reserve, net	–	–	–	–	952	–	–	–	–	952	–	952
As at 31 December 2025	227,247	1,143,335	38,051	(99,637)	1,201	(67,615)	18,997	41,426	1,839,184	3,142,189	30,183	3,172,372

* These reserve accounts represent the total consolidated reserves of RMB3,122,759,000, RMB2,938,463,000 and RMB2,914,942,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		645,778	726,636	848,212
Adjustments for:				
Finance costs	*7*	16,299	17,255	13,437
Interest income	*5*	(26,838)	(35,127)	(30,822)
Investment income from structured deposits and wealth management products	*5*	(1,628)	(203)	(77)
Dividend income from equity investments at fair value through other comprehensive income	*5*	–	(1,767)	(1,767)
Loss/(gain) on disposal of items of property, plant and equipment and right-of-use assets	*6*	1,630	1,275	(39,135)
Gain on disposal of assets classified as held for sale	*5*	–	–	(77)
Gain on bargain purchase	*6*	–	–	(233)
Gain on disposal of financial assets at fair value through profit or loss	*6*	–	(179)	(104)
Loss on disposal of a subsidiary		–	–	15,107
Fair value gains on financial assets at fair value through profit or loss, net	*6*	(6,728)	–	(7)
Depreciation of property, plant and equipment	*6, 13*	63,377	72,040	76,602
Depreciation of right-of-use assets	*6, 15*	27,773	29,047	27,416
Depreciation of investment properties	*6, 14*	219	219	219
Amortisation of other intangible assets	*6, 17*	7,138	5,061	5,504
(Reversal of impairment)/impairment of trade receivables	*6*	(22,944)	3	324
(Reversal of impairment)/impairment of other receivables	*6*	(4,069)	4,546	476
Impairment/(reversal of impairment) of contract assets	*6*	1,086	1,939	(1,255)
Impairment losses on inventories	*6*	1,493	4,307	6,456
Share-based compensation	*6*	–	–	38,051
Net (gains)/losses on foreign exchange from non-operating activities		(4,254)	(3,752)	5,864
Share of profits and losses of joint ventures and associates	*19*	(10,302)	(16,922)	(2,179)

	Notes	Year ended 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Decrease/(increase) in trade receivables		32,417	117,397	(230,294)
(Increase)/decrease in prepayments, other receivables and other assets		(89,603)	72,830	(5,607)
Increase in tax recoverable		(609)	(542)	(351)
(Increase)/decrease in contract assets		(3,443)	(17,075)	16,361
Increase in inventories		(19,802)	(32,323)	(41,062)
(Increase)/decrease in contract fulfillment cost		(41,118)	9,922	17,859
(Increase)/decrease in pledged deposits		(39,138)	11,509	(75,412)
Decrease/(increase) in restricted cash		1,400	(6,028)	6,028
Increase/(decrease) in contract liabilities		51,584	(28,860)	15,537
Increase in provisions		–	1,088	1,950
Increase/(decrease) in trade payables		94,499	9,087	(2,681)
(Decrease)/increase in other payables and accruals		(22,060)	6,553	21,013
Increase/(decrease) in deferred income		20,919	(4,160)	(5,422)
Cash generated from operations		673,076	943,776	679,931
Interest received		26,838	35,127	30,822
Income tax paid		(78,235)	(89,546)	(106,722)
Net cash flows from operating activities		621,679	889,357	604,031
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(62,959)	(113,169)	(106,560)
Purchase of other intangible assets		(57)	(608)	(5,577)
Purchases of structured deposits and wealth management products		(60,000)	(72,819)	(52,427)
Redemption of structured deposits and wealth management products		180,000	100,000	52,217
Interest received from financial assets at fair value through profit or loss		1,805	590	77
Dividend received from equity instruments at fair value through other comprehensive income		–	1,767	1,767
Proceeds from disposal of property, plant and equipment		1,786	434	11,862
Withdraw investment in a joint venture		–	–	24,000
Investment in a joint venture		(27,000)	–	(18,400)
Investment in an associate		(30,000)	–	–
Acquisition of a subsidiary		–	–	11,758

	Notes	Year ended 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Disposal of assets classified as held for sale		–	–	128,257
Dividends received from a joint venture		–	–	2,630
Disposal of a subsidiary		2,000	–	925
Proceeds from disposal of financial assets at fair value through profit or loss		892	26,758	–
Net cash flows from/(used in) investing activities		6,467	(57,047)	50,529
CASH FLOWS FROM FINANCING ACTIVITIES				
New interest-bearing bank and other borrowings		160,000	419,364	510,143
Repayment of interest-bearing bank and other borrowings		(238,000)	(370,000)	(327,338)
Interest paid for interest-bearing bank and other borrowings		(11,158)	(15,300)	(9,522)
Proceeds from shares granted under restricted stocks		–	–	95,701
Proceeds from shares granted under compensation plans		–	5,476	5,476
Capital injection from non-controlling shareholders		887	1,987	390
Lease payments		(28,009)	(30,467)	(29,360)
Repurchase of shares held for a share award scheme		–	–	(220,945)
Payment of [REDACTED] expense		[REDACTED]	[REDACTED]	[REDACTED]
Dividends paid		(511,359)	(734,905)	(604,912)
Net cash flows used in 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

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	82,985	79,421	55,552
Right-of-use assets	*15*	66,670	61,484	47,738
Other intangible assets	*17*	20	13	3,166
Investments in subsidiaries	*18*	3,339,768	3,339,768	3,472,539
Investment in a joint venture	*19*	27,658	27,192	21,141
Investment in an associate	*19*	110,792	–	–
Deferred tax assets	*21*	18,365	14,824	6,348
Total non-current assets		3,646,258	3,522,702	3,606,484
CURRENT ASSETS				
Trade and bills receivables	*24*	197,973	81,121	101,671
Prepayments, other receivables and other assets	*26*	1,213,739	1,117,596	1,033,264
Pledged deposits	*28*	10,367	14,137	1,253
Cash and cash equivalents	*28*	29,560	34,812	130,871
Assets classified as held for sale	*19*	–	128,180	–
Total current assets		1,451,639	1,375,846	1,267,059
CURRENT LIABILITIES				
Trade and bills payables	*29*	48,817	133,383	102,415
Other payables and accruals	*30*	21,236	58,891	143,428
Lease liabilities	*15*	3,827	4,037	4,004
Tax payable		–	4,305	8,802
Contract liabilities	*31*	147,328	41,437	237,536
Total current liabilities		221,208	242,053	496,185
NET CURRENT ASSETS		1,230,431	1,133,793	770,874
TOTAL ASSETS LESS CURRENT LIABILITIES		4,876,689	4,656,495	4,377,358
NON-CURRENT LIABILITIES				
Lease liabilities	*15*	10,519	6,482	17,054
Deferred income	*33*	5,483	5,153	121
Deferred tax liabilities	*21*	3,552	2,645	–
Total non-current liabilities		19,554	14,280	17,175
Net assets		4,857,135	4,642,215	4,360,183
EQUITY				
Share capital	*34*	896,225	896,225	896,225
Reserves	*36*	3,960,910	3,745,990	3,463,958
Total equity		4,857,135	4,642,215	4,360,183

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company was established in the People's Republic of China (the "PRC") and the shares of which are listed on the Shenzhen Stock Exchange. The registered office of the Company is located at Room 302, Site No. 1, Century Avenue 2222, Suncun Street, Gaoxin District, Jinan City, Shandong Province, PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively, the "Group") were involved in the following principal activities:

- Power equipment business: research and development, manufacturing, sales and full life-cycle operation and maintenance of tap changers;
- CNC equipment business: research and development (R&D), manufacture, and sale of integrated complete computer numerical control (CNC) equipment;
- Power station EPC business: engineering-procurement-construction (EPC) of photovoltaic power stations;
- Others: electricity sales generated from certain photovoltaic power stations.

As at 31 December 2025, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the subsidiaries are set out below:

Name	*Notes*	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
			('000)	*%*	*%*	
Shanghai Huaming Power Equipment Co., Ltd.上海華明電力設備製造有限公司	*(1)*	PRC/Chinese mainland	RMB39,112	100.00	–	Tap-changer R&D and sales
Shanghai Huaming High Voltage Switchgear Manufacturing Co., Ltd.上海華明高壓電氣開關製造有限公司	*(1)*	PRC/Chinese mainland	RMB50,000	–	100.00	Manufacture of tap-changers
Shanghai Huaming Electrical Switch Manufacturing Co., Ltd.上海華明電氣開關製造有限公司	*(1)*	PRC/Chinese mainland	RMB500	–	100.00	Manufacture of electrical equipment
Shanghai Huaming Electric Equipment Engineering Co., Ltd.上海華明電力設備工程有限公司	*(1)*	PRC/Chinese mainland	RMB20,000	100.00	–	Sale of tap-changers and other electrical power equipment, as well as power engineering construction services
Shanghai Huaming Power Equipment Maintenance Service Co., Ltd.上海華明電力設備檢修服務有限公司	*(1)*	PRC/Chinese mainland	RMB10,000	–	100.00	Power equipment maintenance
Shandong Fin Cnc Machine Co., Ltd. 山東法因數控機械設備有限公司	*(1)*	PRC/Chinese mainland	RMB92,000	86.96	13.04	Manufacture and sale of CNC equipment
Shandong Fincm Future Intelligent Manufacture Co., Ltd.山東法因未來智能製造有限公司	*(1)*	PRC/Chinese mainland	RMB10,000	–	70.00	Manufacture and sale of laser-based products

Name	Notes	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
			('000)	%	%	
Jiangsu Longji Yunneng Power Technology Co., Ltd. 江蘇隆基雲能電力科技有限公司	(1)	PRC/Chinese mainland	RMB50,000	100.00	–	Development, operation, and management of power distribution and sale projects
Shanghai Chenting Technology Development Co., Ltd. 上海辰廷科技發展有限公司	(1)	PRC/Chinese mainland	RMB287,000	100.00	–	Technical services
Shandong Xingqiu Enterprise Incubation Co., Ltd. 山東星球企業孵化有限公司	(1)	PRC/Chinese mainland	RMB80,000	–	100.00	Photovoltaic (PV) power generation
Changfeng NuoYang Photovoltaic Power Generation Co., Ltd. 長豐諾陽光伏發電有限公司	(1)	PRC/Chinese mainland	RMB33,000	–	100.00	PV power generation
Zunyi Huaming Power Equipment Manufacturing Co., Ltd. 遵義華明電力設備製造有限公司	(1)	PRC/Chinese mainland	RMB50,000	–	100.00	Manufacture and sale of tap-changers
Huaming Overseas Company Limited	(2)	Hong Kong	USD5,000	–	100.00	Tap-changer sale
Hua Ming Power Electronics Equipment Hong Kong Limited	(3)	Hong Kong	HKD10	–	100.00	Power project investment
Hua Ming Power Grid Limited	(3)	Hong Kong	HKD10	–	100.00	Power project investment
HUAMING Turkey CORPORATION	(5)	Turkey	EUR2,515	–	98.32	Manufacture and sale of tap-changers
HUAMING Russia CORPORATION	(5)	Russia	RUB11,537	–	65.00	Manufacture and sale of electrical power equipment
HUAMING USA CORPORATION	(5)	The United States	USD2,000	–	100.00	Sale of tap-changers
HUAMING LATINO AMERICANA COMPONENTES ELETRICOS LTDA	(5)	Brazil	BRL448	–	55.00	Tap-changer sale and repair and maintenance services
HUAMING POWER EQUIPMENT SINGAPORE PTE. LTD	(5)	Singapore	USD13,550	–	100.00	Sale of tap-changers and other power equipment
HUAMING POWER INDONESIA, PT	(5)	Indonesia	IDR32,000,000	–	90.00	Manufacture and sale of tap-changers
Guizhou Chenting Power Equipment Manufacturing Co., Ltd. 貴州辰廷電力設備製造有限公司	(1)	PRC/Chinese mainland	RMB60,000	–	100.00	Manufacture and sale of tap-changers
Shanghai Huaming Chenting New Energy Co., Ltd. 上海華明辰廷新能源有限公司	(5)	PRC/Chinese mainland	RMB100,000	95.00	5.00	Enterprise Management
Henan Jingfeng Optoelectronic New Energy Co., Ltd. 河南勁風光電新能源有限公司	(4)	PRC/Chinese mainland	RMB10,000	–	100.00	Investment in power projects

Name	Notes	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
			('000)	%	%	
Neixiang Tianhai New Energy Co., Ltd. 內鄉天海新能源有限公司	(4)	PRC/Chinese mainland	RMB10,000	–	100.00	PV power generation
HUAMING NEW ENERGY SOLUTION SINGAPORE PTE. LTD.	(5)	Singapore	–	–	100.00	Investment in power projects
HUAMING RENEWABLE ENERGY INVESTMENT SINGAPORE PTE. LTD.	(5)	Singapore	–	–	100.00	Investment in power projects
HUAMING RENEWABLE ENERGY SOLUTION DEVELOPMENT SINGAPORE PTE. LTD.	(5)	Singapore	–	–	100.00	Investment in power projects

The English names of all group companies registered in the PRC, Republic of Turkey, Russian Federation, Federative Republic of Brazil and Republic of Indonesia represent the best efforts made by the management of the Company to translate the names of these companies as they do not have official English names.

Notes:

(1) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared in accordance with Generally Accepted Accounting Principles in Chinese mainland were audited by Shinewing Certified Public Accountants (信永中和會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.

(2) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared in accordance with Generally Accepted Accounting Principles in Hong Kong were audited by SIDUS CPA LIMITED (辰雋會計師事務所有限公司), a certified public accounting firm registered in the Hong Kong.

(3) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared in accordance with Generally Accepted Accounting Principles in Hong Kong were audited by Roger Kam&Co. (甘志成會計師事務所有限公司), a certified public accounting firm registered in the Hong Kong.

(4) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared in accordance with Generally Accepted Accounting Principles in Chinese mainland were audited by Zhongshenzhonghuan Certified Public Accountants LLP (中審眾環會計師事務所), a certified public accounting firm registered in the PRC.

(5) No audited financial statements have been prepared for these entities for each of the Relevant Periods, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation.

2.1 BASIS OF PREPARATION

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 1 January 2026, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention except for equity investments designated at fair value through other comprehensive income, certain bills receivable measured at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[1]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[1]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]

[1] Effective for annual/reporting periods beginning on or after 1 January 2027

[2] No mandatory effective date yet determined but available for adoption

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation

and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows,* IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. Based on a preliminary assessment, the adoption of IFRS 18 is not expected to have any impact on the Group's results of operations and financial position but has impact on the presentation and disclosure of the Group's financial statements.

Amendments to IAS 21 Translation to a Hyperinflationary Presentation Currency require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 Financial Reporting in Hyperinflationary Economies, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The Group has already commenced an assessment of the impact of these new and amended IFRS, which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and financial position of the Group is expected when other new and amended IFRS Accounting Standards become effective.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it 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 Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its structured deposits, wealth management products, certain bills receivables and equity investments designated at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

  (vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Land is not depreciated. Other property and equipment's depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.71% to 4.75%
Photovoltaic power station	3.80%
Machinery	5.28% to 19.00%
Office equipment and electronic devices	11.88% to 31.67%
Vehicles	19.00% to 23.75%
Leasehold improvements	20.00% to 33.33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less any impairment loss and are depreciated on the straight-line basis over their estimated useful lives.

	Estimated useful lives
Buildings	20 years

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 2 to 12 years.

Patents and licences

Patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 2 to 25 years.

Trademark

Trademark is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful live of 10 years.

Research and development expenses

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Buildings	2 to 10 years
Photovoltaic power station	25 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

(d) Sale and leaseback transactions

The Group considers whether the initial transfer of the underlying asset to the buyer-lessor is a sale. The Group applies IFRS 15 to determine whether a sale has taken place.

When the transfer to the buyer-lessor is a sale, the Group derecognises the underlying asset and applies the lessee accounting model to the leaseback. The Group measures the right-of-use asset at the retained portion of the previous carrying amount of the underlying asset (i.e. at cost), and recognises only the amount of any gain or loss related to the rights transferred to the buyer-lessor.

When the transfer to the buyer-lessor is not a sale, the Group continues to recognise the underlying asset, and recognises a financial liability for any amount received from the buyer-lessor.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as an operating lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

Financial assets at fair value through other comprehensive income are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and bills payables, financial liabilities included in other payables and accruals and interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of newly launched products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Power and CNC equipment business

The Group sells power equipment and CNC equipment to customers. Revenue from the sale of products is recognised at the point in time when control of the products is transferred to the customer, generally when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group also provide operation and maintenance services of power equipment business. Revenue from operation and maintenance of power equipment business is recognised when the service has been completed.

(b) Power station EPC business

The Group provides power engineering services. Revenue from the provision of power station EPC business is recognised 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. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

(c) Others

The Group is also engaged in photovoltaic power generation businesses. The Group's revenue from photovoltaic power generation business is primarily derived from two sources: (i) electricity sales; and (ii) national renewable energy electricity price surcharge subsidies received in accordance with relevant regulations. Revenue is recognised through settlement based on the grid-connected electricity price and power generation as stipulated in the contract. For the national renewable energy electricity price surcharge subsidy funds obtained in accordance with regulations, revenue is recognised based on the amount of subsidies received or receivable.

Revenue from other sources

Rental income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

An employee incentive schemes is operated for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by closing price on the grant date, further details of which are given in note 35 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension schemes

The employees of the Company and the Group's subsidiaries which operate in Chinese mainland are required to participate in a central pension schemes operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group's liability in respect of these funds is limited to the contributions payable in each reporting period.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue of the Historcial Financial Information, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting. Events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final and interim dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product and customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future.

Impairment of inventories

The Group periodically assesses the net realisable value of its inventories and provides for inventory impairment based on the difference between the cost of the inventory and the net realisable value. When estimating the net realisable value of inventories, management considers the purpose for which the inventories are held, as well as future use or sales as the basis for estimation. Where the expectation is different from the original estimate, such difference will impact on the carrying value of the inventories and write-down of inventories in the period in which such estimates have been changed.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 16 to the Historical Financial Information.

Fair value for unlisted investments

The Group made unlisted investments in some companies and those investments are accounted for as financial assets at fair value. The fair values of those investments are determined using valuation techniques and the Group exercises judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting date. Further details are included in note 45. Should any of the estimates and assumptions change, it may lead to a material change in the respective fair values of these financial assets.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in power equipment business and CNC equipment business, power station EPC business and others. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Chinese mainland	1,671,366	2,001,285	1,933,013
Overseas	274,271	307,590	478,767
Total revenue	1,945,637	2,308,875	2,411,780

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Chinese mainland	1,369,449	1,247,989	1,741,583
Other countries/regions	5,556	41,971	65,935
Total	1,375,005	1,289,960	1,807,518

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

There was no single external customer that contributed 10% or more of the total revenue of the Group during each of the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers	1,945,060	2,308,298	2,411,539
Revenue from other sources			
Gross rental income from investment property operating leases	577	577	241
Total	1,945,637	2,308,875	2,411,780

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Types of goods or services			
Power equipment business	1,611,018	1,798,909	2,088,230
Power station EPC business	116,749	286,711	28,890
CNC equipment business	160,953	174,319	243,481
Others	56,340	48,359	50,938
Total	1,945,060	2,308,298	2,411,539
Geographical markets			
Chinese mainland	1,670,789	2,000,708	1,932,772
Overseas	274,271	307,590	478,767
Total	1,945,060	2,308,298	2,411,539
Timing of revenue recognition			
Transferred at a point in time	1,828,311	2,021,587	2,382,649
Transferred over time	116,749	286,711	28,890

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	31,690	83,274	54,414

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of power equipment and CNC equipment

The performance obligation is satisfied upon delivery of the equipment and payment is usually made generally within 90 days from delivery.

Power station EPC business

The performance obligation is satisfied over time as services are rendered. Power station EPC business generally requires advance payment and regular application for progress payment. The payment is generally due within 30 days from the date of billing.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) resulting from long-term contracts as at 31 December are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Amounts expected to be recognised as revenue:			
Within one year	286,711	28,890	–
After one year	28,890	–	–
Total	315,601	28,890	–

Other contracts at the end of each reporting period had an original expected duration of one year or less and thus the Group applied the expedient under IFRS 15 for not disclosing of unsatisfied performance obligations.

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Government grants	25,966	34,573	22,130
Interest income	26,838	35,127	30,822
Dividend income from equity investments at fair value through other comprehensive income	–	1,767	1,767
Investment income from structured deposits and wealth management products	1,628	203	77
Additional value-added tax deduction	3,038	3,109	4,332
Others	2,209	6,994	2,017
Total other income	59,679	81,773	61,145
Gains			
Foreign exchange gains, net	2,122	–	10,477
Gain on disposal of financial assets at fair value through profit or loss, net	–	179	104
Gain on disposal of assets classified as held for sale	–	–	77
Gain on bargain purchase	–	–	233
Gain on disposal of items of property, plant and equipment and right-of-use assets	–	–	39,135
Total gains	2,122	179	50,026
Total other income and gains	61,801	81,952	111,171

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cost of products sold*		791,542	881,619	1,005,107
Cost of services provided*		151,458	307,301	99,342
Depreciation of property, plant and equipment*	*13*	63,377	72,040	76,602
Depreciation of right-of-use assets*	*15*	27,773	29,047	27,416
Depreciation of investment properties*	*14*	219	219	219
Amortisation of other intangible assets*	*17*	7,138	5,061	5,504
Research and development expenses*		78,468	81,361	88,471
Lease payments not included in the measurement of lease liabilities	*15*	1,924	1,884	3,576
Employee benefit expense (including directors', chief executive's and supervisors' remuneration *(note 8)**:				
Wages and salaries		256,304	279,535	309,321
Share-based payments		–	–	38,051
Pension scheme contributions and social welfare		25,635	28,483	31,382
Total		281,939	308,018	378,754
Reversal of impairment losses/(impairment losses) on financial and contract assets, net				
(Reversal of impairment)/impairment of trade receivables	*24*	(22,944)	3	324
(Reversal of impairment)/impairment of other receivables		(4,069)	4,546	476
Impairment/(reversal of impairment) of contract assets	*25*	1,086	1,939	(1,255)
Total		(25,927)	6,488	(455)
Provision for inventories		1,493	4,307	6,456
Loss/(gain) on disposal of items of property, plant and equipment and right-of-use assets		1,630	1,275	(39,135)
Fair value gain on financial assets at fair value through profit or loss, net		(6,728)	–	(7)
Gain on disposal of investment measured at fair value through profit or loss, net		–	(179)	(104)
Dividend income from equity investments at fair value through other comprehensive income		–	(1,767)	(1,767)
Gain on bargain purchase		–	–	(233)
Provision		–	1,088	1,950
Foreign exchange differences, net		(2,122)	3,453	(10,477)

* Certain depreciation of property, plant and equipment, certain depreciation of right-of-use assets, the depreciation of investment properties and certain amortisation of other intangible assets related to manufacturing and research and development for the Relevant Periods are included in "Cost of products sold and services provided" and "Research and development expenses", respectively. The employee costs and share-based payments related to manufacturing and research and development for the Relevant Periods are included in "Cost of products sold and services provided" and "Research and development expenses", respectively.

Various government grants have been received for setting up research activities in an enterprise zone within Shanghai and Shandong Province, the Chinese mainland. The government grants received have been included in the other income and gains to which they relate. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

Gain on bargain purchase is included in "Other income and gains" in the consolidated statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on interest-bearing bank and other borrowings	12,544	14,720	10,468
Interest on lease liabilities	3,755	2,535	2,969
Total	16,299	17,255	13,437

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION

The remuneration paid or payable to directors and supervisors of the Company during the Relevant Periods is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fees	450	450	450
Other emoluments:			
Salaries, allowances and bonuses	5,170	5,188	5,474
Share-based payment expenses	–	–	3,738
Pension scheme contributions and social welfare	902	861	694
Subtotal	6,072	6,049	9,906
Total	6,522	6,499	10,356

* Certain executive directors of the Company are entitled to bonus payments which are determined by key performance indicators.

During the Relevant Periods, certain directors, chief executive and supervisors were granted restricted shares, in respect of their services to the Group, under the employee incentive scheme of the Company, further details of which are set out in note 35 to the Historical Financial Information. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding "share-based payment expenses" recognised in profit or loss over the vesting period. The amounts of the share-based payment expenses during the Relevant Periods are included in the above directors', chief executive's and supervisors' remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Mr. Chen Dongcai	98	–	–
Mr. Zhang Jian	150	150	43
Mr. Cui Yuan	150	150	43
Mr. Jiang Xiuchen	52	150	150
Mr. Li Qingyuan	–	–	107
Mr. Wang Xumiao	–	–	107
Total	450	450	450

(i) Mr. Chen Dongcai, Mr. Zhang Jian and Mr. Cui Yuan were appointed as independent non-executive directors on 12 September 2019. Mr. Chen Dongcai resigned on 28 August 2023. Mr. Zhang Jian and Mr. Cui Yuan resigned on 15 May 2025.

(ii) Mr. Jiang Xiuchen was appointed as an independent non-executive director on 28 August 2023.

(iii) Mr. Li Qingyuan and Mr. Wang Xumiao were appointed as independent non-executive directors on 15 May 2025.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors, a non-executive director and supervisors

	Salaries, allowances and bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023				
Executive director:				
Mr. Xiao Yi	995	–	145	1,140
Mr. Lu Weili	701	–	111	812
Ms. Yang Jianqin	795	–	145	940
Mr. Xie Jing	660	–	82	742
Mr. Zhang Xin	540	–	120	660
Mr. Yu Jian	275	–	56	331
Sub-total	3,966	–	659	4,625
Supervisors:				
Ms. You Deqin	317	–	51	368
Mr. Shen Xu	436	–	96	532
Ms. Zhu Yongqin	451	–	96	547
Sub-total	1,204	–	243	1,447
Total	5,170	–	902	6,072

	Salaries, allowances and bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024				
Executive director:				
Mr. Xiao Yi	1,003	–	147	1,150
Mr. Lu Weili	801	–	122	923
Ms. Yang Jianqin	800	–	147	947
Mr. Yu Jian	280	–	40	320
Mr. Xie Jing	565	–	–	565
Mr. Zhang Xin	544	–	147	691
Sub-total	3,993	–	603	4,596
Supervisors:				
Ms. You Deqin	335	–	56	391
Mr. Shen Xu	385	–	95	480
Ms. Zhu Yongqin	475	–	107	582
Sub-total	1,195	–	258	1,453
Total	5,188	–	861	6,049

	Salaries, allowances and bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025				
Executive director:				
Ms. Yang Jianqin	939	1,040	148	2,127
Mr. Lu Weili	901	981	70	1,952
Mr. Zhang Xin	645	863	148	1,656
Mr. Xiao Yi	1,284	–	148	1,432
Mr. Xie Jing	662	701	–	1,363
Mr. Yu Jian	270	–	–	270
Sub-total	4,701	3,585	514	8,800
Non-executive directors:				
Mr. Zhu Bin	300	–	–	300
Supervisors:				
Ms. You Deqin	123	38	42	203
Mr. Shen Xu	192	86	63	341
Ms. Zhu Yongqin	158	29	75	262
Sub-total	473	153	180	806
Total	5,474	3,738	694	9,906

(i) On 11 January 2016, Mr. Xiao Yi was appointed as a director of the Company.

(ii) On 17 April 2017, Ms. Yang Jianqin was appointed as a director of the Company.

(iii) On 12 September 2019, Mr. Yu Jian and Mr. Xie Jing were appointed as directors of the Company. Mr. Yu Jian ceased to serve as a director on 15 May 2025.

(iv) On 12 May 2022, Mr. Lu Weili was appointed as a director of the Company.

(v) On 9 September 2022, Mr. Zhang Xin was appointed as a director of the Company.

(vi) On 15 May 2025, Mr. Zhu Bin was appointed as a director of the Company.

(vii) On 12 September 2019, Ms. You Deqin was appointed as a supervisor of the Company.

(viii) On 21 April 2021, Ms. Zhu Yongqin was appointed as a supervisor of the Company.

(ix) On 9 September 2022, Mr. Shen Xu was appointed as a supervisor of the Company.

(x) The Board of Supervisors was abolished in August 2025. Ms. You Deqin, Ms. Zhu Yongqin and Mr. Shen Xu ceased to serve as supervisors on 26 August 2025.

There was no arrangement under which a director, the chief executive or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023 and 2024 and 2025 included 1, 1 and 2 director(s), respectively. Details of the remuneration for the Relevant Periods of the highest paid employees who are neither a director nor supervisor of the Company are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and bonuses	4,716	6,098	4,276
Share-based payment expense	–	–	2,644
Pension scheme contributions	577	609	400
Total	5,293	6,707	7,320

The numbers of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees		
	Year ended 31 December		
	2023	2024	2025
HKD1,000,001 to HKD1,500,000	3	2	–
HKD1,500,001 to HKD2,000,000	1	1	–
HKD2,000,001 to HKD2,500,000	–	–	1
HKD2,500,001 to HKD3,000,000	–	1	1
HKD3,000,001 to HKD3,500,000	–	–	1
Total	4	4	3

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and/or operated.

Chinese mainland

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC income tax for the group entities was calculated based on the statutory tax rate of 25% during the Relevant Periods, except for certain subsidiaries of the Company in Chinese mainland which are registered as High and New Technology Enterprises pursuant to the PRC tax regulations and were entitled to a preferential tax rate of 15% during the Relevant Periods.

Meanwhile, certain subsidiaries of the Company that have applied the Income Tax Policy for Western Development pursuant to the PRC tax regulations were entitled to a preferential tax rate of 15% during the Relevant Periods.

Certain subsidiaries of the Company that have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy, pursuant to which the portion of annual taxable income amount not exceeding RMB3,000,000 shall be computed at a reduced rate of 25% as taxable income amount and shall be levied at a reduced tax rate of 20%.

The Circular of the State Administration of Taxation on Issuing the Outline of the Spiritual Publicity of the New Enterprise Income Tax Law (Guo Shui Han [2008] No. 159), pursuant to which the portion of annual taxable income amount shall be computed at a reduced rate of 50% as taxable income during the Relevant Periods.

Hong Kong

The subsidiary incorporated in Hong Kong was subject to Hong Kong profits tax at the rate of 8.25% for taxable income not exceeding HKD2,000,000, and 16.5% for taxable income exceeding HKD2,000,000 on any estimated assessable profits arising in Hong Kong during the Relevant Periods.

Turkey

Pursuant to the relevant tax laws, the subsidiary located in Turkey was subject to corporate income tax at a rate of 25% during the Relevant Periods.

Russia

The subsidiary incorporated in Russia was subject to Russia profits tax at the statutory rate of 20% on any estimated assessable profits arising in Russia during the Relevant Periods.

The United States

Pursuant to the relevant tax laws, the subsidiary incorporated in the United States was subject to federal corporation income tax at the rate of 21% on its federal taxable income as well as California state corporate income tax at the rate of 9% on its California taxable income during the Relevant Periods.

Brazil

Pursuant to the relevant tax laws, the subsidiary located in Brazil was subject to corporate income tax at a rate of 15% during the Relevant Periods.

Singapore

Pursuant to the relevant tax laws, the subsidiaries located in Singapore were subject to corporate income tax at a rate of 17% during the Relevant Periods.

Indonesia

Pursuant to the relevant tax laws, the subsidiary located in Jakarta was subject to corporate income tax at a rate of 22% during the Relevant Periods.

The income tax expense of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current tax expense	86,369	115,906	96,474
Deferred tax expense *(note 21)*	8,751	(9,051)	32,111
Total tax expense for the year	95,120	106,855	128,585

A reconciliation of the tax expense applicable to profit before tax at the preferential tax rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	645,778	726,636	848,212
Tax at the statutory tax rate of 25%	161,445	181,659	212,053
Impact of different tax rates on subsidiaries	(54,258)	(65,974)	(94,550)

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Adjustments in respect of current income tax of previous periods	(103)	784	2,959
Expenses not deductible for tax *(a)*	2,553	2,275	12,022
Income not subject to tax	–	(265)	(265)
Super deductible on research and development costs *(b)*	(12,899)	(11,796)	(13,684)
Effect on opening deferred tax of change in rates	(1,541)	–	1,183
Tax losses and temporary differences not recognized and others	(77)	172	8,867
Tax expense at the Group's effective tax rate	95,120	106,855	128,585

(a) Expenses not deductible for tax mainly include the tax effect of share-based payments and non-deductible business entertainment expenses.

(b) The super deductible allowance was for qualified research and development expenses. According to the relevant laws and regulations promulgated by the State Taxation Administration of Chinese mainland, a certain enterprise engaging in research and development activities is entitled to claim 200% of its research and development expenses incurred as tax deductible expenses when determining its assessable profits.

11. DIVIDENDS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Dividends declared for ordinary shareholders of the Company recognised during the year:			
Interim dividends *(note ii, iv, v, vii,viii)*	241,981	292,169	358,391
Final dividends *(note i, iii, vi)*	268,867	492,925	194,531
Total	510,848	785,094	552,922

Notes:

(i) On 4 May 2023, the Company declared a cash dividend distribution for 2022, amounting to RMB3.00 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 896,225,431.

(ii) On 28 August 2023, the Company declared a cash dividend distribution for the first half of 2023, amounting to RMB2.70 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 896,225,431.

(iii) On 15 May 2024, the Company declared a cash dividend distribution for 2023, amounting to RMB5.50 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 896,225,431.

(iv) On 29 August 2024, the Company declared a cash dividend distribution for the first half of 2024, amounting to RMB2.70 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 896,225,431.

(v) On 8 November 2024, the Company declared a cash dividend distribution for the first three quarters of 2024, amounting to RMB0.56 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 896,225,431.

(vi) On 15 May 2025, the Company declared a cash dividend distribution for 2024, amounting to RMB2.2 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 884,229,822.

(vii) On 26 August 2025, the Company declared a cash dividend distribution for the first half of 2025, amounting to RMB2.0 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 895,979,822.

(viii) On 14 November 2025, the Company declared a cash dividend distribution for the first three quarters of 2025, amounting to RMB2.0 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 895,979,822.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the Relevant Periods attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares outstanding during the Relevant Periods.

	Year ended 31 December		
	2023	2024	2025
Earnings			
Profit attributable to owners of the parent	542,405	614,299	709,737
Less: dividends payable to expected unlocked restricted stocks	–	–	10,945
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation (RMB'000)	542,405	614,299	698,792
Shares			
Weighted average number ('000) of ordinary shares outstanding during the year	896,225	896,225	888,806
Earnings per share			
Basic and diluted (RMB)	0.61	0.69	0.79

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2025 in respect of a dilution as the impact of the restricted stocks outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

The Group had no potentially dilutive ordinary shares in issue for the years ended 31 December 2023 and 2024.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery	Photovoltaic power station	Office equipment and electronic devices	Vehicles	Land	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023									
At 1 January 2023:									
Cost	514,012	245,096	346,007	45,322	11,310	–	16,808	152,301	1,330,856
Accumulated depreciation	(136,204)	(156,958)	(50,279)	(34,324)	(9,115)	–	(3,168)	–	(390,048)
Impairment	–	(684)	–	–	–	–	–	(16,581)	(17,265)
Net carrying amount	377,808	87,454	295,728	10,998	2,195	–	13,640	135,720	923,543
At 1 January 2023, net of accumulated depreciation	377,808	87,454	295,728	10,998	2,195	–	13,640	135,720	923,543

	Buildings	Machinery	Photovoltaic power station	Office equipment and electronic devices	Vehicles	Land	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Additions	262	25,936	–	2,957	1,474	1,978	15,608	28,547	76,762
Transfers	200	1,993	128,534	–	–	–	7,855	(138,582)	–
Transfer to investment properties	(4,218)	–	–	–	–	–	–	–	(4,218)
Disposals	(2,521)	(7,383)	–	(22)	(40)	–	–	(2,698)	(12,664)
Depreciation provided during the year	(23,921)	(13,174)	(16,718)	(3,512)	(654)	–	(5,398)	–	(63,377)
Exchange realignment	–	(81)	–	(61)	8	(73)	–	–	(207)
At 31 December 2023, net of accumulated depreciation	347,610	94,745	407,544	10,360	2,983	1,905	31,705	22,987	919,839
At 31 December 2023:									
Cost	506,705	255,407	474,541	47,794	11,780	1,905	39,414	22,987	1,360,533
Accumulated depreciation	(159,095)	(160,458)	(66,997)	(37,434)	(8,797)	–	(7,709)	–	(440,490)
Impairment	–	(204)	–	–	–	–	–	–	(204)
Net carrying amount	347,610	94,745	407,544	10,360	2,983	1,905	31,705	22,987	919,839

	Buildings	Machinery	Photovoltaic power station	Office equipment and electronic devices	Vehicles	Land	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024									
At 1 January 2024:									
Cost	506,705	255,407	474,541	47,794	11,780	1,905	39,414	22,987	1,360,533
Accumulated depreciation	(159,095)	(160,458)	(66,997)	(37,434)	(8,797)	–	(7,709)	–	(440,490)
Impairment	–	(204)	–	–	–	–	–	–	(204)
Net carrying amount	347,610	94,745	407,544	10,360	2,983	1,905	31,705	22,987	919,839
At 1 January 2024, net of accumulated depreciation	347,610	94,745	407,544	10,360	2,983	1,905	31,705	22,987	919,839
Additions	–	9,347	–	2,931	2,154	–	2,727	90,143	107,302
Transfers	44,132	3,743	–	2,287	–	–	4,174	(54,336)	–
Disposals	(3,188)	(1,207)	(310)	(85)	(429)	–	–	(873)	(6,092)
Depreciation provided during the year	(25,332)	(14,560)	(18,026)	(4,121)	(965)	–	(9,036)	–	(72,040)
Exchange realignment	–	(32)	–	(12)	(2)	(337)	–	–	(383)
At 31 December 2024, net of accumulated depreciation	363,222	92,036	389,208	11,360	3,741	1,568	29,570	57,921	948,626
At 31 December 2024:									
Cost	546,304	264,228	474,128	51,352	11,473	1,568	46,315	57,921	1,453,289
Accumulated depreciation	(183,082)	(171,988)	(84,920)	(39,992)	(7,732)	–	(16,745)	–	(504,459)
Impairment	–	(204)	–	–	–	–	–	–	(204)
Net carrying amount	363,222	92,036	389,208	11,360	3,741	1,568	29,570	57,921	948,626

	Buildings	Machinery	Photovoltaic power station	Office equipment and electronic devices	Vehicles	Land	Leasehold improvements and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025									
At 1 January 2025:									
Cost	546,304	264,228	474,128	51,352	11,473	1,568	46,315	57,921	1,453,289
Accumulated depreciation	(183,082)	(171,988)	(84,920)	(39,992)	(7,732)	–	(16,745)	–	(504,459)
Impairment	–	(204)	–	–	–	–	–	–	(204)

	Buildings	Machinery	Photovoltaic power station	Office equipment and electronic devices	Vehicles	Land	Leasehold improvements and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net carrying amount	363,222	92,036	389,208	11,360	3,741	1,568	29,570	57,921	948,626
At 1 January 2025, net of accumulated depreciation	363,222	92,036	389,208	11,360	3,741	1,568	29,570	57,921	948,626
Additions	–	18,552	–	4,608	1,855	–	1,463	107,434	133,912
Transfers	66,411	26,404	–	983	240	–	–	(94,038)	–
Acquisition of a subsidiary	–	–	126,280	139	46	–	913	62,539	189,917
Disposal of a subsidiary	–	(3)	–	–	–	–	–	–	(3)
Disposals	(23,262)	(821)	–	(140)	(88)	–	–	–	(24,311)
Depreciation provided during the year	(27,752)	(14,918)	(18,392)	(4,055)	(1,433)	–	(10,052)	–	(76,602)
Exchange realignment	–	116	–	37	(69)	522	(14)	(1,707)	(1,115)
At 31 December 2025, net of accumulated depreciation	378,619	121,366	497,096	12,932	4,292	2,090	21,880	132,149	1,170,424
At 31 December 2025:									
Cost	572,482	303,952	600,408	56,084	11,907	2,090	48,677	132,149	1,727,749
Accumulated depreciation	(193,863)	(182,382)	(103,312)	(43,152)	(7,615)	–	(26,797)	–	(557,121)
Impairment	–	(204)	–	–	–	–	–	–	(204)
Net carrying amount	378,619	121,366	497,096	12,932	4,292	2,090	21,880	132,149	1,170,424

The Company

	Buildings	Machinery	Office equipment and electronic devices	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023				
At 1 January 2023:				
Cost	142,579	10,850	4,744	158,173
Accumulated depreciation	(56,461)	(10,157)	(3,425)	(70,043)
Net carrying amount	86,118	693	1,319	88,130
At 1 January 2023, net of accumulated depreciation	86,118	693	1,319	88,130
Depreciation provided during the year	(4,492)	(98)	(555)	(5,145)
At 31 December 2023, net of accumulated depreciation	81,626	595	764	82,985
At 31 December 2023:				
Cost	142,579	10,850	4,736	158,165
Accumulated depreciation	(60,953)	(10,255)	(3,972)	(75,180)
Net carrying amount	81,626	595	764	82,985

	Buildings	Machinery	Office equipment and electronic devices	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024					
At 1 January 2024:					
Cost	142,579	10,850	4,736	–	158,165
Accumulated depreciation	(60,953)	(10,255)	(3,972)	–	(75,180)
Net carrying amount	81,626	595	764	–	82,985
At 1 January 2024, net of accumulated depreciation	81,626	595	764	–	82,985
Additions	–	–	11	1,458	1,469
Disposals	–	–	(5)	–	(5)
Depreciation provided during the year	(4,492)	(53)	(483)	–	(5,028)
At 31 December 2024, net of accumulated depreciation	77,134	542	287	1,458	79,421
At 31 December 2024:					
Cost	142,579	10,850	4,661	1,458	159,548
Accumulated depreciation	(65,445)	(10,308)	(4,374)	–	(80,127)
Net carrying amount	77,134	542	287	1,458	79,421

	Buildings	Machinery	Office equipment and electronic devices	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025						
At 1 January 2025:						
Cost	142,579	10,850	4,661	1,458	–	159,548
Accumulated depreciation	(65,445)	(10,308)	(4,374)	–	–	(80,127)
Net carrying amount	77,134	542	287	1,458	–	79,421
At 1 January 2025, net of accumulated depreciation	77,134	542	287	1,458	–	79,421
Additions	–	–	61	4,879	1,463	6,403
Disposals	(24,350)	–	(5)	(1,458)	–	(25,813)
Depreciation provided during the year	(3,974)	–	(60)	–	(425)	(4,459)
At 31 December 2025, net of accumulated depreciation	48,810	542	283	4,879	1,038	55,552
At 31 December 2025:						
Cost	100,402	10,850	4,615	4,879	1,463	122,209
Accumulated depreciation	(51,592)	(10,308)	(4,332)	–	(425)	(66,657)
Net carrying amount	48,810	542	283	4,879	1,038	55,552

14. INVESTMENT PROPERTIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	–	3,999	3,780
Transfer from an owner-occupied property	4,218	–	–
Depreciation charge	(219)	(219)	(219)
Carrying amount at 31 December	3,999	3,780	3,561

The Group's investment properties consist of several factory buildings located in Zunyi, further summary details of which are included in note 15 to the Historical Financial Information. The directors of the Company have determined the buildings to be investment properties based on the nature, characteristics and risks of each property.

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land, buildings and machinery used in its operations. Leases of lump sum payments were made upfront to acquire the leasehold land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 2 and 10 years. Other equipment generally has lease terms of 12 months or less or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Leasehold land	Buildings	Photovoltaic power station	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	186,232	75,760	–	261,992
Additions	–	1,847	–	1,847
Decreases	(40,544)	–	–	(40,544)
Depreciation charge	(4,551)	(23,222)	–	(27,773)
Exchange realignment	–	(2,422)	–	(2,422)
At 31 December 2023 and 1 January 2024	141,137	51,963	–	193,100
Additions	–	9,292	–	9,292
Depreciation charge	(4,048)	(24,999)	–	(29,047)
Exchange realignment	–	(79)	–	(79)
At 31 December 2024 and 1 January 2025	137,089	36,177	–	173,266
Additions	5,844	115,455	–	121,299
Decreases	(37,407)	(270)	–	(37,677)
Acquisition of a subsidiary	9,142	–	220,649	229,791
Depreciation charge	(3,603)	(23,002)	(811)	(27,416)
Exchange realignment	–	(2,534)	–	(2,534)
At 31 December 2025	111,065	125,826	219,838	456,729

The Company

	Leasehold land	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	54,019	18,008	72,027
Decreases	–	(174)	(174)
Depreciation charge	(1,558)	(3,625)	(5,183)
At 31 December 2023 and 1 January 2024	52,461	14,209	66,670
Depreciation charge	(1,558)	(3,628)	(5,186)
At 31 December 2024 and 1 January 2025	50,903	10,581	61,484
Additions	5,844	14,104	19,948
Decreases	(28,866)	–	(28,866)
Depreciation charge	(1,201)	(3,627)	(4,828)
At 31 December 2025	26,680	21,058	47,738

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	81,697	59,332	42,187
New leases	1,847	9,292	115,455
Acquisition of a subsidiary	–	–	252,483
Decreases	(2,422)	–	(2,710)
Accretion of interest recognised during the year	3,755	2,535	2,969
Exchange realignment	2,464	1,495	(1,510)
Payments	(28,009)	(30,467)	(29,360)
Carrying amount at the end of the year	59,332	42,187	379,514
Analysed into:			
Current portion	25,309	30,977	43,089
Non-current portion	34,023	11,210	336,425

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	17,806	14,346	10,519
New leases	–	–	14,104
Decreases	(174)	–	–
Accretion of interest recognised during the year	844	395	277
Payments	(4,130)	(4,222)	(3,842)
Carrying amount at the end of the year	14,346	10,519	21,058
Analysed into:			
Current portion	3,827	4,037	4,004
Non-current portion	10,519	6,482	17,054

The maturity analysis of lease liabilities is disclosed in note 46 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	3,755	2,535	2,969
Depreciation charge of right-of-use assets	27,773	29,047	27,416
Expenses relating to short-term leases and leases of low-value assets	1,924	1,884	3,576
Total amount recognised in profit or loss	33,452	33,466	33,961

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	844	395	277
Depreciation charge of right-of-use assets	5,183	5,186	4,828
Expenses relating to short-term leases and leases of low-value assets	91	10	25
Total amount recognised in profit or loss	6,118	5,591	5,130

(d) The total cash outflows for leases are disclosed in note 39 to the Historical Financial Information.

(e) ***Sale and leaseback transactions***

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash inflow of sale and leaseback transactions	100,000	–	–
Cash outflow of sale and leaseback transactions	–	106,113	–

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. These legal transfers do not satisfy the requirements of IFRS 15 to be accounted for as a sale of the machinery. During the year ended 31 December, 2023, the Group has raised borrowings of RMB100,000,000 in respect of such sale and leaseback arrangement. The Group did not enter any sale and leaseback arrangement during the year ended 31 December, 2024. The newly acquired subsidiary in 2025 also has a leaseback arrangement not satisfy the requirements of IFRS 15 to be accounted for as a sale.

The Group as a lessor

The Group leases certain of its buildings under operating lease arrangements as lessor. At the end of each of the Relevant Periods, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within one year	577	241	241

16. GOODWILL

	Zunyi switch business cash-generating unit	Other cash-generating unit	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2023, 2024, and 2025:			
Cost	99,419	270	99,689
Accumulated impairment	–	(270)	(270)
Net carrying amount	99,419	–	99,419

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Pre-tax discount rate	14.0%	11.5%	12.3%
Perpetual growth rate	0%	0%	0%

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating unit for impairment testing during the Relevant Periods:

Zunyi switch business cash-generating unit

The recoverable amount of the Zunyi switch business cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The carrying amount of goodwill allocated to the Zunyi switch business cash-generating unit as at 31 December 2023, 2024 and 2025 was RMB99,419,000.

Assumptions were used in the value in use calculation of the Zunyi switch business cash-generating unit at the end of each of the Relevant Periods. The following are the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted revenue - Amounts of the budgeted sales are based on the historical data and management's expectation of the future market.

Budgeted gross margins - The basis used to determine the value assigned to the budgeted gross margins is based on average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Raw materials price inflation - The basis used to determine the value assigned to raw materials price inflation is the forecast price indices during the budget year.

Discount rate - The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to the key assumptions on the annual revenue growth rates and discount rate are consistent with external information sources.

The management of the Group believes that any reasonably possible change in the key assumptions used in the value-in-use calculation would not cause the carrying amount to exceed the recoverable amount of the cash-generating unit.

17. OTHER INTANGIBLE ASSETS

The Group

	Patents and licences	Trademark	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023:				
Cost	75,283	221	12,402	87,906
Accumulated amortisation	(54,092)	(221)	(6,331)	(60,644)
Net carrying amount	21,191	–	6,071	27,262
Cost at 1 January 2023, net of accumulated amortisation	21,191	–	6,071	27,262
Additions	–	–	61	61
Exchange realignment	–	–	13	13
Amortisation provided during the year	(6,225)	–	(913)	(7,138)
At 31 December 2023	14,966	–	5,232	20,198
At 31 December 2023 and at 1 January 2024:				
Cost	75,283	221	12,462	87,966
Accumulated amortisation	(60,317)	(221)	(7,230)	(67,768)
Net carrying amount	14,966	–	5,232	20,198
At 1 January 2024:				
Cost	75,283	221	12,462	87,966
Accumulated amortisation	(60,317)	(221)	(7,230)	(67,768)
Net carrying amount	14,966	–	5,232	20,198
Cost at 1 January 2024, net of accumulated amortisation	14,966	–	5,232	20,198
Additions	–	–	1,700	1,700
Exchange realignment	–	–	(13)	(13)
Amortisation provided during the year	(4,041)	–	(1,020)	(5,061)
At 31 December 2024	10,925	–	5,899	16,824
At 31 December 2024:				
Cost	75,283	221	14,129	89,633
Accumulated amortisation	(64,358)	(221)	(8,230)	(72,809)
Net carrying amount	10,925	–	5,899	16,824

	Patents and licences	Trademark	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2025				
At 1 January 2025				
Cost	75,283	221	14,129	89,633
Accumulated amortisation	(64,358)	(221)	(8,230)	(72,809)
Net carrying amount	10,925	–	5,899	16,824
Cost at 1 January 2025, net of accumulated amortisation	10,925	–	5,899	16,824
Additions	–	–	5,577	5,577

	Patents and licences	Trademark	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Acquisition of a subsidiary	34,800	–	–	34,800
Amortisation provided during the year	(3,869)	–	(1,635)	(5,504)
Exchange realignment	–	–	353	353
At 31 December 2025	41,856	–	10,194	52,050
At 31 December 2025				
Cost	110,083	221	20,067	130,371
Accumulated amortisation	(68,227)	(221)	(9,873)	(78,321)
Net carrying amount	41,856	–	10,194	52,050

The Company

	Software
	RMB'000
At 1 January 2023:	
Cost	70
Accumulated depreciation	(43)
Net carrying amount	27
Cost at 1 January 2023, net of accumulated amortisation	27
Amortisation provided during the year	(7)
At 31 December 2023	20
At 31 December 2023 and 1 January 2024:	
Cost	70
Accumulated amortisation	(50)
Net carrying amount	20
At 1 January 2024:	
Cost	70
Accumulated depreciation	(50)
Net carrying amount	20
Cost at 1 January 2024, net of accumulated amortisation	20
Amortisation provided during the year	(7)
At 31 December 2024	13
At 31 December 2024:	
Cost	70
Accumulated amortisation	(57)
Net carrying amount	13

	Software
	RMB'000
At 1 January 2025:	
Cost	70
Accumulated depreciation	(57)
Net carrying amount	13
Cost at 1 January 2025, net of accumulated amortisation	13

	Software
	RMB'000
Additions	3,326
Amortisation provided during the year	(173)
At 31 December 2025	3,166
At 31 December 2025:	
Cost	3,396
Accumulated amortisation	(230)
Net carrying amount	3,166

18. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investments, at cost	3,339,768	3,339,768	3,472,539

The Company's outstanding balances with the subsidiaries are disclosed in note 42 to the Historical Financial Information.

19. INVESTMENTS IN A JOINT VENTURE AND AN ASSOCIATE

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	138,450	27,192	21,141

The Company and Jinkai New Energy Technology Co., Ltd. entered into a partnership share transfer agreement on 31 December 2024 and the Company shall transfer all investments in Jinkaieyu (Beijing) New Energy Development Partnership (Limited Partnership) to Jinkai New Energy Technology Co., Ltd. in 2025. The Company's investment in Jinkaieyu (Beijing) New Energy Development Partnership (Limited Partnership) has been reclassified from an investment in an associate to assets held for sale as at 31 December 2024. The transaction was finalized in 2025.

The Group's shareholdings in the joint venture and associate all comprise equity shares held by the Company.

The joint venture and associates of the Group are considered not individually material for the Relevant Periods and the following table illustrates the aggregate financial information of the Group's associates:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Share of the joint venture and associate's profit for the year	10,302	16,922	2,179
Share of the joint venture and associate's total comprehensive income	10,302	16,922	2,179
Aggregate carrying amount of the Group's investments in the joint venture and associate's	138,450	27,192	21,141

The Group's outstanding balances with the joint venture and associate are disclosed in note 42 to the Historical Financial Information.

20. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current portion:			
Unlisted equity investments, at fair value	72,145	58,270	58,804

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

21. DEFERRED TAX

The Group

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Tax losses	Impairment provision	Change in fair value	Fair value adjustments arising from acquisition of subsidiaries	Deferred income	Lease liabilities	Unrealised profit on intra-group transactions	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross deferred tax assets at 1 January 2023	15,542	64,437	–	–	1,899	14,054	1,063	26	97,021
Deferred tax credited to other comprehensive income during the year	–	–	1,944	–	–	–	–	–	1,944
Deferred tax (charged)/credited to profit or loss during the year	(2,555)	(9,354)	–	–	3,105	(2,936)	(148)	397	(11,491)
Gross deferred tax assets at 31 December 2023	12,987	55,083	1,944	–	5,004	11,118	915	423	87,474
Deferred tax credited to other comprehensive income during the year	–	–	2,081	–	–	–	–	–	2,081
Deferred tax credited/(charged) to profit or loss during the year	4,789	625	–	–	(657)	(3,072)	2,767	548	5,000
Gross deferred tax assets at 31 December 2024	17,776	55,708	4,025	–	4,347	8,046	3,682	971	94,555
Deferred tax charged to other comprehensive income during the year	–	–	(80)	–	–	–	–	–	(80)
Disposal of a subsidiary during the year	(6,072)	(4,261)	–	–	–	–	–	–	(10,333)
Acquisition of a subsidiary during the year	18,393	–	–	4,196	–	63,121	–	–	85,710
Deferred tax (credited)/charged to profit or loss during the year	(2,913)	(32,714)	–	–	(1,317)	13,637	(684)	(410)	(24,401)
Gross deferred tax assets at 31 December 2025	27,184	18,733	3,945	4,196	3,030	84,804	2,998	561	145,451

Deferred tax liabilities

	Fair value adjustments of investments at fair value through profit	Change in fair value	Right-of-use assets	Unremitted earnings of foreign subsidiaries	Tax differences in the cost of investment in subsidiaries	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross deferred tax liabilities at 1 January 2023	–	5,880	12,785	15,590	–	–	34,255
Deferred tax credited to other comprehensive income during the year	–	(1,487)	–	–	–	–	(1,487)
Deferred tax charged/(credited) to profit or loss during the year	880	(514)	(3,366)	–	–	260	(2,740)
Gross deferred tax liabilities at 31 December 2023	880	3,879	9,419	15,590	–	260	30,028
Deferred tax credited to profit or loss during the year	(880)	(202)	(2,915)	–	–	(54)	(4,051)
Gross deferred tax liabilities at 31 December 2024	–	3,677	6,504	15,590	–	206	25,977
Acquisition of a subsidiary during the year	–	–	56,041	–	–	29,250	85,291
Deferred tax (credited)/charged to profit or loss during the year	–	(1,335)	14,652	(2,588)	25,413	(28,432)	7,710
Gross deferred tax liabilities at 31 December 2025	–	2,342	77,197	13,002	25,413	1,024	118,978

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	87,474	94,555	68,205
Net deferred tax liabilities recognised in the consolidated statement of financial position	30,028	25,977	41,732

The Company

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Tax losses	Impairment provision	Deferred income	Lease liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross deferred tax assets at 1 January 2023	9,383	12,692	1,453	4,882	–	28,410
Deferred tax charged to profit or loss during the year	(7,700)	(1,398)	(82)	(865)	–	(10,045)
Gross deferred tax assets at 31 December 2023	1,683	11,294	1,371	4,017	–	18,365
Deferred tax charged to profit or loss during the year	(1,683)	(837)	(83)	(938)	–	(3,541)
Gross deferred tax assets at 31 December 2024	–	10,457	1,288	3,079	–	14,824
Deferred tax (charged)/credited to profit or loss during the year	–	(4,209)	(1,258)	2,185	70	(3,212)
Gross deferred tax assets at 31 December 2025	–	6,248	30	5,264	70	11,612

Deferred tax liabilities

	Right-of-use assets
	RMB'000
Gross deferred tax liabilities at 1 January 2023	4,502
Deferred tax credited to profit or loss during the year	(950)
Gross deferred tax liabilities at 31 December 2023	3,552
Deferred tax credited to profit or loss during the year	(907)
Gross deferred tax liabilities at 31 December 2024	2,645
Deferred tax charged to profit or loss during the year	2,619
Gross deferred tax liabilities at 31 December 2025	5,264

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the Company statement of financial position	18,365	14,824	6,348
Net deferred tax liabilities recognised in the Company statement of financial position	3,552	2,645	–

22. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	76,485	91,786	97,014
Consigned processing materials	1,719	851	989
Work in progress	164,704	174,181	193,249
Goods in transit	20,002	25,991	31,947
Finished goods	67,683	66,531	74,681
Subtotal	330,593	359,340	397,880
Less: Provision for inventories	(6,419)	(7,150)	(11,084)
Total	324,174	352,190	386,796

23. CONTRACT FULFILMENT COST

Details of contract fulfilment are as follows.

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract fulfilment cost	41,299	31,377	292

Contract fulfilment cost is recognised as expenses in the consolidated statement of profit or loss in the period in which the corresponding revenue is recognised.

There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the Relevant Periods.

24. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	636,318	717,960	609,629
Bank acceptance notes	632,185	494,192	616,184
Commercial acceptance notes	180,429	127,527	106,388
Less: Impairment losses	(215,693)	(215,094)	(75,934)
Net carrying amount	1,233,239	1,124,585	1,256,267

As of 31 December 2023, 2024 and 2025, bills receivable of RMB574,050,000, RMB394,707,000 and RMB577,485,000 were classified as financial assets at fair value through other comprehensive income, respectively, and the remaining bills receivable were measured at amortised cost.

The Group's trading terms with its customers are mainly on credit. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group has pledged bills receivable of RMB58,136,000, RMB99,485,000 and RMB37,497,000 at 31 December 2023, 2024 and 2025, respectively, as security for new bills receivable.

An ageing analysis of the Group's trade receivables, bank and commercial acceptance notes as at the end of each of the Relevant Periods, based on transaction dates and net of loss allowance, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,163,181	1,054,795	1,169,527
1 to 2 year	41,960	36,322	68,433
2 to 3 year	12,662	18,137	11,677
3 to 4 year	10,259	9,460	1,522
4 to 5 year	5,177	5,871	1,039
Over 5 years	–	–	4,069
Total	1,233,239	1,124,585	1,256,267

The movements in the impairment losses on trade receivables and commercial acceptance notes are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	252,140	215,693	215,094
Impairment losses (reversed)/recognised	(22,944)	3	324
Amount written off as uncollectible	(13,503)	(602)	(3,000)
Disposal of a subsidiary	–	–	(19,484)
Acquisition of a subsidiary	–	–	(117,000)
At end of year	215,693	215,094	75,934

The bank acceptance notes were issued by reputable banks and with short-term maturity. Accordingly, the expected impairment loss was immaterial at the end of each of the Relevant Periods.

The Group applies the simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at the end of each of the each reporting period using a provision matrix to measure expected credit losses. The provision rates are based on past due information for groupings of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2023							
On collective basis:							
Expected credit loss rate . . .	1.3%	11.6%	19.7%	32.6%	76.7%	100.0%	6.2%
Gross carrying amount *(RMB'000)*	1,178,495	47,488	15,775	15,212	22,194	35,337	1,314,501
Expected credit losses *(RMB'000)*	15,315	5,529	3,112	4,952	17,017	35,337	81,262
On individual basis:							
Expected credit loss rate . . .							100.0%
Gross carrying amount *(RMB'000)*							134,431
Expected credit losses *(RMB'000)*							134,431

The collective basis is split as follows:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2023							
Bills receivable:							
Expected credit loss rate . . .	0.7%	–	–	–	–	–	0.7%
Gross carrying amount *(RMB'000)*	812,614	–	–	–	–	–	812,614
Expected credit losses *(RMB'000)*	5,413	–	–	–	–	–	5,413
Power equipment:							
Expected credit loss rate . . .	1.3%	14.0%	32.5%	35.3%	57.7%	100.0%	10.3%
Gross carrying amount *(RMB'000)*	244,187	3,695	1,911	9,435	2,222	20,011	281,461
Expected credit losses *(RMB'000)*	3,224	519	622	3,331	1,282	20,011	28,989
Power engineering:							
Expected credit loss rate . . .	7.0%	25.0%	30.0%	50.0%	80.0%	100.0%	32.5%
Gross carrying amount *(RMB'000)*	70,333	7,633	2,778	–	18,200	14,720	113,664
Expected credit losses *(RMB'000)*	4,923	1,908	833	–	14,560	14,720	36,944
CNC equipment:							
Expected credit loss rate . . .	2.5%	7.1%	14.8%	28.1%	66.3%	100.0%	10.6%

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Gross carrying amount *(RMB'000)*	24,903	17,620	2,465	5,777	1,772	606	53,143
Expected credit losses *(RMB'000)*	635	1,248	364	1,621	1,175	606	5,649
Photovoltaic power:							
Expected credit loss rate	4.2%	10.0%	15.0%	–	–	–	8.0%
Gross carrying amount *(RMB'000)*	26,458	18,540	8,621	–	–	–	53,619
Expected credit losses *(RMB'000)*	1,120	1,854	1,293	–	–	–	4,267

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2024							
On a collective basis:							
Expected credit loss rate	1.1%	13.0%	20.8%	29.3%	54.8%	100.0%	6.9%
Gross carrying amount *(RMB'000)*	1,034,705	41,758	22,886	13,385	12,991	48,277	1,174,002
Expected credit losses *(RMB'000)*	11,160	5,436	4,750	3,925	7,121	48,277	80,669
On individual basis:							
Expected credit loss rate							81.1%
Gross carrying amount *(RMB'000)*							165,677
Expected credit losses *(RMB'000)*							134,425

The collective basis is split as follows:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2024							
Bills receivable:							
Expected credit loss rate	0.6%	–	–	–	–	–	0.6%
Gross carrying amount *(RMB'000)*	621,719	–	–	–	–	–	621,719
Expected credit losses *(RMB'000)*	3,826	–	–	–	–	–	3,826
Power equipment:							
Expected credit loss rate	0.9%	22.4%	32.9%	43.2%	47.9%	100.0%	8.3%
Gross carrying amount *(RMB'000)*	302,591	11,910	1,096	1,272	7,669	18,613	343,151
Expected credit losses *(RMB'000)*	2,675	2,670	361	550	3,675	18,613	28,544
Power engineering:							
Expected credit loss rate	5.0%	11.8%	30.0%	50.0%	80.0%	100.0%	34.3%
Gross carrying amount *(RMB'000)*	63,062	17	7,633	2,778	–	27,920	101,410
Expected credit losses *(RMB'000)*	3,153	2	2,290	1,389	–	27,920	34,754
CNC equipment:							
Expected credit loss rate	2.6%	7.1%	14.6%	32.0%	64.8%	100.0%	15.6%
Gross carrying amount *(RMB'000)*	27,223	7,460	6,249	990	5,322	1,744	48,988
Expected credit losses *(RMB'000)*	710	527	913	317	3,446	1,744	7,657
Photovoltaic power:							
Expected credit loss rate	4.0%	10.0%	15.0%	20.0%	–	–	10.0%

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Gross carrying amount *(RMB'000)*	20,110	22,371	7,908	8,345	–	–	58,734
Expected credit losses *(RMB'000)*	796	2,237	1,186	1,669	–	–	5,888

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2025							
On collective basis:							
Expected credit loss rate	0.8%	10.7%	18.0%	40.9%	74.3%	100.0%	5.2%
Gross carrying amount *(RMB'000)*	1,178,760	76,611	14,250	2,575	4,036	44,553	1,320,785
Expected credit losses *(RMB'000)*	9,234	8,178	2,572	1,053	2,997	44,553	68,587
On individual basis:							
Expected credit loss rate							64.4%
Gross carrying amount *(RMB'000)*							11,416
Expected credit losses *(RMB'000)*							7,347

The collective basis is split as follows:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2025							
Bills receivable:							
Expected credit loss rate	0.4%	–	–	–	–	–	0.4%
Gross carrying amount *(RMB'000)*	722,572	–	–	–	–	–	722,572
Expected credit losses *(RMB'000)*	3,223	–	–	–	–	–	3,223
Power equipment:							
Expected credit loss rate	1.1%	15.2%	41.3%	49.0%	57.8%	100.0%	4.2%
Gross carrying amount *(RMB'000)*	413,089	13,811	1,420	979	933	10,357	440,589
Expected credit losses *(RMB'000)*	4,649	2,101	587	480	539	10,357	18,713
Power engineering:							
Expected credit loss rate	5.0%	10.0%	29.4%	50.0%	80.0%	100.0%	50.2%
Gross carrying amount *(RMB'000)*	–	36,602	17	–	2,778	27,920	67,317
Expected credit losses *(RMB'000)*	–	3,660	5	–	2,222	27,920	33,807
CNC equipment:							
Expected credit loss rate	2.6%	7.7%	16.0%	35.9%	72.6%	100.0%	20.9%
Gross carrying amount *(RMB'000)*	21,198	8,979	6,067	1,596	325	6,276	44,441
Expected credit losses *(RMB'000)*	557	695	969	573	236	6,276	9,306
Photovoltaic power:							
Expected credit loss rate	3.7%	10.0%	15.0%	–	–	–	7.7%
Gross carrying amount *(RMB'000)*	21,900	17,220	6,746	–	–	–	45,866
Expected credit losses *(RMB'000)*	804	1,722	1,012	–	–	–	3,538

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	–	14,041	–
Bank acceptance notes	153,241	58,352	80,110
Commercial acceptance notes	46,115	9,722	22,228
Less: Impairment losses	(1,383)	(994)	(667)
Net carrying amount	197,973	81,121	101,671

An ageing analysis of the Company's trade receivables, bank and commercial acceptance notes as at the end of each of the Relevant Periods, based on the ageing analysis and net of loss allowance, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	197,973	81,121	101,671
Total	197,973	81,121	101,671

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	747	1,383	994
Impairment losses recognised/(reversed)	636	(389)	(327)
At end of year	1,383	994	667

The bank acceptance notes were issued by reputable banks and with short-term maturity. Accordingly, the expected impairment loss was immaterial as at the end of each of the Relevant Periods.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2023							
On a collective basis:							
Expected credit loss rate	0.7%	–	–	–	–	–	0.7%
Gross carrying amount *(RMB'000)*	199,356	–	–	–	–	–	199,356
Expected credit losses *(RMB'000)*	1,383	–	–	–	–	–	1,383

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2024							
On a collective basis:							
Expected credit loss rate	1.2%	–	–	–	–	–	1.2%
Gross carrying amount *(RMB'000)*	82,115	–	–	–	–	–	82,115
Expected credit losses *(RMB'000)*	994	–	–	–	–	–	994

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2025							
On a collective basis:							
Expected credit loss rate	0.7%	–	–	–	–	–	0.7%
Gross carrying amount *(RMB'000)*	102,338	–	–	–	–	–	102,338
Expected credit losses *(RMB'000)*	667	–	–	–	–	–	667

The net carrying amount of an amount due from a related party included in the above is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Shanghai Huaming High Voltage Switchgear Manufacturing Co., Ltd.	–	13,339	–

The balance is unsecured, interest-free and on credit terms similar to those offered to the major customers of the Company.

25. CONTRACT ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract assets arising from:			
Power engineering project	37,861	47,142	27,057
Warranty deposit	9,208	17,002	20,726
	47,069	64,144	47,783
Impairment	(3,844)	(5,783)	(4,528)
	43,225	58,361	43,255

Contract assets are initially recognised for revenue earned from the sale of CNC equipment and the provision of related installation services and construction services as the receipt of consideration is conditional on successful completion of the installation of CNC equipment and the related construction, respectively. Included in contract assets for construction services are the warranty deposit. Upon completion of installation or construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

The movements in the loss allowance for impairment of contract assets are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	2,758	3,844	5,783
Impairment losses, net *(note 6)*	1,086	1,939	(1,255)
At end of year	3,844	5,783	4,528

26. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current portion:			
Deposits and other receivables	57,625	64,088	145,095
Prepayments to suppliers	97,455	35,793	44,971
Other tax recoverable	81,566	63,309	95,612
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Due from related parties	3,528	3,528	3,528
Others	1,178	4,656	3,143
	241,352	171,374	298,980
Impairment allowance	(11,223)	(15,769)	(8,066)
	230,129	155,605	290,914
Non-current portion:			
Prepayments for items of property, plant and equipment	–	20,853	4,194
Total	230,129	176,458	295,108

These balances were interest-free, unsecured and repayable on demand.

An impairment analysis was performed at the end of each of the Relevant Periods. Impairment allowance for financial assets included in other receivables and other assets was mainly due to the uncollectability of these receivables as at 31 December 2023, 2024 and 2025.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current portion:			
Due from subsidiaries*	1,244,404	1,142,216	961,964
Due from related parties	1,084	1,084	1,084
Prepayments to suppliers	11,133	15,111	1,619
Deposits and other receivables	–	–	85,061
Other tax recoverable	890	–	1,206
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	19	19	23
	1,257,530	1,158,430	1,057,588
Impairment allowance	(43,791)	(40,834)	(24,324)
	1,213,739	1,117,596	1,033,264
Total	1,213,739	1,117,596	1,033,264

* These balances were interest-free and unsecured (note 42).

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current portion:			
Unlisted equity investments	25,868	–	–
Structured deposits and wealth management products	30,386	2,129	2,477
Total	56,254	2,129	2,477

The structured deposits and wealth management products were issued by banks and securities companies. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

28. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	991,684	1,103,901	1,165,599
Restricted cash	–	6,028	–
Pledged deposits	62,911	51,402	126,814
Total	1,054,595	1,161,331	1,292,413

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents			
Denominated in RMB	378,012	392,595	515,919
Denominated in USD	569,966	662,685	586,518
Denominated in other foreign currencies	43,706	48,621	63,162
Total	991,684	1,103,901	1,165,599
Restricted cash denominated in RMB	–	6,028	–
Pledged deposits denominated in RMB	62,911	51,402	126,814

Pledged deposits of RMB62,911,000, RMB51,402,000 and RMB126,814,000 at 31 December 2023, 2024 and 2025, respectively, were pledged for the issuance of bank acceptance notes and bank guarantee letters. Restricted cash of RMB6,028,000 at 31 December 2024 was restricted for litigation involved.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	29,560	34,812	130,871
Pledged deposits	10,367	14,137	1,253
Total	39,927	48,949	132,124

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents			
Denominated in RMB	29,560	34,812	130,871
Pledged deposits denominated in RMB	10,367	14,137	1,253

The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Short-term deposits are made depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. Cash at banks earns interest at floating rates based on daily bank deposit rates.

As at 31 December 2023, 2024 and 2025, the Group and the Company assessed the credit risk of cash and cash equivalents, pledged deposits and restricted cash to be minimal as they were placed in reputable financial institutions.

29. TRADE AND BILLS PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	187,251	268,376	221,465
Bills payable	198,275	154,012	179,869
Total	385,526	422,388	401,334

An ageing analysis of the trade and bills payables as at the end of each of Relevant Periods, based on invoice date, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	360,086	407,088	378,093
Over 1 year	25,440	15,300	23,241
Total	385,526	422,388	401,334

The trade payables are interest-free and are normally settled within 90 days upon receipt of the invoice.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	30,563	58,094	46,992
Bills payable	18,254	75,289	55,423
Total	48,817	133,383	102,415

An ageing analysis of the trade and bills payables as at the end of each of Relevant Periods, based on invoice date, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	48,817	132,437	101,691
Over 1 year	–	946	724
Total	48,817	133,383	102,415

30. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current portion:			
Payroll and welfare payable	60,808	64,240	65,878
Other tax payables	21,588	24,860	32,769
Dividends payable	–	50,189	–
Advance of grant of shares under restricted stocks	–	–	95,701
Advance of compensation plans	–	5,476	10,952
Deposits and other payables	36,293	36,152	37,393
Total	118,689	180,917	242,693

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Payroll and welfare payable	1,151	1,186	1,239
Other tax payables	20,028	6,283	31,580
Dividends payable	–	50,189	–
Advance of grant of shares under restricted stocks	–	–	95,701
Due to subsidiaries	–	–	11,908
Accrued expenses	57	1,233	3,000
Total	21,236	58,891	143,428

Other payables in current portion were interest-free, unsecured and repayable on demand.

31. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	83,274	54,414	67,676

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	147,328	41,437	237,536

32. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	As at 31 December 2023		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank borrowings – secured	2.50-2.70	2024	60,046
Current portion of long term bank borrowings – secured	2.90-3.15	2024	40,000
Current portion of other borrowing in respect of sale and leaseback – secured	5.03	2024	517
Total – current			100,563
Non-current			
Other borrowing in respect of sale and leaseback – secured	5.03	2025-2038	100,726
Bank borrowings – secured	2.90-3.15	2025	220,402
Total – non current			321,128
Total			421,691

	As at 31 December 2024		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank borrowings – secured	2.45	2025	10,008
Other borrowings – secured	0.72	2025	110,000
Current portion of long term bank borrowings – secured	2.58-3.15	2025	130,000
Total – current			250,008
Non-current			
Bank borrowings – secured	2.58-2.70	2026-2027	220,275
Total – current			220,275
Total			470,283

	As at 31 December 2025		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank borrowings – unsecured	2.60	2026	10,008
Bank borrowings – secured	2.50-2.60	2026	30,026
Other borrowings – secured	0.58-0.85	2026	180,000
Current portion of long term bank borrowings – secured	2.35-3.00	2026	51,100
Current portion of other borrowing in respect of sale and leaseback – secured	4.52	2026	11,786
Total – current			282,920
Non-current			
Other borrowing in respect of sale and leaseback – secured	4.52	2037	161,017
Bank borrowings – secured	2.35-3.00	2027-2040	392,719
Total – non-current			553,736
Total			836,656

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank loans and overdrafts repayable:			
Within one year or on demand	100,046	250,008	91,134
In the second year	220,402	30,275	214,819
In the third to fifth years, inclusive	–	190,000	119,400
Beyond five years	–	–	58,500
Subtotal	320,448	470,283	483,853
Other borrowings repayable:			
Within one year	517	–	191,786
In the second year	500	–	12,319
In the third to fifth years, inclusive	22,846	–	40,401
Beyond five years	77,380	–	108,297
Subtotal	101,243	–	352,803
Total	421,691	470,283	836,656

As at 31 December 2023, 2024 and 2025, the Group's interest-bearing bank and other borrowings of RMB320,448,000, RMB360,283,000 and RMB473,845,000, respectively, were guaranteed by the Company and subsidiaries of the Company.

The Group's certain bank and other borrowings at 31 December 2023, 2024 and 2025 were RMB101,243,000, nil and RMB172,803,000, respectively, secured by the pledge of the following assets. The net book value of the assets at the end of each of the Relevant Period are as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	43,856	–	4,340
Property, plant and equipment	291,069	–	233,317
Investment in a subsidiary	80,000	–	10,000
Total	414,925	–	247,657

33. DEFERRED INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants			
Asset-related grants *(a)*	6,263	5,543	121
Income-related grants	23,440	20,000	20,000
Total	29,703	25,543	20,121

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants			
Asset-related grants *(a)*	5,483	5,153	121

(a) Asset-related grants

The asset-related grants were the subsidies received from the government in relation to the Group's property, plant and equipment.

34. SHARE CAPITAL

The Group

Shares

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Issued and fully paid:			
Share capital (Ordinary shares: 896,225,431 with par value of RMB1.00 each)*	227,247	227,247	227,247

* Variance due to reverse acquisition in 2016.

No movement in the Company's share capital during the Relevant Periods.

35. SHARE-BASED PAYMENTS

In April 2025, the board of directors of the Company approved the employee shareholding plan (the "Employee Shareholding Plan"), which aims to motivate core talents by linking employee interests with the Group's long-term development. The restricted stock units granted would be unlocked in batches of 40%, 30% and 30% from the date of registration over the next three years, respectively, on condition that employees remain in service and certain non-market performance criteria are met.

On 31 July 2025, pursuant to Employee Shareholding Plan, the Company granted 13,574,600 restricted stocks to eligible participants, including the Company's directors and employees of the Group, at a subscription price of RMB7.05 per share. The fair value of each restricted stock is determined by the closing price of the Company's ordinary share of RMB17.60 per share at the grant date. Since there are no cash settlement alternatives, the Group accounts for the restricted stocks granted under Employee Shareholding Plan as an equity-settled plan. The difference between the fair value of the shares granted and the subscription price was recognised in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss.

The following restricted stocks under the Employee Shareholding Plan were outstanding during the Relevant Periods:

	2025	
	Weighted average purchase price per share	Number of shares authorised
	RMB per share	*'000*
At 1 January 2025	–	–
Granted during the year	7.05	13,575
At 31 December 2025	7.05	13,575

The weighted-average remaining contractual lives for the outstanding restricted stocks granted under Employee Shareholding Plan were nil, nil and 1.48 years as at the end of Relevant Periods.

The total share-based payment expenses recognised in profit or loss for restricted stocks were approximately nil, nil and RMB38,510,000 during the Relevant Periods.

36. RESERVES AND TREASURY SHARES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information.

(i) Share premium

Share premium of the Group mainly represents the premium in issuing shares.

(ii) Statutory surplus reserve

In accordance with the Company Law of Chinese mainland, companies which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserve until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(iii) Special reserve

According to relevant PRC regulations, the Group is required to set aside an amount to special reserves for safety funds. The funds can be used for maintenance of production and improvements of safety and are not available for distribution to shareholders.

(iv) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

(v) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 35 to the Historical Financial Information.

(vi) Treasury shares

	Number of shares	Treasury shares
		RMB'000
At 1 January 2025	–	–
Repurchase of shares *(a)*	13,820,809	220,933
Grant of restricted shares	(13,574,600)	(216,997)
Recognition of the repurchase obligation	13,574,600	95,701
At 31 December 2025	13,820,809	99,637

(a) The Company purchased 13,820,809 of its shares on the Shenzhen Stock Exchange at a total cash consideration of RMB220,933,000 with the amount debited to the Share premium. As at 31 December 2025, the Group had 246,209 purchased shares classified as treasury shares held for the future share incentive plans.

The Company

	Share premium	Treasury shares	Share-based payment reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	2,929,135	–	–	177,396	790,647	3,897,178
Profit for the year	–	–	–	–	574,580	574,580
Total comprehensive income for the year	–	–	–	–	574,580	574,580
Dividends declared	–	–	–	–	(510,848)	(510,848)
Transfer from retained profits	–	–	–	57,458	(57,458)	–
As at 31 December 2023 and 1 January 2024	2,929,135	–	–	234,854	796,921	3,960,910
Profit for the year	–	–	–	–	570,174	570,174
Total comprehensive income for the year	–	–	–	–	570,174	570,174
Transfer from retained profits	–	–	–	57,017	(57,017)	–
Dividends declared	–	–	–	–	(785,094)	(785,094)
As at 31 December 2024 and 1 January 2025	2,929,135	–	–	291,871	524,984	3,745,990
Profit for the year	–	–	–	–	453,772	453,772
Total comprehensive income for the year	–	–	–	–	453,772	453,772
Repurchase of shares and granted	(121,296)	(99,637)	–	–	–	(220,933)
Share-based payments	–	–	38,051	–	–	38,051
Transfer from retained profits	–	–	–	45,377	(45,377)	–
Dividends declared	–	–	–	–	(552,922)	(552,922)
As at 31 December 2025	2,807,839	(99,637)	38,051	337,248	380,457	3,463,958

37. BUSINESS COMBINATION

On 30 November 2025, the Group acquired a 100% interest in Henan Jingfeng Photovoltaic New Energy Co., Ltd. Henan Jingfeng Photovoltaic New Energy Co., Ltd. is engaged in the PV power generation business. The purchase consideration for the acquisition was in the form of cash.

The fair values of the identifiable assets and liabilities of Henan Jingfeng Photovoltaic New Energy Co., Ltd. as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition
		RMB'000
Property, plant and equipment	*13*	189,917
Right-of-use assets	*15*	229,791
Other intangible assets	*17*	34,800
Prepayments, other receivables and other assets		32,905
Cash and cash equivalents		11,758
Trade receivables		2,004
Deferred tax assets		419
Trade payables, other payables and accruals		(66,383)
Interest-bearing bank and other borrowings		(182,495)
Lease liabilities		(252,483)
Total identifiable net assets at fair value		233
Non-controlling interests		–
Gain on bargain purchase recognised in other income and gains in the consolidated statement of profit or loss		233
Satisfied by cash		–

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	–*
Cash and bank balances acquired	11,758
Net outflow of cash and cash equivalents included in cash flows from investing activities	11,758

* The cash consideration is RMB 1.

Since the acquisition, Henan Jingfeng Photovoltaic New Energy Co., Ltd. had contributed RMB1,823,000 to the Group's revenue and caused a loss of RMB1,540,000 to the consolidated profit for the year ended 31 December 2025.

Had the combination taken place at the beginning of the year, the consolidated revenue of the Group and the consolidated profit of the Group for the 2025 would have been RMB2,395,683,000 and RMB716,155,000, respectively.

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB2,004,000 and nil, respectively, which are equal to the gross contractual amounts RMB2,004,000 and nil minutes expected uncollectible amount nil and nil, respectively.

38. DISPOSAL OF A SUBSIDIARY

On 12 May 2025, the Group disposed a 100% interest in Changzheng Electric Co., Ltd.

The fair values of the identifiable assets and liabilities of Changzheng Electric Co., Ltd. as at the date of disposal were as follows:

	Notes	**2025**
		RMB'000
Net assets disposed of:		
Property, plant and equipment	*13*	3
Cash and bank balances		75
Trade receivables		30,466
Prepayments and other receivables		1,496
Deferred tax assets	*21*	10,333
Trade payables		(20,215)
Accruals and other payables		(3,776)
Contract liabilities		(2,275)
Subtotal		16,107
Loss on disposal of a subsidiary		(15,107)
Total consideration		1,000
Satisfied by:		
Cash		1,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2025
	RMB'000
Cash consideration	1,000
Cash and bank balances disposed of	(75)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	925

39. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,739,000, RMB9,292,000 and RMB115,455,000, respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

	Payables for [REDACTED] expense	**Dividend payable**	**Advance of compensation plans**	**Advance of grant of shares under restricted stocks**	**Interest-bearing bank and other borrowings**	**Lease liabilities**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	[REDACTED]	–	–	–	503,229	81,697	584,926
Changes from financing cash flows	[REDACTED]	511,359	–	–	(89,158)	(28,009)	394,192
Dividends declared	[REDACTED]	(511,359)	–	–	–	–	(511,359)
New leases	[REDACTED]	–	–	–	–	1,847	1,847
Lease term termination	[REDACTED]	–	–	–	–	(2,422)	(2,422)
Interest expense	[REDACTED]	–	–	–	12,544	3,755	16,299
Non-cash payment	[REDACTED]	–	–	–	(4,924)	–	(4,924)
Exchange realignment	[REDACTED]	–	–	–	–	2,464	2,464

	Payables for [REDACTED] expense	Dividend payable	Advance of compensation plans	Advance of grant of shares under restricted stocks	Interest-bearing bank and other borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023 and 1 January 2024	[REDACTED]	–	–	–	421,691	59,332	481,023
Changes from financing cash flows	[REDACTED]	(734,905)	5,476	–	34,064	(30,467)	(725,832)
Dividends declared	[REDACTED]	785,094	–	–	–	–	785,094
New leases	[REDACTED]	–	–	–	–	9,292	9,292
Interest expense	[REDACTED]	–	–	–	14,720	2,535	17,255
Non-cash payment	[REDACTED]	–	–	–	(192)	–	(192)
Exchange realignment	[REDACTED]	–	–	–	–	1,495	1,495
At 31 December 2024 and 1 January 2025	[REDACTED]	50,189	5,476	–	470,283	42,187	568,135
Increase for [**REDACTED**] expense	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Changes from financing cash flows	[REDACTED]	(604,912)	5,476	95,701	173,283	(29,360)	(366,443)
Acquisition of a subsidiary	[REDACTED]	–	–	–	182,495	252,483	434,978
New leases	[REDACTED]	–	–	–	–	115,455	115,455
Lease term termination	[REDACTED]	–	–	–	–	(2,710)	(2,710)
Dividends declared	[REDACTED]	554,723	–	–	–	–	554,723
Interest expense	[REDACTED]	–	–	–	10,468	2,969	13,437
Exchange realignment	[REDACTED]	–	–	–	127	(1,510)	(1,383)
At 31 December 2025	[REDACTED]	–	10,952	95,701	836,656	379,514	1,322,823

(c) Total cash outflows for leases

The total cash outflows for leases included in the statements of cash flows are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	1,924	1,884	3,576
Within financing activities	28,009	30,467	29,360
Total	29,933	32,351	32,936

40. CONTINGENCIES

In November 2024, one former subsidiary of the Group which was acquired in 2018, became involved as one of the defendants in a litigation of approximately RMB277 million related to historical contingent matters incurred before the acquisition. As at 31 December 2024, as the litigation was still ongoing, the directors of the Company, having given due consideration to the legal advice and the relevant facts and circumstances, were of the opinion that there was significant uncertainty in the outcome of this pending litigation, hence any potential liability could not be reliably measured. The Group disposed this subsidiary in May 2025 and in addition, based on information available to the Group, the litigation was withdrawn in December 2025 after a settlement was agreed between the plaintiff and another defendant in the litigation. Therefore, in the opinion of the directors, the Group is no longer liable for any liabilities in relation to this litigation.

At each of the relevant periods, except for the aforementioned contingencies, the Group did not have any material contingent liabilities.

41. COMMITMENTS

The Group had no capital commitments at each of the relevant periods.

42. RELATED PARTY TRANSACTIONS

The related companies with which the Group had transactions were as follows:

(a) Transactions with related parties:

The Group had the following material related party transactions during the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities*			
Controlled by the same Controlling Shareholders	1,836	1,298	691
(Decrease)/Increase in the right-of-use assets			
Controlled by the same Controlling Shareholders	(174)	–	62,713
Rent payment			
Controlled by the same Controlling Shareholders	14,614	15,147	15,324
Lease expenses			
Spouse of A Controlling Shareholder	–	276	276
A Controlling Shareholder	276	–	–
Total	276	276	276

* The lease expiration date of a lease contract has been modified in 2025 from 30 November 2027 to 31 December 2028.

(b) Outstanding balances with related parties:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Due from related parties			
Trade related			
Other receivables			
Controlled by the same Controlling Shareholders	3,528	3,528	3,528
Less: Impairment allowance	(706)	(706)	(706)
	2,822	2,822	2,822
Trade related			
Lease liabilities			
Controlled by the same Controlling Shareholders	34,718	21,513	69,667

These balances except for lease liabilities were interest-free and unsecured.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Due from subsidiaries			
Trade related			
Trade receivables	–	14,041	–
Less: Impairment allowance	–	(702)	–
	–	13,339	–
Contract liability	147,328	41,437	237,536
Non-trade related			
Due from subsidiaries	1,244,404	1,142,216	961,964
Less: Impairment allowance	(43,570)	(40,611)	(24,098)
	1,200,834	1,101,605	937,866
Due to subsidiaries			
Non-trade related			
Due to subsidiaries	–	–	11,908
Due from related parties			
Trade related			
Other receivables			
Controlled by the same Controlling Shareholders	1,084	1,084	1,084
Less: Impairment allowance	(217)	(217)	(217)
	867	867	867
Trade related			
Lease liabilities			
Controlled by the same Controlling Shareholders	14,346	10,519	21,058

(c) Compensation of key management personnel of the Group:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and bonuses	5,204	5,237	6,621
Pension scheme contributions and social welfare	940	892	957
Share-based payment expenses	–	–	6,151
Total	6,144	6,129	13,729

Further details of directors', the chief executive's and supervisors' emoluments are included in note 8 to the Historical Financial Information.

43. FINANCIAL INSTRUMENTS BY CATEGORY

The Group

The carrying amounts of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity investments	Debt investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments at fair value through other comprehensive income	–	72,145	–	–	72,145
Financial assets at fair value through profit or loss	56,254	–	–	–	56,254
Trade and bills receivables *(note 24)*	–	–	574,050	659,189	1,233,239
Financial assets included in prepayments, other receivables and other assets *(note 26)*	–	–	–	7,280	7,280
Pledged deposits	–	–	–	62,911	62,911
Cash and cash equivalents	–	–	–	991,684	991,684
Total	56,254	72,145	574,050	1,721,064	2,423,513

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	385,526
Financial liabilities included in other payables and accruals	36,293
Interest-bearing bank and other borrowings	421,691
Total	843,510

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity investments	Debt investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments at fair value through other comprehensive income	–	58,270	–	–	58,270
Financial assets at fair value through profit or loss	2,129	–	–	–	2,129
Trade and bills receivables *(note 24)*	–	–	394,707	729,878	1,124,585
Financial assets included in prepayments, other receivables and other assets *(note 26)*	–	–	–	12,146	12,146
Pledged deposits	–	–	–	51,402	51,402
Restricted cash	–	–	–	6,028	6,028
Cash and cash equivalents	–	–	–	1,103,901	1,103,901
Total	2,129	58,270	394,707	1,903,355	2,358,461

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	422,388
Financial liabilities included in other payables and accruals	91,817
Interest-bearing bank and other borrowings	470,283
Total	984,488

As at 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity investments	Debt investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments at fair value through other comprehensive income	–	58,804	–	–	58,804
Financial assets at fair value through profit or loss	2,477	–	–	–	2,477
Trade and bills receivables *(note 24)*	–	–	577,485	678,782	1,256,267
Financial assets included in prepayments, other receivables and other assets *(note 26)*	–	–	–	8,245	8,245
Pledged deposits	–	–	–	126,814	126,814
Cash and cash equivalents	–	–	–	1,165,599	1,165,599
Total	2,477	58,804	577,485	1,979,440	2,618,206

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	401,334
Financial liabilities included in other payables and accruals	144,046
Interest-bearing bank and other borrowings	836,656
Total	1,382,036

44. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that were derecognised in their entirety

During the Relevant Periods, the Group endorsed certain bank acceptance notes to certain suppliers in order to settle the trade payables such suppliers and discounted certain bank acceptance bills with commercial banks (collectively, the "Derecognised Bills") with carrying amounts in aggregate of RMB150,795,000, RMB227,344,000 and RMB132,373,000 as at 31 December 2023, 2024 and 2025, respectively. The Derecognised Bills had a maturity ranging from 1 to 12 months at the end of each Relevant Periods. In accordance with the Law of Negotiable Instruments of Chinese mainland, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons/entities who are liable for the Derecognised Bills, including the Group, regardless of the order of precedence (the "Continuing Involvement"). In the opinion of the Company's directors, the Group has transferred substantially all the risks and rewards relating to the Derecognised Bills. Accordingly, the Group has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum

exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is their carrying amounts. In the opinion of the Company's directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the Relevant Periods, expenses of RMB941,000, RMB2,257,000 and RMB1,520,000 were recognised on the dates of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively.

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, pledged deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial assets at fair value through profit or loss, financial liabilities included in other payables and accruals and short-term interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee four times a year for quarterly, interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in financial assets at fair value through profit or loss, which represent unlisted equity investments, structured deposits and wealth management product issued by banks. The Group has estimated the fair value of equity investments using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. For structured deposits and wealth management products, since the historical actual returns are consistent with expected returns, the Group measures the fair value of bank wealth management products classified as trading financial assets using the expected rate of return and the investment period.

The fair values of the interest-bearing bank and other borrowings have been assessed to be approximate to their carrying amounts as at 31 December 2023, 2024 and 2025, respectively. The fair values of the interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows.

The fair values of unlisted equity investments measured at fair value through profit or loss have been estimated by discounting the expected future cash flows.

The fair values of unlisted equity investments measured at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to book ("P/B") multiple, price to earnings ("P/E") multiple and price to sales ("P/S") multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an book measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding book measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2023, 2024 and 2025:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Financial assets				
Financial assets at fair value through profit or loss				
Unlisted equity investments	Discounted cash flow	Discount rate	31 December 2023: 44.7%	1% increase or decrease in discount rate would result in decrease or increase in fair value by RMB171,000
Equity investments at fair value through other comprehensive income				
Unlisted equity investments	Market approach	Price-to-Book ("P/B")	31 December 2023: 42% to 58%	1% increase or decrease in P/B would result in decrease or increase in fair value by RMB1,285,000
			31 December 2024: 42% to 58%	1% increase or decrease in P/B would result in decrease or increase in fair value by RMB1,251,000
			31 December 2025: 42% to 58%	1% increase or decrease in P/B would result in decrease or increase in fair value by RMB1,262,000
		Discount for Lack Of Marketability ("DLOM")	31 December 2023: 10% to 20%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB721,000
			31 December 2024: 10% to 20%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB582,000

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
			31 December 2025: 10% to 20%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB587,000
Trade and bills receivables	Discounted cash flow	Discount rate	31 December 2023: 1.9% to 2.2%	1% increase or decrease in discount rate would result in decrease or increase in fair value by RMB3,947,000
			31 December 2024: 0.7% to 2.5%	1% increase or decrease in discount rate would result in decrease or increase in fair value by RMB5,740,000
			31 December 2025: 0.6% to 2.6%	1% increase or decrease in discount rate would result in decrease or increase in fair value by RMB8,398,000

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity investments measured at fair value through other comprehensive income	–	–	72,145	72,145
Trade and bills receivables	–	–	574,050	574,050
Unlisted equity investments measured at fair value through profit or loss	–	–	25,868	25,868
Structured deposits and wealth management products	–	30,386	–	30,386
Total	–	30,386	672,063	702,449

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity investments measured at fair value through other comprehensive income	–	–	58,270	58,270
Trade and bills receivables	–	–	394,707	394,707
Structured deposits and wealth management products	–	2,129	–	2,129
Total	–	2,129	452,977	455,106

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity investments measured at fair value through other comprehensive income	–	–	58,804	58,804
Trade and bills receivables	–	–	577,485	577,485
Structured deposits and wealth management products	–	2,477	–	2,477
Total	–	2,477	636,289	638,766

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than a derivative, comprise bank loans, other interest-bearing borrowings and other borrowings, and cash and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

If the interest rate of bank borrowings had increased/decreased by 50 basis points and all other variables were held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have increased/decreased by approximately RMB1,220,000, RMB1,473,000 and RMB1,378,000 for the years ended 31 December 2023, 2024 and 2025, respectively.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Increase/(decrease) in rate of foreign exchange	Increase/(decrease) in profit before tax
	%	*RMB'000*
Year ended 31 December 2023		
If the USD strengthens against the RMB	10	59,275
If the USD weakens against the RMB	(10)	(59,275)
Year ended 31 December 2024		
If the USD strengthens against the RMB	10	69,349
If the USD weakens against the RMB	(10)	(69,349)
Year ended 31 December 2025		
If the USD strengthens against the RMB	10	65,276
If the USD weakens against the RMB	(10)	(65,276)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without specific verification procedures.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	1,448,932	1,448,932
Financial assets included in prepayments, other receivables and other assets					
– Normal**	457	–	11,480	–	11,937
Contract asset	–	–	–	47,069	47,069
Pledged deposits					
– Not yet past due	62,911	–	–	–	62,911
Cash and cash equivalents					
– Not yet past due	991,684	–	–	–	991,684
Total	1,055,052	–	11,480	1,496,001	2,562,533

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	1,339,679	1,339,679
Financial assets included in prepayments, other receivables and other assets					
– Normal**	6,205	–	15,673	–	21,878
Contract asset	–	–	–	64,144	64,144
Pledged deposits					
– Not yet past due	51,402	–	–	–	51,402
Restricted cash					
– Not yet past due	6,028	–	–	–	6,028
Cash and cash equivalents					
– Not yet past due	1,103,901	–	–	–	1,103,901
Total	1,167,536	–	15,673	1,403,823	2,587,032

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	1,332,201	1,332,201
Financial assets included in prepayments, other receivables and other assets					
– Normal**	8,807	–	7,504	–	16,311
Contract asset	–	–	–	47,783	47,783
Pledged deposits					
– Not yet past due	126,814	–	–	–	126,814
Cash and cash equivalents					
– Not yet past due	1,165,599	–	–	–	1,165,599
Total	1,301,220	–	7,504	1,379,984	2,688,708

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and lease liabilities.

The maturity profile of the Group's financial liabilities as at the end of the each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023						
Interest-bearing bank and other borrowings	113,976	227,357	12,438	23,753	96,019	473,543
Lease liabilities	31,481	32,879	8,455	2,253	–	75,068
Trade and bills payables	385,526	–	–	–	–	385,526
Financial liabilities included in other payables and accruals	36,293	–	–	–	–	36,293
Total	567,276	260,236	20,893	26,006	96,019	970,430

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024						
Interest-bearing bank and other borrowings	258,582	35,572	193,525	–	–	487,679
Lease liabilities	35,500	9,750	3,033	814	2,038	51,135
Trade and bills payables	422,388	–	–	–	–	422,388
Financial liabilities included in other payables and accruals	91,817	–	–	–	–	91,817
Total	808,287	45,322	196,558	814	2,038	1,053,019

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025						
Interest-bearing bank and other borrowings	301,461	241,432	131,348	53,597	216,719	944,557
Lease liabilities	55,155	54,042	53,537	107,098	188,447	458,279
Trade and bills payables	401,334	–	–	–	–	401,334
Financial liabilities included in other payables and accruals	144,046	–	–	–	–	144,046
Total	901,996	295,474	184,885	160,695	405,166	1,948,216

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares.

The Group monitors capital using the debt-to-asset ratio, which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total liabilities	1,155,437	1,276,351	2,036,071
Total assets	4,518,148	4,457,694	5,208,443
Debt-to-asset ratio	26%	29%	39%

47. EVENTS AFTER THE RELEVANT PERIODS

On 26 February 2026, The Company proposes that, with the total share capital of 896,225,431 shares (excluding 246,209 shares held in the repurchase special securities account) as reviewed at the 7th meeting of the 7th Board of Directors as the base, a cash dividend of RMB2.10 (tax-inclusive) will be distributed for every 10 shares. It is expected that a total cash dividend of RMB188,155,636.62 (tax-inclusive) will be distributed. No bonus shares will be issued, and no conversion of capital reserve into share capital will be made. The remaining undistributed profits shall be carried forward to subsequent years.

48. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies comprising the Group in respect of any period subsequent to 31 December 2025.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The primary purpose of this Appendix is to provide [**REDACTED**] with an overview of the Company's Articles of Association. As the following information contained herein is in summary form, it may not contain all the information that is important to [**REDACTED**].

ISSUE OF SHARES

Shares of the Company shall be issued in accordance with the principles of openness, fairness and justice. Each share of the same class shall carry the same rights.

Shares of the same class and the same issuance shall be issued on the same conditions and at the same price; any subscriber shall pay the same price for each of the shares it/he/she subscribes for.

The Company shall issue shares with a par value, denominated in RMB, with a par value of RMB1 per share. The shares issued by the Company that are listed on the Shenzhen Stock Exchange are hereinafter referred to as "A Shares"; the shares issued by the Company that are [**REDACTED**] on the Hong Kong Stock Exchange are hereinafter referred to as "H Shares".

INCREASE, REDUCTION, REPURCHASE AND TRANSFER OF SHARES

Increase and Reduction of Shares

The Company may increase capital based on the needs of operation and development and in accordance with the requirements of laws and regulations and resolution adopted by the shareholders' meeting, by any of the following ways:

(1) issuance of shares to unspecified parties;

(2) issuance of shares to specified parties;

(3) distribution of bonus shares to existing shareholders;

(4) conversion of capital reserve into share capital;

(5) other means as required by laws, administrative regulations, the CSRC, the stock exchange of the place where the Company's shares are listed and the securities regulatory authorities.

The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the procedures as stipulated in the Company Law, the securities regulatory rules of the place where the Company's shares are listed and other relevant regulations and the Articles of Association.

Repurchase of Shares

The Company shall not buy back its shares. However, the Company may buy back its shares in accordance with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association under any of the following circumstances:

(1) reduction of the Company's registered capital;

(2) merger with another company holding shares of the Company;

(3) use of shares for employee stock ownership scheme or equity incentives;

(4) shareholders who object to resolutions of the shareholders' meeting on merger or division of the Company requesting the Company to purchase their shares;

(5) use of shares for conversion of corporate bonds issued by the Company which are convertible into shares;

(6) where it is necessary for the Company to preserve its value and shareholders' interests.

The Company may repurchase its shares through public centralised trading or other methods recognised by laws, administrative regulations, the CSRC and other stock exchanges and securities regulatory authorities of the place where the Company's shares are listed.

Where the Company repurchases its shares under the circumstances set forth in items (3), (5) and (6) of the first paragraph mentioned above, the repurchase shall be made through public centralised trading.

Where the Company repurchases its shares under the circumstances set forth in items (1) and (2) of the first paragraph mentioned above, it shall be resolved at a shareholders' meeting; where the Company purchases its shares under the circumstances set forth in items (3), (5) and (6) of the first paragraph mentioned above, subject to compliance with the securities regulatory rules of the place where the Company's shares are listed, a resolution thereon may, pursuant to the provisions of the Articles of Association or the authorization of the shareholders' meeting, be made at a Board meeting that is attended by more than two-thirds of the directors.

Upon the repurchase of its shares by the Company pursuant to the provisions of the first paragraph mentioned above, under the circumstance set forth in item (1), such shares shall be cancelled within 10 days from the date of repurchase; under the circumstances set forth in items (2) and (4), such shares shall be transferred or cancelled within 6 months; under the circumstances set forth in items (3), (5) and (6), the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within 3 years.

Notwithstanding the foregoing, where any applicable laws, regulations or the securities regulatory authorities of the place where the Company's shares are listed provide otherwise in respect of matters related to share repurchases, such provisions shall prevail. Any repurchase of its H Shares by the Company shall comply with the Hong Kong Listing Rules and other relevant laws, regulations and regulatory requirements of the place where the Company's H Shares are listed. After the Company repurchases its shares, it shall fulfill its information disclosure obligations in accordance with the Securities Law and the Hong Kong Listing Rules and other applicable laws, regulations and regulatory requirements of the place where the Company's shares are listed.

Transfer of Shares

Shares of the Company that were issued prior to a public issue of A Shares shall not be transferred within one year from the date on which A Shares of the Company are listed and traded on the stock exchange.

Directors and senior management of the Company shall report to the Company their holdings of shares of the Company and the changes thereof. During their term of office confirmed at the assumption of their position, the shares transferred by any of them each year shall not exceed 25% of the total shares of the Company held by them; the shares of the Company held by the aforesaid persons shall not be transferred within one year from the date on which the shares of the Company are listed and traded. The aforesaid persons shall not transfer the shares of the Company held by them within half a year after they leave the Company.

Where the securities regulatory rules of the place where the Company's shares are listed provide otherwise in respect of the restrictions on transfer of the Company's shares, such provisions shall prevail.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

The Company shall establish a register of members based on the evidence provided by the securities registration and clearing institution of the place where the Company's shares are listed. The register of members shall be sufficient evidence of the holding of the shares of the Company by shareholders. The Company shall maintain its original register of members for H Shares in Hong Kong for shareholders' inspection, provided that the Company may suspend registration of shareholders in accordance with applicable laws and regulations and securities regulatory rules of the place where the Company's shares are listed. Shareholders shall enjoy rights and assume obligations in accordance with the class of shares they hold; shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

Shareholders of the Company shall enjoy the following rights:

(1) to receive dividends and other forms of distributions in proportion to the shares they hold;

(2) to request, convene, preside over, attend or appoint a proxy to attend shareholders' meetings and exercise corresponding voting rights in accordance with laws;

(3) to supervise, present suggestions on or make inquiries about the operations of the Company;

(4) to transfer, gift or pledge the shares they hold in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association;

(5) to inspect and copy the Articles of Association, register of members, minutes of shareholders' meetings, resolutions of Board meetings and financial and accounting reports, and shareholders in compliance with the requirements may inspect the accounting books and accounting vouchers of the Company;

(6) in the event of termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to the number of shares held by them;

(7) to require the Company to purchase their shares in the event of their objection to the resolutions of the shareholders' meeting on merger or division of the Company;

(8) other rights stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

If the content of a resolution of the shareholders' meeting or a meeting of the Board violates laws or administrative regulations, shareholders shall have the right to request the people's court to determine it to be invalid. If the convening procedure or voting method of the shareholders' meeting or a meeting of the Board violates laws, administrative regulations or the Articles of Association, or if the content of a resolution violates the Articles of Association, shareholders shall have the right to request the people's court to revoke the resolution within 60 days from the date of passing the resolution except where the convening procedure or voting method of the shareholders' meeting or the meeting of the Board is only slightly defective and have no substantial impact on the resolution.

Shareholders of the Company shall assume the following obligations:

(1) to comply with laws, administrative regulations and the Articles of Association;

(2) to pay subscription monies as per the shares subscribed for by them and the method of subscription;

(3) not to withdraw their share capital unless under circumstances required by laws and regulations;

(4) not to abuse shareholders' rights to impair the interests of the Company or other shareholders; not to abuse the Company's independent status of legal person or shareholders' limited liability to impair the interests of the creditors of the Company;

(5) to assume other obligations prescribed by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Shareholders of the Company who abuse their shareholders' rights and thereby cause losses to the Company or other shareholders shall be liable for compensation in accordance with the law. Where shareholders of the Company abuse the Company's independent status of legal person and shareholders' limited liability for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

General Provisions for Shareholders' Meetings

The shareholders' meeting of the Company consists of all shareholders. The shareholders' meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with laws:

(1) to elect and replace directors and to determine matters relating to the remuneration of directors;

(2) to consider and approve the reports of the Board;

(3) to consider and approve the profit distribution plans and loss recovery plans of the Company;

(4) to resolve on the increase or reduction of the registered capital of the Company;

(5) to resolve on the issue of corporate bonds;

(6) to resolve on the merger, division, dissolution, liquidation or change in corporate form of the Company;

(7) to amend the Articles of Association;

(8) to resolve on the appointment and dismissal of accounting firms undertaking the Company's audit work;

(9) to consider and approve the guarantee and other transaction matters specified in Article 46 of the Articles of Association;

(10) to consider matters relating to the purchase and sale of significant assets by the Company within one year exceeding 30% of the latest audited total assets of the Company;

(11) to consider and approve matters relating to changes in the use of proceeds;

(12) to consider share incentive schemes and employee stock ownership schemes;

(13) to consider and approve related (connected) transactions with related (connected) natural persons or related (connected) legal entities with a transaction amount of more than RMB30 million which represent more than 5% of the absolute value of the latest audited net assets of the Company (including any open bidding, public auction or listing for unspecified parties (excluding restricted methods such as invitation to bid), provided that any transactions such as public bidding and auctions where it is difficult to form a fair price or the Company unilaterally obtains benefits without paying any consideration or attaching any obligations, including receiving cash assets as a gift and being granted debt relief, or the pricing of related (connected) transactions is regulated by the state, or related (connected) persons provide funds to the Company at an interest rate not higher than the loan prime rate without any corresponding guarantees from the Company shall be excluded);

(14) to consider venture capital investments with an amount of more than RMB50 million other than stock and derivative investments, fund investments and futures investments;

(15) to consider other matters to be resolved by the shareholders' meeting as required by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The shareholders' meeting may authorise the Board to make resolutions on the issue of corporate bonds.

The aforesaid functions and powers of the shareholders' meeting shall not be delegated to the Board or any other agencies or individuals for exercise on its behalf by way of authorization.

The following external guarantees provided by the Company shall be subject to consideration and approval by the shareholders' meeting:

(1) any guarantee to be provided after the total amount of external guarantees by the Company and its controlled subsidiaries exceeds 50% of the latest audited net assets of the Company;

(2) any guarantee to be provided after the total amount of external guarantees by the Company and its controlled subsidiaries exceeds 30% of the latest audited total assets;

(3) any guarantee to be provided to a guarantee recipient whose debt-to-asset ratio is over 70% as shown in the information set out in its latest financial statements;

(4) any single guarantee with an amount exceeding 10% of the latest audited net assets of the Company;

(5) any guarantee to be provided after the total amount of guarantees provided by the Company to others in the past year exceeds 30% of the latest audited total assets of the Company;

(6) any guarantee to be provided to shareholders, actual controllers and their related (connected) parties;

(7) any other guarantees as required by the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

When any guarantee in item (5) of the preceding paragraph is considered by the shareholders' meeting, it shall be approved by more than two-thirds of the voting rights held by shareholders present at the meeting.

Where any provision of financial assistance by the Company falls under any of the following circumstances, it shall be submitted to the shareholders' meeting for review after being considered and approved by the Board:

(1) any single financial assistance with an amount exceeding 10% of the latest audited net assets of the Company;

(2) any recipient of such assistance has a debt-to-asset ratio of over 70% as shown in the information set out in its latest financial statements;

(3) the accumulated amount of financial assistance provided in the past twelve months exceeds 10% of the latest audited net assets of the Company;

(4) any other circumstances stipulated by the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Where any recipient of financial assistance by the Company is a controlling subsidiary that falls within the scope of the consolidated financial statements of the Company and holds more than 50% of the shares, and any other shareholders of such controlling subsidiary do not include any controlling shareholders and actual controllers of the Company and their related (connected) parties, the application of the provisions of the preceding paragraph shall be exempted.

The Company shall not provide any financial assistance to any related (connected) natural persons or related (connected) legal entities other than those provided to related (connected) shareholding companies (excluding any entities controlled by any controlling shareholders and actual controllers of the Company) whose other shareholders provide financial assistance under equal conditions in proportion to their respective capital contributions.

Where the Company provides any financial assistance to any related (connected) shareholding companies specified in the preceding paragraph, it shall, in addition to being considered and approved by more than half of all non-related (non-connected) directors, be considered and approved by more than two-thirds of the non-related (non-connected) directors present at the Board meeting and submitted to the shareholders' meeting for review.

Except for external guarantees and financial assistance provided by the Company as mentioned above, any transaction of the Company (excluding any transactions such as receiving cash assets as a gift and being granted debt relief that do not involve paying any consideration or are not attached with any obligations and any transactions of the Company that only meet the standards set out in item (3) or item (5) of this paragraph below where the absolute value of the earnings per share of the Company in the most recent accounting year is less than RMB0.05) that meets any of the following standards shall be subject to consideration and approval by the shareholders' meeting:

(1) any total amount of assets involved in the transaction accounts for more than 50% of the latest audited total assets of the Company and consists of both book value and assessed value, the higher of them shall be used as the data for calculation;

(2) any operating income related to the transaction subject (such as equity) for the most recent accounting year accounts for more than 50% of the audited operating revenue of the Company for the most recent accounting year, and its absolute amount exceeds RMB50 million;

(3) any net profit related to the transaction subject (such as equity) for the most recent accounting year accounts for more than 50% of the audited net profits of the Company for the most recent accounting year, and its absolute amount exceeds RMB5 million;

(4) any transaction amount of the transaction (including any debts and expenses incurred) accounts for more than 50% of the latest audited net assets of the Company, and its absolute amount exceeds RMB50 million;

(5) any profit generated from the transaction accounts for more than 50% of the audited net profits of the Company for the most recent accounting year, and its absolute amount exceeds RMB5 million;

(6) any net assets involved in the transaction subject (such as equity) account for more than 50% of the latest audited net assets of the Company, and their absolute amount exceeds RMB50 million. Where the net assets involved in the transaction consists of both book value and assessed value, the higher of them shall prevail;

(7) any other transactions to be resolved by the shareholders' meeting as required by relevant laws, regulations or securities regulatory rules of the place where the Company's shares are listed.

If any value involved in the calculation of the above indicators is negative, its absolute value shall be taken for calculation.

Shareholders' meetings are classified into annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meetings shall be convened once a year within six months from the end of the previous fiscal year.

The Company shall convene an extraordinary shareholders' meeting within 2 months from the date of occurrence of any of the following circumstances:

(1) where the number of directors is less than 6;

(2) when the uncovered loss of the Company reaches one-third of its total share capital;

(3) upon request by shareholders individually or collectively holding 10% or more of the shares (excluding treasury shares) of the Company;

(4) when the Board deems it necessary;

(5) when the audit committee proposes such a meeting be held;

(6) other circumstances required by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Convening of Shareholders' Meetings

The Board shall convene shareholders' meetings on time within the prescribed period.

Upon the approval of a majority of all independent directors, independent directors shall have the right to propose to the Board to convene an extraordinary shareholders' meeting. For the proposal requesting to convene an extraordinary shareholders' meeting by independent directors, the Board shall, in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, provide written feedback on whether they agree or disagree to convene the extraordinary shareholders' meeting within 10 days after receipt of the proposal.

If the Board agrees to convene the extraordinary shareholders' meeting, a notice of shareholders' meeting shall be issued within 5 days after such a Board resolution is made; if the Board does not agree to convene the extraordinary shareholders' meeting, it shall state reasons and make a public announcement.

If the audit committee proposes to the Board to convene an extraordinary shareholders' meeting, the proposal shall be presented to the Board in writing. The Board shall, in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, provide written feedback on whether they agree or disagree to convene the extraordinary shareholders' meeting within 10 days after receipt of the proposal.

If the Board agrees to convene the extraordinary shareholders' meeting, a notice of shareholders' meeting shall be issued within 5 days after such a Board resolution is made, and amendments to the original proposal to be stated in the notice shall be agreed by the audit committee.

If the Board does not agree to convene the extraordinary shareholders' meeting or does not reply within 10 days after receipt of the proposal, the Board shall be deemed to be unable or have refused to fulfill the obligation to convene shareholders' meetings, and the audit committee may convene and preside over the meeting by itself.

If shareholders who individually or collectively hold 10% or more of the shares (excluding treasury shares) of the Company request the Board to convene an extraordinary shareholders' meeting, and the request shall be made to the Board in writing. The Board shall, in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, provide written feedback on whether they agree or disagree to convene the extraordinary shareholders' meeting within 10 days after receipt of the proposal.

If the Board agrees to convene the extraordinary shareholders' meeting, a notice of shareholders' meeting shall be issued within 5 days after such a Board resolution is made, and amendments to the original request to be stated in the notice shall be agreed by relevant shareholders. Any items for discussion at the meeting proposed by the requester shall be included in the agenda of the extraordinary shareholders' meeting.

If the Board does not agree to convene the extraordinary shareholders' meeting or does not reply within 10 days after receipt of the request, shareholders who individually or collectively hold 10% or more of the shares (excluding treasury shares) of the Company shall have the right to request the audit committee to convene the extraordinary shareholders' meeting, and the request shall be made to the audit committee in writing.

If the audit committee agrees to convene the extraordinary shareholders' meeting, a notice of shareholders' meeting shall be issued within 5 days after receipt of the request, and amendments to the original request to be stated in the notice shall be agreed by relevant shareholders. Any items for discussion at the meeting proposed by the requester shall be included in the agenda of the extraordinary shareholders' meeting.

If the audit committee fails to issue a notice of shareholders' meeting within the prescribed period, the audit committee shall be deemed to have refused to convene and preside over the shareholders' meeting. Shareholders who individually or collectively hold 10% or more of the shares (excluding treasury shares) of the Company for more than 90 consecutive days may convene and preside over the meeting on their own.

If the audit committee or shareholders decide to convene a shareholders' meeting on their own, they shall notify the Board in writing and complete necessary reports or filings in accordance with the securities regulatory rules of the place where the Company's shares are listed and the regulations of the stock exchange.

Before the announcement of the shareholders' meeting resolution, the proportion of shares held by the convening shareholders shall not be less than 10% of the shares (excluding treasury shares) of the Company.

The audit committee or the convening shareholders shall submit necessary supporting materials, reports or filings in accordance with the securities regulatory rules of the place where the Company's shares are listed and the regulations of the stock exchange when issuing the notice of the shareholders' meeting and the announcement of the shareholders' meeting resolution.

Any necessary expenses for shareholders' meetings convened by the audit committee or shareholders on their own shall be borne by the Company.

Proposals and Notices of Shareholders' Meetings

When the Company convenes a shareholders' meeting, the Board, the audit committee and shareholders individually or jointly holding more than 1% of the shares of the Company shall have the right to submit proposals to the Company.

Shareholders individually or jointly holding more than 1% of the shares of the Company may submit temporary proposals and submit them in writing to the convener 10 days before the shareholders' meeting. The convener shall issue a supplementary notice of the shareholders' meeting within 2 days after receiving the proposals, announce the content of the temporary proposals, and submit the temporary proposals to the shareholders' meeting for review. However, the temporary proposals that violate laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association or do not fall within the scope of authority of the shareholders' meeting shall be excluded. If the shareholders' meeting has to be postponed due to the publication of a supplementary notice of the shareholders' meeting in accordance with the requirements of the securities regulatory rules of the place where the Company's shares are listed, the shareholders' meeting shall be postponed in accordance with the requirements of the securities regulatory rules of the place where the Company's shares are listed.

Except for the circumstances as stipulated in the preceding paragraph, the convener shall not modify the proposals already listed in the notice of the shareholders' meeting or add new proposals after issuing the notice of the shareholders' meeting.

Any proposals which are not listed in the notice of shareholders' meeting or fail to comply with the provisions of the Articles of Association shall not be voted on or resolved at the shareholders' meeting.

The convener of an annual shareholders' meeting shall notify all shareholders by way of an announcement 21 days before the meeting, and the convener of an extraordinary shareholders' meeting shall notify all shareholders by way of an announcement 15 days before the meeting. The aforesaid time limits counted by the Company shall not include the day on which the meeting is convened.

A notice of shareholders' meeting shall include the following:

(1) the time, venue and duration of the meeting;

(2) matters and proposals submitted to the meeting for consideration;

(3) a prominent written statement that all shareholders are entitled to attend the shareholders' meeting and may appoint in writing a proxy to attend and vote at the meeting and that such proxy need not be a shareholder of the Company;

(4) the record date of registration of equity interests of shareholders entitled to attend the shareholders' meeting;

(5) the name and telephone number of the regular contact person for the meeting;

(6) the time and procedures for voting online or by other means;

(7) other circumstances stipulated by laws, regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

All specific contents of all proposals shall be fully and completely disclosed in the notice of the shareholders' meeting and its supplementary notice.

For matters related to the election of directors to be discussed at a shareholders' meeting, detailed particulars of the candidates for directors shall be fully disclosed in the notice of the shareholders' meeting, including at least the following:

(1) personal information such as educational background, work experience and part-time jobs;

(2) whether there is a related (connected) relationship between them and the Company or its controlling shareholders and actual controllers;

(3) number of shares held by them in the Company;

(4) whether they have been subject to any penalty imposed by the CSRC or other relevant authorities and punishment imposed by any stock exchange;

(5) whether they meet the qualifications for a job as required by laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association;

(6) other information required to be disclosed by the securities regulatory authorities and stock exchanges of the place where the Company's shares are listed.

Except for the election of directors using the accumulative voting system, each candidate for a director shall be nominated by a separate proposal.

Convening of Shareholders' Meetings

All shareholders registered on the record date of registration of equity interests or their proxies shall be entitled to attend the shareholders' meetings and exercise their rights to speak and vote thereat in accordance with relevant laws, regulations, the regulatory rules of the place

where the Company's shares are listed and the Articles of Association (unless individual shareholders are required by the securities regulatory rules of the place where the Company's shares are listed to abstain from voting on individual issues).

A shareholder may attend the shareholders' meeting in person or appoint a proxy to attend, speak and vote at the meeting on behalf of such shareholder, and such proxy need not be a shareholder of the Company.

Individual shareholders attending a meeting in person shall present their identity card or other valid documents or certificates that can prove their identity; proxies who attend the meeting shall present their valid identity card and a power of attorney from their appointing shareholder.

Corporate shareholders shall attend a meeting by their legal representatives or by proxies authorised by their legal representatives, the Board or other decision-making bodies upon resolution. Where a legal representative attends the meeting, he/she shall present his/her identity card and a valid certificate that can prove his/her qualifications as a legal representative; where a proxy is appointed to attend the meeting, such proxy shall present his/her identity card and written power of attorney issued by the legal representative or any legally authorised person of the corporate shareholder entity in accordance with the law. If a corporate shareholder has appointed a proxy to attend the meeting in accordance with these Articles of Association, the corporate shareholder shall be deemed to have attended the meeting in person. Where a shareholder is a recognised clearing house (or its agent) as defined in the relevant laws and regulations of Hong Kong, such shareholder may authorise one or more persons as it thinks fit to act as its proxy or representative at any shareholders' meeting and creditors' meeting; however, if more than one person is so authorised, the power of attorney or letter of authorization shall specify the number and class of shares in respect of which each such person is so authorised, and such persons so authorised may speak and exercise rights at the meeting on behalf of the recognised clearing house (or its agent) (without being required to present their share certificate, notarised authorization and/or further evidence of formal authorisation) as if such persons were individual shareholders of the Company.

Any letter of authorization issued by a shareholder for appointing another person to attend a shareholders' meeting shall specify the following:

(1) the name or title of the appointer, and the class and number of the shares of the Company held;

(2) the name or title of the proxy;

(3) the specific instructions of the shareholder, including the instructions on voting for, against or abstention from voting on each matter to be considered as included in the agenda of the shareholders' meeting;

(4) the date of issuance and validity period of the letter of authorization;

(5) signature (or seal) of the appointer. If the appointer is a corporate shareholder, the letter of authorization shall be affixed with the seal of such corporate shareholder entity or signed by a legally authorised person.

The letter of authorization shall specify whether the shareholder's proxy may vote at his/her discretion if the shareholder fails to give any specific instruction.

If the letter of authorization for voting by the proxy is signed by another person authorised by the appointer, the letter of authorization or other authorization documents signed by the authorised person shall be notarized. The notarized letter of authorization or other authorization documents and the power of attorney for voting by the proxy shall be maintained at the address of the Company or at other locations specified in the notice of convening the meeting. If the appointer is a legal person, its legal representative or any person authorised by the Board or other decision-making bodies upon resolution shall attend the shareholders' meeting of the Company as a proxy.

A shareholders' meeting shall be presided over by the chairman of the Board. In the event that the chairman of the Board is unable or fails to perform his/her duties, the meeting shall be presided over by a director jointly elected by a majority of the directors.

A shareholders' meeting convened by the audit committee on its own shall be presided over by the convener of the audit committee. If the convener of the audit committee is unable or fails to perform his/her duties, the meeting shall be presided over by a member of the audit committee jointly elected by a majority of the members of the audit committee.

A shareholders' meeting convened by shareholders on their own shall be presided over by the convener or a representative elected by him/her.

When holding a shareholders' meeting, if the person presiding over the meeting violates the rules of procedure and makes it impossible for the shareholders' meeting to continue, with the consent of a majority of the shareholders with voting rights present at the meeting, the shareholders' meeting may be continued by electing one person to serve as the person presiding over the meeting.

Voting and Resolutions of Shareholders' Meetings

Resolutions of a shareholders' meeting are divided into ordinary resolutions and special resolutions.

Ordinary resolutions of a shareholders' meeting shall be passed by votes representing more than half of the voting rights held by shareholders (including their proxies) present at the shareholders' meeting.

Special resolutions of a shareholders' meeting shall be passed by votes representing more than two-thirds of the voting rights held by shareholders (including their proxies) present at the shareholders' meeting.

The following shall be approved by the shareholders' meeting by ordinary resolutions:

(1) the work reports of the Board;

(2) the profit distribution plans and loss recovery plans formulated by the Board;

(3) the appointment or dismissal of Board members and their remuneration and payment methods;

(4) other matters other than those required to be approved by special resolutions by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The following shall be approved by the shareholders' meeting by special resolutions:

(1) the increase or reduction of the registered capital of the Company;

(2) the division, split, merger, dissolution and liquidation of the Company (including voluntary liquidation);

(3) the amendments to the Articles of Association;

(4) the purchase and sale of significant assets by the Company within one year or the provision of guarantees valued at more than 30% of the latest audited total assets of the Company;

(5) the share incentive schemes;

(6) other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association that are determined by the shareholders' meeting by ordinary resolutions to have a significant impact on the Company and are required to be approved by special resolutions.

Shareholders (including their proxies) shall have the right to speak at the shareholders' meeting and exercise their voting rights based on the number of voting shares they represent, and each share shall be entitled to one vote. If there are any other provisions in the securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail. In the event of voting by ballot, shareholders (including their proxies) entitled to cast two or more votes shall not be required to cast all votes in favor of, against or abstaining from the matters concerned.

When the shareholders' meeting considers material matters affecting the interests of minority investors, separate counting of votes cast by shareholders other than the Company's directors, senior management and shareholders individually or collectively holding 5% or more of the shares of the Company shall be conducted, and the results of such separate vote counting shall be disclosed.

If the issued share capital of the Company consists of different classes of shares, any changes in the rights attached to such classes of shares shall be approved by more than two-thirds of the voting rights held by shareholders holding such classes of shares present at the shareholders' meeting for such classes of shares.

Shares of the Company which are held by the Company shall not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at the shareholders' meeting.

Shareholders who purchase the voting shares of the Company in violation of the provisions of Paragraphs 1 and 2 of Article 63 of the Securities Law shall not exercise their voting right for the shares that exceed the prescribed ratio within 36 months after the purchase, and the number of such shares shall not be counted in the total number of voting shares represented by shareholders present at the shareholders' meeting.

According to the requirements of relevant laws and regulations and securities regulatory rules of the place where the Company's shares are listed, where any shareholder is required to abstain from voting on relevant proposals or restricted to voting only for or only against designated proposals, any votes cast by or on behalf of such shareholder in violation of the aforementioned requirements or restrictions shall not be counted in the voting results.

The Board, independent directors, shareholders holding 1% or more of the voting shares of the Company or investor protection agencies established pursuant to laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or the regulations of the CSRC may publicly request shareholders of the Company to appoint them to attend shareholders' meetings and exercise shareholder rights such as rights to make proposals and vote on their behalf. Unless otherwise stipulated by laws and regulations, the Company and the convener of the shareholders' meeting shall not set conditions for the soliciting persons. Any solicitation of shareholder rights shall be conducted without compensation, and any information necessary for authorization or appointment by shareholders shall be fully disclosed to the persons being solicited. Any solicitation of shareholder rights shall not be conducted with compensation or with compensation in disguised form.

When a related (connected) transaction is considered at a shareholders' meeting, related (connected) shareholders shall not participate in voting, and the number of voting shares that they represent shall not be counted in the total number of valid voting shares; the voting situation of unrelated (unconnected) shareholders shall be fully disclosed in the announcement of the shareholders' meeting resolution.

BOARD OF DIRECTORS

Directors

Directors of the Company shall be natural persons. A person who falls into any of the following circumstances shall not serve as a director of the Company:

(1) the person has no capacity for civil conduct or has limited capacity for civil conduct;

(2) the person has committed an offence of corruption, bribery, encroachment of property, misappropriation of property or disrupting the order of socialist market economy and has been punished therefor, or has been deprived of his/her political rights, in each case where less than 5 years have elapsed since the date of the completion of execution of such punishment or deprivation, or has been sentenced to probation, and less than 2 years have elapsed since the expiration of the probation period;

(3) the person who is a former director, factory director or manager of a company or enterprise which is insolvent and under liquidation is personally liable for the insolvency of such company or enterprise, and less than 3 years have elapsed since the date of the completion of such insolvency and liquidation of such company or enterprise;

(4) the person who is a former legal representative of a company or enterprise which had its business license revoked or was ordered to close down due to any violation of the law is personally responsible, and less than 3 years have elapsed since the date when such company or enterprise had its business license revoked or was ordered to close down;

(5) the person has been identified as a subject of enforcement for breach of trust by the people's court for failure to repay a relatively large amount of matured debts;

(6) the person has been subject to a ban from accessing to the securities market imposed by the CSRC, and the term of prohibition has not expired;

(7) the person has been publicly determined to be unsuitable to serve as a director or senior management member of listed companies by the stock exchange of the place where the Company's shares are listed for a period which has not yet expired;

(8) other circumstances stipulated by laws, administrative regulations, departmental rules or securities regulatory rules of the place where the Company's shares are listed.

If a director is elected or appointed in violation of the provisions of this Article, such election, appointment or engagement shall be deemed to be invalid. If any of the circumstances as set out in this Article occurs to a director during his/her term of office, the Company shall remove the director from office and stop him/her from performing his/her duties.

Directors shall be elected or replaced by the shareholders' meeting, and may be removed from their office prior to the expiration of their term of office by the shareholders' meeting. Directors shall have a term of three years, and may be re-elected and re-appointed upon the expiration of their term of office subject to no violation of laws, administrative regulations, departmental rules or securities regulatory rules of the place where the Company's shares are listed. Independent directors shall not serve continuously for more than six years.

A director's term of office shall commence from the date when he/she takes office and end upon expiration of the term of office of the current Board. If no re-election is held in time upon the expiration of a director's term of office, the former director shall continue to perform the duties of a director in accordance with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association before a newly elected director assumes office.

Senior management may serve as directors concurrently, provided that the aggregate number of directors concurrently serving as senior management and directors who are employee representatives shall not exceed half of the total number of directors of the Company.

Employee representatives on the Board shall be democratically elected by employees of the Company through the workers' representative assembly, the workers' congress or other forms, and the election thereof shall not be required to be submitted to the shareholders' meeting for review.

Subject to no violation of laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and these Articles of Association, if the Board appoints a new director to fill a casual vacancy on the Board or increase the number of directors, the director so appointed shall hold office only until the first annual shareholders' meeting of the Company after his/her appointment, and shall be eligible for re-election at that meeting.

A director may resign before the expiration of his/her term of office. Such resigning director shall submit a written resignation to the Company, and his/her resignation shall take effect on the date when the Company receives the written resignation. The Company shall disclose the relevant situation within two trading days or the period required by securities regulatory rules of the place where the Company's shares are listed.

If the director's resignation causes the number of Board members of the Company to fall below the minimum quorum, the former director shall still perform the duties of a director in accordance with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association before a newly elected director assumes office.

If the circumstance as mentioned in the preceding paragraph occurs, the Company shall complete the by-election within 60 days.

Board of Directors

The Company shall have a Board, which is composed of ten directors, including four independent directors. The Board shall have one chairman, who shall be elected by more than half of all directors of the Board.

There shall be no less than three independent directors, who shall represent no less than one-third of the total number of all Board members, and at least one of whom shall possess appropriate professional qualifications or appropriate accounting or relevant financial management expertise that meets the requirements of the securities regulatory rules of the place where the Company's shares are listed. One independent director shall be ordinarily resident in Hong Kong. All independent directors shall possess independence required by the securities regulatory rules of the place where the Company's shares are listed.

The Board shall exercise the following functions and powers:

(1) to convene shareholders' meetings, and to submit work reports to the shareholders' meeting;

(2) to implement the resolutions of shareholders' meetings;

(3) to resolve on the Company's business plans and investment plans;

(4) to formulate the Company's profit distribution plans, profit distribution policy adjustment plans and loss recovery plans;

(5) to formulate the Company's plans for increase or reduction of registered capital, issuance of bonds or other securities and listing plans;

(6) to formulate the Company's plans for significant acquisition, acquisition of the Company's shares or merger, division, dissolution and change in corporate form of the Company;

(7) to decide, within the scope of authority delegated by the shareholders' meeting, on the Company's external investments, external financing, acquisition and disposal of assets, mortgage of assets, external guarantees, entrusted financial management, related (connected) transactions, external donations and external borrowings and other matters;

(8) to decide on the establishment of the Company's internal management organizations;

(9) to decide on the appointment or dismissal of the general manager, the secretary to the Board and other senior management members of the Company, and to decide on their remuneration, incentives and penalties; to decide on the appointment or dismissal of senior management members such as deputy general managers and financial controller of the Company based on the nominations by the general manager, and to decide on their remuneration, incentives and penalties;

(10) to formulate the basic management system of the Company;

(11) to formulate the proposals for amendments to the Articles of Association;

(12) to manage the information disclosures of the Company;

(13) to propose to the shareholders' meeting on engagement or change of accounting firms which provide audit services to the Company;

(14) to listen to work reports of the general manager of the Company and inspect his/her work;

(15) other functions and powers granted by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association or the shareholders' meeting.

Any matters that fall outside the scope of authority delegated by the shareholders' meeting shall be submitted to the shareholders' meeting for review.

The chairman of the Board shall exercise the following functions and powers:

(1) to preside over shareholders' meetings and convene and preside over meetings of the Board;

(2) to supervise and inspect the implementation of the resolutions of the Board;

(3) other functions and powers granted by laws, regulations, securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or the rules of procedure of the Board of the Company;

(4) other functions and powers granted by the Board.

The Board shall hold at least four regular meetings each year, approximately once every quarter, which shall be convened by the chairman of the Board, and shall be notified to all directors in writing 14 days prior to the meeting.

Shareholders representing more than one-tenth of the voting rights, more than one-third of the directors, more than half of the independent directors or the audit committee may propose to convene an extraordinary meeting of the Board. The chairman of the Board shall convene and preside over the Board meeting within 10 days after receipt of the proposal.

An ad hoc Board meeting convened by the Board shall be notified to all directors by telephone and in writing (including by personal delivery, mail, fax or email) 3 days prior to the meeting; however, in the event of no objections from the directors who will attend the meeting or urgent matters, the meeting may not be subject to the aforesaid notification period, and may be notified to be held at any time by telephone or fax or email.

A Board meeting shall be held only when more than half of the directors are present. Resolutions of the Board shall be passed by a majority vote of all directors.

Each director shall have one vote on Board resolutions.

Where there is a related (connected) relationship between a director and an enterprise or individual involved in the resolution of the Board meeting, such director shall promptly report it to the Board in writing. Such related (connected) director shall not exercise his/her right to vote on the resolution, nor shall he/she exercise the right to vote on behalf of another director. The Board meeting may be held if it is attended by more than half of the non-related (non-connected) directors, and resolutions made at the Board meeting shall be passed by more than half of the non-related (non-connected) directors. If the number of the non-related (non-connected) directors present at the Board meeting is less than 3, the matter shall be submitted to the shareholders' meeting for review. If there are any additional provisions or restrictions on directors' participation in and voting at Board meetings in laws and regulations or securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail.

A Board meeting shall be attended by the directors themselves; if a director is unable to attend the meeting for any reason, he/she may appoint another director in writing to attend the meeting on his/her behalf. Independent directors shall not appoint non-independent directors to attend Board meetings on their behalf; a director shall not be appointed by more than two directors to attend a Board meeting on their behalf. A power of attorney shall specify the proxy's name, matters appointed, scope of authority and validity period, and shall be signed or sealed by the appointer. Any director who attends the meeting on behalf of the appointer shall exercise the rights of a director within the scope of authority. Where a director does not attend a Board meeting, nor does he/she appoint a proxy to attend the meeting on his/her behalf, such director shall be deemed to have waived his/her right to vote at the meeting. When considering matters submitted to the Board for decision, directors shall fully collect information, carefully judge whether the matters discussed involve their own interests or fall within the scope of authority of the Board, whether the materials are sufficient and whether the voting procedure is legal, etc.

Special Committees of the Board

The Board of the Company shall establish an audit committee to exercise the functions and powers of the board of supervisors as stipulated in the Company Law.

The Board of the Company shall establish strategic, nomination, remuneration and appraisal and other special committees, which shall perform their duties in accordance with the Articles of Association and the authorization from the Board. Any proposals of the special committees shall be submitted to the Board for review and decision. The working rules of the special committees shall be formulated by the Board.

Senior Management Members

The Company shall have one general manager, whose appointment or dismissal shall be decided by the Board.

The Company shall have two deputy general managers, who shall be nominated by the general manager and appointed or dismissed by the Board.

The general manager, deputy general managers, financial controller and Board secretary shall be senior management members of the Company.

Any person holding administrative positions other than directors and supervisors in any controlling shareholder or actual controller entity of the Company shall not serve as a senior management member of the Company.

Senior management members of the Company shall receive salaries only from the Company, and shall not receive salaries paid by controlling shareholders on behalf of the Company.

The general manager shall serve for a term of three years, and may be re-appointed if he/she is re-elected.

The general manager shall be responsible to the Board and exercise the following functions and powers:

(1) to take charge of the production and operation management work of the Company and organize the implementation of the Board's resolutions, and to report his/her work to the Board;

(2) to organize the implementation of the Company's annual business plans and investment plans;

(3) to develop plans for the establishment of the Company's internal management organizations;

(4) to develop the basic management system of the Company;

(5) to formulate the specific rules and regulations of the Company;

(6) to propose the Board to appoint or dismiss deputy general managers and financial controller of the Company;

(7) to decide on the appointment or dismissal of management officers other than those requiring the Board to decide on the appointment or dismissal;

(8) other functions and powers granted by the Articles of Association or the Board.

The general manager shall attend the Board meetings as a non-voting delegate.

The general manager may submit his/her resignation prior to the expiration of his/her term of office. The specific procedure and methods for the general manager's resignation shall be stipulated in the labor contract between the general manager and the Company.

The Company shall have a secretary to the Board, who shall be responsible for the preparation of the shareholders' meetings and the Board meetings of the Company, keeping of documents, the management of the information of the Company's shareholders, and and the handling of information disclosures and other matters.

Senior management members of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If senior management members of the Company fail to faithfully perform their duties or violate their fiduciary duty, causing damage to the interests of the Company and shareholders of public shares, they shall be liable for compensation.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial Accounting System

The Company shall formulate its financial accounting system in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and regulations of relevant national departments.

The Company shall submit and disclose its annual report to the agency of the CSRC and the stock exchange of the place where the Company's shares are listed within 4 months from the end of each fiscal year, submit and disclose its interim report to the agency of the CSRC and the stock exchange of the place where the Company's shares are listed within 2 months from the end of the first 6 months of each fiscal year, and disclose its quarterly report within one month from the end of the first 3 months and the first 9 months of each fiscal year.

Any quarterly report of the Company for the first quarter shall be disclosed not earlier than the disclosure time of the annual report for the previous year. If the Company anticipates that it will not be able to disclose its regular report within the period specified in the first paragraph, it shall promptly announce the reasons for its inability to disclose its regular report on time, solutions and the deadline for the delayed disclosure.

The Company shall not set up separate accounting books other than statutory accounting books. No funds of the Company shall be deposited into any account opened in the name of any individual.

Profit Distribution

When distributing the current year's after-tax profits, the Company shall allocate 10% of the profits to its statutory common reserve fund. Where the cumulative amount of the statutory common reserve fund of the Company has reached not less than 50% of the Company's registered capital, it may no longer be allocated.

When the Company's statutory common reserve fund is not sufficient to make up for the Company's losses for the previous years, the current year's profits shall first be used to make up for the losses before any allocation is set aside for the statutory common reserve fund in accordance with the provisions of the preceding paragraph.

After the Company makes allocations to the statutory common reserve fund from its after-tax profits, it may, upon passing a resolution at a shareholders' meeting, make further allocations from its after-tax profits to the discretionary common reserve fund.

After the Company makes up for its losses and makes allocations to its common reserve fund, the remaining after-tax profits shall be distributed according to the proportion of shares held by shareholders unless the Articles of Association stipulate that such profits shall not be distributed according to the proportion of shares held by shareholders.

Where the shareholders' meeting distributes profits to shareholders in violation of the provisions of the Company Law, shareholders shall return to the Company the profits distributed in violation of the provisions; if any losses are caused to the Company, shareholders and responsible directors and senior management members shall be liable for compensation.

No profits shall be distributed in respect of the shares of the Company which are held by the Company.

The Company shall appoint one or more collecting agents for shareholders of H Shares in Hong Kong. Such collecting agents shall collect and retain dividends and other amounts payable distributed by the Company in relation to H Shares on behalf of shareholders of H Shares to pay them to such shareholders of H Shares. Such collecting agents appointed by the Company shall comply with the requirements of laws, regulations and securities regulatory rules of the place where the Company's shares are listed.

The common reserve funds of the Company shall be used to make up for the losses of the Company, expand the Company's production operations or increase the registered capital of the Company.

When the common reserve funds are used to make up for the losses of the Company, the discretionary common reserve fund and statutory common reserve fund shall first be used; if there is still a shortfall, the capital reserve may be used in accordance with the regulations.

When the statutory common reserve fund is converted into an increase in the registered capital, the retained portion of such common reserve fund shall not be less than 25% of the registered capital of the Company before the conversion.

After a resolution on the profit distribution plan is made at the shareholders' meeting, or after the Board of the Company formulates a specific plan based on the conditions and upper limit for distribution of interim dividends for the next year as considered and approved by the annual shareholders' meeting, the distribution of dividends (or shares) shall be completed within 2 months.

Internal Audit

The Company shall implement an internal audit system, clarifying the leadership system, responsibilities and authority, staffing, funding guarantee, application of audit results and accountability for internal audit work.

The internal audit system of the Company shall be implemented after being approved by the Board and disclosed to the public.

The internal audit organization of the Company shall conduct supervision and inspection of business operations, risk management, internal controls, financial information and other matters of the Company. The internal audit organization shall maintain its independence and be staffed with full-time auditors, and shall not be placed under the leadership of the financial department or work in the same location with the finance department.

The internal audit organization shall be responsible to the Board. In the process of supervising and inspecting the business operations, risk management, internal controls and financial information of the Company, the internal audit organization shall accept the supervision and guidance of the audit committee. If the internal audit organization discovers relevant major issues or clues, it shall immediately report them directly to the audit committee.

Appointment of Accounting Firm

The Company shall engage an accounting firm that complies with the Securities Law and securities regulatory rules of the place where the Company's shares are listed to perform services such as the audit of financial statements, verification of net assets and other relevant consulting services. The engagement term shall be one year and may be renewed.

The appointment or dismissal of the accounting firm by the Company shall be decided by the shareholders' meeting, and the Board shall not appoint another accounting firm before the shareholders' meeting makes a decision thereon.

The Company shall guarantee that any accounting vouchers, accounting books, financial accounting reports and other accounting information provided to the accounting firm engaged are true and complete, and that it shall not refuse to provide or conceal any such information or provide any false information.

Any audit fees of the accounting firm shall be determined by the shareholders' meeting.

The Company shall notify the accounting firm 30 days in advance when dismissing or ceasing to renew the appointment of the accounting firm. The accounting firm shall be allowed to state its opinions when the shareholders' meeting of the Company votes on dismissing the accounting firm.

Where the accounting firm submits resignation, it shall explain to the shareholders' meeting whether there are any irregularities in the Company.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

Merger of the Company may take the form of absorption or establishment of a new company.

Merger by absorption means that a company absorbs another company with the dissolution of the absorbed company. Merger by establishment of a new company means that two or more companies merge into one new company with the dissolution of the parties to the merger.

Where the Company is involved in a merger, the parties to the merger shall enter into a merger agreement, and a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within 10 days from the date of the merger resolution, and shall publish announcements in newspapers or on the National Enterprise Credit Information Publicity System and on newspapers and websites (including the HKEx website of the Hong Kong Stock Exchange) as required by the securities regulatory rules of the place where the Company's shares are listed within 30 days from the date of such resolution. A creditor may, within 30 days from the date of receipt of the notice or, if he/she does not receive the notice, within 45 days from the date of the announcement, require the Company to pay off its debts or to provide corresponding guarantees.

When the Company is merged, the claims and debts of each party to the merger shall be inherited by the surviving company or the newly established company after the merger.

Where there is a division of the Company, its assets shall be divided accordingly.

Where there is a division of the Company, a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within 10 days from the date of the division resolution, and shall publish announcements in newspapers or on the National Enterprise Credit Information Publicity System and on newspapers and websites (including the HKEx website of the Hong Kong Stock Exchange) as required by the securities regulatory rules of the place where the Company's shares are listed within 30 days from the date of such resolution.

Any debts of the Company prior to the division shall be assumed jointly and severally by the companies which exist after the division, unless otherwise stipulated in a written agreement between the Company and its creditors in relation to the repayment of debts prior to the division.

Where the Company reduces its registered capital, a balance sheet and an inventory of assets shall be prepared.

The Company shall notify its creditors within 10 days from the date of the resolution on the reduction of its registered capital, and shall publish announcements in newspapers or on the National Enterprise Credit Information Publicity System and on newspapers and websites (including the HKEx website of the Hong Kong Stock Exchange) as required by the securities regulatory rules of the place where the Company's shares are listed within 30 days from the date of such resolution. A creditor shall have the right, within 30 days from the receipt of the notice or, if he/she does not receive the notice, within 45 days from the date of the announcement, to require the Company to pay off its debts or provide corresponding guarantees.

When the Company reduces its registered capital, it shall correspondingly reduce its capital contributions or shares based on the proportion of shares held by shareholders unless otherwise stipulated by laws or the Articles of Association.

Where a merger or division of the Company results in any changes in the registered items, such changes shall be registered with the company registration authority in accordance with the law; where the Company is dissolved, cancellation of the Company's registration shall be applied for in accordance with the law; where a new company is established, the registration of such company's establishment shall be applied for in accordance with the law.

Where the Company increases or reduces its registered capital, it shall apply for the registration of change with the company registration authority in accordance with the law.

DISSOLUTION AND LIQUIDATION

The Company shall be dissolved in any of the following circumstances:

(1) the expiration of the business term stipulated in the Articles of Association or any circumstances for dissolution stipulated in the Articles of Association arise;

(2) the shareholders' meeting resolves to dissolve the Company;

(3) the dissolution is necessary due to merger or division of the Company;

(4) the Company has had its business license revoked or has been ordered to close down or canceled in accordance with the law;

(5) where the Company encounters serious difficulties in its business management that will lead to significant losses to the benefits of shareholders if the Company continues its existence and the situation cannot be resolved by other means, the Company is dissolved by order of a people's court in response to the request of shareholders who hold 10% or more of the voting rights of the Company.

If any of the circumstances where the Company is dissolved as stipulated in the preceding paragraph occurs, the circumstance leading to the liquidation shall be announced through the National Enterprise Credit Information Publicity System and newspapers and websites (including the HKEx website of the Hong Kong Stock Exchange) as required by the securities regulatory rules of the place where the Company's shares are listed within 10 days.

Where the Company is dissolved under the circumstances set out in items (1), (2), (4) and (5) as mentioned above, the Company shall be liquidated. Directors shall be the liquidation obligors of the Company, and shall establish a liquidation group to commence liquidation within 15 days upon the occurrence of the circumstances where the Company is dissolved. The liquidation group shall be composed of directors except as otherwise provided in the Articles of Association or by a resolution of the shareholders' meeting on the election of other persons. If the liquidation obligors fail to fulfill their liquidation obligations in a timely manner and cause losses to the Company or creditors, they shall bear liability for compensation.

The liquidation group shall exercise the following functions and powers during the period of liquidation:

(1) to liquidate the properties of the Company and prepare a balance sheet and an inventory of assets separately;

(2) to inform creditors by notice or public announcement;

(3) to handle and liquidate any unfinished business of the Company;

(4) to pay off outstanding taxes and taxes incurred during the liquidation process;

(5) to settle claims and debts;

(6) to distribute the remaining assets of the Company after settling its debts;

(7) to participate in civil litigation activities on behalf of the Company.

The liquidation group shall notify creditors within 10 days from the date of its establishment, and shall publish announcements in newspapers or on the National Enterprise Credit Information Publicity System and on newspapers and websites (including the HKEx website of the Hong Kong Stock Exchange) as required by the securities regulatory rules of the place where the Company's shares are listed within 60 days from the date of its establishment. Creditors shall declare their claims to the liquidation group within 30 days from the date of receiving the notice or within 45 days from the date of the announcement if they do not receive the notice.

Creditors who declare their claims shall explain matters related to their claims and provide supporting materials. The liquidation group shall register the claims of creditors.

During the declaration of the claims, the liquidation group shall not make any repayment to the creditors.

After liquidating the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation group shall develop a liquidation plan and submit it to the shareholders' meeting or the people's court for confirmation.

The remaining assets of the Company after paying liquidation expenses, employee salaries, social insurance premiums and statutory compensation, paying off outstanding taxes and settling the Company's debts shall be distributed by the Company according to the proportion of shares held by shareholders.

The Company shall continue to exist during the liquidation period, provided that the Company shall not carry out any business activities unrelated to the liquidation. Any assets of the Company shall not be distributed to shareholders until all its debts are settled in accordance with the provisions of the preceding paragraph.

After liquidating the Company's assets and preparing a balance sheet and an inventory of assets, if the liquidation group finds that the assets of the Company are insufficient to settle the Company's debts, it shall apply to the people's court for bankruptcy liquidation in accordance with the law.

After the people's court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator designated by the people's court.

After the liquidation of the Company is completed, the liquidation group shall prepare a liquidation report, submit it to the shareholders' meeting or the people's court for confirmation, and submit it to the company registration authority to apply for cancellation of the Company's registration.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In any of the following circumstances, the Company shall amend the Articles of Association:

(1) after amendments have been made to the Company Law or relevant laws, administrative regulations or securities regulatory rules of the place where the Company's shares are listed, the provisions of the Articles of Association conflict with the provisions of the amended laws, administrative regulations or securities regulatory rules of the place where the Company's shares are listed;

(2) there is a change in the situation of the Company, which is inconsistent with the matters recorded in the Articles of Association;

(3) the shareholders' meeting decides to amend the Articles of Association.

Any amendments to the Articles of Association approved by the resolution of the shareholders' meeting shall be submitted to the competent authorities for approval if they are subject to approval by the competent authorities; if such amendments involve the registered items of the Company, an application shall be made for the registration of change in accordance with the law.

This Appendix summarizes certain aspects of PRC laws and regulations relevant to the Company's operations and business. The PRC tax laws and regulations are discussed separately in "Appendix V — Taxation and Foreign Exchange" to this document. This Appendix also contains a summary of the legal and regulatory provisions of the Company Law. The primary purpose of this summary is to provide potential [**REDACTED**] with an overview of the principal legal and regulatory provisions that are applicable to the Company. This summary is not intended to contain all of the information that is important to potential [**REDACTED**]. For a discussion of the laws and regulations that are relevant to the business of the Company, please refer to the "Regulatory Overview" in this document.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the *Constitution of the People's Republic of China (《中華人民共和國憲法》)* (the "**Constitution**"), and is composed of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of departments under the State Council, rules and regulations of local governments, laws of special administrative regions, and international treaties and other regulatory documents signed by the Chinese government. Court decisions do not constitute binding precedents, but can be used as judicial reference and guidance.

According to the Constitution and the *Legislation Law of the People's Republic of China (《中華人民共和國立法法》)* (the "**Legislation Law**"), which was most recently amended by the National People's Congress on 13 March 2023 and effective from 15 March 2023, the National People's Congress and its Standing Committee have the power to exercise state legislative authority. The National People's Congress has the power to enact and amend basic laws pertaining to civil and criminal matters, state organs and other matters. The Standing Committee of the National People's Congress has the authority to enact and amend laws other than those that should be enacted by the National People's Congress, and to supplement and amend in part the laws enacted by the National People's Congress when the National People's Congress is not in session, provided that the supplements and amendments shall not contravene the basic principles of such laws.

The State Council is the highest state administrative authority and has the authority to enact administrative regulations in accordance with the Constitution and laws. The people's congresses and their standing committees of the provinces, autonomous regions and municipalities directly under the Central Government may, in light of the specific conditions and actual needs of their respective administrative areas, enact local regulations, provided that such local regulations shall not contravene the Constitution, the laws or administrative regulations. The people's congresses and their standing committees of the cities divided into districts may, in light of the specific local conditions and actual needs, enact local regulations regarding urban and rural development and management, environmental protection, historical and cultural protection and other matters, provided that such local regulations shall not contravene the Constitution, the laws, administrative regulations, and the local regulations of their respective provinces or autonomous regions. Where there are other legal provisions on the enactment of local regulations by the cities divided into districts, such provisions shall prevail. Local regulations of the cities divided into districts and autonomous prefectures shall be submitted for approval prior to taking effect.

The standing committees of the people's congresses of the provinces or autonomous regions shall examine the legality of the local regulations submitted for approval, and shall approve such regulations within four months if they believe that such regulations do not contravene the Constitution, laws, administrative regulations, and the local regulations of their respective provinces or autonomous regions. The people's congresses of national autonomous areas have the power to enact regulations on the exercise of autonomy and separate regulations in the light of the political, economic and cultural characteristics of the nationality or nationalities in the areas concerned. All ministries and commissions of the State Council, the People's Bank of China, the National Audit Office, and public institutions with administrative functions directly under the State Council may, in accordance with laws and administrative regulations, decisions and rulings of the State Council, formulate rules within the scope of their respective functions and powers.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations separate regulations or rules may contravene the Constitution. National laws prevail over administrative regulations, local regulations, and rules; administrative regulations, in turn, prevail over local regulations and rules. Rules enacted by provincial or autonomous region governments prevail over those enacted by the governments of cities with subordinate districts within their jurisdiction.

The National People's Congress has the power to amend or withdraw any inappropriate laws formulated by its Standing Committee, as well as any autonomous regulations or separate regulations which have been approved by its Standing Committee but contravene the provisions of the Constitution or the Legislation Law. The Standing Committee of the National People's Congress has the power to withdraw any administrative regulations which contravene the Constitution or laws, any local regulations which contravene the Constitution, laws or administrative regulations, and any autonomous regulations or separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government but contravene the provisions of the Constitution or the Legislation Law. The State Council has the power to amend or withdraw any inappropriate departmental rules or local rules. The people's congress of a province, autonomous region or municipality directly under the Central Government has the power to amend or withdraw any inappropriate local regulations formulated or approved by its standing committee. The standing committee of a local people's congress has the power to withdraw any inappropriate rules formulated by the people's government at the same level. The people's government of a province or autonomous region has the power to amend or withdraw any inappropriate rules formulated by people's governments at the next lower level.

In accordance with the Constitution and the Legislation Law, the power of legal interpretation vests in the Standing Committee of the National People's Congress. According to the *Resolution of the Standing Committee of the National People's Congress on Strengthening Legal Interpretation (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》)*, promulgated by the NPCSC on and effective from 10 June 1981, any provisions in laws or decrees requiring further clarification of boundaries or supplementary regulations shall

be interpreted by the NPCSC or stipulated by decree. Regarding the specific application of laws and regulations in court proceedings, the Supreme People's Court shall provide interpretations. The Supreme People's Procuratorate shall provide interpretations on all issues concerning the specific application of laws and regulations in prosecutorial practice. If there are fundamental disagreements on interpretation between the Supreme People's Court and the Supreme People's Procuratorate, the matter shall be referred to the NPCSC for interpretation or decision. Specific issues concerning the application of laws and regulations unrelated to judicial and prosecutorial work shall be interpreted by the State Council and the competent authorities.

Where local regulations require further clarification or supplementary provisions, the enacting standing committee of the people's congress of the province, autonomous region, or municipality directly under the Central Government shall provide the interpretation or stipulated rules. The competent departments of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government shall be responsible for the interpretation of local regulations on the specific application thereof.

THE PRC JUDICIAL SYSTEM

According to the Constitution and the *Organic Law of the People's Courts of the People's Republic of China* (《中華人民共和國人民法院組織法》), most recently amended by the NPCSC on 26 October 2018 and effective from 1 January 2019, the People's Court consists of the Supreme People's Court, the local People's Courts at various levels, and the special People's Courts. The local People's Courts at various levels are divided into three levels, namely, the primary People's Courts, the intermediate People's Courts, and the higher People's Courts. The primary People's Courts may set up several People's Tribunals based on the conditions of the region, population, and cases. The Supreme People's Court is the highest adjudicatory organ. The Supreme People's Court supervises the adjudicatory practice of the local People's Courts at various levels and the special People's Courts; the People's Courts at higher levels supervise the adjudicatory practice of the People's Courts at lower levels.

According to the Constitution and the *Organic Law of the People's Procuratorates of the People's Republic of China* (《中華人民共和國人民檢察院組織法》), most recently amended by the NPCSC on 26 October 2018 and effective from 1 January 2019, the People's Procuratorates are the legal supervisory organs of the State. The Supreme People's Procuratorate is the highest procuratorial organ. The Supreme People's Procuratorate exercises leadership over the work of the local People's Procuratorates at various levels and the special People's Procuratorates; the People's Procuratorates at higher levels exercise leadership over the work of the People's Procuratorates at lower levels.

The People's Court adopts the final after two trials system, and the judgments or rulings of the second instance of the People's Courts are the final judgments or rulings. A party that refuses to accept a judgment or ruling of the first instance of a local People's Court may file an appeal. The People's Procuratorate may lodge a protest with the People's Court at the next

higher level in accordance with the procedures prescribed by law. If, within the prescribed period, the parties do not appeal and the People's Procuratorate does not protest, the judgments or rulings of the People's Court shall be the final judgments or rulings. The judgments or rulings of the second instance of the intermediate People's Courts, the higher People's Courts, and the Supreme People's Court, as well as the judgments or rulings of the first instance of the Supreme People's Court, are the final judgments or rulings. However, if the Supreme People's Court or a higher People's Court finds that a legally effective final judgment or ruling of a lower People's Court contains an actual error, or if the president of a People's Court at any level finds that a legally effective final judgment or ruling of his or her court contains an actual error, the case may be retried in accordance with the judicial supervision procedures.

The Civil Procedure Law of the People's Republic of China (《中華人民共和國民事訴訟法》) (the "**Civil Procedure Law**"), most recently amended by the NPCSC on 1 September 2023 and effective from 1 January 2024, prescribes the requirements for instituting a civil action, the jurisdiction of the People's Courts, the procedures to be followed for conducting a civil action, and the procedures for the execution of civil judgments or orders. All parties to a civil action conducted in China must comply with the Civil Procedure Law. Civil cases are generally heard by the court at the place where the defendant is domiciled. The court with jurisdiction over a civil action may be chosen by the parties by written agreement, provided that the court must be located in a place with an actual connection to the dispute, such as the place of domicile of the plaintiff or the defendant, the place where the contract is performed or signed, or the place where the object of the action is located. However, under no circumstances shall the parties' choice of the People's Court violate the provisions regarding hierarchical jurisdiction and exclusive jurisdiction.

Foreigners, stateless persons, and foreign enterprises and organizations that sue or are sued in a People's Court shall have the same litigation rights and obligations as Chinese citizens, legal persons, and other organizations. If a foreign court restricts the civil litigation rights of Chinese citizens, legal persons, and other organizations, the People's Courts shall apply the principle of reciprocal treatment to the civil litigation rights of the citizens, enterprises, and organizations of that country. Foreigners, stateless persons, and foreign enterprises and organizations that sue or are sued in a People's Court and need to entrust lawyers to represent them in the litigation must entrust Chinese lawyers. Under international treaties concluded or acceded to by China, or according to the principle of reciprocity, the People's Courts and foreign courts may request each other to serve documents, investigate and collect evidence, and conduct other litigation actions on each other's behalf. If a matter for which a foreign court requests assistance prejudices the sovereignty, security, or social public interests of China, the People's Court shall not execute the request.

All parties must perform legally effective civil judgments and rulings. If any party to a civil action refuses to perform a judgment or ruling made by a People's Court or an award made by an arbitral tribunal, the other party may apply to the People's Court for execution within two years. The suspension or interruption of the time limit for applying for execution shall comply with the provisions of applicable laws regarding the suspension or interruption of the limitation of action.

If a party applies to a People's Court for the execution of a legally effective judgment or ruling made by a People's Court against a party who is not in China or whose property is not in China, it may apply to a foreign court with competent jurisdiction for recognition and execution of such judgment or ruling. If an international treaty concluded or acceded to by China and the relevant foreign country provides for the recognition and execution of foreign judgments or rulings, or if such judgment or ruling meets the conditions upon examination by the court in accordance with the principle of reciprocity, otherwise, subject to other exceptions, the People's Court may also recognize and execute the foreign judgment or ruling in accordance with China's execution procedures, unless the People's Court considers that the recognition or execution of such judgment or ruling would violate the basic principles, sovereignty, or security of China, or for reasons of social public interests, etc.

COMPANY LAW, TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company incorporated in the PRC seeking a listing on the Stock Exchange of Hong Kong is primarily subject to the following PRC laws and regulations:

The *Company Law* (《公司法》), most recently amended by the NPCSC on 29 December 2023 and effective from 1 July 2024.

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**") and its five interpretative guidelines, promulgated by the China Securities Regulatory Commission (CSRC) on 17 February 2023 and effective from 31 March 2023, which apply to the direct or indirect overseas issuance of securities or the listing and trading of securities overseas by Chinese companies.

According to the Trial Measures and its interpretative guidelines, a domestic company directly offering and listing overseas shall formulate its articles of association in accordance with the *Guidelines for Articles of Association of Listed Companies* (《上市公司章程指引》) (the "**Guidelines for Articles of Association**"), most recently amended by the CSRC on 28 March 2025 and effective from the same date.

Set out below is a summary of the principal provisions of the Company Law, the Trial Measures, and the Guidelines for Articles of Association applicable to the Company.

General Provisions

A joint stock limited company is a corporate legal person established in accordance with the Company Law, and its registered capital is divided into shares. The shareholders shall bear liability to the extent of the shares they hold, and the company shall bear liability for the debts of the company with its entire assets.

In engaging in business activities, a company shall comply with laws and regulations, observe social morals and business ethics, act in good faith, and accept supervision by the government and the public. A company may invest in other enterprises. Where the law provides that a company shall not become a capital contributor bearing joint and several liability for the debts of the invested company, such provisions shall prevail.

Incorporation

A joint stock limited company may be incorporated by means of promotion or public offering. A joint stock limited company may be incorporated by at least one but no more than 200 promoters, of whom more than half must have a domicile within the territory of China.

In case of incorporation through public offering, the promoters of a joint stock limited company shall convene an inaugural meeting within 30 days after the share capital has been fully paid up, and shall notify each subscriber of the date of the meeting or make a public announcement 15 days before the meeting. The inaugural meeting may only be held if subscribers holding more than half of the voting rights are present. In case of incorporation through promotion, the convening and voting procedures of the inaugural meeting of a joint stock limited company shall be stipulated by the articles of association or the promoters' agreement. The powers exercised by the inaugural meeting include, but are not limited to, adopting the articles of association and electing members of the board of directors of the company. The above matters must be passed by more than half of the voting rights held by the subscribers present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for the registration of the establishment of the joint stock limited company. Upon the issuance of the business license by the relevant registration authority, the company is formally established and acquires the status of a legal person.

Registered Shares

According to the Company Law, shareholders may make capital contributions in cash, or with non-monetary properties that can be valued in monetary terms and transferred according to law, such as physical assets, intellectual property rights, land use rights, equity interests, or creditor's rights.

The Trial Measures provides that a domestic enterprise listing overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

According to the Company Law, a joint stock limited company must keep a register of shareholders, setting out the following details: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed by each shareholder; (iii) the serial numbers of the share certificates (if issued in paper form); and (iv) the date on which each shareholder acquired the shares.

Allotment and Issuance of Shares

All share issuances by a joint stock limited company shall adhere to the principles of fairness and justice, and shares of the same class must carry equal rights. Shares of the same class issued at the same time must be issued under the same conditions and at the same price. A joint stock limited company may issue shares at par value or at a premium, but shall not issue shares below par value.

A domestic enterprise offering and listing overseas shall file with the CSRC in accordance with the provisions of the Trial Measures, submit filing reports, legal opinions, and other relevant materials, and truthfully, accurately, and completely disclose shareholder information and other circumstances. Where a domestic enterprise directly offers and lists overseas, the issuer shall file with the CSRC. Where a domestic enterprise indirectly lists overseas, the issuer shall designate its major domestic operating entity as the domestic responsible party to file with the CSRC.

Increase in Share Capital

According to the Company Law, when a joint stock limited company issues new shares, the general meeting shall resolve on the class and number of the new shares, the issue price of the new shares, the commencement and closing dates of the issuance of the new shares, and the class and number of new shares proposed to be issued to the existing shareholders (if any). If no-par value shares are issued, more than one-half of the proceeds from the share issuance shall be included in the registered capital. In addition, when a company publicly offers shares to the public, it shall register with the securities regulatory authority of the State Council and announce the documents.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law: (i) preparing a balance sheet and a property inventory; (ii) adopting a resolution to reduce the registered capital at a general meeting; (iii) notifying creditors within 10 days after the resolution to reduce the registered capital is approved by the general meeting, and publishing an announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days; (iv) creditors shall have the right to require the company to repay debts or provide corresponding guarantees within 30 days upon receipt of the notice, or, if no notice is received, within 45 days after the announcement; and (v) when the company reduces its registered capital, it shall apply to the company registration authority for modification registration in accordance with the law.

When a company reduces its registered capital, it shall correspondingly reduce the amount of capital contributions or shares in proportion to the capital contributions or shares held by the shareholders, unless otherwise provided by law, otherwise agreed by all shareholders of a limited liability company, or otherwise stipulated by the articles of association of a joint stock limited company.

Share Repurchase

According to the Company Law, a company shall not acquire its own shares, except in the following circumstances:

(i) reducing the registered capital of the company; (ii) merging with another company holding shares of the company; (iii) using the shares for employee stock ownership plans or equity incentives; (iv) a shareholder who votes against a resolution on the merger or division of the company adopted by the general meeting has the right to require the company to acquire his or her shares; (v) using the shares to convert convertible corporate bonds issued by the company; or (vi) as necessary to maintain the corporate value and shareholders' equity of a listed company.

The acquisition of the company's shares for the reasons set out in items (i) to (ii) above shall be subject to a resolution adopted by the general meeting; the purchase of the company's shares for the reasons set out in items (iii), (v), and (vi) above shall be subject to a resolution adopted by a board of directors' meeting attended by more than two-thirds of the directors, in accordance with the articles of association or the authorization of the general meeting.

After the company acquires its own shares in accordance with the above provisions, if such shares fall under the circumstance in item (i) above, they shall be cancelled within 10 days from the date of acquisition; if they fall under the circumstances in items (ii) and (iv) above, they shall be transferred or cancelled within six months; if they fall under the circumstances in items (iii), (v), and (vi) above, the total number of the company's shares held by the company shall not exceed 10% of the total number of its issued shares, and such shares shall be transferred or cancelled within 3 years.

Transfer of Shares

Shares held by shareholders may be transferred according to law. According to the Company Law, a shareholder of a joint stock limited company transferring his or her shares shall do so at a legally established securities trading venue or in other manners prescribed by the State Council. Registered shares shall be transferred by the shareholder by endorsement or in other manners prescribed by laws and administrative regulations. After the transfer, the company shall record the name and domicile of the transferee in the register of shareholders. No modification registration of the register of shareholders as stipulated in the preceding paragraph shall be carried out within 20 days prior to the convening of a general meeting or within 5 days prior to the record date for the distribution of dividends by the company. If any laws, administrative regulations, or the securities regulatory authority of the State Council stipulate otherwise regarding the modification registration of the register of shareholders of listed companies, such provisions shall prevail.

According to the Company Law, shares issued prior to the public offering of shares by the company shall not be transferred within 1 year from the date on which the company's shares are listed and traded on a stock exchange. The directors, supervisors, and senior management of the company shall declare to the company the shares they hold and any changes thereto. During their respective terms of office determined upon assumption of office, the shares transferred each year shall not exceed 25% of the total number of shares of the company held by them, and the shares of the company held by them shall not be transferred within 1 year from the date on which the company's shares are listed and traded on a stock exchange. The aforementioned personnel shall not transfer the shares of the company held by them within six months after leaving their respective offices.

If shares are pledged within the period of restricted transfer prescribed by laws and administrative regulations, the pledgee shall not exercise the pledge rights during the period of restricted transfer.

Shareholders

According to the Company Law and the Guidelines for Articles of Association, the rights of the company's shareholders include: (i) receiving dividends and other forms of profit distribution in proportion to the shares they hold; (ii) requesting, convening, presiding over, attending, or appointing a proxy to attend general meetings in accordance with the law, and exercising corresponding voting rights; (iii) supervising the company's business operations, and making suggestions or inquiries; (iv) transferring, gifting, or pledging the company's shares they hold in accordance with laws, administrative regulations, and the articles of association; (v) consulting and copying the articles of association, register of shareholders, minutes of general meetings, resolutions of board of directors' meetings, and financial and accounting reports, and shareholders meeting the prescribed conditions may consult the company's accounting books and accounting vouchers; (vi) participating in the distribution of the company's remaining properties in proportion to the shares they hold upon the termination or liquidation of the company; (vii) requiring the company to acquire their shares for shareholders objecting to resolutions on the merger or division of the company adopted by the general meeting; and (viii) other rights stipulated by laws, administrative regulations, departmental rules, or the articles of association.

The obligations of the company's shareholders include: (i) abiding by laws, administrative regulations, and the articles of association; (ii) paying the share capital in accordance with the shares subscribed and the method of capital contribution; (iii) not withdrawing their share capital, except in circumstances prescribed by laws and regulations; (iv) not abusing their shareholder rights to damage the interests of the company or other shareholders; not abusing the independent status of the corporate legal person and the limited liability of shareholders to damage the interests of the company's creditors; and (v) other obligations to be assumed as stipulated by laws, administrative regulations, and the articles of association.

General Meeting

According to the Company Law, the general meeting of a joint stock limited company is composed of all shareholders. The general meeting is the organ of power of the company and exercises the following functions and powers: (i) electing and replacing directors, and deciding on matters concerning the remuneration of directors; (ii) examining and approving the reports of the board of directors; (iii) examining and approving the profit distribution plans and loss make-up plans of the company; (iv) adopting resolutions on the increase or reduction of the registered capital of the company; (v) adopting resolutions on the issuance of corporate bonds; (vi) adopting resolutions on the merger, division, dissolution, liquidation, or change of corporate form of the company; (vii) amending the articles of association; and (viii) other functions and powers stipulated by the articles of association.

According to the Company Law, an annual general meeting shall be held once a year. An extraordinary general meeting shall be held within two months under any of the following circumstances: (i) the number of directors is less than the number prescribed by the Company Law or less than two-thirds of the number stipulated in the articles of association; (ii) the unrecovered losses of the company reach one-third of the total share capital; (iii) upon request by shareholders individually or jointly holding 10% or more of the company's shares; (iv) when deemed necessary by the board of directors; (v) when proposed by the audit committee; or (vi) other circumstances stipulated by the articles of association.

General meetings shall be convened by the board of directors and presided over by the chairman of the board of directors. If the chairman is unable or fails to perform his or her duties, the meeting shall be presided over by the vice chairman. If the vice chairman is unable or fails to perform his or her duties, the meeting shall be presided over by a director jointly elected by more than half of the directors.

If the board of directors is unable or fails to perform the duty of convening the general meeting, the audit committee shall convene and preside over the meeting in a timely manner; if the audit committee does not convene and preside over the meeting, shareholders individually or jointly holding 10% or more of the company's shares for 90 consecutive days or more may convene and preside over the meeting on their own.

Where shareholders individually or jointly holding 10% or more of the company's shares request the convening of an extraordinary general meeting, the board of directors or the audit committee shall, within 10 days after receiving the request, decide whether to convene an extraordinary general meeting and give a written reply to the shareholders.

To convene a general meeting, a notice specifying the time, venue, and matters to be considered shall be given to each shareholder 20 days prior to the meeting. For an extraordinary general meeting, a notice shall be given to each shareholder 15 days prior to the meeting.

Shareholders individually or jointly holding 1% or more of the company's shares may raise interim proposals and submit them in writing to the board of directors 10 days before the general meeting is convened. The board of directors shall notify other shareholders within 2 days after receiving the proposals and submit the interim proposals to the general meeting for consideration.

According to the Company Law, where a shareholder appoints a proxy to attend a general meeting, the matters, scope of authorization, and term of the proxy's representation shall be clearly specified. The proxy shall submit the shareholder's power of attorney to the company and exercise voting rights within the scope of authorization. The Company Law contains no specific provisions regarding the number of shareholders constituting a quorum for a general meeting.

According to the Company Law, each share held by a shareholder attending a general meeting carries one voting right, except for shareholders of class shares. However, shares of the company held by the company itself carry no voting rights.

When the general meeting elects directors, a cumulative voting system may be implemented in accordance with the provisions of the articles of association or a resolution of the general meeting. Under the cumulative voting system, when the general meeting elects directors, each share carries voting rights equal to the number of directors to be elected, and the voting rights held by the shareholders may be centrally used.

According to the Company Law and the Guidelines for Articles of Association, the adoption of any resolution requires affirmative votes representing more than half of the voting rights held by the shareholders attending the general meeting. Matters concerning the merger, division, or dissolution of the company, the increase or reduction of registered capital, the change of corporate form, or the amendment of the articles of association must be passed by more than two-thirds of the voting rights held by the shareholders attending the meeting.

Directors

According to the Company Law, a joint stock limited company shall establish a board of directors comprising three or more members. The term of office of a director shall be stipulated by the articles of association, but each term shall not exceed three years. A director may serve consecutive terms if re-elected.

The board of directors shall meet at least twice a year. A notice of each meeting shall be given to all directors and supervisors 10 days in advance. The board of directors exercises the following functions and powers: (i) convening general meetings and reporting on its work to the general meetings; (ii) executing the resolutions of the general meetings; (iii) deciding on the company's business plans and investment plans; (iv) formulating the company's profit distribution plans and loss make-up plans; (v) formulating plans for the increase or reduction of the company's registered capital and the issuance of corporate bonds; (vi) formulating plans for the merger, division, dissolution, or change of corporate form of the company; (vii)

deciding on the establishment of the company's internal management organization; (viii) deciding on the appointment or dismissal of the company's manager and matters concerning his or her remuneration; deciding on the appointment or dismissal of the company's deputy managers and financial officer based on the nomination by the manager, and matters concerning their remuneration; (ix) formulating the company's basic management systems; and (x) other functions and powers stipulated by the articles of association or granted by the general meeting.

A board of directors' meeting may be held only if more than half of the directors are present. If a director is unable to attend for any reason, he or she may appoint another director in writing to attend on his or her behalf, and the power of attorney shall specify the scope of authorization. If a resolution of the board of directors violates laws, administrative regulations, the articles of association, or resolutions of the general meeting, causing the company to suffer serious losses, the directors who participated in the resolution shall be liable for compensation to the company; however, if it is proved that a director expressed his or her opposition during the voting and this was recorded in the minutes of the meeting, such director may be exempted from liability.

According to the Company Law, the following persons shall not serve as a director of a company: (i) a person without civil capacity or with restricted civil capacity; (ii) a person who has been penalized for corruption, bribery, misappropriation of property, embezzlement of property, or disruption of the order of the socialist market economy, or who has been deprived of political rights for a crime, where less than five years have elapsed since the completion of the execution of the penalty, or where a person was granted probation, less than two years have elapsed since the expiration of the probation period; (iii) a person who served as a director, factory director, or manager of a company or enterprise subject to bankruptcy liquidation and was personally responsible for the bankruptcy of such company or enterprise, where less than three years have elapsed since the completion of the bankruptcy liquidation of such company or enterprise; (iv) a person who served as the legal representative of a company or enterprise whose business license was revoked or which was ordered to close down due to a violation of law, and was personally responsible, where less than three years have elapsed since the revocation of the business license or the closure of such company or enterprise; and (v) an individual who has been listed as a dishonest person subject to execution by a People's Court due to a relatively large amount of outstanding personal debt that has matured.

The board of directors shall have one chairman, elected by more than half of the directors. The chairman shall exercise the following functions and powers (including but not limited to): (i) presiding over general meetings, and convening and presiding over board of directors' meetings; (ii) inspecting the implementation of resolutions of the board of directors; and (iii) exercising other powers granted by the board of directors.

Manager and Senior Management

According to the Company Law, a company shall have a manager, who shall be appointed or dismissed by the board of directors. The manager shall be accountable to the board of directors and exercise his or her functions and powers in accordance with the articles of association or the authorization of the board of directors. The manager attends board of directors' meetings without voting rights.

According to the Company Law, senior management refers to the manager, deputy managers, chief financial officer, secretary to the board of directors, and other personnel stipulated by the articles of association.

Duties of Directors and Senior Management

According to the Company Law, directors and senior management of a company shall abide by relevant laws, regulations, and the articles of association, and owe duties of loyalty and diligence to the company. Directors and senior management shall not abuse their powers to accept bribes or other illegal income, and shall not misappropriate company property.

Directors and senior management shall not commit the following acts: (i) misappropriating company property or embezzling company funds; (ii) depositing company funds into accounts opened in their own names or in the names of other individuals; (iii) using their powers to bribe or accept any other illegal income; (iv) accepting commissions from transactions between third parties and the company and appropriating such commissions for themselves; (v) disclosing the company's confidential commercial information without authorization; and (vi) other acts in violation of their duty of loyalty to the company.

Any director or senior management directly or indirectly entering into a contract or conducting a transaction with the company shall report the matters related to the conclusion of the contract or the transaction to the board of directors or the general meeting, and such contract or transaction shall be adopted by a resolution of the board of directors or the general meeting in accordance with the provisions of the articles of association.

The provisions of the preceding paragraph shall apply to any close relative of a director or senior management, any enterprise directly or indirectly controlled by a director or senior management or any of their close relatives, and any affiliated party having any other affiliation with a director or senior management, that enters into a contract or conducts a transaction with the company.

A director or senior management shall not take advantage of his or her position to seek for himself or herself or any other person any commercial opportunity that belongs to the company, except in any of the following circumstances:

(i) reporting to the board of directors or the general meeting, and obtaining approval by a resolution of the board of directors or the general meeting in accordance with the provisions of the articles of association; or (ii) the company is unable to take advantage of such commercial opportunity in accordance with laws, administrative regulations, or the articles of association.

Without reporting to the board of directors or the general meeting and obtaining approval by a resolution of the board of directors or the general meeting in accordance with the provisions of the articles of association, no director or senior management may engage in, for himself or herself or for any other person, any business similar to that of the company in which he or she serves.

If a director or senior management violates any laws, regulations, or the articles of association of the company in performing his or her duties for the company, causing any loss to the company, he or she shall personally bear liability for compensation to the company.

Finance and Accounting

According to the Company Law, a company shall formulate its financial and accounting systems in accordance with laws, administrative regulations, and the provisions of the finance department of the State Council. A company must prepare a financial and accounting report at the end of each accounting year, which must be audited by an accounting firm according to law. The financial and accounting report shall be prepared in accordance with laws, administrative regulations, and the provisions of the finance department of the State Council.

The financial and accounting report of a joint stock limited company shall be made available at the company for shareholders' inspection 20 days prior to the convening of the annual general meeting. A joint stock limited company publicly offering its shares shall publish its financial and accounting report.

When distributing its after-tax profits for the current year, a company shall allocate 10% of its profits to the statutory reserve fund of the company. Where the accumulated amount of the statutory reserve fund of the company reaches 50% or more of the registered capital of the company, no further allocation is required. If the statutory reserve fund of the company is insufficient to make up for the losses of previous years, the profits of the current year shall first be used to make up for the losses before allocating to the statutory reserve fund in accordance with the preceding provision. After allocating to the statutory reserve fund from its after-tax profits, the company may, subject to a resolution of the general meeting, also allocate to the discretionary reserve fund from its after-tax profits.

A joint stock limited company shall distribute profits in proportion to the shares held by the shareholders, unless the articles of association of the joint stock limited company stipulate that profits shall not be distributed in proportion to the shareholdings.

The premium obtained by a joint stock limited company from issuing shares at a price exceeding par value, the amount of share proceeds from issuing no-par value shares that is not included in the registered capital, and other income required by the finance department of the State Council to be included in the capital reserve fund shall be recorded as the company's capital reserve fund.

The reserve fund of a company shall be used to make up for the company's losses, expand the company's production and business operations, or increase the company's registered capital. When the reserve fund is used to make up for the company's losses, the discretionary reserve fund and the statutory reserve fund shall be used first; if the losses still cannot be made up, the capital reserve fund may be used in accordance with relevant provisions. When the statutory reserve fund is converted to increase the registered capital, the retained portion of such reserve fund shall not be less than 25% of the registered capital prior to the increase.

A company shall not establish any accounting books other than the statutory accounting books.

Appointment and Dismissal of Accounting Firms

According to the Company Law, the appointment or dismissal of an accounting firm undertaking the auditing business of the company must be decided by the general meeting or the board of directors in accordance with the articles of association. When the general meeting or the board of directors votes on the dismissal of an accounting firm, the accounting firm shall be allowed to present its opinions.

The company shall provide the engaged accounting firm with authentic and complete accounting vouchers, accounting books, financial and accounting reports, and other accounting materials, and shall not refuse to provide, conceal, or make false reports regarding them.

The Guidelines for Articles of Association stipulates that the company guarantees to provide the engaged accounting firm with authentic and complete accounting vouchers, accounting books, financial and accounting reports, and other accounting materials, and shall not refuse to provide, conceal, or make false reports regarding them. The audit fees of the accounting firm shall be decided by the general meeting.

Profit Distribution

If a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall return the profits distributed in violation of the provisions to the company; if losses are caused to the company, the shareholders and the responsible directors and senior management personnel shall bear liability for compensation.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for any of the following reasons: (i) the expiry of the business term stipulated in the articles of association or the occurrence of other dissolution events stipulated in the articles of association; (ii) a resolution for dissolution is adopted by the general meeting; (iii) dissolution is necessary due to the merger or division of the company; (iv) the business license is revoked, or the company is ordered to close down or is cancelled according to law; or (v) where the company encounters serious difficulties in its operations and management, and its continued existence will cause significant losses to the interests of shareholders, and the matter cannot be resolved through other channels, shareholders holding 10% or more of the voting rights of all shareholders of the company may petition the court to dissolve the company.

Upon the occurrence of any of the events stipulated in the preceding paragraph, the company shall publish the event through the National Enterprise Credit Information Publicity System within 10 days.

Where a company is dissolved pursuant to sub-paragraph (i) above, it may continue to exist by amending its articles of association or upon a resolution of the general meeting, and the amendment to the articles of association must be passed by more than two-thirds of the voting rights held by the shareholders attending the general meeting. Where a company is dissolved pursuant to the provisions of sub-paragraphs (i), (ii), (iv), or (v) above, it shall be liquidated. Directors are liquidation obligors of the company and shall form a liquidation committee to carry out the liquidation within 15 days from the date of occurrence of the dissolution event. The liquidation committee shall be composed of directors, unless otherwise stipulated by the articles of association of the company or otherwise elected by a resolution of the general meeting. If the persons obligated to liquidate fail to perform their liquidation obligations in a timely manner, causing losses to the company or creditors, they shall bear liability for compensation.

If a liquidation committee is not established to carry out liquidation within the time limit, or if liquidation is not carried out after the establishment of the liquidation committee, interested parties may apply to the People's Court to designate relevant personnel to form a liquidation committee to carry out the liquidation. The People's Court shall accept such application and organize a liquidation committee to carry out the liquidation in a timely manner.

The liquidation committee shall exercise the following functions and powers during the liquidation period: (i) liquidating the company's properties, and preparing a balance sheet and a property inventory respectively; (ii) notifying creditors and making public announcements; (iii) handling the outstanding businesses of the company related to the liquidation; (iv) paying off outstanding taxes and taxes arising in the course of liquidation; (v) liquidating claims and debts; (vi) distributing the remaining properties of the company after debt settlement; and (vii) representing the company in civil litigation.

The liquidation committee shall notify the company's creditors within 10 days from the date of its establishment, and make a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation committee within 30 days upon receipt of the notice, or, for those who have not received the notice, within 45 days from the date of the announcement.

The remaining properties of the company after the respective payment of liquidation expenses, employees' wages, social insurance premiums, and statutory compensation, and the payment of outstanding taxes and the settlement of the company's debts, shall be distributed by the company in proportion to the shares held by its shareholders. During the liquidation period, the company continues to exist, but shall not engage in any business activities unrelated to the liquidation. The company's properties shall not be distributed to the shareholders before they are used to make settlements in accordance with the provisions of the preceding sentence.

If, after liquidating the company's properties and preparing a balance sheet and a property inventory, the liquidation committee discovers that the company's properties are insufficient to settle its debts, it shall apply to the People's Court for bankruptcy liquidation according to law. After the People's Court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation affairs to the bankruptcy administrator designated by the People's Court.

Upon the completion of the liquidation, the liquidation committee shall prepare a liquidation report, submit it to the general meeting or the People's Court for confirmation, and file it with the company registration authority to apply for cancellation of the company's registration.

The members of the liquidation committee owe duties of loyalty and diligence in performing their liquidation duties. If the members of the liquidation committee are negligent in performing their liquidation duties, causing losses to the company, they shall bear liability for compensation; if they cause losses to creditors due to intent or gross negligence, they shall bear liability for compensation.

Where a company whose business license has been revoked, or which has been ordered to close down or cancelled, fails to apply to the company registration authority for cancellation of the company's registration for a full three years, the company registration authority may make an announcement through the National Enterprise Credit Information Publicity System, with an announcement period of not less than 60 days. Upon expiration of the announcement period, if there are no objections, the company registration authority may cancel the company's registration.

Overseas Listing

According to the Trial Measures, an issuer conducting an initial public offering or listing overseas shall file with the CSRC within 3 working days after submitting the application documents for offering and listing overseas. After an issuer has offered and listed overseas, if it issues securities in the same overseas market, it shall file with the CSRC within 3 working days after the completion of the issuance. After an issuer has offered and listed overseas, if it offers and lists in other overseas markets, it shall file in accordance with the provisions of paragraph 1 of Article 16 of the Trial Measures. In addition, if the filing materials are complete and in compliance with the provisions, the CSRC will complete the filing within 20 working days from the date of receipt of the filing materials and publish the filing information via its website. If the filing materials are incomplete or do not comply with the provisions, the CSRC will inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Loss of Share Certificates

In the event that registered share certificates are stolen, lost, or destroyed, the shareholder may, in accordance with the public summons procedures prescribed by the Civil Procedure Law, petition a People's Court to declare such share certificates void. After the People's Court declares such share certificates void, the shareholder may apply to the company for the reissuance of share certificates.

Termination of Listing

According to the Trial Measures, where an issuer voluntarily terminates its listing or is subject to a mandatory termination of listing, it shall report the specific circumstances to the CSRC within 3 working days from the date on which the relevant event occurs and is announced.

Securities Laws and Regulations

In October 1992, the State Council established the Securities Commission and the CSRC. The Securities Commission was responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of the securities market, directing, coordinating, and supervising all securities-related institutions in China, and administering the CSRC. The CSRC served as the regulatory arm of the Securities Commission and was responsible for drafting regulatory provisions for the securities market, supervising securities companies, regulating the public offering of securities by Chinese companies domestically and overseas, regulating securities trading, compiling securities-related statistical data, and conducting relevant research and analysis. On 29 March 1998, the State Council merged the two aforementioned departments and reorganized the CSRC.

The *Provisional Regulations on the Administration of Share Issuance and Trading* (《股票發行與交易管理暫行條例》), promulgated by the State Council on 22 April 1993 and effective from the same date, prescribe the application and approval procedures for the public offering of shares, the trading of shares, the acquisition of listed companies, the custody, clearing, and transfer of listed shares, the information disclosure by listed companies, investigation and penalties, and the arbitration of disputes.

The *Provisions of the State Council on Domestically Listed Foreign Shares of Joint Stock Limited Companies* (《國務院關於股份有限公司境內上市外資股的規定》), promulgated by the State Council on 25 December 1995 and effective from the same date, mainly stipulate the issuance, subscription, trading, and dividend payment of domestically listed foreign shares, as well as the information disclosure by joint stock limited companies having domestically listed foreign shares.

The Securities Law, most recently amended by the NPCSC on 28 December 2019 and effective from 1 March 2020, includes a series of provisions regulating, among other things, the issuance and trading of securities within the territory of China, the acquisition of listed companies, stock exchanges, securities companies, and the duties and responsibilities of the securities regulatory authority of the State Council, and comprehensively regulates securities market activities within the territory of China. The Securities Law provides that the direct or indirect overseas issuance of securities or the listing and trading of securities overseas by domestic enterprises shall comply with the relevant provisions of the State Council. Currently, the issuance and trading of shares offered overseas are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

Arbitration and Enforcement of Arbitral Awards

According to the *Arbitration Law of the People's Republic of China* (《中華人民共和國仲裁法》) (the "**Arbitration Law**"), most recently amended by the NPCSC on 12 September 2025 and effective from 1 March 2026, the Arbitration Law applies to foreign-related economic disputes where all parties have entered into a written agreement to submit matters to arbitration by an arbitration institution constituted in accordance with the Arbitration Law. Where the parties use arbitration to resolve a dispute and one party institutes an action in a People's Court, the People's Court shall not accept the case.

According to the Arbitration Law, an arbitral award is final and binding on all parties to the arbitration. If one party fails to perform the award, the other party may apply to a People's Court for execution in accordance with the Civil Procedure Law. If there is evidence proving the existence of any of the following circumstances: there is no arbitration agreement; the matters decided in the award fall outside the scope of the arbitration agreement or the arbitration institution has no power to arbitrate; the composition of the arbitral tribunal or the arbitration procedures violate statutory procedures; the evidence on which the award is based is forged; the opposing party has concealed evidence sufficient to affect a fair award; or the arbitrators committed acts of demanding or accepting bribes, engaging in malpractices for

personal gain, or perverting the law in rendering the award in the arbitration of the case, the People's Court may rule not to execute the award. Where a legally effective arbitral award rendered outside the territory of China requires the recognition and execution by a People's Court, the party concerned may apply directly to the intermediate People's Court at the place of domicile of the person subject to execution or at the place where his or her property is located. If the place of domicile or the property of the person subject to execution is not within the territory of China, the party concerned may apply to the intermediate People's Court at the place of domicile of the applicant or at a place having an appropriate connection with the dispute over the award. The People's Court shall handle the matter in accordance with international treaties concluded or acceded to by the People's Republic of China or according to the principle of reciprocity.

According to the *Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region* (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》), promulgated by the Supreme People's Court on 24 January 2000 and effective from 1 February 2000, and the *Supplemental Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region* (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》), promulgated by the Supreme People's Court on 26 November 2020 and effective from 27 November 2020, awards rendered by arbitration institutions within the territory of China may be applied for enforcement in Hong Kong, and Hong Kong arbitral awards may also be applied for enforcement within the territory of the PRC.

TAXES FOR SECURITIES HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are resident or subject to tax. The following summary of relevant tax provisions is based on current laws and practices, and does not take into account anticipated changes in or amendments to relevant laws and policies, nor constitute any opinions or suggestions. The discussion does not deal with all possible tax consequences relating to [**REDACTED**] in H Shares, nor does it take into account specific circumstances of any individual [**REDACTED**], some of which may be subject to special regulations. Accordingly, you should consult your own tax advisor regarding the tax consequences of the [**REDACTED**] in H Shares. The discussion is based on the laws and relevant interpretations in effect as of the Latest Practicable Date. All the laws and relevant interpretations are subject to change and adjustment and may have retrospective effect.

The discussion does not address any PRC tax issues other than income tax, capital gains tax, sales tax, value-added tax, stamp duty and estate duty. Prospective [**REDACTED**] are advised to consult their financial advisers regarding the PRC and other tax consequences of [**REDACTED**] of H Shares.

PRC TAXATION

Taxation on Dividends

Individual [**REDACTED**]

Pursuant to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) (the "Individual Income Tax Law") promulgated by the Standing Committee of the National People's Congress ("NPCSC") on September 10, 1980, last amended on August 31, 2018, and implemented on January 1, 2019, and the Regulations for the Implementation of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》) promulgated by the State Council on January 28, 1994, last amended on December 18, 2018 and effective as of January 1, 2019, interest, dividends and bonus are regarded as personal income and subject to individual income tax at a applicable proportional tax rate of 20%. For a foreign natural person who is not a resident of the PRC, the dividends received from a PRC enterprise is normally subject to 20% individual income tax, unless specially exempted by the tax authority of the State Council or reduced by a relevant tax treaty.

Meanwhile, pursuant to the Circular on Issues Relating to the Differentiated Individual Income Tax Policy on Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued by the MOF, the SAT and the CSRC on September 7, 2015, effective on September 8, 2015 and partially abolished on July 1, 2019, for shares of listed companies acquired by an individual from public offering and transfer of market, the dividend and bonus income shall be temporarily exempt from individual income tax for shares held for more than one year; the dividend and bonus income shall be fully

included in the taxable income for shares held for less than one month (inclusive); and the dividend and bonus income shall be temporarily reduced by 50% to taxable income for shares held for more than 1 month and less than 1 year (inclusive). The above income shall be subject to individual income tax at a uniform rate of 20%.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) ("**Arrangement**") signed on August 21, 2006, the PRC government may impose a tax on dividends payable by a PRC company to a Hong Kong resident (including the natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, the tax levied shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol on the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>第五議定書》) ("**Fifth Protocol on the Arrangement**"), which became effective on December 6, 2019, has included the eligibility criteria for enjoying the tax treaty preference. Notwithstanding the requirements of other provisions of the Arrangement, if, after taking into account all relevant facts and circumstances, it can be reasonably determined that one of the main purposes of any arrangement or transaction that directly or indirectly brings about the benefits of the Arrangement is to obtain such preferential tax, the tax treaty preference of relevant standard shall not be granted, unless it can be confirmed that granting such preference in such cases is in line with the relevant purposes and objectives of the Arrangement. The dividend provisions of the tax treaties shall be applied in accordance with the Circular of the State Administration of Taxation on Issues Related to the Implementation of Dividend Provisions of Tax Agreements (《國家税務總局關於執行税收協議股息條款有關問題的通知》) and other PRC tax laws and regulations.

Enterprise **[REDACTED]**

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》) ("Enterprise Income Tax Law") promulgated by the NPCSC on March 16, 2007, last amended and implemented on December 29, 2018 and the Implementing Regulations of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》) ("Implementing Regulations") promulgated by the State Council on December 6, 2007, last amended on December 6, 2024 and implemented on January 20, 2025, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong (China)), if such non-resident enterprise does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise on each payment or when it is payable on due date.

The Circular of the State Administration of Taxation on Issues Relating to Withholding and Payment of Enterprise Income Tax on Dividends Distributed by Chinese Resident Enterprises to Overseas H-share Non-resident Enterprises Shareholders (《國家税務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) issued and implemented by the State Administration of Taxation ("SAT") on November 6, 2008, further clarifies that, a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. The Reply of the State Administration of Taxation on the Issue of Enterprise Income Tax on Dividends on B Shares and Other Stocks Acquired by Non-Resident Enterprises (《關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆》) promulgated and implemented by the SAT on July 24, 2009, further provides that Chinese resident enterprises that have publicly issued and listed shares (A-shares, B-shares and overseas shares) within or outside China shall withhold and pay enterprise income tax at a uniform rate of 10% when distributing dividends for 2008 and subsequent years to non-resident enterprises shareholders. Where any non-resident enterprise shareholder is entitled to the tax agreement treatment, the relevant provisions of the tax agreement shall prevail. According to the Arrangement, the PRC government may impose a tax on dividends payable by a PRC company to a Hong Kong resident (including the natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, the tax levied shall not exceed 5% of the total dividends payable by the PRC company.

The Fifth Protocol on the Arrangement has included the eligibility criteria for enjoying the tax treaty preference. Notwithstanding the requirements of other provisions of the Arrangement, if, after taking into account all relevant facts and circumstances, it can be reasonably determined that one of the main purposes of any arrangement or transaction that directly or indirectly brings about the benefits of the Arrangement is to obtain such preferential tax, the tax treaty preference of relevant standard shall not be granted, unless it can be confirmed that granting such preference in such cases is in line with the relevant purposes and objectives of the Arrangement. The dividend provisions of the tax treaties shall be applied in accordance with the Circular of the State Administration of Taxation on Issues Related to the Implementation of Dividend Provisions of Tax Agreements (《國家税務總局關於執行税收協議股息條款有關問題的通知》) and other Chinese tax laws and regulations.

Tax Treaties

Non-PRC resident [**REDACTED**] residing in countries that have entered into agreements or arrangements with the PRC for the avoidance of double taxation or residing in Hong Kong or Macao may be entitled to a reduction of the PRC enterprise income tax imposed on the dividends received from PRC companies. The PRC currently has entered into treaties/arrangements on the avoidance of double taxation with a number of countries and regions, including Hong Kong, Macao, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, and the United States. Non-PRC resident enterprises entitled to preferential tax rates under the relevant income tax treaties or arrangements are required to apply to the PRC tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund application is subject to approval by the PRC tax authorities.

Taxes on Income from Share Transfer

Income Tax

Individual [**REDACTED**]

According to the Individual Income Tax (《個人所得税法》) and its implementation rules, gains from sale of equity interests by a PRC resident enterprise shall be levied individual income tax at a rate of 20%.

According to the Circular on Continued Temporary Exemption of Individual Income Tax on Income from Transfer of Stocks Effectiveness (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) promulgated by the MOF and the SAT and taking effect on March 30, 1998, since January 1, 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. According to the Circular on the Issues Relating to the Collection of Individual Income Tax on Individuals' Income from the Transfer of Restricted Shares of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的通知》) jointly promulgated by the MOF, the SAT and the CSRC on December 31, 2009 and taking effect on January 1, 2010, individuals shall continue to be exempted from the individual income tax on the income from the transfer of shares listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, with the exception of the relevant restricted shares as defined in the Supplementary Circular on the Issues Relating to the Collection of Individual Income Tax on Individuals' Income from the Transfer of Restricted Shares of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的補充通知》) jointly issued by the above-mentioned authorities on November 10, 2010. As of the Latest Practicable Date, the above provisions did not expressly provide for the imposition of individual income tax on the transfer of shares of PRC resident enterprises listed on overseas stock exchanges by non-PRC resident individuals.

Enterprise [**REDACTED**]

Pursuant to the Enterprise Income Tax Law (《企業所得税法》) and its implementing regulations, where non-PRC resident enterprises have not formed permanent establishments or premises within the territory of the PRC, or where they have formed permanent establishments or premises within the territory of the PRC but there is no actual relationship between the relevant income generated in the PRC and the establishments or premises set up by them, they shall be subject to enterprise income tax in respect of its income generated in the PRC (including the gains from sale of equity in Chinese resident enterprises), generally at a rate of 10%. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise on each payment or when it is payable on due date. The tax may be reduced or exempted under tax treaties or arrangements on avoidance of double taxation.

Stamp Duty

According to the Stamp Duty Law of the People's Republic of China (《中華人民共和國印花税法》) issued by the NPCSC on June 10, 2021 and implemented on July 1, 2022, the PRC's stamp duty applies to entities and individuals who execute taxable documents within the PRC, engage in securities transactions within the PRC, or execute taxable documents outside the PRC for use within PRC. Therefore, the provisions governing stamp duty on share transfers of PRC listed companies do not apply to purchasing or selling H-shares by non-PRC [**REDACTED**] outside the PRC.

Estate Duty

Pursuant to the laws of the PRC, as of the Latest Practicable Date, no estate duty has been imposed by the government of PRC.

Major Taxation of the Company in the PRC

Enterprise Income Tax

According to the Enterprise Income Tax Law (《企業所得税法》) and its implementing regulations, the enterprise income tax rate is 25%. Enterprises are classified into resident and non-resident enterprises. The resident enterprises shall pay enterprise income tax for the income derived from inside and outside the PRC at an enterprise income tax rate of 25%. A non-resident enterprise having establishments or premises inside the PRC shall pay enterprise income tax enterprise income tax on its incomes derived from the PRC as well as on incomes derived from outside the PRC but which have real connection with the said establishments or premises at an enterprise income tax rate of 25%.

Value-Added Tax

According to the Value-added Tax Law of the People's Republic of China (《中華人民共和國增值税法》) promulgated by the NPCSC on December 25, 2024 and effective from January 1, 2026, all entities or individuals (including sole proprietors) in the PRC that are engaged in the sale of goods, services, intangible assets, real estate and the importation of goods are taxpayers of value-added tax and shall pay VAT. The VAT rate is 13.0% for taxpayers engaged in the sale of goods, provision of processing, repairing and replacement services, leasing of tangible personal property, or the importation of goods, unless otherwise specified.

Pursuant to the Circular on Comprehensively Implementing the Pilot Program for Changing Business Tax to VAT (《關於全面推開營業税改徵增值税試點的通知》) promulgated on March 23, 2016 and taking effect on May 1, 2016, upon approval by The State Council, the pilot program of changing business tax to VAT must be fully implemented across the country since May 1, 2016.

The Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting the VAT Rate (《財政部、國家税務總局關於調整增值税税率的通知》) promulgated by the Ministry of Finance and the SAT on April 4, 2018 and taking effect on May 1, 2018 adjusted the applicable value-added tax rate. For taxpayers engaged in VAT-taxable transactions or importing goods that were previously subject to 17% or 11% tax rates, the applicable rates have been changed to 16% and 10% respectively.

Pursuant to the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值税改革有關政策的公告》) jointly promulgated by the MOF, the SAT and the GAC on March 20, 2019 and implemented on April 1, 2019, (1) the tax rate of 16% applicable to the VAT taxable sale or import of goods by a taxpayer shall be adjusted to 13%; and the tax rate of 10% applicable thereto shall be adjusted to 9%; (2) the deduction rate of 10% applicable to any taxpayer's purchase of agricultural products shall be adjusted to 9%; (3) where a taxpayer purchases the agricultural products used for the production or consigned processing of goods to which the tax rate of 13% applies, the amount of input tax shall be calculated at the deduction rate of 10%; (4) as for exported goods and labor services to which the tax rate of 16% applies and whose export tax refund rate is 16%, the export tax refund rate shall be adjusted to 13%; (5) as for exported goods and cross-border taxable acts to which the tax rate of 10% applies and whose export tax refund rate is 10%, the export tax refund rate shall be adjusted to 9%.

Foreign Exchange

The lawful currency of the PRC is RMB, which is subject to foreign exchange control and cannot be freely convertible to foreign currencies. As authorized by the People's Bank of China, the SAFE is empowered to exercise the functions of administering all matters relating to foreign exchange, including the implementation of foreign exchange control regulations.

According to the Regulations on Foreign Exchange Control of the People's Republic of China (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, and last amended and implemented on August 5, 2008, payments under the current accounts, such as distribution of profits, interest payments, and foreign exchange transactions related to trade and services, may be freely converted into foreign currencies and paid without prior approval from the SAFE, provided certain procedural requirements are followed. In contrast, converting RMB into foreign currencies and exporting them from the PRC for capital account payments, such as direct investment, repayment of foreign currency loans, round-trip investment, and investment in securities outside the PRC, requires prior approval or registration from the SAFE or its local branches.

According to the Administrative Provisions on Foreign Exchange Settlement, Sales and Payment (《結匯、售匯及付匯管理規定》) promulgated by the People's Bank of China on June 20, 1996 and taking effect on July 1, 1996, no restrictions are imposed on foreign exchange convertibility under current accounts, while restrictions are imposed on foreign exchange transactions under capital accounts.

Pursuant to the Circular on Further Simplification and Improvement of the Foreign Exchange Control Policy over Direct Investment by the SAFE (《關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated on February 13, 2015, implemented on June 1, 2015 and partially repealed on December 30, 2019, banks directly audit and handle foreign exchange registrations for domestic direct investments and foreign exchange registrations for offshore direct investments on behalf of the SAFE, and the SAFE and its branches exercise indirect supervision over the foreign exchange registrations for direct investments through the banks.

Pursuant to the Circular of the State Administration of Foreign Exchange Concerning Reform of the Administrative Approaches to Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) ("**Circular No. 19**") promulgated on March 30, 2015, last amended and implemented on March 23, 2023, foreign-invested enterprises are allowed to use the RMB funds obtained from foreign exchange capital for equity investment. According to Circular No. 19, the foreign exchange capital in the capital account of a foreign-invested enterprise that has been confirmed by the SAFE for the rights and interests of monetary contribution (or registered by the bank for the entry of monetary contribution) can settle the foreign exchange at the bank based on the actual business needs of the enterprise. The voluntary exchange portion of foreign exchange capital of foreign-invested enterprises is provisionally set at 100%. The SAFE may adjust the above-mentioned proportion in a timely manner according to the international balance of payments position. In addition, Circular No. 19 and the Circular of the State Administration of Foreign Exchange on Reforming and Regulating the Administrative Policies over Foreign Exchange Settlement under the Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) ("**Circular No. 16**"), issued by the SAFE on June 9, 2016, and last amended and implemented on December 4, 2023, stipulates that foreign-invested enterprises shall not use RMB funds derived from their foreign exchange capital contributions for expenditures outside their business scope or prohibited by national laws and regulations, securities investments, investment and wealth management products other than bank principal-protected products, extending loans to non-affiliated enterprises (except circumstances explicitly permitted by their business scope), or constructing or purchasing non-self-use real estate (except for real estate enterprises). The Notice of the State Administration of Foreign Exchange on Further Deepening Reforms to Promote Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) (HF [2023] No. 28) issued and implemented on December 4, 2023, a further update to Circular No. 16, explicitly stipulates the use of foreign exchange income under capital contributions and foreign debt of non-financial enterprises, as well as the Renminbi funds obtained from their exchange, shall adhere to the principles of authenticity and self-use: 1) Such funds shall not be directly or indirectly used for expenditures prohibited by national laws and regulations; 2) Unless otherwise explicitly stipulated, such funds shall not be directly or indirectly used for securities investment or other investment and wealth management activities (except for wealth management products and structured deposits with a risk rating no higher than Level 2); 3) Such funds shall not be used to extend loans to non-affiliated enterprises (except where explicitly permitted by business scope and in the following four designated zones: Lingang New Area of China (Shanghai) Pilot Free Trade Zone, Nansha New Area of China (Guangdong) Pilot Free Trade Zone, Yangpu Economic Development Zone of China (Hainan) Free Trade

Port, and Beilun District of Ningbo City, Zhejiang Province); 4) Such funds shall not be used to purchase residential properties for non-self-use purposes (except for enterprises engaged in real estate development or real estate leasing operations).

Pursuant to Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) promulgated on October 23, 2019, last amended and implemented on December 4, 2023, the restrictions on domestic equity investment of non-investment foreign-invested enterprises' capital were lifted. Non-investment foreign-invested enterprises are allowed to make domestic equity investments with their capital in accordance with the law, provided that they do not violate the Negative List (《負面清單》) and the projects they invest in within the country are genuine and compliant.

According to the Notice on Optimizing Foreign Exchange Management to Support Foreign-related Business Development (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued and implemented by SAFE on April 10, 2020, on the premise of ensuring that the use of funds is truly compliant and in accordance with the current management regulations on the use of income from capital accounts, eligible enterprises are allowed to use capital account income, such as capital funds, foreign debts and overseas listings, for domestic payments without having to provide proof of authenticity to the bank in advance one by one. Handling banks shall manage related business risks in accordance with the principle of prudent business conduct and conduct post-transaction sampling inspections on capital account income payment facilitation services processed in compliance with relevant requirements.

According to the Circular on Issues Concerning the Administration of Foreign Exchange for 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 by the SAFE on December 26, 2014, domestic companies shall complete overseas listing registration with the foreign exchange bureau at their registered location within 15 working days from the date of completion of the overseas listing issuance. A domestic company may repatriate the proceeds from offshore listing to its domestic account or retain such proceeds at its overseas account. The use of such proceeds shall be consistent with the content of the prospectus or other public disclosure documents such as explanations on the raising of corporate bonds, circulars to shareholders and resolutions of board of directors and shareholder's meetings.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

The predecessor of our Company, Shandong Fin CNC Machine Co., Ltd. (山東法因數控機械股份有限公司), was established as a limited liability company on August 19, 2002 under the laws of PRC, and was converted to a joint stock limited company with limited liability on June 18, 2007. Shandong Fin CNC Machine Co., Ltd. completed the listing of our A Shares on the Shenzhen Stock Exchange (stock code: 002270) on September 5, 2008. In December 2015, Huaming Group, the then controlling shareholder of Huaming Power and a Controlling Shareholder of our Company, along with other then shareholders of Huaming Power, transferred 100% equity interest in Shandong Fin CNC Machine Co., Ltd., in consideration for new A Shares issued by Shandong Fin CNC Machine Co., Ltd., thereby becoming the controlling shareholder of Shandong Fin CNC Machine Co., Ltd.. On July 13, 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). See "History, Development and Corporate Structure — Corporate Development and Major Shareholding Changes — Major Asset Restructuring and Concurrent Placing" in this document.

Our registered office is located at Room 302, Site No.1, Century Avenue 2222, Suncun Street., Gaoxin District, Jinan City, Shandong Province, PRC. Our Company was registered with the Companies Registry in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on [●], 2026, and has established a place of business in Hong Kong at Room 1912, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. Ms. Shum Kit Han has been appointed as our authorized representative for the acceptance of service of process in Hong Kong.

As our Company is incorporated in the PRC, its corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of the Articles of Association of the Company is set out in Appendix III to this document. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in "Regulatory Overview" of this document.

2. Changes in Share Capital of Our Company

There has been no alteration in the issued share capital of our Company within the two years immediately preceding the date of this document.

3. Changes in Share Capital of our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 to the Accountants' Report which is set out in Appendix I to this document.

The following sets out the subsidiaries of our Company incorporated during the two years immediately preceding the date of this document:

- On July 8, 2024, Huaming Power Indonesia, PT. was incorporated under the laws of Indonesia with an issued share capital of USD2 million;

- On December 10, 2025, Shanghai Huaming Chenting New Energy Co., Ltd. (上海華明辰廷新能源有限公司) was incorporated under the laws of the PRC with an issued share capital of RMB100 million.

The following sets out the changes in the share capital of our Company's subsidiaries during the two years immediately preceding the date of this document:

- On May 24, 2025, Huaming USA Corporation increased its registered share capital from USD1 million to USD2 million;

- On October 27, 2025, Shanghai Chen Ting Technology Development Co., Ltd. (上海辰廷科技發展有限公司) reduced its registered share capital from RMB450 million to RMB287 million;

- On November 3, 2025, Zunyi Huaming Power Equipment Manufacturing Co., Ltd. (遵義華明電力設備製造有限公司) reduced its registered share capital from RMB100 million to RMB50 million; and

- On November 25, 2025, Changfeng Nuoyang Photovoltaic Power Generation Co., Ltd. (長豐諾陽光伏發電有限公司) increased its registered share capital from RMB1 million to RMB33 million.

Save as disclosed above, there has been no alteration in the share capital of the subsidiaries of the Company within two years immediately preceding the date of this document.

4. The Shareholders' General Meeting of the Company Held on March 2, 2026

Pursuant to the Shareholders' meeting held on March 2, 2026, the following resolutions, among others, were duly passed:

(a) the [**REDACTED**] by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares being [**REDACTED**] on the Hong Kong Stock Exchange;

(b) the number of H Shares to be [**REDACTED**] shall be no more than [**REDACTED**] of the total issued share capital of our Company as enlarged by the [**REDACTED**], and the grant of the [**REDACTED**] in respect of no more than [**REDACTED**] of the number of H Shares [**REDACTED**] pursuant to the [**REDACTED**];

(c) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the [**REDACTED**], the [**REDACTED**] and the [**REDACTED**] of H Shares on the Hong Kong Stock Exchange; and

(d) subject to the completion of the [**REDACTED**], the conditional adoption of the revised Articles of Association, which shall become effective on the [**REDACTED**] and the authorization of the Board to amend the Articles of Association in accordance with relevant laws and regulations and upon the request from the Stock Exchange and relevant PRC regulatory authorities.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of this document which are or may be material:

(a) the [**REDACTED**].

2. Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registration Number	Registered Owner	Class	Expiry Date
1 . . .		PRC	6579742	Shandong Fin CNC	7	June 6, 2030
2 . . .		PRC	6237795	Shandong Fin CNC	7	February 6, 2030
3 . . .		PRC	4337443	Shandong Fin CNC	7	May 13, 2027
4 . . .		PRC	4337442	Shandong Fin CNC	7	May 13, 2027
5 . . .		PRC	4337441	Shandong Fin CNC	7	May 13, 2027

No.	Trademark	Place of Registration	Registration Number	Registered Owner	Class	Expiry Date
6 . . .	法因	PRC	1490564	Shandong Fin CNC	7	December 13, 2030
7 . . .	FIN LASER	PRC	78966611	Shandong Fin CNC	7	February 20, 2035
8 . . .	HM	PRC	8569598	Huaming Power	9	August 20, 2031
9 . . .		PRC	6595822	Huaming Power	9	February 20, 2031
10 . .	HUAMING OLTC	PRC	6595821	Huaming Power	9	May 6, 2030
11 . .	长电开关	PRC	71124468	Guizhou Chenting	9	August 27, 2034
12 . .	长电有载	PRC	71128606	Guizhou Chenting	9	September 20, 2034
13 . .	CHANG ZHENG ELECTRIC	PRC	4234378	Guizhou Chenting	9	January 27, 2027
14 . .		PRC	3988545	Guizhou Chenting	9	May 20, 2036

(b) Patents

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following patents which we consider to be or may be material to our business:

No.	Patent	Place of Registration	Registration Number	Registered Owner	Type
1. . .	On-load tap-changer load selector (有載分接開關的負荷選擇器)	PRC	ZL201310343460.X	Guizhou Chenting	Invention
2. . .	On-load tap-changer in split-type transfer switch (有載分接開關中的對開式轉換開關)	PRC	ZL201310352876.8	Guizhou Chenting	Invention

No.	Patent	Place of Registration	Registration Number	Registered Owner	Type
3. . .	A moving contact after load relief switching off-circuit tap-changer (一種動觸頭卸力後變換無勵磁分接開關)	PRC	ZL201410774030.8	Guizhou Chenting	Invention
4. . .	A precision drive-rod installation drum-type off-circuit tap-changer (一種傳動桿安裝精准的鼓型無勵磁分接開關)	PRC	ZL201510218837.8	Guizhou Chenting	Invention
5. . .	A drum-type off-circuit tap-changer tap-position change manual operating device (一種鼓型無勵磁分接開關檔位轉換手動操作裝置)	PRC	ZL201610458142.1	Guizhou Chenting	Invention
6. . .	Transformer tap-changer electrical shielding structure at the connection between contacts and lead wires (變壓器分接開關觸頭與引線連接處的電氣屏蔽結構)	PRC	ZL201721666851.5	Guizhou Chenting	Utility Model
7. . .	A on-load tap-changer oil chamber seal-ring press-fitting mechanism (一種有載分接開關油室的密封圈壓裝機構)	PRC	ZL202020672631.9	Guizhou Chenting	Utility Model
8. . .	A on-load tap-changer oil chamber seal-ring press-fitting mechanism (一種有載分接開關油室的密封圈壓裝機構)	PRC	ZL202010348108.5	Guizhou Chenting	Invention

No.	Patent	Place of Registration	Registration Number	Registered Owner	Type
9. . .	A for tap-changer sleeve drill for machining sealing holes in tap-changer insulating cylinders (一種用於分接開關絕緣筒密封孔加工的套鑽)	PRC	ZL202020681112.9	Guizhou Chenting	Utility Model
10. . .	A composite vacuum on-load tap-changer contact structure (一種複合式真空有載分接開關的觸頭結構)	PRC	ZL202110575022.0	Guizhou Chenting	Invention
11. . .	A combined-type on-load tap-changer tap selector for lead-wire fixing device (一種組合式有載分接開關分接選擇器用引線固定裝置)	PRC	ZL202221654120.X	Guizhou Chenting	Utility Model
12. . .	A vacuum on-load tap-changer interstage overvoltage protection device (一種真空有載分接開關級間過電壓保護裝置)	PRC	ZL202321661231.8	Guizhou Chenting	Utility Model
13. . .	A De-energized Drum-Type Tap-Changer with Shift-After-Unloading Moving Contact Providing Tactile End-Position Feedback (一種有到位手感的動觸頭卸荷後換擋無勵磁鼓型分接開關)	PRC	ZL202322258732.8	Guizhou Chenting	Utility Model
14. . .	A Compact De-energized Tap-Changer (一種小型無勵磁分接開關)	PRC	ZL202311063903.X	Guizhou Chenting	Invention

No.	Patent	Place of Registration	Registration Number	Registered Owner	Type
15. . .	A Selector Contact Limiting Mechanism and a Multi-Position Forward-and-Reverse Regulating Tap Selector (一種選擇器觸頭限位機構及多檔位正反調分接選擇器)	PRC	ZL202311100625.0	Guizhou Chenting	Invention
16. . .	A on-load tap-changer for contact set fastening structure (一種有載分接開關用觸頭組緊固結構)	PRC	ZL202322782586.9	Guizhou Chenting	Utility Model
17. . .	A transition resistor for a composite on-load tap-changer (一種複合式有載分接開關用過渡電阻器)	PRC	ZL202420617508.5	Guizhou Chenting	Utility Model
18. . .	A head-mounted motor-driven switching off-circuit tap-changer (一種頭部電動切換無勵磁分接開關)	PRC	ZL202421674195.3	Guizhou Chenting	Utility Model
19. . .	A off-circuit tap-changer gear transmission mechanism (一種無勵磁分接開關齒輪傳動機構)	PRC	ZL202421691392.6	Guizhou Chenting	Utility Model
20. . .	A combined-type on-load tap-changer tap selector fixing device for connecting leads (一種組合式有載分接開關分接選擇器聯結導線的固定裝置)	PRC	ZL202421877528.2	Guizhou Chenting	Utility Model
21. . .	A for combined-type on-load tap-changer connection structure (一種用於組合式有載分接開關的聯結結構)	PRC	ZL202422086583.6	Guizhou Chenting	Utility Model

No.	Patent	Place of Registration	Registration Number	Registered Owner	Type
22. . .	A 1250A Oil-Immersed Combined On-Load Tap-Changer Contact System (一種1250A油浸組合式有載分接開關觸頭系統)	PRC	ZL202422244856.5	Guizhou Chenting	Utility Model
23. . .	A CNC drilling machine (一種數控鑽床)	PRC	ZL201310677963.0	Shandong Fin CNC	Invention
24. . .	A high-rigidity gantry frame (一種高剛度龍門框架)	PRC	ZL201310719963.2	Shandong Fin CNC	Invention
25. . .	A workpiece lifting-and-rotating mechanism (一種工件升降旋轉機構)	PRC	ZL201720346220.9	Shandong Fin CNC	Utility Model
26. . .	A device for double-sided chamfering of rail-web holes (一種可實現鋼軌軌腰孔雙面倒角的裝置)	PRC	ZL201821362284.9	Shandong Fin CNC	Utility Model
27. . .	A Device for Drilling and Milling a Rail Web of a Steel Rail (一種鋼軌軌腰鑽孔及銑削的裝置)	PRC	ZL201821832489.9	Shandong Fin CNC	Utility Model
28. . .	Self-centering clamping and positioning device for circular workpieces (圓形工件自定心夾緊定位裝置)	PRC	ZL201920625677.2	Shandong Fin CNC	Utility Model
29. . .	Hydraulic balancing device for spindle box of floor-type boring and milling machine (落地鏜銑床主軸箱液壓平衡裝置)	PRC	ZL201920671886.0	Shandong Fin CNC	Utility Model
30. . .	A Device for Achieving Asynchronous Double-Sided Chamfering of a Steel Rail Web Hole (一種實現鋼軌軌腰孔雙面異步倒角的裝置)	PRC	ZL201920986680.7	Shandong Fin CNC	Utility Model

No.	Patent	Place of Registration	Registration Number	Registered Owner	Type
31. . .	A Floating Clamping Device for a Steel Rail (一種鋼軌浮動夾緊裝置)	PRC	ZL201921580732.7	Shandong Fin CNC	Utility Model
32. . .	A Discharge Mechanism for Angle Steel Processing (一種用於角鋼加工的出料機構)	PRC	ZL202322267582.7	Shandong Fin CNC	Utility Model
33. . .	A Side-Bend Detection Device for a Container (一種集箱旁彎檢測裝置)	PRC	ZL202322383603.1	Shandong Fin CNC	Utility Model
34. . .	An Indexable Fixture for Automatic Drilling and Milling of Fixed-Length Chord Members (一種實現定長弦桿自動鑽銑加工的可轉位夾具)	PRC	ZL202311207978.0	Shandong Fin CNC	Invention
35. . .	An Automatic Clamping Device for Angle Steel Marking (一種用於角鋼打碼的自動夾料裝置)	PRC	ZL202322967745.2	Shandong Fin CNC	Utility Model
36. . .	A CNC gantry mobile movable-beam three-side drilling machine (一種數控龍門移動式動梁三面鑽床)	PRC	ZL202323362138.X	Shandong Fin CNC	Utility Model
37. . .	A plate lettering-and-drilling production line (一種板材打字鑽孔生產線)	PRC	ZL202420445845.0	Shandong Fin CNC and Chongqing Yuhuang Power Equipment Manufacturing Co., Ltd. (重慶瑜煌電力設備製造有限公司)	Utility Model

No.	Patent	Place of Registration	Registration Number	Registered Owner	Type
38. . .	A Positioning Device for Sheet Material Processing (一種用於板材加工的定位裝置)	PRC	ZL202420679113.8	Shandong Fin CNC	Utility Model
39. . .	A Transfer Fixing Device for Sheet Material Processing (一種用於板材加工的中轉固定裝置)	PRC	ZL202420679117.6	Shandong Fin CNC	Utility Model
40. . .	An Angle Steel Dimension Detection Device and Detection Method (一種角鋼尺寸檢測裝置及檢測方法)	PRC	ZL202411276805.9	Shandong Fin CNC	Invention
41. . .	An Automatic Cleaning Device for Workpiece Machining (一種工件加工用自動清潔裝置)	PRC	ZL202411287560.X	Shandong Fin CNC	Invention
42. . .	Wireless slip detection device (無線打滑檢測裝置)	PRC	ZL202422857866.6	Shandong Fin CNC	Utility Model
43. . .	A Floating Clamping Mechanism for a Displacement Drive System (一種用於位移驅動系統的浮動夾緊機構)	PRC	ZL202423090884.2	Shandong Fin CNC	Utility Model
44. . .	A Backlash-Adjusting Preloading and Monitoring Mechanism for a Gear—Rack Transmission Pair (一種齒輪齒條副傳動的調隙預緊及監測機構)	PRC	ZL202411857758.7	Shandong Fin CNC	Invention
45. . .	A Liftable Floating Support Mechanism for a Container Pipe (一種可升降的集箱管浮動支撐機構)	PRC	ZL202520373440.5	Shandong Fin CNC	Utility Model

No.	Patent	Place of Registration	Registration Number	Registered Owner	Type
46. . .	An Angle Steel Corner-Cutting Device (一種角鋼切角設備)	PRC	ZL202511008024.6	Shandong Fin CNC	Invention
47. . .	A H-beam laser cutting machine automatic loading machine (一種H型鋼鐳射切割機自動上料機)	PRC	ZL202323526000.9	Shandong Fincm	Utility Model
48. . .	A laser pipe cutting machine tracking pipe clamping mechanism (一種鐳射切管機管材隨動夾緊機構)	PRC	ZL202323545905.0	Shandong Fincm	Utility Model
49. . .	A laser cutting machine zoned fume extraction and dust removal device (一種鐳射切割機分區除煙吸塵裝置)	PRC	ZL202420034488.9	Shandong Fincm	Utility Model
50. . .	A H-beam laser cutting machine automatic unloading machine (一種H型鋼鐳射切割機自動下料機)	PRC	ZL202420034394.1	Shandong Fincm	Utility Model
51. . .	A H-beam laser cutting machine material clamping device (一種H型鋼鐳射切割機材料夾緊裝置)	PRC	ZL202420157337.2	Shandong Fincm	Utility Model
52. . .	A Vertical Support Structure for Feeding Variable-Diameter Wheels (一種變徑輪上料豎直支撐結構)	PRC	ZL202420217526.4	Shandong Fincm	Utility Model
53. . .	A side-mounted dual-chuck laser pipe cutting machine (一種側掛兩卡盤鐳射切管機)	PRC	ZL202420256260.4	Shandong Fincm	Utility Model
54. . .	A laser pipe cutting machine (一種鐳射切管機)	PRC	ZL202420256281.6	Shandong Fincm	Utility Model

No.	Patent	Place of Registration	Registration Number	Registered Owner	Type
55. . .	A side-mounted three-chuck laser pipe cutting machine (一種側掛三卡盤鐳射切管機)	PRC	ZL202420273822.6	Shandong Fincm	Utility Model
56. . .	A Structure for Foot Adjustment and Fastening (一種地腳調節與緊固的結構)	PRC	ZL202420292895.X	Shandong Fincm	Utility Model
57. . .	Three-chuck laser pipe cutting machine (三卡盤鐳射切管機)	PRC	ZL202420331215.0	Shandong Fincm	Utility Model
58. . .	Tracking support mechanism for loading of a laser pipe cutting machine (鐳射切管機上料隨動支撐機構)	PRC	ZL202420344980.6	Shandong Fincm	Utility Model
59. . .	A Novel Gantry-Type Machine Head Structure for a Laser Tube Cutting Machine (一種鐳射切管機新型龍門式機頭結構)	PRC	ZL202420401525.5	Shandong Fincm	Utility Model
60. . .	An Alignment Device for Feeding H-Section Steel in Laser Cutting (一種H型鋼鐳射切割送料對正裝置)	PRC	ZL202410253106.6	Shandong Fincm	Invention
61. . .	Tracking support mechanism for unloading of a laser pipe cutting machine (鐳射切管機下料隨動支撐機構)	PRC	ZL202420455925.4	Shandong Fincm	Utility Model
62. . .	A H-beam laser cutting machine material channel telescopic platform device (一種H型鋼鐳射切割機料道伸縮平台裝置)	PRC	ZL202410341017.7	Shandong Fincm	Invention

No.	Patent	Place of Registration	Registration Number	Registered Owner	Type
63. . .	An H-Section Steel Laser Cutting Main Machine (一種H型鋼鐳射切割主機)	PRC	ZL202420579088.6	Shandong Fincm	Utility Model
64. . .	A Semi-Automatic Profile Feeding Mechanism (一種型材半自動上料機構)	PRC	ZL202420644602.X	Shandong Fincm	Utility Model
65. . .	Ground-rail type laser plate cutting machine (地軌式鐳射切板機)	PRC	ZL202420703268.0	Shandong Fincm	Utility Model
66. . .	Exchange-platform type laser plate cutting machine (交換平台式鐳射切板機)	PRC	ZL202420761862.5	Shandong Fincm	Utility Model
67. . .	A dual-purpose laser cutting equipment for sections and plates (一種型鋼與板材兩用鐳射切割設備)	PRC	ZL202420829587.6	Shandong Fincm	Utility Model
68. . .	A laser pipe cutting machine semi-automatic loading structure (一種鐳射切管機半自動上料結構)	PRC	ZL202421908520.8	Shandong Fincm	Utility Model
69. . .	A laser pipe cutting machine centering support mechanism (一種鐳射切管機對中支撐機構)	PRC	ZL202421917829.3	Shandong Fincm	Utility Model
70. . .	Automatic loading structure for a laser pipe cutting machine (鐳射切管機自動上料結構)	PRC	ZL202422023992.1	Shandong Fincm	Utility Model
71. . .	Vacuum on-load tap-changer vacuum interrupter system integrated unit structure (真空有載分接開關的真空泡系統整體式單元結構)	PRC	ZL200710041761.1	Huaming Power	Invention

No.	Patent	Place of Registration	Registration Number	Registered Owner	Type
72. . .	A external-mounted combined-type on-load tap-changer (一種外掛組合式有載分接開關)	PRC	ZL200810033900.0	Huaming Power	Invention
73. . .	A tap-changer for moving contact (一種分接開關用的動觸頭)	PRC	ZL200810033893.4	Huaming Power	Invention
74. . .	A Ram's-Horn Parallel Contact System (羊角並聯觸頭系統)	PRC	ZL200910046173.6	Huaming Power	Invention
75. . .	A for on-load tap-changer large-angle quick-acting mechanism (一種用於有載分接開關的大轉角快速機構)	PRC	ZL200910195679.3	Huaming Power	Invention
76. . .	A Crank-Rocker Type Quick-Acting Mechanism (曲柄搖桿式快速機構)	PRC	ZL201010238069.X	Huaming Power	Invention
77. . .	A modular assembled structural form drum-type off-circuit tap-changer (一種模塊化拼裝結構形式的鼓型無勵磁分接開關)	PRC	ZL201010250682.3	Huaming Power	Invention
78. . .	On-load tap-changer online monitoring device for dielectric strength of insulating oil medium (有載分接開關絕緣油介質電強度在線監測裝置)	PRC	ZL201110130352.5	Huaming Power	Invention
79. . .	A rolling contact assembly (一種滾動式觸頭元件)	PRC	ZL201110303767.8	Huaming Power	Invention
80. . .	A Switching Structure Between a Moving Contact and a Fixed Contact of a Tap Selector (一種分接選擇器動觸頭與靜觸頭之間的切換結構)	PRC	ZL201210157251.1	Huaming Power	Invention

No.	Patent	Place of Registration	Registration Number	Registered Owner	Type
81. . .	Vacuum arc-extinguishing transfer selector (真空滅弧轉換選擇器)	PRC	ZL201210155015.6	Huaming Power	Invention
82. . .	Double-break structure vacuum interrupter (雙斷口結構的真空泡)	PRC	ZL201310091111.3	Huaming Power	Invention
83. . .	Lift-core external-mounted on-load tap-changer (可吊芯外掛式有載分接開關)	PRC	ZL201310091416.4	Huaming Power	Invention
84. . .	A vacuum on-load tap-changer in disconnecting switch (一種真空有載分接開關中的隔離開關)	PRC	ZL201310520144.5	Huaming Power	Invention
85. . .	A cage-type off-circuit tap-changer 靜 contact structure (一種籠形無勵磁分接開關的靜觸頭結構)	PRC	ZL201820105542.9	Huaming Power	Utility Model
86. . .	On-load tap-changer conversion mechanism (有載分接開關的變換機構)	PRC	ZL202010676154.8	Huaming Power	Invention
87. . .	An Electronic On-Load Voltage Regulator and a Tap Unit Thereof (電子式有載調壓器及其分接頭單元)	PRC	ZL202010773266.5	Huaming Power	Invention
88. . .	A Wiring Terminal Board for an External-Mounted On-Load Tap-Changer and a Manufacturing Process Therefor (外掛式有載分接開關的接線端子板及其製造工藝)	PRC	ZL202011360013.1	Huaming Power	Invention
89. . .	A tap-changer for split-type contact mechanism (一種分接開關用對開式觸頭機構)	PRC	ZL202121255922.9	Huaming Power	Utility Model

No.	Patent	Place of Registration	Registration Number	Registered Owner	Type
90. . .	A on-load tap-changer for polarity selector (一種有載分接開關用極性選擇器)	PRC	ZL202121255958.7	Huaming Power	Utility Model
91. . .	A Polarity Quick-Change Mechanism for an On-Load Tap-Changer (一種有載分接開關極性快速轉換機構)	PRC	ZL202320615418.8	Huaming Power	Utility Model
92. . .	A Rail-Mounted Potential Switch (一種導軌式的電位開關)	PRC	ZL202321314764.9	Huaming Power	Utility Model
93. . .	With vacuum interrupter polarity selector (帶真空管的極性選擇器)	PRC	ZL202321315652.5	Huaming Power	Utility Model
94. . .	A Rail-Mounted Split-Type Contact (一種導軌式的對開觸頭)	PRC	ZL202321555612.8	Huaming Power	Utility Model
95. . .	Polarity selector on snap-action switch (極性選擇器上的速動開關)	PRC	ZL202321635351.0	Huaming Power	Utility Model
96. . .	A Moving Contact Core for a Drum-Type De-Energized Tap-Changer (一種用於鼓型無勵磁分接開關的動觸頭芯子)	PRC	ZL202420122484.6	Huaming Power	Utility Model
97. . .	A reciprocating gap-motion contact device (一種往復式間隙運動觸頭裝置)	PRC	ZL202421212143.4	Huaming Power	Utility Model
98. . .	A Load-Carrying Rapid Test Apparatus Using a Vacuum Tube for a Changeover Switch (一種切換開關用真空管帶負載快速試驗設備)	PRC	ZL202422828463.9	Huaming Power	Utility Model
99. . .	On-load tap-changer switching core (有載分接開關的切換芯子)	PRC	ZL200810039626.8	Huaming Power and Huaming High Voltage	Invention

No.	Patent	Place of Registration	Registration Number	Registered Owner	Type
100. .	Thyristor direct-switching on-load tap-changer (晶閘管直接切換有載分接開關)	PRC	ZL200810041938.2	Huaming Power and Huaming High Voltage	Invention
101. .	Thyristor resistive-transition on-load tap-changer (晶閘管電阻過渡切換有載分接開關)	PRC	ZL200810041939.7	Huaming Power and Huaming High Voltage	Invention
102. .	Thyristor reactor-transition on-load tap-changer without quick-acting mechanism (晶閘管電抗過渡無快速機構有載分接開關)	PRC	ZL200810041940.X	Huaming Power and Huaming High Voltage	Invention
103. .	A Method for Arc-Free Switching of an On-Load Tap-Changer and an Arc-Free On-Load Tap-Changer (有載分接開關的無弧切換的方法及無弧切換有載分接開關)	PRC	ZL200910046171.7	Huaming Power and Huaming High Voltage	Invention
104. .	Vacuum on-load tap-changer dual-track cam plate (真空有載分接開關雙軌道凸輪盤)	PRC	ZL200910046170.2	Huaming Power and Huaming High Voltage	Invention
105. .	A Vacuum Interrupter Switching Core Used in an On-Load Tap-Changer (有載分接開關所使用的真空泡切換芯子)	PRC	ZL200910055633.1	Huaming Power and Huaming High Voltage	Invention
106. .	A composite vacuum on-load tap-changer switching assembly (一種複合式真空有載分接開關切換組件)	PRC	ZL201110033251.6	Huaming Power and Huaming High Voltage	Invention
107. .	A transformer external-mounted on-load tap-changer (一種變壓器外掛有載分接開關)	PRC	ZL201210453982.0	Huaming Group and Huaming Power	Invention

No.	Patent	Place of Registration	Registration Number	Registered Owner	Type
108. .	A Driving Device for Controlling a Vacuum Interrupter of a Vacuum On-Load Tap-Changer (一種用於控制真空有載分接開關真空管的驅動裝置)	PRC	ZL201410171555.2	State Grid Corporation of China (國家電網公司), China Electric Power Research Institute (中國電力科學研究院) and Huaming Power	Invention
109. .	A Quick-Acting Mechanism Applied in a Combined On-Load Tap-Changer (一種應用在組合式有載分接開關中的快速機構)	PRC	ZL201610427138.9	Huaming Power and Huaming High Voltage	Invention
110. .	A High Mechanical-Life Changeover Switch Core (高機械壽命切換開關芯子)	PRC	ZL201620868696.4	Huaming Power and Huaming High Voltage	Utility Model
111. .	A Double-Break Vacuum Interrupter Switching Circuit for a Vacuum On-Load Tap-Changer (一種真空有載分接開關的雙斷口真空泡切換電路)	PRC	ZL201720893384.3	Huaming Power and Huaming High Voltage	Utility Model
112. .	An All-Vacuum Interrupter Switching Circuit for a Vacuum On-Load Tap-Changer (一種真空有載分接開關的全真空泡切換電路)	PRC	ZL201720893100.0	Huaming Power and Huaming High Voltage	Utility Model
113. .	A Double-Disconnector and Double-Break Vacuum Interrupter Switching Circuit for a Vacuum On-Load Tap-Changer (一種真空有載分接開關的雙隔離開關、雙斷口真空泡切換電路)	PRC	ZL201720893099.1	Huaming Power and Huaming High Voltage	Utility Model

No.	Patent	Place of Registration	Registration Number	Registered Owner	Type
114. .	A oil-immersed gas-insulated tap-changer (一種油浸式氣體絕緣分接開關)	PRC	ZL201821381986.1	Huaming Power and Huaming High Voltage	Utility Model
115. .	A Double-Break Vacuum On-Load Changeover Switch (一種雙斷口真空有載切換開關)	PRC	ZL201920941176.5	State Grid Corporation of China (國家電網有限公司), State Grid Hubei Electric Power Co., Ltd. Electric Power Research Institute (國網湖北省電力有限公司電力科學研究院) and Huaming Power	Utility Model
116. .	A Double-Break Vacuum On-Load Changeover Switch (一種雙斷口真空有載切換開關)	PRC	ZL201910540540.1	State Grid Corporation of China (國家電網有限公司), State Grid Hubei Electric Power Co., Ltd. Electric Power Research Institute (國網湖北省電力有限公司電力科學研究院) and Huaming Power	Invention
117. .	A vacuum on-load tap-changer reversing switch mounting structure (一種真空有載分接開關的換向開關安裝結構)	PRC	ZL201920946936.1	State Grid Corporation of China (國家電網有限公司), State Grid Hubei Electric Power Co., Ltd. Electric Power Research Institute (國網湖北省電力有限公司電力科學研究院) and Huaming Power	Utility Model

No.	Patent	Place of Registration	Registration Number	Registered Owner	Type
118. .	A Synchronous Operating Mechanism for a Double-Break Vacuum Tap-Changer (一種雙斷口真空分接開關的同步操作機構)	PRC	ZL201920941113.X	State Grid Corporation of China (國家電網有限公司), State Grid Hubei Electric Power Co., Ltd. Electric Power Research Institute (國網湖北省電力有限公司電力科學研究院) and Huaming Power	Utility Model
119. .	A Rolling Mechanical Contact with a Spring-Leaf Structure (一種帶有彈簧片結構的滾動式機械觸頭)	PRC	ZL202011497909.4	State Grid Hubei Electric Power Co., Ltd. Electric Power Research Institute (國網湖北省電力有限公司電力科學研究院), State Grid Corporation of China (國家電網有限公司) and Huaming Power	Invention
120. .	A external-mounted split vacuum on-load tap-changer (一種外掛分體式真空有載分接開關)	PRC	ZL202111288452.0	State Grid Sichuan Electric Power Company Ya'an Power Supply Company (國網四川省電力公司雅安供電公司) and Huaming Power	Invention

No.	Patent	Place of Registration	Registration Number	Registered Owner	Type
121. .	An On-Load Tap-Changer with Interlinked Tap-Position Switching and Polarity Switching (一種檔位切換、極性切換聯動的有載分接開關)	PRC	ZL202111289648.1	State Grid Sichuan Electric Power Company Ya'an Power Supply Company (國網四川省電力公司雅安供電公司) and Huaming Power	Invention
122. .	An Electric Operating Mechanism with an Integrated Oil Filtration Device (集成濾油裝置的電動機構)	PRC	ZL202021071341.5	Huaming High Voltage	Utility Model
123. .	An Automatic Feeding and Forming Device for a Shield Cover Used in a Tap-Changer (一種分接開關用屏蔽罩自動送料成型裝置)	PRC	ZL202121771329.X	Huaming High Voltage	Utility Model
124. .	An Easy-Maintenance Automatic Unloading Stamping Die (一種便於維護的自動卸料沖壓模具)	PRC	ZL202122328175.3	Huaming High Voltage	Utility Model
125. .	A tap-changer main-shaft test apparatus (一種分接開關主軸測試裝置)	PRC	ZL202122689996.X	Huaming High Voltage	Utility Model
126. .	A off-circuit tap-changer synchronous monitoring system (一種無勵磁分接開關同步監測系統)	PRC	ZL202222854575.2	Huaming High Voltage	Utility Model

No.	Patent	Place of Registration	Registration Number	Registered Owner	Type
127. .	A Detection Mechanism for Detecting the Number of Switching Revolutions of a Tap-Changer Quick-Acting Mechanism (一種用於檢測分接開關快速機構切換圈數的檢測機構)	PRC	ZL202321742020.7	Huaming High Voltage	Utility Model

(c) Domain Names

As of the Latest Practicable Date, we had registered the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiry Date
1 . . .	huaming.com	Company	June 21, 2026
2 . . .	fincm.com	Shandong Fin CNC	August 7, 2026
3 . . .	fincm.cn	Shandong Fin CNC	May 22, 2026
4 . . .	hmoltc.com	Huaming Engineering	July 6, 2026
5 . . .	hmoltc.cn	Huaming Power	July 6, 2026
6 . . .	fincmfuture.com	Shandong Fincm	August 31, 2033
7 . . .	fincmfuture.cn	Shandong Fincm	January 4, 2034
8 . . .	guizhouchenting.com	Guizhou Chenting	December 30, 2034

(d) Copyrights

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be material to our business:

No.	Copyright Name	Place of Registration	Registration Number	Registered Owner
1. . .	ADM Series CNC Angle Steel High-Speed Drilling Production Line Control System V2.0 (ADM系列數控角鋼高速鑽孔生產線控制系統 V2.0)	PRC	2020SR0467259	Shandong Fin CNC

No.	Copyright Name	Place of Registration	Registration Number	Registered Owner
2. . .	APM Series CNC Angle Steel Integrated Automatic Processing Production Line Control System V2.0 (APM系列數控角鋼聯合自動加工生產線控制系統 V2.0)	PRC	2020SR0471567	Shandong Fin CNC
3. . .	DD Series CNC Deep-Hole Machining Equipment Control System (Abbrev.: DD) V2.0 (DD系列數控深孔加工設備控制系統[簡稱:DD]V2.0)	PRC	2020SR0471673	Shandong Fin CNC
4. . .	BHD Series Section Steel High-Speed 3D CNC Drilling Machine Control System (Abbrev.: BHD) V2.0 (BHD系列型鋼高速三維數控鑽床控制系統[簡稱:BHD]V2.0)	PRC	2020SR0590695	Shandong Fin CNC
5. . .	PHM Series Gantry-Type Moving CNC High-Speed Plate Drilling Machine Control System V2.0 (PHM系列龍門移動式數控高速平面鑽床控制系統 V2.0)	PRC	2020SR0590710	Shandong Fin CNC
6. . .	PPHD Series CNC High-Speed Punch-and-Drill Composite Machine Control System V2.0 (PPHD系列數控高速沖鑽複合機控制系統 V2.0)	PRC	2020SR0590868	Shandong Fin CNC

No.	Copyright Name	Place of Registration	Registration Number	Registered Owner
7. . .	RDL Series Rail CNC High-Speed Drilling Machine Control System V2.0 (RDL系列鋼軌數控高速鑽床控制系統 V2.0)	PRC	2020SR0594703	Shandong Fin CNC
8. . .	PDD1502 CNC Base Plate Production Line Control System V2.0 (PDD1502數控墊板生產線控制系統 V2.0)	PRC	2023SR0381604	Shandong Fin CNC
9. . .	RDS13 Rail Drilling and Sawing Integrated Production Line Control System V2.0 (RDS13鋼軌鑽鋸聯合生產線控制系統 V2.0)	PRC	2023SR0381607	Shandong Fin CNC
10. .	TD1030/2 Dual-Gantry Container Tube High-Speed CNC Drilling Machine Control System V2.0 (TD1030/2雙龍門式集箱管高速數控鑽床控制系統 V2.0)	PRC	2023SR0381606	Shandong Fin CNC
11. .	Changzheng Electric (長征電氣)	PRC	渝作登字-2023-F-00295293	Guizhou Chenting
12. .	Changdian Switchgear (長電開關)	PRC	渝作登字-2023-F-00287170	Guizhou Chenting
13. .	Changdian On-Load Tap-Changer (長電有載)	PRC	渝作登字-2023-F-00287171	Guizhou Chenting

Save as disclosed above, as of the Latest Practicable Date, there were no other intellectual property rights which were material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' Contracts and Appointment Letters

We have entered into a service contract or appointment letter with each of the Directors. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; and (b) termination provisions. The service contracts may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of our Directors have entered, or have proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

2. Remuneration of Directors and former Supervisors

The aggregate remuneration paid and benefits in kind granted to our Directors and to our former Supervisors in respect of the latest completed financial year, being the year ended December 31, 2025, were approximately RMB9.55 million and RMB0.81 million, respectively. For details of our Directors' and former Supervisors' emoluments during the Track Record Period, see Note 8 to the Accountants' Report in Appendix I to this document.

Under the arrangements in force at the date of this document, we estimate the aggregate remuneration payable to, and benefits in kind receivable by, our Directors in respect of the year ending December 31, 2026 to be approximately RMB9.92 million.

3. Disclosure of Interests

(a) Interests in the Shares of our Company

For information on the persons (other than our Directors and chief executive of our Company) who will, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and that there are no other changes to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company, see "Substantial Shareholders" in this document.

(b) Interests in our Company's Subsidiaries

So far as the Directors are aware, the following persons (other than our Directors, the chief executive of our Company, and any member of our Group) will, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and that there are no other changes to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of the members of our Group (other than our Company):

Our subsidiaries	Parties with 10% or more equity interests	Approximate percentage of shareholding
Shandong FIN CNC Machine Co., Ltd. (山東法因數控機械設備有限公司)	Jinan Gaoxin District Fameijia Enterprise Management Partnership Enterprise LP (濟南高新區法美佳企業管理合夥企業(有限合夥))	13.0435%
Shandong Fincm Future Intelligent Manufacture Co., Ltd. (山東法因未來智能製造有限公司)	SUI Xukui (隋旭奎)	13%
Общество с ограниченной ответственностью "ХУАМИН"	Yatsenko Aleksandr Konstantin Kolosov	21.40% 13.60%
Huaming Latino Americana Componentes Eletricos Ltda	Ceuta Consultoria E Participações LTDA.	45%
Huaming Power Indonesia, PT	PT. Mega Volt Perkasa	10%

(c) Disclosure of Interests of Directors and Chief Executive

Upon 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 changes to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), so far as our Directors are aware, the interest or short position of our Directors or Chief Executive in the Shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required 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 interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be

entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Hong Kong Stock Exchange, will be as follows:

Interests in our Company

		As of the Latest Practicable Date		Immediately following the [REDACTED][(2)]		
Name of Director	Nature of Interest	Number of Shares[(1)]	Approximate % of shareholding in our Company	Number of A Shares[(1)]	Approximate % of total A Shares	Approximate % of total Shares
Mr. XIAO Yi[(3)]	Interest in controlled corporations	390,130,835	43.53%	[REDACTED]	[REDACTED]%	[REDACTED]%
Ms. YANG Jianqin[(4)]	Others	371,000	0.04%	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. LU Weili[(5)]	Others	350,000	0.04%	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. XIE Jing[(6)(7)]	Interest of spouse	49,800	0.01%	[REDACTED]	[REDACTED]%	[REDACTED]%
	Others	250,000	0.03%	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. ZHANG Xin[(8)]	Others	308,000	0.03%	[REDACTED]	[REDACTED]%	[REDACTED]%

Notes:

(1) All interests stated above are long positions.

(2) The calculation is based on the total number of (i) [**REDACTED**] Shares, comprising 896,225,431 A Shares and [**REDACTED**] H Shares in issue immediately after 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 changes to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**].

(3) As of the Latest Practicable Date, Mr. XIAO Yi held 40% of interest in Huaming Group, which wholly-owned Huaming Development. As of the Latest Practicable Date, Huaming Group and Huaming Development held 253,144,534 and 136,986,301 A Shares, respectively. Therefore, Mr. XIAO Yi is deemed to be interested in the aggregate of 390,130,835 A Shares held by Huaming Group and Huaming Development under the SFO.

(4) As of the Latest Practicable Date, Ms. YANG Jianqin was interested in 371,000 Shares held in the Designated Securities Account under the 2025 Employee Shareholding Scheme. For details of the 2025 Employee Shareholding Scheme, see "— D. Employee Incentive Scheme".

(5) As of the Latest Practicable Date, Mr, LU Weili was interested in 350,000 Shares held in the Designated Securities Account under the 2025 Employee Shareholding Scheme. For details of the 2025 Employee Shareholding Scheme, see "— D. Employee Incentive Scheme".

(6) Mr. XIE Jing is the spouse of Ms. GE Yingyi (葛應毅). As of the Latest Practicable Date, Ms. GE Yingyi held 49,800 A Shares. Therefore, Mr. XIE Jing is deemed to be interested in the same number of A Shares in which Ms. GE Yingyi is interested under the SFO.

(7) As of the Latest Practicable Date, Mr. XIE Jing was interested in 250,000 Shares held in the Designated Securities Account under the 2025 Employee Shareholding Scheme. For details of the 2025 Employee Shareholding Scheme, see "— D. Employee Incentive Scheme".

(8) As of the Latest Practicable Date, Mr. ZHANG Xin was interested in 308,000 Shares held in the Designated Securities Account under the 2025 Employee Shareholding Scheme. For details of the 2025 Employee Shareholding Scheme, see "— D. Employee Incentive Scheme".

4. Disclaimers

Save as disclosed herein:

(a) none of our Directors or the chief executive of our Company has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning 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 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 once the H Shares are [**REDACTED**];

(b) none of our Directors or any of the experts referred to under the paragraph headed "— E. Other Information — 4. Qualification and Consent of Experts" in this appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;

(d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(e) so far as is known to our Directors, no person (not being a Director or chief executive of our Company or any member of our Group) will, immediately following the [**REDACTED**] of H Shares on the Stock Exchange, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part

XV of SFO or be interested, directly or indirectly, 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; and

(f) none of our Directors or their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

D. EMPLOYEE INCENTIVE SCHEME

Our Company adopted the 2025 Employee Shareholding Scheme (the "**2025 Employee Shareholding Scheme**") on May 16, 2025. The terms of 2025 Employee Shareholding Scheme are not subject to the relevant provisions of Chapter 17 of the Listing Rules other than Rule 17.12, as the 2025 Employee Shareholding Scheme does not involve any grant of restricted Shares by our Company after the [**REDACTED**]. The Company will not further repurchase any Shares for the purpose of the 2025 Employee Shareholding Scheme after the [**REDACTED**], either. The following is a summary of the principal terms of the 2025 Employee Shareholding Scheme:

Objectives

The 2025 Employee Shareholding Scheme is to establish a mechanism for sharing benefits between employees and shareholders, improve corporate governance, strengthen employee cohesion and our Company's competitiveness, enhance employees' motivation and creativity, and promote our Company's long-term, sustainable and healthy development.

Administration

The Board and the Remuneration and Appraisal Committee are responsible for the drafting and amendment of the 2025 Employee Shareholding Scheme and are entitled to handle other related matters as authorized by our Shareholders' meeting.

The participants' meeting is the highest decision-making body of the 2025 Employee Shareholding Scheme, which comprises all participants of the 2025 Employee Shareholding Scheme. The participants' meeting elects a management committee (the "**Management Committee**"), which is authorized to administer the day-to-day operation of the 2025 Employee Shareholding Scheme and to exercise shareholders' rights on behalf of all participants under the 2025 Employee Shareholding Scheme.

Participants

The eligible participants of the 2025 Employee Shareholding Scheme include our Directors (excluding independent Directors), former Supervisors, senior management members, middle management members, key personnel and other employees whom the Board considers should be incentivized.

The number of eligible participants of the initial grant is not expected to exceed 350, of which 9 are our Directors, former Supervisors and senior management. The final subscription amount of each participant under the 2025 Employee Shareholding Scheme shall be based on the actual amount contributed by each participant. In the event that any eligible participant waives the subscription right, or fails to make timely and full payment of the proposed subscription, our Board or the Management Committee (as authorized by our Board) may reallocate the forfeited portion to other eligible participants or place it into the reserved pool for future grants.

Duration

The 2025 Employee Shareholding Scheme shall be effective for a term of 60 months commencing from the date on which our Company announces the completion of transfer of the underlying A Shares of the first grant under the 2025 Employee Shareholding Scheme (the "**Date of First Grant**"), unless terminated earlier upon the full disposal or transfer of such Shares and after all monetary assets (if any) are liquidated and distributed. Subject to the applicable laws and regulations regarding holding period, the 2025 Employee Shareholding Scheme may be terminated earlier or extended upon approval by participants representing more than two-thirds of the awarded Shares present at the participants' meeting and the Board.

Date of First Grant

The Date of First Grant of the 2025 Employee Shareholding Scheme is August 8, 2025.

Source and Maximum Number of Shares

The underlying Shares to be granted the 2025 Employee Shareholding Scheme shall be A Shares repurchased by our Company from secondary market. The maximum number of Shares to be granted under the 2025 Employee Shareholding Scheme is 15,000,000 Shares, representing 1.67% of our total issued share capital at the time when the 2025 Employee Shareholding Scheme was considered and approved by the Shareholders' meeting.

As approved by the fifteenth meeting of the sixth session of the Board held on February 28, 2025, for the purpose of implementing the 2025 Employee Shareholding Scheme, the Company is authorized to repurchase its A Shares through centralized bidding within 12 months from the date of the Board approval, i.e., by February 28, 2026 (the "**2025 Share Repurchase Scheme**"), the implementation details of which may be adjusted by the Board from time to time. The repurchased Shares are credited to a designated securities account maintained by the Company for repurchased Shares (the "**Repurchased Shares Account**"). As at the Latest Practicable Date, the implementation of 2025 Share Repurchase Scheme has been completed, under which 13,820,809 Shares have been repurchased at the prices between RMB14.74 and RMB17.80 per Share, representing approximately 1.54% of our total issued share capital. Such Shares were all repurchased in accordance with the terms of the 2025 Share Repurchase Scheme.

Awarded Shares

As of the Latest Practicable Date, a total of 13,574,600 Shares were granted under the 2025 Employee Shareholding Scheme, representing approximately 1.51% of our total issued share capital. Such Shares were all granted on August 8, 2025 (the "**Awarded Shares**") by way of a non-trading transfer from the Repurchased Shares Account to a special securities account established in the name of the Company for the purposes of the 2025 Employee Shareholding Scheme (the "**Designated Securities Account**"). Please see "— Grantees" below for further details.

Remaining Shares

As of the Latest Practicable Date, there were 246,209 treasury Shares that had been repurchased pursuant to the 2025 Share Repurchase Scheme but not yet granted under the 2025 Employee Shareholding Scheme (the "**Remaining Shares**"), representing approximately [**REDACTED**] of the total issued Shares immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and that there are no other changes to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]). Such Shares may be granted before [**REDACTED**] or, if not granted, will be cancelled in accordance with the terms of the 2025 Share Repurchase Scheme.

Unlocking of the Awarded Shares

In respect of the Awarded Shares (including the Shares derived from the Awarded Shares as a result of the distribution of dividends, capitalization or capital reserves or other similar circumstances), provided only that the corporate-level and individual-level performance evaluations as set out under the 2025 Employee Shareholding Scheme are satisfied, the relevant awarded Shares will be unlocked after the lock-up period in accordance with the unlocking schedule as set out in the 2025 Employee Shareholding Scheme as follows

(i) Unlock in tranches of 40% after the expiration of 12 months from the Date of First Grant;

(ii) Unlock in tranches of 30% after the expiration of 24 months from the Date of First Grant; and

(iii) Unlock in tranches of 30% after the expiration of 36 months from the Date of First Grant.

Upon the expiration of the lock-up period and prior to the expiration of the duration of the 2025 Employee Shareholding Scheme, the Management Committee shall determine the disposal or distribution arrangements for the underlying Shares. If distribution is decided, the Management Committee shall distribute the proceeds to participants in proportion to their respective subscription amount after deducting the applicable taxes and fees, or transfer the awarded Shares to the personal accounts of the participants or their legal predecessors in proportion to their subscription amount.

Grant Price

Each of the grantees is required to pay a grant price to subscribe for the Shares from the Company. The initial grant price was RMB7.27 per Share, which shall not be lower than the higher of the following:

(i) 50% of the average trading price of A Shares on the trading day immediately preceding the announcement of the 2025 Employee Shareholding Scheme, which is RMB6.90; and

(ii) 50% of the average trading price of the A Shares during the 20 trading days immediately preceding the announcement of the 2025 Employee Shareholding Scheme, which is RMB7.27.

Pursuant to the 2025 Employee Shareholding Scheme, the grant price may be adjusted by the Board upon the occurrence of certain events, including (i) capitalization of capital reserves, (ii) distribution of stock dividends, (iii) share subdivision or reverse stock split, (iv) placing, and (v) distribution of dividends. Pursuant to the 2025 Employee Shareholding Scheme, no further Shareholders' approval is required for such adjustments.

Following our Company's distribution of dividends, our Board adjusted the grant price payable for each Share under the First Grant to RMB7.05 on July 22, 2025.

Dividends and Voting Rights

During the validity period, the Management Committee shall exercise the right of Shareholders, including but not limited to the right to receive dividends and the right to vote, on behalf of all participants.

Grantees

The table below sets forth the details of awarded Shares granted to Directors, members of senior management or connected persons of our Company as of the Latest Practicable Date:

Name	Position in our Company	Grant Price	Number of awarded Shares corresponding to subscription amount	Approximate % of total issued share capital upon completion of the [REDACTED][(1)]
		RMB		
Directors and members of senior management of our Company				
LU Weili (陸維力)	Executive Director	7.05	350,000	[**REDACTED**]%
YANG Jianqin (楊建琴)	Executive Director, General Manager	7.05	371,000	[**REDACTED**]%
XIE Jing (謝晶)	Executive Director	7.05	250,000	[**REDACTED**]%

Name	Position in our Company	Grant Price	Number of awarded Shares corresponding to subscription amount	Approximate % of total issued share capital upon completion of the [REDACTED][(1)]
		RMB		
ZHANG Xin (張鑫)	Executive Director	7.05	308,000	[**REDACTED**]%
ZHU Qiang (朱強)	Deputy General Manager	7.05	315,400	[**REDACTED**]%
XIA Haijing (夏海晶)	Secretary of the Board	7.05	300,000	[**REDACTED**]%
LEI Chunli (雷純立)	Chief Financial Officer	7.05	300,000	[**REDACTED**]%
Other connected person of our Company				
CHEN Yijun (陳亦軍)	Director of Huaming Engineering	7.05	300,000	[**REDACTED**]%
SHEN Xu (沈旭)	Supervisor of Huaming Power	7.05	150,000	[**REDACTED**]%
LI Ping (李萍)	Supervisor of Huaming Power	7.05	224,500	[**REDACTED**]%
ZHU Yongqin (朱勇琴)	Supervisor of Guizhou Chenting	7.05	50,000	[**REDACTED**]%
WANG Jiadong (王家棟)	Supervisor of Shanghai Chen Ting Technology Development Co., Ltd.	7.05	80,000	[**REDACTED**]%

The table below sets forth the details of awarded Shares granted to other grantees (excluding Directors, members of senior management or connected person of our Company) under the 2025 Employee Shareholding Scheme as of the Latest Practicable Date:

Number of Grantees	Grant Price	Number of awarded Shares corresponding to subscription amount	Approximate % of total issued share capital upon completion of the [REDACTED][(1)]
	RMB		
259 other employees of the Group	7.05	10,575,700	[**REDACTED**]%

Note:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised and that there are no other changes to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**].

E. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty would likely to fall upon any member of our Group.

2. Litigation

Save as disclosed in this document and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group that would have a material adverse effect on our Group's results of operations or financial condition.

3. Joint Sponsors

The Joint Sponsors has made an application on behalf of the Company to the [**REDACTED**] Committee for [**REDACTED**] of, and permission to [**REDACTED**], the H Shares of the Company. All necessary arrangements have been made enabling the H Shares to be admitted into [**REDACTED**].

The Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

The sponsor fee payable to the Joint Sponsors in connection with the [**REDACTED**] payable by our Company is US$1,000,000 in aggregate.

4. Qualification and Consent of Experts

This document contains statements made by the following experts:

Name	Qualification
J.P. Morgan Securities (Far East) Limited	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
Haitong International Capital Limited	Licensed to conduct Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
Ernst & Young	Certified public accountants and public interest entity auditor

Name	Qualification
Grandall Law Firm (Shanghai)	Qualified PRC lawyers
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

As of the Latest Practicable Date, none of the experts named above had any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

The experts named above have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case maybe) and references to their names included in the form and context in which they are respectively included.

5. Compliance Advisor

Our Company has appointed First Shanghai Capital Limited as our compliance advisor in compliance with Rules 3A.19 of the Listing Rules.

6. Preliminary Expenses

We have not incurred any material preliminary expense.

7. Promoters

The promoters of our Company are as follows.

- LI Shengjun (李勝軍);
- GUAN Tong (管彤);
- GUO Bochun (郭伯春);
- LIU Yi (劉毅);
- Shandong Hanfu Investment Consulting Co., Ltd. (山東瀚富投資顧問有限公司) (currently known as Shandong Fukun Information Technology Co., Ltd. (山東富坤信息科技有限公司));
- CHEN Jun (陳鈞);
- LUO Guobiao (羅國標)

Within the two years immediately preceding the date of this document, no cash, securities or other benefit have been paid, allotted or given or have been proposed to be paid, allotted or given to the above promoter in connection with the [**REDACTED**] or related transactions in this document.

8. Taxation of Holder of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the H Share register of members of the Company, including in circumstances where such transaction is effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

9. No Material Adverse Change

Save as disclosed in this document, our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since December 31, 2025, being the end of the period reported on in the Accountants' Report set out in Appendix I to this document.

[**REDACTED**]

12. Related Party Transactions

Our Group entered into related party transactions within the two years immediately preceding the date of this document. See Note 41 to the Accountant's Report in Appendix I to this document.

13. Miscellaneous

Save as disclosed in this document,

(a) within the two years preceding the date of this document, no share or loan capital of any member of our Group has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) no Share or loan capital of any member of the Group, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) no founder or management or deferred shares of any member of our Group have been issued or agreed to be issued;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) within the two years immediately preceding the date of this document, no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any capital of any member of our Group;

(f) there is no arrangement under which future dividends are waived or agreed to be waived;

(g) there has been no interruption in the business of the Group which may have or have had a significant effect on the financial position of the Group in the last 12 months; and

(h) none of the equity and debt securities of our Company, if any, is listed or dealt within any other stock exchange nor is any [**REDACTED**] or permission to [**REDACTED**] in other stock exchanges being or proposed to be sought.

14. Agency Fees or Commissions Paid or Payable

Save as disclosed in this document, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this document.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(a). the written consents referred to in "Statutory and General Information — Other Information — Qualification and Consent of Experts" in Appendix VI to this document; and

(b). a copy of each of the material contracts referred to in "Statutory and General Information — Further Information about our Business — Summary of Material Contracts" in Appendix VI to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.huaming.com** during a period of 14 days from the date of this document:

(a). the Articles of Association;

(b). the audited consolidated financial statements of the Company for the three financial years ended December 31, 2023, 2024 and 2025;

(c). the Accountant's Report prepared by Ernst & Young, the texts of which are set out in Appendix I to this document;

(d). the report issued by Ernst & Young in relation to the [**REDACTED**] of the Group, the text of which is set forth in Appendix II to this document;

(e). the service contracts and the letters of appointment with the Directors referred to in "Statutory and General Information — Further Information about the Directors and Substantial Shareholders — Particulars of Directors' Contracts and Appointment Letters" in Appendix VI to this document;

(f). the PRC legal opinions issued by Grandall Law Firm (Shanghai), the Company's PRC Legal Advisor, in respect of in respect of certain general corporate matters and property interests in China of the Group;

(g). the industry report issued by Frost & Sullivan, the summary of which is set forth in "Industry Overview" section of this document;

(h). a copy of the following PRC laws, together with unofficial English translations:

(i) the PRC Company Law;

(ii) the PRC Securities Law; and

(iii) the Overseas Listing Trial Measures.

(i). the written consents referred to in "Statutory and General Information — Other Information — Qualification and Consent of Experts" in Appendix VI to this document; and

(j). a copy of each of the material contracts referred to in "Statutory and General Information — Further Information about our Business — Summary of Material Contracts" in Appendix VI to this document.