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Application Proof of

Wuhan DR Laser Technology Corp., Ltd

武漢帝爾激光科技股份有限公司

(the “**Company**”)

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

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Wuhan DR Laser Technology Corp., Ltd

武漢帝爾激光科技股份有限公司

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

*Sole Sponsor, [REDACTED], [REDACTED],
[REDACTED], [REDACTED] and [REDACTED]*



[REDACTED]

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EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

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SUMMARY

This summary aims at giving you an overview of the information contained in this document. Because this is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety, including our financial statements and the accompanying notes, before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in the “Risk factors” in this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED]. Various expressions used in this summary are defined in “Definitions” and “Glossary of Technical Terms” in this document.

OVERVIEW

Who We Are

We are a laser-based precision micro- and nano-processing solution provider focusing on the photovoltaic, semiconductor and next-generation display sectors, underpinned by our proprietary innovative laser technologies. We are an explorer of ultrafast laser technology in micro- and nano-processing, a global leader and frontrunner in photovoltaic laser application technologies and equipment solutions. We are also committed to breakthrough innovations in laser processing technologies and equipment for the semiconductor and next-generation display industries.

We are principally engaged in the R&D, manufacturing, sales and related services of laser machining equipment for high-efficiency photovoltaic cells and modules. Our core equipment covers the full spectrum of laser processing steps across the production of BC, TOPCon, HJT, Perovskite, Tandem, and PERC solar cells and modules.

We are actively expanding into the semiconductor and next-generation display sectors, focusing on the technology development and innovation demands relating to advanced packaging, compound semiconductor, Micro LED, among others. We apply ultrafast laser technologies to key front-end and back-end processes such as laser micro-via machining, annealing, stealth dicing, and mass transfer.

We have consistently adhered to the spirit of innovation and focused on the industrialisation of laser technologies in the new energy and semiconductor fields. According to CIC, we ranked first in terms of revenue in 2025 among global suppliers of photovoltaic cell laser machining equipment. We were the first to apply laser technology to achieve mass production, and delivered full-line photovoltaics module equipment. We have made technological breakthroughs in ultrafast laser equipment such as through TGV micro-via machining and PCB drilling.

We Focus on Laser Technology

Since our inception, we have been committed to introducing laser micro- and nano-processing technologies into the photovoltaic cell field. Over the past eighteen years, we have continuously launched multiple laser precision micro- and nano-processing technologies and realised their industrial application, thereby supporting technological iteration and industry development in the photovoltaics sector. In 2008, we launched our first laser machining equipment for photovoltaic cells. When the photovoltaics industry entered a downturn in 2012, we remained committed to technological innovation and relied on our core technologies to break through market challenges. As the industry approached a turning point, we capitalized on emerging opportunities in the photovoltaics market, successfully delivered the first

SUMMARY

domestically produced PERC laser ablation equipment, and achieved mass production. In recognition of these accomplishments, we received the Science and Technology Progress Award from the Wuhan Municipal People’s Government in 2014. We successively launched PERC SE laser doping and LIA laser repair equipment and subsequently achieved industrialisation of TOPCon laser boron doping and LIF equipment. We took the lead in realising the large-scale application of laser micro-etching technology in the production of BC cells. Our BC cell laser micro-etching equipment achieved mass-production deliveries in 2019 and received the First Prize of the Science and Technology Progress Award from the Hubei Provincial People’s Government in 2024 and 2025, as well as the Gold Award of the Second Hubei Patent Award from the Hubei Intellectual Property Administration. Our laser technologies applied to crystalline silicon – Perovskite Tandem cells were awarded the First Prize of the Jiangsu Provincial Science and Technology Progress Award from the Jiangsu Provincial People’s Government in 2026.

Since the end of 2019, leveraging our strengths in laser precision micro- and nano-processing and our accumulated know-how in semiconductor material processing, we have strategically deployed laser equipment for the semiconductor and next-generation display sectors. In 2020, we delivered our first generation TGV laser micro-via equipment; in 2022, we delivered wafer-level TGV laser micro-via equipment; in 2024, we delivered our first panel-level TGV laser micro-via equipment, and it was exported for use in advanced semiconductor packaging and CPO applications. In 2026, our ultrafast laser drilling equipment for ultramultilayer high-precision PCBs has entered the prototyping and validation stage. In the next-generation display field, we have completed the development of products such as OLED/Mini LED laser repair systems and Micro LED mass transfer equipment.

We operate research and production bases in Wuhan, Wuxi and Singapore, and a research centre in Israel. We have been recognised as a Provincial Industrial Design Centre and Enterprise Technology Centre, a National Manufacturing Individual Champion Enterprise, a State-Level Green Factory, a National Intellectual Property Advantage Enterprise and a Smart Photovoltaic Pilot Demonstration Enterprise.

Our R&D Capabilities

We have built a strong and experienced R&D team led by our founder, Dr. Li Zhigang, who has years of experience in the laser, photovoltaic and semiconductor fields. As of December 31, 2025, we had assembled 487 professionals, including 140 employees with a master’s degree or above. Our R&D personnel accounted for approximately 36.0% of our total employees.

We adopt a “global deployment + in-depth customer collaboration” R&D model and have built a multi-centre global R&D system spanning Wuhan City, Wuxi City, Israel and Singapore. Leveraging our long-term cooperative R&D relationships with leading customers, we participate in the validation of their new technology roadmaps, identify potential customer needs, jointly tackle technological bottlenecks and develop solutions tailored to customer requirements. At the same time, we balance advance frontier technology research with commercialisation efforts. We have established in-depth industry-academia-research collaborations with research institutions such as Huazhong University of Science and Technology and Wuhan University. These collaborations encompass photovoltaics, next-generation displays and semiconductors, forming a virtuous cycle between technology reserves and commercialisation and reinforcing our core competitiveness.

We continue to make substantial investments in R&D and technology innovation. Our aggregate R&D expenditure from 2023 to 2025 amounted to RMB762.7 million, representing 13.5% of our aggregate revenue for the same period.

SUMMARY

Our Technology and Product Portfolio

We have been committed to the industrial application of laser technologies for 18 years. We have established a core technology system with photovoltaic laser technologies as foundation bases, semiconductor laser technologies as extension routes and forward-looking technologies as strategic reserves.

Adopting technology routes for laser equipment for photovoltaic cells and modules, we focus on the laser processing requirements for photovoltaic cells and modules, covering multiple technology routes including BC, TOPCon, HJT, Perovskite, Tandem and PERC. Our laser technologies are applicable across different photovoltaic technology routes. We also adopt technology routes for laser equipment for semiconductor advanced packaging and next-generation display. Leveraging the cross-industry application capability of our precision laser micro- and nano-processing technology for photovoltaics, we have expanded into the advanced packaging, compound semiconductor and next-generation display/light source sectors. Our core products have broken the dominance of overseas manufacturers, including TGV technology, PCB laser drilling technology and Micro LED mass transfer technology.

Our Financial Performance

After years of dedicated development, we have delivered strong financial performance. Our revenue increased significantly from RMB1,608.9 million in 2023 to RMB2,031.2 million in 2025, representing steady growth with a CAGR of 12.4%. Our gross profit margin was 45.8%, 46.3% and 45.5% in 2023, 2024 and 2025, respectively, while our net profit margin was 28.7%, 26.2% and 25.6% for the same years, demonstrating our solid profitability. We place strong emphasis on delivering returns to our shareholders. Since our listing on the A-share market in 2019, we have distributed cumulative cash dividends of RMB507.0 million⁽¹⁾. The cash dividend payout ratios were 20.6%, 20.1% and 20.5% of our profit attributable to owners of the Company for 2023, 2024 and 2025, respectively, and we expect to distribute a cash dividend of RMB106.0 million for 2025⁽²⁾.

Note:

- (1) The calculation is based on information derived from A-share annual reports.
- (2) The cash dividend distribution plan shall be implemented upon approval by shareholders' general meeting of our Company.

OUR COMPETITIVE STRENGTHS

We believe the following competitive advantages have contributed to our success:

- We are an industry pioneer in ultrafast laser technology for micro- and nano-processing and a global leader in laser machining equipment for solar cell manufacturing.
- We have established robust R&D capabilities and a solid technology base, and we continuously drive the transformation and upgrading of photovoltaics laser machining equipment.
- We leverage our cross-sector expertise and proactive strategic deployment to expand our emerging ecosystem in laser machining equipment.

SUMMARY

- We have established a premium global customer base.
- We are led by an experienced management team with in-depth industry expertise and strategic foresight.

STRATEGIES

We intend to pursue the following strategies to further grow our business:

- Anchoring on new infrastructure construction and forging a future-facing laser intelligent manufacture engine.
- Leveraging technology barriers to drive quality improvement, efficiency enhancement and cost reduction in photovoltaic industry, and fostering sustainable ecosystem.
- Anchoring on frontiers of semiconductor industry and building a second growth curve.
- Conducting precise deployment on forward-looking technologies, and constructing global R&D and talent system.
- Advancing global market expansion and industry footprint, deepening industrial chain development synergy, and enhancing production and global delivery capacities.

OUR BUSINESS AND PRODUCT OFFERINGS

We are a laser-based precision micro- and nano-processing solution provider focusing on the photovoltaic, semiconductor and next-generation display sectors, underpinned by our proprietary innovative laser technologies. According to CIC, we were the largest supplier globally in terms of revenue in 2025 of photovoltaic cell laser machining equipment with a market share of 80.4%. Our business model is centred on technology-driven differentiation and close collaboration with leading downstream manufacturers, enabling us to translate proprietary laser technologies into scalable equipment platforms that have been commercially validated across multiple industries.

Our principal business activities comprise the R&D, design, manufacturing, sales and after-sales servicing of precision laser equipment, with a focus on photovoltaic cells and modules as well as for semiconductors and next-generation display. We provide laser equipment that cover major high-efficiency solar cell technology routes, including BC, TOPCon, HJT, Perovskite, Tandem, and PERC. Leveraging our in-depth understanding of the processes and a highly modular equipment platform design, we are able to deliver high-precision, high-stability and high-throughput laser integrated solutions across the entire photovoltaic value chain from cell manufacturing to component packaging. This enables our customers to achieve enhanced photoelectric conversion efficiency, optimised material costs and large-scale mass production.

In addition, leveraging our photovoltaic laser precision processing platform, we have rapidly extended into semiconductors and next-generation display. Centred on our TGV laser micro-via, chemical etching and AOI equipment, we achieve full coverage at both wafer and panel level, and our key processing precision metrics have reached international standards. In the semiconductor sector, we have entered high-end segments including advanced packaging and compound semiconductors. In the next-generation display sectors, we are aligned with trends such as Micro LED, CPO and HDI, and our solutions offer a balanced combination of high yield, stable capacity, fast delivery and cost competitiveness.

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Our revenue model primarily comprises equipment sales. We also provide lifecycle services, which we expect will gradually enhance our recurring revenue base and deepen our relationships with customers. We adopt a R&D model centred on “global deployment and close collaborative with customers”. We have established a multi-centre global R&D system covering Wuhan, Wuxi, Israel and Singapore. Through long-term collaborative R&D with leading industry customers, we are able to participate in the validation of their new technology pathways, identify potential needs in a timely manner, and jointly address technical challenges, which enables us to continuously iterate and refine our technology solutions to better meet customer requirements. In addition, we invest in the research of frontier technologies and their commercialisation, and have established cooperative relationships with reputable universities and research institutions to support our R&D capabilities.

OUR MAJOR CUSTOMERS

During the Track Record Period, we mainly sold our products to our direct customers. Our customers mainly consist of manufacturers of photovoltaic cells and modules.

During the Track Record Period, in 2023, 2024 and 2025, our sales revenue from the top five major customers for each year accounted for 68.4%, 63.4% and 66.8% of our total revenue, respectively. In 2023, 2024 and 2025, our sales revenue from the largest customer for each year accounted for 41.6%, 24.2% and 25.5% of our total revenue, respectively. For risks related to the concentration of customers, see “Risk Factors – Risks Relating to Our Business and Industry – We have a high concentrated customer base.”

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, none of our Directors, their close associates or any of our shareholders (who owned or, to the knowledge of the Directors, had owned more than 5% of our issued share capital) had any interest in any of our five largest customers for each year during the Track Record Period.

OUR MAJOR SUPPLIERS

In 2023, 2024 and 2025, our five largest suppliers for each year of the Track Record Period in aggregate accounted for 40.4%, 50.9% and 65.7% of our total purchase amount, respectively. In 2023, 2024 and 2025, our largest supplier for each year during the Track Record Period accounted for 13.8%, 29.6% and 35.2% of our total purchase amount, respectively. For risks related to the concentration of suppliers, see “Risk Factors – Risks Relating to Our Business and Industry – Any price fluctuations in our raw materials, supply shortages or disruptions in our supply chain may have a material adverse effect on our business, financial condition and results of operations.”

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, none of our Directors, their close associates or any of our shareholders (who owned or, to the knowledge of the Directors, had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers for each year during the Track Record Period.

RISKS FACTORS

Our business involves certain risks as set out in “Risk Factors.” You should read that section in its entirety carefully before you decide to [REDACTED] in our Shares. Some of the major risks we face include:

- If we fail to sustain innovation or achieve the expected results from our R&D initiatives, our business, financial condition, results of operations and prospects may be materially and adversely affected.
- As an upstream supplier to the photovoltaic industry, weak downstream demand for our products may materially and adversely affect our business, financial condition and results of operations.

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- Selling our equipment in international markets exposes us to uncertainties in understanding and adapting to local markets, which may adversely affect our business, financial condition and results of operations.
- Our business, financial condition and results of operations may be materially and adversely affected by geopolitical developments and governmental policies in the regions in which we operate, including Singapore and Israel.
- Any loss or significant reduction in preferential tax treatment and government grants may negatively affect our results of operations and financial condition.
- Trade restrictions, such as trade barriers, trade protection measures and potential new tariffs, imposed by the countries where we operate or sell products could materially and adversely affect our business, financial condition and results of operations.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of Consolidated Statements of Profit or Loss

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	<i>% of Revenue</i>	<i>RMB'000</i>	<i>% of Revenue</i>	<i>RMB'000</i>	<i>% of Revenue</i>
Revenue	1,608,897	100.0	2,013,757	100.0	2,031,177	100.0
Cost of sales	(872,489)	(54.2)	(1,082,300)	(53.7)	(1,106,398)	(54.5)
Gross profit	736,408	45.8	931,457	46.3	924,779	45.5
Selling and marketing expenses	(18,787)	(1.2)	(20,232)	(1.0)	(14,994)	(0.7)
General and administrative expenses	(88,691)	(5.5)	(87,934)	(4.4)	(96,349)	(4.7)
Research and development expenses	(250,691)	(15.6)	(282,617)	(14.0)	(229,387)	(11.3)
Fair value gains on financial assets at fair value through profit or loss	5,384	0.3	26,000	1.3	11,019	0.5
Net impairment losses on financial assets	(19,174)	(1.2)	(93,480)	(4.6)	(99,275)	(4.9)
Other income	180,350	11.2	164,168	8.2	121,349	6.0
Other gains and losses, net	(433)	(0.0)	(4,378)	(0.2)	6,985	0.3
Finance costs	(37,234)	(2.3)	(38,981)	(1.9)	(39,905)	(2.0)
Share of results of associates	—	—	(306)	(0.0)	(1,763)	(0.1)
Profits before income tax	507,132	31.5	593,697	29.5	582,459	28.7
Income tax expense	(45,945)	(2.9)	(66,086)	(3.3)	(63,236)	(3.1)
Profit for the year	<u>461,187</u>	<u>28.7</u>	<u>527,611</u>	<u>26.2</u>	<u>519,223</u>	<u>25.6</u>

SUMMARY

Our revenue remained relatively stable at RMB2,013.8 million in 2024 and RMB2,031.2 million in 2025. Our cost of sales increased from RMB1,082.3 million in 2024 to RMB1,106.4 million in 2025, in line with our revenue growth. Our gross profit decreased by 0.7% from RMB931.5 million in 2024 to RMB924.8 million in 2025. Our gross profit margin remained relatively stable at 46.3% in 2024 and 45.5% in 2025. Our profit for the year decreased by 1.6% from RMB527.6 million in 2024 to RMB519.2 million in 2025.

Our revenue increased by 25.2% from RMB1,608.9 million in 2023 to RMB2,013.8 million in 2024, primarily driven by the accelerated technological transition within the photovoltaic industry from PERC to N-type cell production, which generated strong demands for new and specialised laser machining equipment. Our cost of sales increased from RMB872.5 million in 2023 to RMB1,082.3 million in 2024, in line with our revenue growth. Our gross profit increased by 26.5% from RMB736.4 million in 2023 to RMB931.5 million in 2024. Our gross profit margin remained relatively stable at 45.8% in 2023 and 46.3% in 2024. Our profit for the year increased by 14.4% from RMB461.2 million in 2023 to RMB527.6 million in 2024.

Summary of Consolidated Statements of Financial Position

The following table sets out a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total non-current assets	536,896	620,794	639,510
Total current assets	6,333,090	5,999,982	6,013,524
Total assets	6,869,986	6,620,776	6,653,034
Total non-current liabilities	812,191	844,662	868,894
Total current liabilities	2,985,850	2,311,705	1,865,806
Total liabilities	3,798,041	3,156,367	2,734,700
Net assets	3,071,945	3,464,409	3,918,334

For a detailed discussion of our current assets and current liabilities during the Track Record Period, please see “Financial Information – Discussion of Selected Items From The Consolidated Statements of Financial Position – Current Assets and Liabilities” in this document.

SUMMARY

Key Financial Ratios

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

	As of/for the year ended December 31,		
	2023	2024	2025
Gross profit margin (%) ⁽¹⁾	45.8	46.3	45.5
Net profit margin (%) ⁽²⁾	28.7	26.2	25.6
Gearing ratio (%) ⁽³⁾	24.8	22.7	20.6
Current ratio (%) ⁽⁴⁾	212.1	259.5	322.3

Note:

- (1) Gross profit margin equals gross profit divided by revenue for the year and multiplied by 100%.
- (2) Net profit margin equals net profit divided by revenue for the year and multiplied by 100%.
- (3) Gearing ratio equals total interest-bearing debt (including interest-bearing bank and other borrowings, lease liabilities and redemption liabilities) divided by total equity.
- (4) Current ratio equals total current assets divided by total current liabilities.

Summary of Consolidated Statements of Cash Flow

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

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash generated from/(used in) operating activities	724,384	(200,592)	111,239
Net cash used in investing activities	(146,159)	(86,858)	(473,658)
Net cash used in financing activities	(88,553)	(156,843)	(71,185)
Net increase/(decrease) in cash and cash equivalents	489,672	(444,293)	(433,604)
Cash and cash equivalents at the beginning of the year	2,315,397	2,806,634	2,362,482
Effect of foreign exchange rate changes	1,565	141	1,126
Cash and cash equivalents at the end of the year	<u>2,806,634</u>	<u>2,362,482</u>	<u>1,930,004</u>

As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB2,806.6 million, RMB2,362.5 million and RMB1,930.0 million, respectively.

SUMMARY

[REDACTED]

[REDACTED] represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. We expect to incur [REDACTED] of approximately [REDACTED], representing approximately [REDACTED] of the [REDACTED] from the [REDACTED] (based on the mid-point of the indicative [REDACTED] range and assuming the [REDACTED] is not exercised). The [REDACTED] we incurred in the Track Record Period and expect to incur would consist of approximately [REDACTED]-related fees and approximately [REDACTED]-related fees (including fees and expenses of legal advisors and the reporting accountant of approximately [REDACTED] and other fees and expenses of approximately [REDACTED]). Among the total [REDACTED] which we expect to incur, approximately [REDACTED] be directly attributable to the [REDACTED] of our Shares which will be deducted from equity, and the remaining [REDACTED] will be expensed [REDACTED].

FUTURE PLAN AND [REDACTED]

We estimate the [REDACTED] of the [REDACTED] which we will receive, assuming an [REDACTED] of [REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range), will be approximately [REDACTED] (or [REDACTED]), after deduction of [REDACTED] fees and commissions and estimated expenses payable by us in connection with the [REDACTED] and assuming the [REDACTED] is not exercised. We intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- Approximately [REDACTED] (or [REDACTED]) will be used for enhancing our R&D of technologies for high-efficiency photovoltaic cell and module equipment and semiconductor equipment, developing frontier core technologies and strengthening our R&D system and data intelligence capabilities.
- Approximately [REDACTED] (or [REDACTED]) will be used for mergers and acquisitions of targets engaged in laser-related applications and solutions, as well as targets in the advanced packaging, compound semiconductor, next-generation display and other emerging sectors.
- Approximately [REDACTED] (or [REDACTED]) will be used for the global technology branding of our R&D platform, channel development and the expansion of our industry ecosystem.
- Approximately [REDACTED] (or [REDACTED]) will be used for the working capital and general corporate purposes.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the Latest Practicable Date, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of the periods reported in the Accountants’ Report set out in Appendix I to this document, and there has been no event since December 31, 2025 that would materially affect the information as set out in the Accountants’ Report in Appendix I to this document.

SUMMARY

[REDACTED]

OUR CONTROLLING SHAREHOLDER GROUP

Immediately prior to the [REDACTED], Mr. Li Zhigang and Wuhan Suneng (which was owned as to 0.30% by Wuhan Saineng as its sole general partner) directly owned 39.81% and 1.67% of the total issued share capital of our Company, representing 39.96% and 1.67% of the voting rights at general meetings of our Company (excluding 1,062,460 A Shares held by our Company as treasury Shares), respectively.

Given that Wuhan Saineng was owned as to 70% by Mr. Li Zhigang, Mr. Li Zhigang, Wuhan Suneng and Wuhan Saineng are presumed to be acting in concert and are considered to be our Controlling Shareholder Group, who collectively held 41.64% of the voting rights at general meetings of our Company (excluding A Shares held by our Company as treasury Shares) as of the Latest Practicable Date.

SUMMARY

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), our Controlling Shareholder Group will collectively hold approximately [REDACTED] of the voting rights at general meetings of our Company (excluding A Shares held by our Company as treasury Shares). Accordingly, Mr. Li Zhigang, Wuhan Suneng and Wuhan Saineng will remain as our Controlling Shareholder Group [REDACTED].

See “Relationship with Our Controlling Shareholder Group.”

DIVIDENDS

As of the Latest Practicable Date, we did not have a fixed dividend distribution ratio. Any future declarations and payments of dividends will be at the discretion of our Directors and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions and other factors which our Directors consider relevant. As advised by our PRC Legal Adviser, no dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our Shareholders in a general meeting may approve any declaration of dividends recommended by our Board.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE

Our Company has been listed on the Shenzhen Stock Exchange since May 2019. Our Directors confirm and our PRC Legal Advisers advise us that, during the Track Record Period and up to the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [REDACTED] attention in relation to our compliance record on the Shenzhen Stock Exchange.

DEFINITIONS

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

“A Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid in Renminbi and are listed for trading on the Shenzhen Stock Exchange and are traded in Renminbi
“A Shareholder(s)”	holder(s) of our A Share(s)
“A Shares Listing”	the listing of our A Shares on the ChiNext Market of the Shenzhen Stock Exchange on May 17, 2019
“Accountants’ Report”	the accountants’ report set out in Appendix I to this document
“affiliate”	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 of Association” or “Articles”	the articles of association of our Company adopted on [•], which shall become effective as of the date on which the H Shares are listed on the Stock Exchange, as amended from time to time, a summary of which is set out in “Appendix V – Summary of Articles of Association” to this document
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of our Board
“Board” or “Board of Directors”	the board of Directors of our Company
“business day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“CAGR”	compound annual growth rate
“CAICT”	China Academy of Information and Communications Technology

[REDACTED]

DEFINITIONS

[REDACTED]

“China”, “Chinese Mainland”
or “PRC”

The People’s Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires otherwise, references in this document to “China”, “Chinese Mainland” and the “PRC” do not apply to Taiwan, Hong Kong Special Administrative Region and the Macau Special Administrative Region of the PRC

“CIC”

China Insights Industry Consultancy Limited, also known as China Insights Consultancy, an independent professional market research and consulting company

“CIC Report”

the report prepared by CIC

[REDACTED]

“close associate(s)”

has the meaning ascribed to it under the Listing Rules

“Companies Ordinance”

the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

“Companies (Winding Up and Miscellaneous Provisions) Ordinance”

the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

“Company”, “our Company” or
“the Company”

Wuhan DR Laser Technology Corp., Ltd (武漢帝爾激光科技股份有限公司), a company established in the PRC on April 25, 2008, the A Shares of which have been listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300776)

“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)” or
“Controlling Shareholder Group”

has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Li Zhigang (李志剛), Wuhan Saineng and Wuhan Suneng, as further detailed in the section headed “Relationship with Our Controlling Shareholder Group” in this document

“Convertible Bonds”

the convertible bonds in the aggregate principal amount of RMB840 million issued by the Company in August 2021

“core connected person(s)”

has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“CPIA”	China Photovoltaic Industry Association
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSRC”	the China Securities Regulatory Commission of the PRC (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“DR Laser Singapore”	DR Laser Singapore Pte. Ltd., a limited liability company established in Singapore on January 13, 2022 and a direct wholly-owned subsidiary of our Company
“DR Laser Technology (Wuxi)”	DR Laser Technology (Wuxi) Co., Ltd. (帝爾激光科技(無錫)有限公司), a limited liability company established in PRC on January 3, 2019 and a direct wholly-owned subsidiary of our Company
“DR Utilight”	DR Utilight Corp Ltd., a company incorporated in Israel with limited liability on April 30, 2020 and a direct wholly-owned subsidiary of our Company
“EIA”	Energy Information Administration
“EIT”	enterprise income tax

[REDACTED]

“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[REDACTED]

“Flops”	Floating-point operations per second
“Group”, “our Group”, “we”, “our” or “us”	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)

DEFINITIONS

“Guide” the Guide for New Listing Applicants, as published by the Stock Exchange, as amended or supplemented or otherwise modified from time to time

[REDACTED]

“H Share(s)” ordinary share(s) in the share capital of our Company with nominal value of RMB1.00 each, which are to be [REDACTED] and [REDACTED] in Hong Kong dollars and for which an application has been made for [REDACTED] and [REDACTED] on the Stock Exchange

“H Shareholder(s)” holder(s) of our H Share(s)

[REDACTED]

“Hong Kong” or “HK” the Hong Kong Special Administrative Region of the PRC

[REDACTED]

“Hong Kong dollars” or
“HK dollars” or “HK\$” Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

[REDACTED]

“Hong Kong Stock Exchange”

The Stock Exchange of Hong Kong Limited

[REDACTED]

“IEA”

International Energy Agency

“IFRS Accounting Standards”

IFRS Accounting Standards as issued by the International Accounting Standards Board

[REDACTED]

“Independent Third Party(ies)”

individuals or company(ies), who or which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules

[REDACTED]

“IRENA”

International Renewable Energy Agency

DEFINITIONS

[REDACTED]

“Latest Practicable Date” [April 12], 2026, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained in this document

[REDACTED]

“Listing Committee” the listing committee of the Hong Kong Stock Exchange

[REDACTED]

“Listing Rules” or “Hong Kong Listing Rules” the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented or otherwise modified from time to time

“Main Board” the stock market (excluding the options market) operated by the Hong Kong Stock Exchange and which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange

“MOF” the Ministry of Finance of the PRC (中華人民共和國財政部)

“MOFCOM” the Ministry of Commerce of the PRC (中華人民共和國商務部)

“NDRC” the 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)

“NEEQ” National Equities Exchange and Quotations (全國中小企業股份轉讓系統)

“Nomination Committee” the nomination committee of our Board

[REDACTED]

DEFINITIONS

[REDACTED]

“PRC Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), enacted by the Standing Committee of the Eighth National People’s Congress on December 29, 1993 and effective on July 1, 1994, and subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023, as amended, supplemented or otherwise modified from time to time
“PRC government”	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organisations of such government or, as the context requires, any of them
“PRC Legal Advisors”	Beijing DeHeng Law Offices, our legal advisors as to PRC laws in connection with the [REDACTED]

[REDACTED]

“Regulation S”	Regulation S under the U.S. Securities Act
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of our Board
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
“SAMR”	the State Administration of Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)

DEFINITIONS

“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SCNPC”	the Standing Committee of the National People’s Congress (全國人民代表大會常務委員會)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising A shares and H Shares
“Shareholder(s)”	holder(s) of our Share(s)
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange (深圳證券交易所)
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Strategic Committee”	the strategic committee of our Board
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules

[REDACTED]

“Sole Sponsor”	China International Capital Corporation Hong Kong Securities Limited

[REDACTED]

“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs

DEFINITIONS

“Track Record Period” the three financial years ended December 31, 2023, 2024 and 2025

[REDACTED]

“U.S.” or “United States” the United States of America

“U.S. dollars” or “US\$” U.S. dollars, the lawful currency of the United States

“U.S. Securities Act” the United States Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder

“WSTS” World Semiconductor Trade Statistics

“Wuhan Haoyuan” Wuhan Haoyuan Investment Partnership (Limited Partnership)* (武漢灝遠投資合夥企業(有限合夥)), a limited partnership established in the PRC on January 29, 2026 and an indirect wholly-owned subsidiary of our Company

“Wuhan Saineng” Wuhan Saineng Enterprise Management Consulting Co., Ltd.* (武漢賽能企業管理諮詢有限公司), a limited liability company established in the PRC on May 8, 2017, which is owned as to 70% and 30% by Mr. Li Zhigang and Ms. Duan Xiaoting (段曉婷), respectively, and is a member of our Controlling Shareholder Group

“Wuhan Suneng” Wuhan Suneng Enterprise Management Partnership (Limited Partnership)* (武漢速能企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on May 12, 2017, which is the employee shareholding platform of our Company and a member of our Controlling Shareholder Group. For details, see “History and Corporate Structure – Employee Shareholding Platform” in this document

“Zhuhai Haoyuan” Zhuhai Haoyuan Investment Co., Ltd.* (珠海灝遠投資有限公司), a limited liability company established in the PRC on September 5, 2022 and a direct wholly-owned subsidiary of our Company

“%” 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 the document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

DEFINITIONS

Certain amounts and percentage figures included in this document were subjected to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregation of the figures preceding them.

For the purpose of this document, references to “provinces” of China include provinces, municipalities under direct administration of the central government and provincial-level autonomous regions.

In this document, the terms “associate”, “close associate”, “connected person”, “core connected person”, “connected transaction”, “subsidiaries” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain technical terms used in this document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“AOI”	automated optical inspection
“advanced packaging”	advanced packaging architectures and technologies, including wafer-level packaging, 2.5D packaging and 3D packaging
“BC”	a type of photovoltaic cell technology in which both the positive and negative electrodes are arranged on the rear side of the cell, with no metal electrodes on the front side. This design reduces optical shading losses caused by reflection and blockage of incident light by front-side electrodes
“CPO”	co-packaged optics, an advanced heterogeneous integration of SiPh devices and ASIC on a single packaged substrate that addresses ultra-high-bandwidth, low-latency and energy-efficient requirements for next-generation data centre interconnects
“Emitter”	a key layer in a photovoltaic cell responsible for collecting charge carriers generated by the cell and contributing to current generation
“GW”	gigawatt, a unit of power, one GW equals to 1,000,000,000 watt
“HDI”	A printed circuit boards that achieve higher wiring density per unit area through the use of microvias, fine line circuitry and multilayer stacking processes
“HJT”	heterojunctions that are formed between semiconductors with dissimilar band gaps, on which HJT PV cells (a type of N-type cell) are based
“LACE”	laser accelerated controlled etching, a process that utilises laser technology to form a modified layer within transparent materials. Due to the difference in corrosion resistance between the modified and unmodified regions, subsequent chemical etching preferentially removes the modified material, thereby forming micro-vias or trenches
“LCOE”	levelised cost of energy, the average cost per unit of electricity generated, including all costs such as construction, operation, maintenance and raw material
“LIA”	a process that utilises laser technology to perform full-area, high-intensity and uniform photo-injection and thermal annealing on photovoltaic cells, thereby enhancing open-circuit voltage and fill factor to improve cell conversion efficiency

GLOSSARY OF TECHNICAL TERMS

“LIB”	A highly integrated and modular industrial production line that uses laser as the core heat source to assemble multiple independent workpieces, such as cells and electrical connectors into functional modules through laser processing
“LIF”	a processing technique in which laser energy is used to locally and rapidly heat materials, enabling particles, pastes, or interfaces to undergo sintering, densification, or the formation of conductive connections under localised high-temperature conditions
“MBI”	A technology that uses an insulating-layered conductive metal backsheet as a carrier for current collection and cell interconnection, enabling direct electrical conduction between the rear electrodes of solar cells and the metal backsheet
“Micro LED”	an information display technology that uses micro-scale light-emitting diode chips with a long side of less than 100 micrometres and a short side of less than 50 micrometres, which are fabricated without a substrate
“N-type cells”	a type of PV cell made from N-type silicon wafer
“PCB”	a general-purpose carrier platform composed of an insulating substrate and conductive circuitry, providing precise physical support and electrical interconnection for electronic components, including semiconductor chips
“PERC”	a photovoltaic cell technology in which a dielectric passivation layer is formed on the rear side of the solar cell to serve as a rear surface reflector, thereby enhancing the absorption of long-wavelength light and improving photovoltaic conversion efficiency, as defined by the China Photovoltaic Industry Association
“Perovskite Cell”	a type of thin-film photovoltaic cell that uses “organic – inorganic hybrid metal halide” materials as the light-absorbing photoactive layer
“P/N-type photovoltaic cells”	crystalline silicon photovoltaic cells based on P-type silicon wafers, where “P-type” refers to a semiconductor with holes as the majority charge carriers; crystalline silicon photovoltaic cells based on N-type silicon wafers, where “N-type” refers to a semiconductor with electrons as the majority charge carriers
“PTP”	a non-contact printing technique in which paste is coated onto a specific flexible light-transmitting material, and a high-power laser beam is used for high-speed pattern scanning to transfer the paste from the flexible material onto the surface of the solar cell, thereby forming grid lines
“P-type cells”	a type of PV cell made from P-type silicon wafer
“R&D”	research and development

GLOSSARY OF TECHNICAL TERMS

“SE Laser Doping”	a processing technique that utilises the localised heating effect of a laser, based on a diffusion-formed doping source, to create a locally heavily doped emitter structure in the electrode contact regions of photovoltaic cells, thereby forming a selective emitter and improving photovoltaic conversion efficiency
“Tandem”	a photovoltaic technology in which sub-cells with different bandgaps are stacked together to form a tandem solar cell. This approach can effectively enhance the absorption of incident solar spectrum energy, thereby improving photovoltaic conversion efficiency. A “sub-cell” refers to an individual cell unit within a tandem photovoltaic device
“TCI”	a technology in which laser processing is used to scribe and passivate isolation regions at predefined cutting areas on solar cells, thereby reducing edge recombination losses and improving module power output
“TCO, or transparent conductive oxides”	a class of materials with high visible-light transmittance and low resistivity
“TFLN, or thin-film lithium niobate”	a key material platform in integrated photonics, typically referring to an ultra-thin, usually submicron, single-crystal lithium niobate film formed on silicon, silicon dioxide or other substrates through physical or chemical processes
“TGV”	a process in which a laser beam with ultra-high power density is shaped and focused to act instantaneously inside transparent materials, forming localised laser-accelerated modified channels. Based on the difference in chemical etching rates between the modified and unmodified regions, through-vias with controllable morphology and a specific aspect ratio are subsequently formed via wet chemical etching
“TOPCon”	tunnel oxide passivated contact, an advanced technology for PV cells that uses an ultra-thin silicon oxide layer between a heavily doped polycrystalline silicon layer and the silicon wafer to improve performance
“Z”	Zetta

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would” and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this document and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies and plans to achieve these strategies;
- our capital expenditure plans;
- our operation and business prospects;
- our financial condition;
- availability of bank loans and other forms of financing;
- our ability to control or reduce costs;
- our dividend policy;
- the actions of and developments affecting our major clients and suppliers;
- the ability to attract and retain our users;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- the amount and nature of, and potential for, future development of our business;
- future developments, trends and conditions in the industries and markets in which we operate;
- changes to the regulatory environment, policies, operating conditions and general outlook in the industries and markets in which we operate;

FORWARD-LOOKING STATEMENTS

- general economic, political and business conditions in the PRC; and
- certain statements included in the sections headed “Risk Factors”, “Industry Overview”, “Regulatory Overview”, “Business”, “Financial Information” and “Future Plans and [REDACTED]” in this document with respect to operations, margins, overall market trends, risk management and exchange rates.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks materialise or should underlying assumptions prove to be incorrect, our financial condition and actual results of operations may be materially and adversely affected and may vary significantly from those estimated, anticipated or projected, as well as from historical results.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, the forward-looking statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realised. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

In this document, statements of or references to our intentions or any of our Directors are made as of the date of this document. Any such information may change in light of future developments.

RISK FACTORS

You should carefully consider all of the information in this document, including the risks and uncertainties described below before making an [REDACTED] in our H Shares. The following is a description of what we consider to be our material risks. Our business, financial condition, results of operations or prospects may be materially and adversely affected by any of these risks and the [REDACTED] of our H Shares may decline as a result. You may lose all or part of your [REDACTED].

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 the section headed “Forward-looking Statements” in this document.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorised these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to doing business in jurisdictions where we operate; and (iii) risks relating to the [REDACTED]. There may be additional risks and uncertainties presently not known to us or not expressed or implied below or those we currently deem immaterial could also harm our business, financial condition and results of operations. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we fail to sustain innovation or achieve the expected results from our R&D initiatives, our business, financial condition, results of operations and prospects may be materially and adversely affected.

The global laser machining equipment industry in which we operate is characterised by constant technology evolution and product innovations. We compete with global companies that focus on developing, producing and commercialising laser machining equipment for solar cells and modules as well as for semiconductors and next-generation display. Our competitive position therefore depends largely on our ability to continually improve our technology, as well as develop and refine our products.

We have been investing heavily, and plan to further invest in R&D activities in the future, to maintain our competitive position in the industry. We have been focusing on accumulating technical know-how and process capabilities to support the commercialisation and market adoption of our products. See “Business – Research and Development – Key R&D Projects.” Specifically, we plan to allocate approximately [REDACTED] (or [REDACTED]) of [REDACTED] to comprehensively enhance our R&D capabilities, including advancing the development and industrialisation of advanced products, strengthening core technologies, and expanding into semiconductor and emerging application areas, as well as investing in R&D talent, digitalisation and data intelligence, laboratory infrastructure and industry – academia – research collaboration platforms to support sustained innovation and commercialisation. See “Future Plans and [REDACTED].”

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Technology cycles in the industries in which we operate are rapid, and multiple downstream technological pathways compete for large-scale industrial adoption. Our competitive position depends on our cross-segment platform capabilities, our ability to achieve rapid industrialisation and production line conversion, and our forward-looking technological planning. With respect to cross-segment platform capabilities, we must establish a scalable and replicable technology platform that enables us to leverage our technological capabilities in laser micro- and nano-processing within the photovoltaic cell and module equipment segment and extend such capabilities into high-precision processing applications for next-generation display and semiconductor industries. In terms of rapid industrialisation and production line conversion capabilities, we must develop and maintain a comprehensive engineering system encompassing precision alignment, reliability verification and automated equipment integration. Such system must enable our equipment to effectively interface with customers’ production lines and facilitate accelerated capacity ramp-up. With respect to forward-looking technological planning, we must continue to invest in research and development of next-generation laser application technologies in order to maintain sufficient technological reserves to address ongoing technological evolution. Our competitiveness also depends on our technological barriers and continuing customer service. As a pioneer in introducing laser technology to photovoltaic manufacturing in China, we have adopted a strategy of “front-loaded service + on-site support + customised solutions” to enhance customer stickiness and secure long-term orders. There can be no assurance that such strategy will continue to be effective, that we will be able to retain such customers, or that we will be able to maintain or increase the level of long-term orders, any of which could materially and adversely affect our business, financial condition and results of operations.

There is no assurance that we will correctly anticipate technology trends, maintain the pace of breakthroughs in core modules, or successfully translate R&D outputs into field-proven and qualifiable solutions. If we fail to cover downstream technologies that achieve large-scale adoption, or if adopted technologies become obsolete faster than expected and we do not refresh our equipment in time, we may face elongated customer qualifications, lower win rates, reduced service and upgrade revenues and margin pressure.

In addition, our R&D expenditures may not generate corresponding benefits. R&D activities are inherently uncertain, and we may not be able to obtain and retain sufficient resources including qualified R&D personnel. Even if we succeed in our R&D efforts and generate the results we expect, we may still encounter practical difficulties in commercialising our development results. Specifically, our future R&D initiatives in products may fail to cater to varying market demand, or compete effectively with other industry players, who are also currently engaged in the development of similar products. Given the rapid pace of technological innovation in the downstream industries we serve, we may not be able to upgrade our technologies in a timely and cost-effective manner, or at all. The emergence of other types of potential products with better performance and new technologies could render our products that we are developing or expect to develop in the future unattractive or obsolete, thereby limiting our ability to recover related product development costs, which could result in a decline in our revenue, profitability and market share.

As an upstream supplier to the photovoltaic industry, weak downstream demand for our products may materially and adversely affect our business, financial condition and results of operations.

Driven by the global initiatives to achieve carbon neutrality while ensuring energy security, the economic benefits of photovoltaic power generation have become increasingly evident. Major enterprises in various sectors of the photovoltaic industry expanded their production capacity by leveraging their accumulated advantages in technology, brand and cost control. Concurrently, an influx of capital and new

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enterprises into the photovoltaic industry has resulted in a substantial increase in new production capacity and, consequently, heightened market competition. We are principally engaged in the provision of laser equipment for solar cells and modules, with the photovoltaic industry being our downstream industry.

Demand for our products and services typically hinges on the level of general economic activity and market conditions in the global photovoltaic industry, which are subject to a number of factors beyond our control, including:

- fluctuations in economic and market conditions that affect the economic viability of traditional and other renewable energy sources, such as volatility in the prices of oil, natural gas and other fossil fuels;
- the governmental policies that affect the global demand for renewable energy;
- the changes in electricity demand due to cyclical fluctuations in the macroeconomy;
- the cost-effectiveness, performance and reliability of photovoltaic energy as compared with traditional and other renewable energy sources;
- the development of other renewable energy sources, such as wind power and hydropower;
- capital expenditure by power plant investors; and
- deregulation or other regulatory actions affecting the photovoltaic industry and the broader energy industry.

Since the fourth quarter of 2023, due to rapid capacity expansion across various segments of the photovoltaic industry value chain, the overall photovoltaic industry has experienced phased and regional overcapacity, and the profit margin of the industry has declined. If the growth of the terminal application market falls short of the anticipated expansion of capacity, resulting in an inability to effectively utilise the new capacity, photovoltaic companies may encounter the cyclical risk of overcapacity. This could lead to intensified competition and a decline in product prices, thereby materially and adversely affecting our business and financial condition. As a provider of laser machining equipment to the photovoltaic industry, any downturn, overcapacity or intensified competition in the photovoltaic industry would materially and adversely affect the demand for our products and our results of operations. In the event of a decline in downstream product prices, if we are unable to promptly pass on the pressure of price reductions upstream, or fail to lower production costs and maintain profit margins through technological innovations and vertical and horizontal product diversification, our gross profit may decrease and our financial condition could be materially and adversely affected.

In particular, a significant portion of the demand for our laser equipment arises from capacity upgrade and technical transformation projects undertaken by photovoltaic enterprises, rather than from pure greenfield capacity expansion. If the demand for capacity upgrade and transformation in the photovoltaic industry fails to offset the adverse impact of industry-wide overcapacity, the overall investment willingness and capital expenditure of our downstream customers may decline. In such circumstances, the demand for our products and services could be materially reduced, which would have a material and adverse effect on our business, financial condition and results of operations.

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Selling our equipment in international markets exposes us to uncertainties in understanding and adapting to local markets, which may adversely affect our business, financial condition and results of operations.

We generate revenue from various markets. In 2023, 2024 and 2025, our revenue from jurisdictions other than Chinese Mainland amounted to RMB152.8 million, RMB191.3 million and RMB79.1 million, respectively, representing 9.5%, 9.5% and 3.9% of total revenue in each respective year. Our business has a global presence in both product delivery and service, with products designed, manufactured and serviced for international customers across Thailand, Vietnam, Singapore, South Korea, Malaysia and other Asian countries. We have also strategically expanded into Europe and the Americas to provide our customers in these regions with professional and efficient customised laser solutions. As we maintain and expand our international footprint, we must tailor marketing, sales, delivery and service models to local market practices, regulatory requirements and customer expectations in each jurisdiction. Our efforts to market and sell equipment globally may expose us to a variety of risks, including but not limited to:

- changes in prevailing economic conditions, industrial policies and regulatory requirements in target markets;
- challenges in obtaining, maintaining or enforcing intellectual property rights across jurisdictions;
- establishing and operating effective risk management and internal control systems for overseas operations, including compliance with export controls, sanctions and data protection rules;
- higher marketing, channel development and localisation costs;
- increased customer service and technical support costs to meet local response-time and on-site service expectations; and
- other factors beyond our control, such as geopolitical developments, logistics disruptions and changes in competitive dynamics.

If we fail to effectively understand local market conditions, adapt our commercial and service approaches, or manage the foregoing risks, our order intake, delivery schedules, customer satisfaction and profitability could be adversely affected, which may materially and adversely impact our business, financial condition and results of operations.

In addition, as we derive our revenue in various jurisdictions, we have faced and continue to face numerous risks, including legal, regulatory, political, economic, commercial and other risks associated with conducting operations in various jurisdictions, any of which could negatively affect our financial condition. These risks include the following:

- legal, regulatory, political, economic and commercial instability and uncertainty;
- changes in local tax rules, regulations and other requirements, such as changes in tax rates and statutory and judicial interpretations of tax laws;

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- difficulty in coping with possible conflict of laws resulting from import/export controls measures of different jurisdictions where we operate;
- changes in local regulatory requirements;
- complexities relating to compliance with anti-bribery, anti-corruption and anti-money laundering regulations and antitrust laws;
- difficulty in enforcing agreements and collecting overdue receivables through local legal systems;
- changes in geopolitical situations especially those in jurisdictions where we do business;
- strict foreign exchange controls and cash repatriation restrictions;
- inflation and/or deflation, and changes in interest rates;
- labor disputes and work stoppages at our operations and suppliers; and
- increased costs associated with maintaining the ability to understand local markets and follow their trends.

Our business, financial condition and results of operations may be materially and adversely affected by geopolitical developments and governmental policies in the regions in which we operate, including Singapore and Israel.

We maintain part of our assets and operational presence in Israel and Singapore. The geopolitical situation in these regions is complex. In particular, Israel has in recent years been subject to persistently heightened geopolitical tensions and armed conflicts. Any escalation, spillover or protraction of such conflicts may give rise to significant regional contagion effects, including damage to infrastructure, disruption to supply chains and logistics networks, shortages of critical labor and restrictions on cross-border trade. In addition, geopolitical tensions may result in abrupt changes to the regulatory environment, including the imposition of trade sanctions, export controls, restrictions on data transfers or adjustments to foreign ownership policies, thereby increasing compliance costs and limiting our operational flexibility. Such developments may also trigger tighter foreign exchange controls, significant exchange rate volatility and a decline in investor confidence. If our operations, personnel or assets in Israel are directly affected by geopolitical events, or if we are unable to timely adapt to policy changes in the relevant jurisdictions, our business continuity may be disrupted, which could have an adverse effect on our business, financial condition and results of operations.

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If we fail to effectively implement our future expansion plans through investments and acquisitions, if any, our business prospects may be adversely affected.

We may, from time to time, evaluate and consider a wide array of investments and acquisitions that we believe can extend and solidify our market position as part of our overall business strategy. For example, we are in the process of building and further deepening our sales network in overseas markets. We may engage in discussions or negotiations with respect to one or more of these types of transactions and incur substantial costs and expenses in relation to such investments and acquisitions, which may in turn affect our financial condition. In addition, investment and acquisition activities involve significant risks and uncertainties. We may encounter difficulties in identifying suitable targets or face competition from other potential buyers or bidders. We may incur substantial acquisition costs that may result in potential impairment of goodwill. We may incur additional debt in order to finance such transactions, which may increase our finance costs as a result of interest payments. We may also be exposed to unanticipated contingent liabilities of the target and incur additional expenses. As a result of the foregoing, we cannot assure you that any investments or acquisitions we may conduct in the future will be successful. Failure in executing our investment or acquisition plans could have a material adverse effect on our business, financial condition and results of operations.

Any loss or significant reduction in preferential tax treatment and government grants may negatively affect our results of operations and financial condition.

There can be no assurance that the preferential tax policies applicable to us will remain unchanged or that any preferential tax treatment that we currently enjoy or may become entitled to in the future will continue. Pursuant to the Enterprise Income Tax Law of the PRC and the relevant laws and regulations, companies operating in Chinese Mainland are subject to income tax at a rate of 25% on taxable income. We also enjoy VAT refund incentives for the export of goods in accordance with applicable PRC tax rules. In addition, we are eligible for a VAT refund policy on excess input tax over 3% of the tax payable in respect of our self-developed embedded software products. We cannot assure you that we or our subsidiaries will continue to enjoy the aforementioned preferential tax treatment. If any change or termination of preferential tax treatment occurs, the increase in our tax charge or any other related tax liabilities could adversely affect our business, financial condition and results of operations.

In addition, the government grants we recognised are uncertain and are subject to certain criteria and procedures stipulated by the local government. In addition, the focus of local governments may shift from time to time. During the Track Record Period, our government grants mainly refer to government subsidies and awards provided by local governments to encourage our R&D activities and business operations. Our eligibility for government subsidies is subject to a variety of factors, including the relevant government policies, the assessment of our eligibility for such subsidies and the availability of funding from the respective granting authorities. We cannot assure you that we will be able to receive any such government grants in the future. If we are unable to receive the government grants in the future that we received during the Track Record Period, our business, financial condition and results of operations for the period may be adversely affected.

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Trade restrictions, such as trade barriers, trade protection measures and potential new tariffs, imposed by the countries where we operate or sell products could materially and adversely affect our business, financial condition and results of operations.

During the Track Record Period, we generated a portion of our revenues from overseas markets. Hence, any trade restrictions such as new tariffs or quota fees imposed by the countries where we conduct our business could significantly affect the prices of our products offered therein. Changes in trade policies, treaties and tariffs in those countries and regions could adversely affect our business and financial condition. We may also face protectionist policies that could, among other things, hinder our ability to execute our business strategies and put us at a competitive disadvantage relative to domestic companies in other jurisdictions.

Any trade restrictions such as new tariffs imposed by certain countries or regions could significantly affect our sales of equipment. For example, the United States has imposed multiple restrictive measures on Chinese photovoltaic products, such as tariffs and anti-dumping duties. Such measures may be amended, expanded, strengthened or otherwise evolve in response to geopolitical, trade or policy developments. If we fail to timely monitor any evolution in such measures, or fail to respond effectively to such measures, our overseas business may be adversely affected.

We cannot assure you that the import tariffs imposed by the countries where we operate or sell products will not increase to higher levels in the future. If we are not able to pass the additional costs incurred due to increases in tariffs to customers, or if there are material changes in tax rates and we are unable to promptly find alternative suppliers to adjust our supply chain structure, our profit margins could be adversely affected. Furthermore, the uncertainty on trade restriction policies resulting from the political tension and trade wars may cause difficulties for some customers to project their purchasing plans, and may cause them to reduce their orders from us. Any occurrence of these situations could materially and adversely affect our business, financial condition and results of operations.

We are required to comply with import and export controls laws and regulations that could subject us to liability and impair our ability to compete in overseas markets.

Our global operations subject us to various applicable export controls regulations. We have exported our products to other countries and regions and derived sales from exporting to these countries and regions. If any of the countries or regions to which we export imposes import restrictions or tariffs on our products, our business and operations may be adversely affected. Furthermore, we rely on some overseas suppliers to obtain raw materials and equipment for the manufacturing of our products. In the event that any of the countries or regions where we procure imposes export controls, tariffs, trade restrictions or other trade barriers on any of the raw materials or equipment supplied to us, or if the jurisdictions where our production facilities are located impose restrictions on the export of our products, we may not be able to obtain a steady supply of necessary raw materials or equipment at competitive prices, and our business and operations may be materially and adversely affected.

We have a highly concentrated customer base.

The majority of our revenue is derived from our top five customers. Revenue from our five largest customers for each year during the Track Record Period accounted for 68.4%, 63.4% and 66.8%, respectively, of our total revenue for the respective year. See “Business – Our Major Customers.”

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Given the relatively high degree of concentration in certain downstream industries, such as the photovoltaic industry, the laser precision micro- and nano-machining equipment industry also tends to exhibit a relatively high level of customer concentration. There can be no assurance that our major customers will not modify their business scope or business models, suspend, curtail or discontinue their operations, or otherwise encounter operational, financial or liquidity difficulties, regardless of whether they continue to comply with applicable laws and maintain the necessary licences, permits and approvals. Additionally, there can be no assurance that we will be able to collect all or any of our trade receivables or at all, after meeting the agreed project payment milestones. In particular, as our revenue recognition depends on customers’ acceptance of our equipment, fluctuations in the acceptance progress of our top five customers may, in the short term, have an impact on our financial performance. Our customers may face unexpected circumstances, including, but not limited to, financial difficulties caused by decreased sales of their products. Our customers may delay or even default in their payment obligation. As a result, we may not be able to receive such customers’ payment of uncollected debts in full, or at all, and we may need to make provisions for trade receivables. Any material adverse changes in the business, operation and financial conditions of such customers may have a material adverse effect on us. There can be no assurance that we are able to maintain a good relationship with our major customers, or that our major customers will continue to have high demands for our products in the future. Under the aforementioned circumstances, if we are unable to identify suitable new customers within a reasonable period of time, our business, financial condition and results of operations may be adversely affected.

The loss of any key customer or failure to obtain new customers may cause fluctuations or declines in our revenue.

Our success depends on our ability to successfully manage relationships with our key customers and secure new customers, which includes our ability to deliver quality products that meet their requirements, provide products that address their evolving needs, and offer trade terms that are mutually acceptable and are aligned with our pricing and profitability targets. Any loss or deterioration in our relationships with any of these key customers could materially and adversely affect our profitability and financial condition.

In addition, any negative publicity or legal proceedings involving our key customers may affect our reputation and our ability to attract new customers. The occurrence of any of these events could therefore have a material adverse impact on our business, financial condition and results of operations.

We are subject to credit risks related to our customers, and any significant default or delay in settlement of our trade receivables may affect our business, prospects, financial condition and results of operations.

Our trade receivables represent the amounts due from our customers for the products sold or services performed in the ordinary course of our business. As of December 31, 2023, 2024 and 2025, the net carrying amount of our trade receivables was RMB738.7 million, RMB895.2 million and RMB1,085.4 million, respectively; the impairment of our trade receivables was RMB106.8 million, RMB208.1 million and RMB289.3 million, respectively. See “Financial Information – Discussion of Selected Items From The Consolidated Statements of Financial Position – Trade Receivables.”

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We are exposed to credit risk in relation to delays in payment and potential defaults by our customers. We assess impairment of our trade and bills receivables under the expected credit loss model, which involves significant management judgement and estimates, including the creditworthiness of our customers, their past repayment history and prevailing economic conditions. There can be no assurance that such assessments and estimates will accurately predict future credit losses. If the financial condition of our customers deteriorates or if they experience liquidity constraints, they may delay payments or default on their obligations to us. Such circumstances may result in us being required to make additional impairment provisions, thereby adversely affecting our short-term profitability. There can also be no assurance that we will be able to maintain our trade and bills receivables turnover days at a reasonable level. Any significant deterioration in the creditworthiness of our customers, or failure by a substantial number of our customers to settle their trade and bills receivables in full, may result in increased impairment losses or write-offs. In such circumstances, we may be required to make additional impairment provisions, which could adversely affect our profitability and financial position.

In addition, we may grant credit terms to certain customers in the ordinary course of business. As a result, there may be a time lag between the delivery of our products or services and the receipt of payment. Any delay in payment, or failure to make payment when due, may increase our working capital requirements and expose us to higher credit risk. If we are unable to effectively manage our receivables or collect payments in a timely manner, our liquidity may be adversely affected. Furthermore, if any of our customers becomes insolvent, enters into bankruptcy or is otherwise unable to meet its payment obligations, we may not be able to recover the relevant receivables in full or at all. In the event that our actual losses exceed our impairment provisions, or if we are required to make significant additional provisions in the future, our results of operations, financial condition and cash flows may be materially and adversely affected.

Our protection of intellectual property may be insufficient and subject us to intellectual property disputes with third parties, both of which may have a material adverse effect on our business, results of operations and financial condition.

As of the Latest Practicable Date, we owned 491 patents, five registered trademarks and 217 software copyrights and one domain name in the PRC and two registered trademarks and 28 patents in other jurisdictions. We plan to continue to seek to protect our intellectual property and proprietary knowledge by applying for patents for them. We cannot assure you that we will be successful in obtaining patents in a timely manner, or at all. Moreover, even if we are successful, different jurisdictions may afford different protection to a company’s intellectual property. We also use contractual arrangements with employees to protect our intellectual property and proprietary rights. Nevertheless, contractual arrangements afford only limited protection, and the actions we may take to protect our intellectual property and proprietary rights may not be adequate.

In addition, others may obtain knowledge of our know-how and technologies through independent development. Our failure to protect our production process, related know-how and technologies, our intellectual property and proprietary rights or any combination of the above may undermine our competitive position. Third parties may infringe or misappropriate our proprietary technologies or other intellectual property and proprietary rights. Policing unauthorised use of proprietary technology can be difficult and expensive. Litigation, which can be costly and divert management attention and other

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resources away from our business, may be necessary to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of our proprietary rights. We cannot assure you that the outcome of such potential litigation will be in our favour. An adverse determination in any such litigation will impair our intellectual property and proprietary rights, and may materially and adversely affect our business and results of operations.

Any price fluctuations in our raw materials, supply shortages or disruptions in our supply chain may have a material adverse effect on our business, financial condition and results of operations.

We engage a number of suppliers for the procurement of raw materials such as optical components, mechanical components and electrical components. In 2023, 2024 and 2025, our five largest suppliers for each year during the Track Record Period in aggregate accounted for 40.4%, 50.9% and 65.7% of our total purchase amount, respectively. In 2023, 2024 and 2025, our largest supplier for each year during the Track Record Period accounted for 13.8%, 29.6% and 35.2% of our total purchase amount, respectively.

The failure of any of our suppliers to provide materials that meet quality, quantity and cost requirements in a timely manner could impair our ability to manufacture products, increase costs and hinder compliance with agreements. This may ultimately lead to the cancellation of purchase orders and potential liability for us. We may not be able to find alternative sources on a timely basis or on commercially reasonable terms to deliver products in the required quantities and at profitable prices. There can be no assurance that our inventories will address all the supply chain failures that may arise. Fluctuations in raw material prices could lead to the decrease in the average selling price of our laser processing equipment and could adversely impact our business, results of operations and relationship with customers. There can be no assurance that there will not be any fluctuations in the prices of our raw materials or a shortage of raw material supplies as a result of significant changes in the development of the global laser machining equipment industry, social and economic conditions, regulatory environment and trade relations, or any outbreak of epidemics or continuation of pandemics, or that there will not be any quality issues with raw materials supplied by suppliers. The occurrence of any such events may impede our ability to source stable raw material supplies at a reasonable price, which may, in turn, affect our ability to perform contractual obligations to customers, thereby materially and adversely affecting our business, financial condition and results of operations.

Issues with product quality or product performance may cause us to incur significant warranty expenses, which may damage our market reputation, decrease our sales or reduce our market share and adversely affect our results of operations.

The quality and performance of our equipment is critical to the success of our business and to maintaining long-term relationships with our customers, who often apply stringent qualification, acceptance and reliability standards. See “Business – Quality Control.” Product quality and performance can be affected by factors beyond our control, such as inappropriate use by customers, variations in customer process conditions, or quality issues with components supplied by third parties. In addition, quality and performance may be impacted by manufacturing or testing-related factors, including equipment calibration drift, operator error, process variation during pilot runs or ramp-up, software configuration or recipe errors, environmental fluctuations (such as temperature, humidity and vibration), or limitations of inspection and metrology coverage. We cannot assure you that our measures will always be effective or strictly observed by our employees and suppliers, or that all equipment will consistently meet each customer’s specifications, acceptance criteria and uptime targets.

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If our equipment does not meet our customers’ quality or performance standards, we may face rework and field remediation, extended on-site support, concessions or price reductions, delays in customer acceptance and revenue recognition, and significant warranty or replacement costs. We could also be subject to claims or legal proceedings. Such issues may lead to customer dissatisfaction, negatively affect our relationships with existing customers, hinder repeat orders and referrals, and make it more difficult to win new projects after competitive benchmarks or pilot runs. Any resulting reputational harm, loss of business or reduced share at key accounts could materially and adversely affect our sales, market position, business, financial condition and results of operations.

If we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected.

Our inventories mainly include raw materials, work in progress, finished goods and goods in transit. As of December 31, 2023, 2024 and 2025, our inventories were RMB1,917.6 million, RMB1,723.0 million and RMB1,569.1 million, respectively. The relatively high carrying amount of our inventories was mainly attributable to a higher amount of products that have been delivered but not yet recognised as revenue. If customers delay acceptance or require modifications to the equipment prior to acceptance, revenue recognition may be deferred, and our operating expenses may increase due to additional commissioning, logistics or modification costs. We assess our inventory periodically for impairment and recognise any losses as they occur, in line with our accounting policies. We decide the procurement amount of product from suppliers, and the level of inventory, in accordance with our supply chain management mechanism. See “Business – Supply Chain Management – Inventory Management and Logistics”.

Moreover, we maintain a limited level of inventory and are required to estimate the demand for the relevant products prior to actual sales. Demand forecasts are inherently uncertain due to a number of factors, such as launch of new products, pricing, evolving preferences and procurement requirements of our customers of laser machining equipment, each of which may affect the accuracy of any forecast. We cannot assure you that we can accurately predict these trends and events and always maintain adequate levels of inventory. On one hand, any unexpected decrease in the market demand for the products we sell could lead to excessive inventory. On the other hand, insufficient inventory levels may cause delays in our production and delivery schedules, and lose sales to our competitors. We may record impairment losses from time to time in accordance with our impairment policies. See “Financial Information – Material Accounting Policies And Estimates – Inventories.”

Our future success depends on our ability to operate our manufacturing facilities in a cost-effective manner, and such ability is subject to various risks and uncertainties.

As of December 31, 2025, we had established three production bases both in China and Singapore, including two production bases in Wuhan City and Wuxi City in China and one production base in Singapore. See “Business – Manufacturing and Production – Production Bases”. We may seek to establish new overseas production bases. Our success is attributable to our ability to manufacture products in a cost-effective manner to achieve economies of scale and enhance production efficiency. Our ability to optimise our production capacity, however, is subject to risks and uncertainties which are beyond our control, including fluctuations in market demand for our products and a rise in the cost of maintenance of production bases. Failure to mitigate such risks may incur additional production costs and lead to an increase in our operational costs.

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Our production capacity outside China requires us to comply with different laws and regulations, including national and local regulations relating to production, environmental protection, employment and other related matters. Failure to secure the required approvals, permits, licences and registrations, or to comply with the conditions associated therewith, could result in fines, sanctions, suspension, revocation or non-renewal of the approvals, permits, licences or registrations, or even criminal penalties, which could materially and adversely affect our business, financial condition and results of operations. Any of these challenges may increase the related costs or impair our ability to run our operations in the future on a cost-effective basis, which could in turn have a material and adverse impact on our business and results of operations.

Unexpected equipment failures or accidents may lead to production curtailments or shutdowns, property damage or personal injuries.

We manufacture our equipment through sophisticated production processes in tightly controlled environments across our production centres. Any equipment failures, utilities interruptions, or inappropriate operation, handling or storage during our production processes may lead to accidents causing property damage, personal injuries, or production curtailments or shutdowns. Such incidents may trigger adverse publicity, reputational damage, monetary compensation, fines or penalties and remediation costs, and may disrupt delivery schedules and customer acceptance timelines. Our work injury and medical insurance may be insufficient to cover all related losses and liabilities. We implement and require our employees to comply with internal safety measures and procedures, including occupational and fire safety protocols. During the Track Record Period, we did not experience any material safety-related or occupational accidents. Nevertheless, we cannot assure you that our safety measures and procedures will always be strictly followed or will prevent all types of malfunctions or accidents, including those not foreseen when the current protocols were established. Our manufacturing processes involve the operation of tools, equipment and machinery, and accidents resulting in employee injuries or even deaths may occur. In addition, operational disruptions may arise from supplier-related issues, including delays, quality non-conformities or failures of critical components, subassemblies or materials. If supplier disruptions coincide with internal equipment downtime or capacity constraints, the combined effect could amplify production interruptions and increase costs. Any of the foregoing could result in interruptions to our operations, delay customer deliveries, extend revenue recognition cycles, increase costs and expose us to liabilities, which could materially and adversely affect our business, results of operations and financial condition. See “Risks Relating to Our Business and Industry – Our insurance coverage is limited and may not be sufficient to cover all of our potential losses.”

Our customers in photovoltaic industry face competition from other renewable and non-renewable energy sources, which may adversely affect our financial performance.

Our customers primarily operate in the renewable energy industry and face competition from other renewable energy sources, including wind, hydro, biomass, geothermal and ocean power, which may benefit from various governmental incentives such as on-grid tariff premiums and dispatch priorities. If governments strengthen their support for other renewable energy sources, our customers may face intensified competition, which may in turn reduce their demand for our products and services, and adversely affect our business, financial condition and results of operations.

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In addition, our customers may also face competition from power generators using non-renewable energy such as coal, petroleum and natural gas. Technological innovations in fossil-based power generation or discovery of large-scale new deposits of fossil fuel may reduce the cost of such energy sources or result in enhanced governmental support, thereby increasing their competitiveness relative to renewable energy. This may diminish the relative attractiveness of our customers’ businesses and weaken market demand for renewable energy solutions. As fossil-based power is traded in well-established markets, price fluctuations thereof (in particular significant price declines) may result in a relative decline in the economic viability of renewable energy, thereby adversely affecting the penetration speed of renewable energy. As our business is directly tied to the growth and investment capacity of our customers in the renewable energy industry, any sustained decline in their competitiveness or market demand would lead to reduced orders for our equipment and services, which could materially and adversely affect our business, financial condition and results of operations.

Any failure to attract, motivate and retain key management personnel could severely hinder our ability to maintain and grow our business, and we face risks associated with our ability to attract, train or retain sufficient qualified talent.

Our key management members who bring their valuable industry experience and expertise in formulating and implementing our business strategies are critical to our success. See “Directors and Senior Management”. There is no guarantee that we will be able to continuously attract, motivate and retain such personnel. If we lose the services of any member of key management, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel, which could disrupt our business and limit our ability to grow.

Our long-term success depends on our ability to attract, train or retain sufficient qualified talent, particularly those individuals with industry experience and technical expertise. During the Track Record Period, our business scope has been expanding, and therefore, a large number of qualified and experienced personnel in production, R&D, quality control, marketing and other disciplines are needed. In order to compete for talent, we may need to offer higher remuneration, better training and more attractive career opportunities and other benefits to our employees, which may be costly. There can be no assurance that we will be able to attract or retain a qualified talent pool to support our future growth. Furthermore, any disputes between us and our employees or any labor-related regulatory or legal proceedings may divert the attention of our management and incur additional costs, negatively impact staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. In addition, our ability to train and integrate new employees into our operations may not meet the pace of our growing business. Any of the above issues related to our workforce may materially and adversely affect our operations and future growth.

We rely on third-party providers for transportation of our products, and we are subject to the risks relating to the logistics and long-distance transportation of our products such as prolonged customs clearance time.

We have established domestic and overseas production bases, and we sell products both domestically and globally. The dispersed locations of our production bases and customers necessitate constant long-distance transportation of our products. We engage third-party logistics service providers for the transportation of our products, and the services provided by our logistics service providers may be suspended, delayed or cancelled due to unforeseen events, which could cause interruption to the delivery of our products and increase our cost.

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In addition, delays in delivery may occur for various reasons beyond our control, including improper handling by our logistics service providers, prolonged clearance time leading to increased storage costs, labor disputes or strikes, acts of war or terrorism, outbreaks of epidemics, earthquakes and other natural disasters. Further, any improper handling of our products by the logistics service providers could also result in product damage, which may in turn lead to product returns, product liabilities, increased costs and reputational damage, thereby adversely affecting our business, financial condition and results of operations.

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

Our business involves the utilisation and storage of confidential information, including personal information with respect to our employees. We are subject to laws relating to the collection, use, retention, protection and transfer of personal information. In many cases, these laws apply not only to third-party transactions, but also may restrict transfers of personal information between us and our overseas subsidiaries. We have implemented systems and processes intended to secure our information technology systems and prevent unauthorised access to or loss of sensitive data, including through the use of encryption and authentication technologies. See “Business – Data Privacy and Information Security Risk Management.” These security measures may not be sufficient for all eventualities and may be vulnerable to hacking, employee error, malfeasance, system error, faulty password management or other non-compliant incidents. Non-compliance could result in significant penalties or legal liability. Any failure by us to comply with applicable privacy-related or data protection laws and regulations could result in proceedings against us by governmental entities or others, which may lead to reputational impacts and significant legal liabilities.

Interruption in or failure of Information Technology (“IT”), control and communication systems that we manage, including cyberattacks to or other privacy or data security incidents that result in security breaches of these systems, could materially and adversely affect us.

We rely on IT systems and network infrastructure that we manage to collect, use, transmit, store, dispose of and otherwise process electronic information. See “Business – Information Technology”. Our IT systems and other infrastructure and the information processed in such IT systems could be affected by cybersecurity incidents from a number of causes, including, but not limited to, power outages, computer and telecommunication failures, computer viruses, malware, attempts to gain unauthorised access to data and systems, ransomware or other destructive software, manual or usage errors, catastrophic events, natural disasters and severe weather conditions. Attacks, including those targeting IT systems, could severely disrupt our business operations and result in significant expense to repair or remediate system damage. We cannot guarantee that attacks and security incidents will not happen in the future. Global threat actors and terrorists have targeted and will continue to target entities and projects like ours that operate in the energy sector, including through disruptive attacks, such as those involving ransomware. We cannot guarantee the security or protection of our IT systems, information or projects. Our defensive measures, including back-up systems, may fail to timely or effectively anticipate, detect, prevent or allow us to recover from cyberattacks. In addition, our costs to adequately counter the risk of cyberattacks and to comply with contractual and regulatory compliance requirements may increase significantly in the future.

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Furthermore, cybersecurity breaches may expose us to a risk of loss or misuse of confidential and proprietary information. Such theft, loss or fraudulent use of information, or other unauthorised disclosure of personal or sensitive data, may lead to high costs to notify and protect the impacted persons. It could also subject us to litigation, losses, liabilities, fines, or penalties, any of which could materially and adversely affect our business and results of operations.

We have implemented various security measures and procedures to protect our IT systems, increase security of information, and monitor and mitigate cybersecurity threats. As cybersecurity threats are dynamic, evolving, and increasing in sophistication, magnitude and frequency, there can be no assurance that such procedures and measures will be successful or sufficient to prevent security breaches from occurring. If any of these potential cybersecurity incidents and corresponding regulatory action were to occur, they could adversely impact our results of operations due to high additional costs, such as penalties, third-party claims, repairs, increased insurance expense, litigation, remediation, security and compliance costs.

Environmental, Social and Governance (“ESG”) matters and the management thereof may impose additional costs and expose us to new risks.

Public ESG and sustainability reporting is becoming more broadly expected by investors, shareholders and other stakeholders and third parties. Many investment funds focus on positive ESG business practices and sustainability scores when making investments, and may consider a company’s ESG or sustainability scores as a reputational or other factor in making an [REDACTED]. We may face reputational damage in the event our corporate responsibility initiatives or objectives do not meet the standards set by our investors, shareholders, lawmakers, listing exchanges or other constituencies, or if we are unable to achieve an acceptable ESG or sustainability rating from third-party rating services. Ongoing focus on corporate responsibility matters by investors and other parties as described above may impose additional costs or expose us to new risks, including increased risk of investigation and litigation, and negative impacts on the value of our products and access to capital, which may materially and adversely affect our business, financial condition and results of operations.

We have been and continue to rigorously monitor a range of sustainability-related key performance indicators, setting up and monitoring ESG policies, strategies, principles and visions, and we have established a strategic committee to implement the ESG Policy, formulate ESG-related goals and organise their implementation. See “Business – Environmental, Social and Governance”. Implementing our ESG Policy may result in increased costs in our supply chain, fulfilment, and corporate business operations, and could deviate from our initial estimates and have a material adverse effect on our business and financial condition. In addition, standards and research regarding ESG strategies could change and become more onerous both for us and our third-party suppliers and vendors to meet successfully. As such, there can be no certainty that we will be able to meet our ESG or other strategic objectives in an efficient and timely manner or at all, or that we will successfully meet societal expectations in this regard.

Furthermore, new climate change laws and regulations could require us to change our manufacturing processes or procure substitute raw materials that may cost more or be more difficult to procure. Various jurisdictions in which we operate have implemented, or in the future could implement or amend, restrictions on emissions of carbon dioxide or other greenhouse gases, limitations or restrictions on water use, regulations on energy management and waste management, and other climate change-based rules and regulations, which may increase our expenses and adversely affect our operating results. We expect increased worldwide regulatory activity relating to climate change in the future. Future compliance with these laws and regulations may adversely affect our business and results of operations.

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If we experience increases in labor costs, shortage of labor or deterioration in labor relations, our production costs may be affected.

Labor costs have been fluctuating and may rise in the future. Our labor and staff costs included in operating expenses amounted to RMB175.7 million, RMB200.0 million and RMB193.8 million in 2023, 2024 and 2025, respectively. Labor cost increases may cause our production costs to increase, and we may not be able to pass on such increase to our customers. We also cannot assure you that we will not experience any shortage of labor, especially skilled personnel with critical project management and strategic decision-making capabilities needed to oversee complex projects and implement new technologies as required. Any such shortage could hinder our ability to maintain our production schedules and maintain or expand our business operations, which could materially and adversely affect our business, financial condition, results of operations.

In particular, unionisation and collective bargaining activities, as well as strikes or other industrial actions, are more common in certain jurisdictions where we operate or plan to expand, including Israel and Singapore. We cannot assure you that we will not have any labor disputes in the future. Any deterioration of our labor relations could result in disputes, strikes, claims, legal proceedings and reputational damage, labor shortages that disrupt our business operations, as well as loss of experience, know-how and trade secrets.

We may require a significant amount of cash to fund our business operations, which may lead to risks associated with debt repayment and liquidity.

We require sufficient working capital to support our daily business operations and to address potential market fluctuations. As cash inflows may not be realised at the expected time or in the expected amounts, our short-term cash flows and liquidity position may be materially and adversely affected. For details regarding the sufficiency of our working capital, see “Financial Information – Liquidity and Capital Resources.” During the Track Record Period, we have invested substantial resources to research and development, and in order to maintain our technological competitiveness, we expect to continue incurring significant research and development expenses in the future. The realisation of technological changes and upgrades, as well as the launch of new products, may not achieve the expected level of success. Initial investments in and development efforts for such new products may not result in long-term success or generate financial returns, which could in turn have a material adverse effect on our business, financial condition and results of operations.

In addition to investments, we require a significant amount of cash to fund our operations, but our ability to obtain external financing is subject to a number of uncertainties, including:

- our future financial condition, results of operations and cash flow;
- the general condition and policy changes of the global equity and debt capital markets;
- regulatory and government support, such as subsidies, tax credits and other incentives;
- the continued confidence of banks and other financial institutions in our company and the photovoltaic industry;
- economic, political and other conditions; and
- our ability to comply with any financial covenants under debt financing.

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Any additional equity financing may be dilutive to our existing shareholders, and any debt financing may require restrictive covenants. Additional funds may not be available on terms commercially advantageous to us. Failure to manage discretionary spending and raise additional capital or debt financing as required may adversely affect our ability to achieve our intended business objectives, and thereby our business, financial condition and results of operations.

We may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our employees, suppliers, customers or other third parties.

We are exposed to the risks of fraud, theft or other misconduct committed by employees, suppliers, customers or other third parties, which may have a material adverse effect on our business. We are also exposed to the risk that our employees responsible for procurement and quality control receive bribes or commissions from our suppliers in violation of our policies, which in turn may result in supplies that are overpriced or fail to meet our quality standards. We may be unable to prevent, detect or deter all instances of misconduct. Any misconduct committed against our interests, which may include past acts that have gone undetected or future acts, could subject us to financial losses or harm our reputation.

Our risk management and internal control systems may not be adequate or effective.

Due to the inherent limitations in the design and implementation of risk management and internal control systems, including the identification and evaluation of risks, internal control measures and the communication of information, we cannot assure you that such systems will be able to timely identify, mitigate or manage all the risks we face. Our risk management and internal controls also depend on the professional capabilities and performance of our employees. We cannot assure you that such implementation will not involve any human error or mistakes, which may materially and adversely affect our business, financial condition and results of operations.

Our insurance coverage is limited and may not be sufficient to cover all of our potential losses.

As of the Latest Practicable Date, we maintained applicable insurance relating to our business operation, including all-risk property insurance, machinery breakdown insurance for R&D equipment, product liability insurance, cargo transportation insurance, employer’s liability insurance and directors’ and officers’ liability insurance. See “Business – Insurance”. However, there can be no assurance that our insurance coverage is sufficient to cover all potential risks that may arise from our business operations, or to compensate us for all actual losses that we may incur from business activities. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we could suffer significant costs and diversion of our resources, which could have a material and adverse effect on our business, financial condition and results of operations. Furthermore, we may not be able to obtain coverage at current levels, and the premiums on our insurance coverage may increase significantly in the future, which may adversely affect our business, financial condition and results of operations.

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We may from time to time become a party to litigation, other legal disputes and proceedings that may materially and adversely affect us.

In the course of our ordinary business operations, we may become a party to litigation, legal proceedings, claims, disputes or arbitration proceedings from time to time. See “Business – Legal Proceedings and Compliance”. Any ongoing litigation, legal proceedings, regulatory actions, claims, disputes or arbitration proceedings may distract our senior management’s attention and consume our time and other resources. In addition, even if we ultimately succeed in such litigation, legal proceedings, regulatory actions, claims, disputes or arbitration proceedings, there may be negative publicity attached to such litigation, legal proceedings, claims, disputes or arbitration proceedings, which may materially and adversely affect our reputation and brand names. In the case of an adverse verdict, we may be required to pay monetary damages, assume liabilities or suspend or terminate parts of our operations. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may be subject to claims by third parties for IP infringement or other allegations.

The industry in which our business operates is characterised by a large number of patents, trademarks and other intellectual property rights, some of which may be of questionable scope, validity or enforceability. As a result, there is uncertainty in the industry regarding patent protection and infringement, and there can be no assurance that the conduct of our business does not and will not infringe, misappropriate or otherwise violate any patents, trademarks, copyrights, trade secrets, or other proprietary rights of third parties. Due to our diversified product portfolio, we may, from time to time, be involved in IP disputes where third parties claim our products infringe their IP rights. IP litigation is usually complex, and the results of IP litigation are unpredictable. These claims and any resulting lawsuits, if resolved adversely to us, could subject us to significant liability for damages, impose temporary or permanent injunctions against our solutions or business operations, or invalidate or render unenforceable our IP rights, which could adversely affect our business, financial condition and results of operations.

Natural disasters, public health and public security hazards may severely disrupt our business and operations.

Natural and man-made disasters and other force majeure events which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people there. For instance, typhoons, sandstorms, snowstorms, fires and droughts pose significant risks to the regions, including the cities where we conduct our operations. The potential occurrence or recurrence of any of these events could result in a slowdown of global economy or cause substantial disruptions to our operations, which could materially and adversely affect our business, financial condition, results of operations and prospects. Additionally, acts of war and terrorism may also injure our employees, cause loss of lives, damage our facilities, disrupt our distribution channels and destroy our markets. The potential for war or terrorist attacks may also harm or cause uncertainty to our business in ways that we cannot predict.

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Inappropriate transfer pricing arrangements may subject us to tax authority scrutiny and related tax risks in the countries and regions where we operate.

Under the applicable laws and regulations in relevant jurisdictions in which we operate, arrangements and transactions among related parties may be subject to audit or challenge by the relevant tax authorities. During the Track Record Period, we established subsidiaries to carry out our operations in various countries and regions, such as Singapore and Israel. See “Business – Intra-group Transactions.” We could face material and adverse tax consequences if relevant tax authorities determine that certain of our intra-group transactions do not represent arm’s length negotiations and consequently adjust any of those entities’ income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, increase our tax liabilities. If we fail to rectify such incident within the limited timeframe required by relevant tax authorities, relevant tax authorities may impose late payment interest or surcharge and other penalties on us for any unpaid taxes. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any enquiry, audit, investigation, or challenge by any relevant tax authorities in the jurisdictions where we operate in relation to our intra-group transactions. In addition, a transfer pricing arrangement may give rise to tax recoverable in certain jurisdictions as a result of tax adjustments. There can be no assurance that we could successfully recover the tax recoverable from the relevant tax authorities. Our business, financial condition and results of operations may therefore be materially and adversely affected.

Fluctuations in exchange rates could adversely affect our results of operations.

We face risks resulting from currency exchange rate fluctuations, particularly between Renminbi and US dollars. The fluctuation in the value of RMB against other currencies is subject to changes resulting from governmental policies and depends to a large extent on international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market factors or government policies may impact the exchange rates between the RMB and other currencies in the future. With the development of foreign exchange markets and progress towards interest rate liberalisation and Renminbi internationalisation, the PRC government may in the future announce further reforms to the exchange rate regime. We incurred net foreign exchange losses of RMB1.7 million, RMB4.3 million and RMB5.2 million in 2023, 2024 and 2025, respectively. See “Financial Information – Material Accounting Policies And Estimates – Transactions and balances”. We cannot predict the impact of future exchange rate fluctuations on our results of operations and may incur net foreign exchange losses again in the future.

If we fail to comply with applicable anti-corruption and anti-bribery laws, our reputation may be harmed and we could be subject to penalties and significant expenses that have a material adverse effect on our business, financial condition and results of operations.

We may be subject to anti-corruption, anti-bribery, anti-money laundering and similar laws and regulations in various jurisdictions in which we conduct activities. We, our officers, Directors, employees and business partners acting on our behalf, including agents, are prohibited from directly or indirectly engaging in, assisting in, concealing, or attempting any form of corruption, bribery, money laundering, placement or use of illicit funds or proceeds of crime, terrorism financing, or transactions involving sanctioned persons, entities, jurisdictions or activities. This includes prohibitions on corruptly offering, promising, authorising, or providing any form of gratification, bribe or anything of value to a “foreign official” for the purposes of influencing official decisions or obtaining or retaining business or otherwise

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obtaining favourable treatment. We are also required to make and keep books, records and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. A violation of these laws or regulations would adversely affect our business, reputation, financial condition and results of operations.

There can be no assurance that each of our employees is able to strictly follow our guidance on compliance with anti-corruption and anti-bribery laws and regulations or, in situations not covered by the guidance. Non-compliance with anti-corruption, anti-bribery by our employees, or even allegations of non-compliance, could subject us to whistleblower complaints, adverse media coverage, investigations and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, reputation, financial condition and results of operations.

Failure to comply with laws and regulations regarding certain of our leased properties may adversely affect our business, financial condition and results of operations.

As of the Latest Practicable Date, in relation to three of our leased staff quarters in the PRC, the relevant lessors were not able to provide us with complete and valid ownership certificates.

Based on the advice of our PRC Legal Adviser, if the lessors of the leased properties do not have the requisite rights to lease the relevant properties, we would not be subject to any administrative penalties with respect to these properties, although our leases may be affected. As a result, we may be required to vacate from the relevant properties and relocate our staff quarters. In this event, our use on such properties may be impaired and we may not be adequately indemnified by the landlords for our related losses. In addition, we will incur additional costs in relocating our staff quarters to other suitable locations, which may adversely affect our financial condition. See “Business – Properties – Leased Buildings – Title Defects.”

As of the Latest Practicable Date, the lease agreements with respect to our 46 leased staff quarters in the PRC were not registered with the appropriate government authorities in the PRC. As advised by our PRC Legal Adviser, relevant PRC authorities may require us to complete the registration of lease agreements within a prescribed period. If we fail to complete such registration, we may be subject to a fine ranging from RMB1,000 to RMB10,000 imposed by the relevant PRC authorities for each unregistered lease. See “Business – Properties – Leased Buildings – Lease Registration and Filing.”

We may be subject to additional contributions of social insurance premium and housing provident funds, and late payments and fines imposed by relevant governmental authorities.

During the Track Record Period, we had made social insurance and housing provident funds for all of our employees. Nonetheless, we did not make such contributions in full in accordance with the relevant PRC laws and regulations. Pursuant to relevant PRC laws and regulations, the competent government authorities may demand us to take rectification measures. If we fail to take the measures as demanded, we may be subject to fines. In addition, we engaged a third-party human resource agency to pay social insurance and housing provident funds for three of our employees as of the Latest Practicable Date.

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We cannot assure you that the relevant governmental authorities will not require us to pay the shortfall amount and impose late fees or fines, pecuniary penalties or other administrative actions on us. If we are otherwise subject to investigations related to such incidents related to labor laws and are imposed severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our results of operations, financial performance and business prospects may be materially and adversely affected. See “Business – Legal Proceedings and Compliance – Social Insurance and Housing Provident Funds”.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

We may be subject to tax exposure in various jurisdictions.

We operate in countries and regions overseas and are subject to various taxes. Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax and tariffs are complex, our international operations may expose us to risks associated with the overseas tax policy changes. [REDACTED] with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our financial condition and results of operations.

In addition, we are subject to review, audit and enquiry by local and overseas tax authorities and other governmental authorities with respect to our tax returns or other tax matters. The tax treatment of our transaction arrangements may be subject to interpretation by the relevant tax authorities, and we cannot assure you that any such review or interpretation will not result in adverse determinations, additional tax assessments, penalties or interest, which may materially and adversely affect our business, financial condition and results of operations.

Our offshore subsidiaries may be deemed to be a PRC tax resident enterprise.

Under The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**EIT Law**”) and the Regulation on the Implementation of the Enterprise Income Tax Law of China (《中華人民共和國企業所得稅法實施條例》), enterprises established under the laws of jurisdictions outside of China with “de facto management bodies” located in China may be considered PRC tax resident enterprises for tax purposes and may be subject to the PRC enterprise income tax at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), or Circular 82, specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated under the laws of foreign countries or territories and that have PRC enterprises or enterprise groups as their primary controlling shareholders, will be classified as resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation and management are located mainly within China; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in China; (iii) key properties, accounting books, company seal and minutes of board meetings and shareholders’ meetings are located or kept within China; and (iv) at least half of the directors with voting rights or senior management reside within China.

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Although most of our offshore subsidiaries have substantive business operations in the countries or regions where they are located, as we are a PRC enterprise, our offshore subsidiaries may be questioned by the competent regulatory authorities, and if our offshore subsidiaries are deemed PRC resident enterprises, they could be subject to the EIT at 25% on their global income, except that the dividends they receive from our PRC subsidiaries, if any, may be exempt from the EIT to the extent such dividend income constitutes “dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise.” Nonetheless, it remains subject to future interpretation as to what type of enterprise would be deemed a “PRC resident enterprise” for such purposes. The EIT on our subsidiaries’ global income could significantly increase our tax burden and affect our cash flows and profitability.

Differences and uncertainties in legal systems and enforcement in the jurisdictions where we operate could adversely affect our operations and increase our compliance cost.

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. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value, and in the absence of clear or comprehensive written statutory provisions, legal outcomes may be more difficult to predict.

We are subject to variation embedded in the legal systems of some geographic markets where we operate. Laws and regulations that have recently been enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, 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. Since local administrative and court authorities are authorised to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject the enforcement of foreign awards or arbitration awards. These elements may affect our judgement on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats may be attempted to extract payments or benefits from us.

Furthermore, certain legal systems in the geographic markets where we operate are based in part on their respective government policies and internal rules, some of which are not published on a timely basis or at all, and may be amended or changed rapidly from time to time. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by certain regulatory bodies are inconsistent with interpretations adopted by the other regulatory bodies, or even, a court in analogous cases. As a result, there is possibility that we may not be aware of a violation of certain policies or rules until some time after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

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It is possible that a number of laws and regulations may be adopted or construed to apply to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulation of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing this regulation. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of the logistics industry and affect our business, financial condition and results of operations.

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

Under the current tax laws and regulations of the PRC, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax liabilities on dividends paid to them by us and on gains realised from the sale or other disposal of H Shares.

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementing rules, non-PRC resident individuals are subject to PRC individual income tax at a rate of 20% on dividends or gains from share transfer derived from sources within the PRC. Accordingly, we are required to withhold such tax on dividend payments unless reduced or exempted under applicable tax treaties between the PRC and the jurisdiction in which the overseas individual is resident. According to the Notice of the Ministry of Finance and the State Administration of Taxation on Several Policy Issues Concerning Individual Income Tax (《財政部國家稅務總局關於個人所得稅若干政策問題的通知》) issued on May 13, 1994, foreign individuals are exempt from individual income tax on dividends received from foreign-invested enterprises.

Under 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稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to residents (including both natural and legal persons) of the Hong Kong Special Administrative Region, provided that such tax shall not exceed 10% of the total amount of dividends payable by the PRC company. If a resident of the Hong Kong Special Administrative Region directly holds 25% or more of the equity interest in the PRC company, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement, promulgated by the State Administration of Taxation and effective on December 6, 2019, stipulates that the above preferential tax treatment shall not apply to arrangements or transactions whose main purpose is to obtain such tax benefits.

For non-PRC resident enterprises that do not have an establishment or place of business in the PRC, or that have an establishment or place of business in the PRC but whose income is not effectively connected with such establishment or place of business, dividends paid by us and gains realised by such overseas enterprises from the sale or other disposal of H Shares are generally subject to PRC enterprise income tax at the rate of 10% under the EIT Law and its implementation regulations. The Notice on Issues concerning the Withholding of Enterprise Income Tax on Dividends Paid by PRC Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《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稅有關問題的通知》) issued by the State Administration of Taxation also stipulates that the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares shall be 10%.

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Notwithstanding the foregoing arrangements, due to a number of factors, the interpretation and application of applicable PRC tax laws and rules remain subject to the relevant laws and regulations in effect from time to time. Such factors include the possibility that the relevant preferential tax treatment may be abolished in the future, resulting in all non-PRC resident individual holders being subject to PRC individual income tax at a flat rate of 20%. In addition, the interpretation and application of applicable PRC tax laws and rules by the PRC tax authorities are still evolving, and the tax laws, rules and regulations in the PRC may also change. In the event of any changes to applicable tax laws and rules or their interpretation or application, our non-resident individual H shareholders should be aware that they may become subject to PRC income tax on dividends and bonuses derived from their H Shares in the future.

Certain judgements obtained against us by our shareholders may be difficult to enforce.

We are a company incorporated under the laws of the PRC. The majority of our Directors, Supervisors and senior management reside within the PRC. Judgements rendered by Hong Kong courts may be recognised and enforced in the PRC if the requirements set forth by the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) are met. Nonetheless, it may be difficult for you to effect service of process within Hong Kong upon us or these persons, or to bring an action in Hong Kong against us or against these individuals in the event that you believe that your rights have been infringed under the applicable securities laws or otherwise. In addition, it may be difficult for you to bring an original action against us or our PRC resident officers and directors in a PRC court based on the liability provisions of non-PRC securities laws.

The holders of the Shares will not be able to bring actions on the basis of violations of the Listing Rules, and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong do not have the force of law in Hong Kong.

As applicable regulations evolve and our overseas operations develop, we may become subject to foreign investment restrictions in certain jurisdictions.

The regulatory landscape for foreign investment is dynamic and varies significantly across different countries and regions where we operate. Governments may revise their laws, policies, or administrative interpretations, potentially imposing new restrictions, ownership caps, licensing conditions or operational mandates on foreign-invested enterprises. Such changes could include stricter national security or sectoral reviews and requirements for local partnership or divestment. Any such developments could impact our ability to maintain or extend our operational presence, affect our ownership structure, increase our compliance costs and ultimately materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

Our foreign exchange transactions, our ability to pay dividends and other obligations are subject to regulatory requirement over foreign currency conversion.

Conversion and remittance of foreign currencies are subject to certain foreign exchange regulations. There can be no assurance that, under a certain exchange rate, we would have sufficient foreign exchange to meet our foreign exchange needs. For example, under the PRC current foreign exchange [REDACTED], foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the State Administration of Foreign Exchange (the “SAFE”); however, we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licences 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. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to Shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be affected. Moreover, non-compliance with any applicable foreign exchange regulations could subject us to administrative penalties and fines, and could affect our business and reputation.

Payment of dividends is subject to the provisions under PRC laws.

Under the PRC laws, dividends may be paid only out of distributable profits. Our distributable profits represent our distributable net profits less appropriations to statutory surplus reserve, general reserve, and discretionary surplus reserve (as approved by our Shareholders’ meeting), each such appropriation based on the unconsolidated net profit determined under PRC GAAP. Our distributable net profit referred to above represents the lowest of (i) our net profit attributable to our equity holders for a period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under PRC GAAP, and (ii) our net profit attributable to our equity holders for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under IFRS. As a result, we may not have sufficient distributable profits, if any, to make dividend distributions to our Shareholders in the future, including in respect of periods where we register an accounting profit. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

RISKS RELATING TO THE [REDACTED]

There was no [REDACTED] for our H Shares prior to the [REDACTED] and an active [REDACTED] for our H Shares may not develop or sustain.

Prior to the [REDACTED], there was no [REDACTED] for our H Shares. Following the completion of the [REDACTED], the Stock Exchange will be the only market whereby our H Shares are [REDACTED]. There can be no assurance that: (i) there will be an active trading market for our H Shares; or (ii) if an active [REDACTED] does develop, it will be sustainable following the completion of the [REDACTED]. [REDACTED] should also note that the initial range of the [REDACTED] was determined as a result of negotiations between our Company and the [REDACTED] (for itself and on behalf of the [REDACTED]) and may differ significantly from the [REDACTED] of our H Shares following the completion of the [REDACTED]. If an active trading market for our H Shares does not develop or is not sustainable after the [REDACTED], the [REDACTED] and the [REDACTED] of our H Shares could be materially and adversely affected.

RISK FACTORS

Our H Shares are subject to possible [REDACTED] and [REDACTED] volatility.

The [REDACTED] and the [REDACTED] of our H Shares may be highly volatile. Factors such as variations in our earnings, cash flows and revenue, and announcements of new investments and/or strategic alliances could cause the [REDACTED] and the [REDACTED] of our H Shares to change suddenly and substantially. Furthermore, stock markets and the shares of some listed companies in Hong Kong have experienced substantial price volatility in the past. It is likely that our H Shares may be subject to the broad market and industry fluctuations in [REDACTED] and [REDACTED] which may not be related to the financial or business performance of our Company from time to time.

The characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the ChiNext of the Shenzhen Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the ChiNext of the Shenzhen Stock Exchange and our H Shares will be [REDACTED] on the Main Board of the Stock Exchange. Under current laws and regulations of China, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no direct [REDACTED] or settlement between the H Share and A Share markets. With different [REDACTED] characteristics, the H Share and A Share markets have different [REDACTED], [REDACTED] and [REDACTED] bases, as well as different levels of [REDACTED] and [REDACTED] participation. As a result, the [REDACTED] of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the [REDACTED] of our A Shares may adversely affect the [REDACTED] of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share [REDACTED], the [REDACTED] of our A Shares may not be indicative of the [REDACTED] of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [REDACTED] in our H Shares.

[REDACTED] will experience immediate and substantial dilution as a result of the [REDACTED] and may experience further dilution as a result of future equity financings.

The [REDACTED] of our H Shares is substantially higher than the net tangible book value per Share immediately prior to the [REDACTED]. Thus, [REDACTED] may experience an immediate dilution when they purchase our [REDACTED] in the [REDACTED]. If we are to distribute our [REDACTED] to the Shareholders immediately following the [REDACTED], [REDACTED] would receive less than the amount they have paid for their Shares. For purposes of, among others, business expansion our Company may proceed with in the future, we may need to raise additional funds through issuing securities or equity-linked securities of our Company other than on a pro-rata basis to existing Shareholders. Such new securities may also confer rights and privileges that take priority over those conferred by the [REDACTED].

Our Controlling Shareholders may have substantial influence over our business and their interests may not be aligned with the interests of other Shareholders.

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the [REDACTED], our Controlling Shareholders will be entitled to exercise [REDACTED] of the voting rights of the Company. This concentration of ownership may

RISK FACTORS

discourage, delay or prevent a change in control of the Company which enables the controlling shareholder to unilaterally determine our material matters without regard to the opposition of other shareholders. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholders may exercise its substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

There can be no assurance whether and when we will declare and pay dividends in the future.

We may not be able to pay any cash dividends in the foreseeable future. Our ability to pay dividends will depend on various factors, including whether we are able to generate sufficient earnings. Distribution of dividends shall be decided by our Board of Directors at their discretion and will be subject to the corporate approval processes. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS, our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable PRC laws and regulations, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory provisions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy. See “Financial Information – Dividends and Dividend Policy.”

[REDACTED] and [REDACTED] may decline if securities or industry analysts do not publish research or reports about our business, or if any adverse recommendations are published.

The [REDACTED] for our H Shares will be influenced by research or reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the [REDACTED] for our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the [REDACTED] or [REDACTED] of our H Shares to decline.

Our future financing may cause dilution of your shareholding or impose restrictions on our operations.

In order to raise capital and expand our business, we may consider [REDACTED] and [REDACTED] additional Shares or other securities convertible into or exchangeable for our Shares in the future other than on a pro rata basis to our then existing Shareholders. As a result, the equity interest of those Shareholders may experience dilution in net asset value per Share. If additional funds are to be raised through debt financing, certain restrictions may be imposed on our business operations, which may further limit our ability or discretion to pay dividends, increase our risks in adverse economic conditions, adversely affect our cash flows or limit our flexibility in business development and strategic plans.

RISK FACTORS

Certain facts, forecasts and statistics contained in this document are derived from a third-party report and publicly available official sources and they may not be reliable.

Certain facts, forecasts and statistics contained in this document relating to, among other things, the industry in which we operate have been derived from a third-party report and various official government publications. However, we have not independently verified information and statistics from official government sources, and we cannot assure you of the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Sole Sponsor or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this document may be inaccurate or may not be comparable to statistics produced with respect to other economies. In all cases, [REDACTED] should give consideration as to how much weight or importance they should attach to or place on such facts.

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

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

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

Prior to the publication of this document, there may have been press and media coverage regarding us and the [REDACTED], which may include certain information not contained in this document. We have not authorised the disclosure of any such information in the press or other media. We make no representation as to the appropriateness, accuracy, completeness or reliability of such information, and disclaim responsibility for such information. Accordingly, [REDACTED] are cautioned to make their [REDACTED] with respect to our H Shares on the basis of the information contained in this document only and should not rely on any other information. By [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.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the [REDACTED], we have applied for the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong, which normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. As of the Latest Practicable Date, none of our executive Directors resided in Hong Kong.

Pursuant to Rule 19A.15 of the Listing Rules, the requirement in Rule 8.12 may be waived by having regard to, among other considerations, the applicant’s arrangements for maintaining regular communication with the Stock Exchange.

Since our Group’s principal business operations are primarily conducted in the PRC, and all our executive Directors ordinarily reside outside Hong Kong, our Company considers that it would be practically difficult and commercially unreasonable and undesirable for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of existing executive Directors or appointment of additional executive Directors. Therefore, we do not and, in the foreseeable future, will not have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules, subject to the following conditions. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

1. we have appointed Ms. Duan Xiaoting (段曉婷), our executive Director, and Ms. Wong Ka Chi (王嘉慈) (“**Ms. Wong**”), one of the joint company secretaries of our Company, as our authorised representatives (the “**Authorised Representatives**”) pursuant to Rule 3.05 of the Listing Rules. The Authorised Representatives will act as our principal channel of communication with the Stock Exchange. Each of the Authorised Representatives will be readily contactable by phone, facsimile and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange;
2. when the Stock Exchange wishes to contact our Directors on any matter, each of the Authorised Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) and senior management team promptly at all times. Our Company will also inform the Stock Exchange promptly in respect of any changes in the Authorised Representatives. We have provided the Stock Exchange with the contact details (i.e., mobile phone number, office phone number, fax number and email address) of each of our Authorised Representatives and our Directors to facilitate communication with the Stock Exchange;
3. all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period of time upon request;

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

4. in compliance with Rule 3A.19 of the Listing Rules, we have appointed Maxa Capital Limited as our compliance advisor (the “**Compliance Advisor**”), which has access at all times to our Authorised Representatives, Directors and other officers of our Company, and will act as an additional channel of communication with the Stock Exchange. Our Company will keep the Stock Exchange up to date in respect of any change to such details. Our Authorised Representatives, Directors and other officers of our Company will provide promptly such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor’s duties as set forth in Chapter 3A of the Listing Rules. There will be adequate and efficient means of communication between our Company, the Authorised Representatives, our Directors and other officers and the Compliance Advisor, and to the extent reasonably practicable and legally permissible, our Company will keep the Compliance Advisor informed of all communications and dealings between our Company and the Stock Exchange; and
5. we shall ensure that there are adequate and efficient means of communication among our Company, our Authorised Representatives, our Directors, other officers and the Compliance Advisor, and will keep the Compliance Advisor fully informed of all communications and dealings between us and the Stock Exchange.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

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

Note 1 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers that 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 provides that the Stock Exchange will consider the following factors in assessing an individual’s “relevant experience”:

- (i) length of employment with the issuer and other issuers and the roles he/she played;
- (ii) 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;

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (iii) relevant training taken and/or to be taken in addition to the minimum requirement of taking not less than fifteen hours of relevant professional training in each financial year under Rule 3.29 of the Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

We have appointed Mr. Qiao Duan (喬端) (“**Mr. Qiao**”), the secretary to our Board, as one of our joint company secretaries. In view of his experience within our Group and his thorough understanding of the internal administration and business operations of our Group, our Directors consider that Mr. Qiao is a suitable person to act as a secretary of our Company. In addition, as the core business and operations of our Group are substantially based and conducted in the PRC, our Directors believe that it is necessary to appoint Mr. Qiao as a company secretary whose presence in the headquarters of our Group enables him to attend to the day-to-day corporate secretarial matters concerning our Group.

Given Mr. Qiao does not possess the qualification and sufficient relevant experience stipulated in Rule 3.28 of the Listing Rules, he is not able to solely fulfil the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. To provide assistance to Mr. Qiao and enable him to acquire all qualifications and experience as the company secretary of our Company required under Rule 3.28 of the Listing Rules, we have also appointed Ms. Wong, an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, 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. Qiao for an initial period of three years from [REDACTED].

Since Mr. Qiao does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Qiao may act as a joint company secretary of our Company. Pursuant to paragraph 11 of Chapter 3.10 of the Guide published by the Stock Exchange, the waiver will be for a fixed period of time (the “**Waiver Period**”) and on the following conditions:

- (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and
- (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer.

The waiver is valid for an initial period of three years from [REDACTED], and is granted on the condition that Ms. Wong, as a joint company secretary of our Company, will work closely with, and provide assistance to, Mr. Qiao in the discharge of his duties as a joint company secretary and in gaining the relevant company secretary experience as required under Rule 3.28 of the Listing Rules and to become familiar with the requirements of the Listing Rules and other applicable Hong Kong laws and regulations, for an initial period of three years commencing on [REDACTED].

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

Given Ms. Wong’s professional qualifications and experience, she will be able to explain to both Mr. Qiao and our Company the relevant requirements under the Listing Rules. Ms. Wong will also assist Mr. Qiao in organising 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. She is expected to work closely with Mr. Qiao and will maintain regular contact with our Directors and the senior management of our Company. The waiver will be revoked immediately if Ms. Wong ceases to provide assistance to Mr. Qiao 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.

In addition, Mr. Qiao 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 [REDACTED]. Mr. Qiao will also be assisted by (a) the Compliance Advisor, 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.

Prior to the expiration of the initial three-year period, the qualifications and experience of Mr. Qiao 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 from Ms. Wong will continue. We will demonstrate and seek the Stock Exchange’s confirmation that Mr. Qiao, having benefited from the assistance of Ms. Wong for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

For the biographical information of Mr. Qiao and Ms. Wong, please see “Directors and Senior Management” in this document.

[REDACTED]

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

[REDACTED]

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Names	Residential address	Nationality
<i>Executive Directors</i>		
Mr. Li Zhigang (李志剛)	Room 331-4-201, No.1 University Park Road Hongshan District Wuhan PRC	Chinese
Ms. Duan Xiaoting (段曉婷)	Room 3, 2nd Floor, No. 18, Qili New Village Hanyang District Wuhan PRC	Chinese
Mr. Zhu Fan (朱凡)	Room 1001, Building 22, Ruicheng Garden New District Wuxi City PRC	Chinese
<i>Non-executive Director</i>		
Mr. Peng Xinbo (彭新波)	Room 1002, No. 1-266 University Park Road Hongshan District Wuhan PRC	Chinese
<i>Independent non-executive Directors</i>		
Mr. Chen Jianfeng Peter (陳劍鋒)	Flat B, 28/F High Park Grand 68 Boundary Street Mong Kok, Kowloon Hong Kong	Chinese (Hong Kong)
Mr. Qi Shaozhou (齊紹洲)	Building 58, Evergrande Jinbi Tianxia Jinbi Avenue Honglian Village Committee Miaoling Town Huarong District Ezhou City PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Names	Residential address	Nationality
Mr. Wang Yonghai (王永海)	Room 602, Door 3, Building 27 Luoja Shan South Area 3 Wuchang District Wuhan PRC	Chinese

See “Directors and Senior Management” in this document for further information on our Directors.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal Advisors to our Company

As to Hong Kong laws

DeHeng Law Offices (Hong Kong) LLP

28/F, Henley Building

5 Queen’s Road

Central

Hong Kong

Room 3507, 35/F

Edinburgh Tower

The Landmark

15 Queen’s Road Central

Central

Hong Kong

Room 1111, 11/F

New World Tower I

16-18 Queen’s Road Central

Central

Hong Kong

As to the PRC laws

Beijing DeHeng Law Offices

12/F, Tower B

Focus Place

No. 19 Finance Street

Beijing

PRC

Legal Advisors to the Sole Sponsor and the [REDACTED]

As to Hong Kong laws

Jingtian & Gongcheng LLP

Suites 3203–3209, 32/F

Edinburgh Tower, The Landmark

15 Queen’s Road Central

Central

Hong Kong

As to the PRC laws

AllBright Law Offices

9/F, 11/F, 12/F

Shanghai Tower

No. 501 Yincheng Middle Road

Pudong New Area

Shanghai, 200120 PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Auditor and Reporting Accountants

BDO Limited

*Certified Public Accountants and Registered Public
Interest Entity Auditor*

25/F, Wing On Centre

111 Connaught Road

Central

Hong Kong

Industry Consultant

China Insights Industry Consultancy Limited

10/F, Block B

Jing'an International Centre

88 Puji Road

Jing'an District

Shanghai

PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office in the PRC	No. 88 Jiulonghu Street East Lake High-tech Development Zone Wuhan PRC
Headquarters and Principal Place of Business in the PRC	No. 88 Jiulonghu Street East Lake High-tech Development Zone Wuhan PRC
Principal Place of Business in Hong Kong	Room 1901, 19/F, Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
Company's Website	<u>www.drlaser.com.cn</u> <i>(Note: the information on this website does not form part of this document)</i>
Joint Company Secretaries	Mr. Qiao Duan (喬端) Collective Household, Qunshang Community No. 582, Qunshang Village Meilan District Haikou Hainan PRC Ms. Wong Ka Chi (王嘉慈) <i>(an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)</i> Room 1901, 19/F, Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
Authorised Representatives	Ms. Duan Xiaoting (段曉婷) Room 3, 2nd Floor, No.18, Qili New Village Hanyang District Wuhan PRC Ms. Wong Ka Chi (王嘉慈) <i>(an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)</i> Room 1901, 19/F, Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong

CORPORATE INFORMATION

Audit Committee	Mr. Wang Yonghai (王永海) (<i>Chairman</i>) Mr. Peng Xinbo (彭新波) Mr. Qi Shaozhou (齊紹洲)
Nomination Committee	Mr. Qi Shaozhou (齊紹洲) (<i>Chairman</i>) Ms. Duan Xiaoting (段曉婷) Mr. Wang Yonghai (王永海)
Remuneration and Appraisal Committee	Mr. Chen Jianfeng Peter (陳劍鋒) (<i>Chairman</i>) Ms. Duan Xiaoting (段曉婷) Mr. Wang Yonghai (王永海)
Strategic Committee	Mr. Li Zhigang (李志剛) (<i>Chairman</i>) Ms. Duan Xiaoting (段曉婷) Mr. Wang Yonghai (王永海)

[REDACTED]

Compliance Advisor	Maxa Capital Limited Unit 2602, 26/F, Golden Centre 188 Des Voeux Road Central Sheung Wan Hong Kong
Principal Banks	China Minsheng Bank Wuhan Optics Valley Sub-branch No. 18 Huaguang Avenue, Luoyu Road Hongshan District Wuhan Hubei PRC

INDUSTRY OVERVIEW

This section and elsewhere in this document contain certain information, statistics and data which are derived from various official government publications and other publicly available publications, and a report commissioned by us and prepared by our industry consultant, CIC. We believe that the sources of the information in this section and elsewhere in this document are appropriate sources for such information and have taken reasonable care in selecting and identifying such information sources, compiling, extracting and reproducing such information, and ensuring no material omission of such information. We have no reason to believe that such information is false in any material respect or misleading or that any fact has been omitted that would render such information false or misleading. The information, statistics and data from official government sources have not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], any of our or their respective directors, officers, employees, advisors or agents or any other party (other than CIC) involved in the [REDACTED], and no representation is given as to their accuracy, reliability or completeness.

OVERVIEW OF THE NEW INFRASTRUCTURE INDUSTRY

New infrastructure refers to an infrastructure system that is underpinned by information networks, driven by technological innovation, and provides services including digital transformation, intelligent upgrading and integrated innovation. New infrastructure primarily comprises information infrastructure, converged infrastructure and innovation infrastructure.

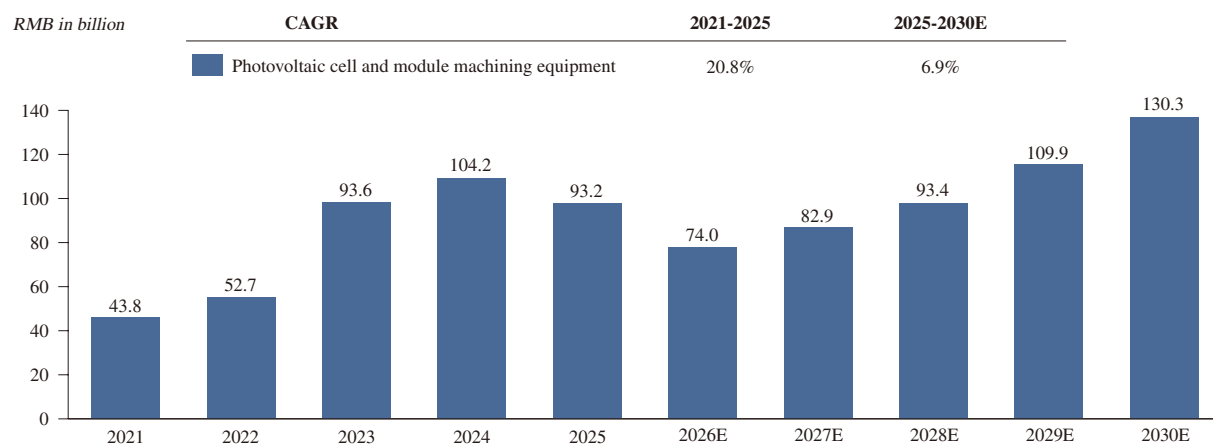
Information infrastructure refers to infrastructure developed through the evolution of next-generation information technologies and primarily includes, among others, artificial intelligence and data centres. In recent years, artificial intelligence and data centres have experienced rapid growth. The global investment in artificial intelligence increased to RMB12.6 trillion in 2025 and is expected to reach RMB51.1 trillion by 2030. The continued deepening of artificial intelligence applications has driven sustained growth in demand for computing power, with the global compute capacity being expected to reach over 50.0 ZFlops by 2030, according to CAICT. The supply of computing power is primarily enabled by data centre infrastructure, and its performance is highly dependent on high-performance chips. As the physical carrier of computing power, a chip’s transistor scale and architectural design directly determine data processing efficiency. Laser machining equipment is increasingly incorporated into chip manufacturing processes, particularly laser precision micro- and nano-machining equipment, which features its broad range of applications, precise energy control, micron-level processing capability and extremely low heat-affected zone and is well suited to thermally sensitive and structurally precise steps in chip manufacturing. Accordingly, laser precision micro- and nano-machining equipment has become increasingly important in the build-out of information infrastructure.

Converged infrastructure refers to infrastructure formed through the deep application of technologies such as the internet, big data and artificial intelligence to support the transformation and upgrading of traditional infrastructure, thereby creating converged forms of infrastructure. It includes, among others, smart energy infrastructure such as photovoltaic power stations. Photovoltaic power stations have developed rapidly in recent years, as the global end-use energy consumption has been gradually shifting from fossil fuels towards electricity, with the proportion of global fossil fuel consumption decreasing from 80.7% in 2021 to 78.6% in 2025, and being further expected to decrease to 69.8% by 2050, according to EIA. In 2025, global power generation increased to approximately over 30 PWh. In 2025, power generation in China amounted to 10.6 PWh, representing a year on year increase of 4.8%, while power generation in the United States reached 4.3 PWh, representing a year on year increase of 2.5%. To address rising electricity demand, and driven by both energy security considerations and the transition to a low-carbon economy, governments worldwide have placed increasing emphasis on power infrastructure development. Against this backdrop, photovoltaic power generation, benefiting from broad resource availability, relatively short construction cycles and a continued decline in LCOE, has become

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one of the key directions of global energy transition. In 2025, photovoltaic power generation accounted for approximately 8.0% of the global power generation, while the proportion was 11.1% in China and 6.8% in the United States, and according to EIA, the share of photovoltaic power generation in global renewable electricity generation is expected to increase to 27.3% by 2030 and further to 39.1% by 2050. Meanwhile, continuous improvement in photovoltaic cell conversion efficiency has become a core driver of photovoltaic power generation development. In order to reduce shading losses, enhance conductivity performance and improve overall conversion efficiency, different technology routes impose stringent requirements on photovoltaic cell processing precision, thereby driving continued expansion in demand for photovoltaic equipment. By 2030, in terms of revenue, the market size of the global photovoltaic cell and module machining equipment industry is expected to reach RMB130.3 billion, representing a CAGR of 6.9% from 2025 to 2030. In photovoltaic cell manufacturing, laser precision micro- and nano-machining equipment plays an important role in key processes such as cell doping, ablation and repair. It can achieve high-precision, with minimal thermal impact at micro- and nano-scales, aligning with the stringent requirements of high-efficiency photovoltaic cells for both processing precision and temperature control.

Market size of the global photovoltaic cell and module machining equipment industry, in terms of revenue, 2021-2030E



Source: CPIA, IEA, CIC Report

Note: The figures of the chart have been rounded up to one decimal place.

ANALYSIS OF THE GLOBAL LASER MACHINING EQUIPMENT INDUSTRY

Definition and categorisation of laser machining equipment

Laser machining equipment refers to advanced manufacturing equipment that uses a high-energy-density laser beam as a tool to perform processes such as laser doping, ablation, annealing, etching, debonding on materials. By processing precision, laser machining equipment can be categorised into laser precision micro- and nano-machining equipment and conventional laser machining equipment. Laser precision micro- and nano-machining equipment represents a core enabling technology for high-end manufacturing and refers to laser machining equipment capable of achieving processing accuracy within 100 microns in three dimensions, with processing-induced damage controllable to the micron-level, and can be widely applied in photovoltaics, semiconductors and next-generation display/light source manufacturing. Most CO₂ laser machining equipment used in sheet material cutting has a processing accuracy exceeding 100 microns and is therefore generally not regarded as laser precision micro- and nano-machining equipment.

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By pulse duration, laser machining equipment can be categorised into continuous-wave laser machining equipment, nanosecond laser machining equipment, picosecond laser machining equipment and femtosecond laser machining equipment. Continuous-wave laser machining equipment refers to machining systems in which the output power of the laser remains constant over time and is emitted in a continuous-wave state, and energy output is continuous and there is no pulse interval. Nanosecond laser machining equipment refers to machining systems with laser pulse durations in the nanosecond range; picosecond laser machining equipment refers to machining systems with pulse durations in the picosecond range; and femtosecond laser machining equipment refers to machining systems with pulse durations in the femtosecond range. Ultrafast laser machining equipment include picosecond laser machining equipment and femtosecond laser machining equipment.

By application, laser machining equipment can be categorised into photovoltaic laser machining equipment, semiconductor laser machining equipment, next-generation display/light source laser machining equipment and others. Photovoltaic laser machining equipment can be further segmented, by target object, into photovoltaic cell laser machining equipment and photovoltaic module laser machining equipment. Photovoltaic cell laser machining equipment can be further segmented, by the applicable photovoltaic cell technology, into, among others, PERC cell laser machining equipment, TOPCon cell laser machining equipment, HJT cell laser machining equipment, BC cell laser machining equipment and perovskite cell laser machining equipment. Semiconductor laser machining equipment refers to advanced equipment that applies laser technologies in semiconductor manufacturing. Next-generation display/light source laser machining equipment refers to specialised equipment used for laser machining of next-generation display technologies such as Mini LED and Micro LED, as well as other light source applications. By processed material, representative sub-categories of laser machining equipment also include PCB laser machining equipment and TGV laser machining equipment. The trend towards higher-density PCBs places more stringent requirements on processing precision, and laser drilling technologies can meet the demand for microvia processing of high-layer-count PCBs. PCB laser machining equipment refers to equipment that uses laser technologies to perform cutting, drilling, grooving and other processes on PCBs. TGV laser machining equipment refers to equipment that uses laser technologies to achieve micron-level processing and form TGV structures on glass substrates.

The value chain of the global laser machining equipment industry

The upstream segment comprises optical components suppliers providing materials such as lasers, galvo scanners and beam shaping optics, mechanical components suppliers offering aluminium and stainless-steel machined parts, electrical components suppliers and other suppliers, including numerical control systems and motion control systems suppliers.

The midstream segment comprises laser machining equipment manufacturers. Taking the photovoltaic laser machining equipment subcategory as an example, leading companies typically place emphasis on upstream and downstream coordination. On the upstream side, they establish relationships with leading suppliers of key components such as lasers, thereby enhancing supply chain reliability. On the downstream side, they maintain close cooperation with key customers through, among other things, process validation and joint R&D mechanisms. Based on a deep understanding of downstream application requirements, leading participants are able to capture first-mover advantages during new technology introduction and commercialisation, thereby further consolidating their core competitive position within the value chain.

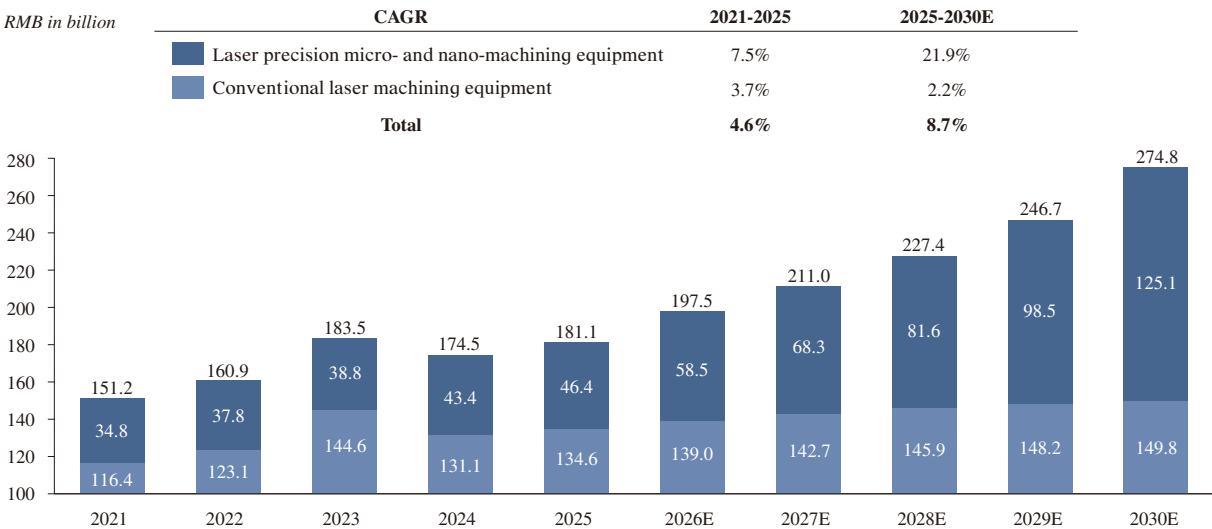
The downstream segment comprises application scenarios. Laser machining equipment is widely applied across advanced manufacturing fields, including photovoltaics, semiconductors, next-generation display/light sources, automotive and medical equipment industries. For example, in the photovoltaic sector, laser machining equipment can be used across processes such as ablation and doping for photovoltaic cells, as well as scribing and welding in module production. Laser precision micro- and nano-machining equipment is increasingly adopted in photovoltaic cell production and can be used in the patterning processes for BC cells, thereby supporting the industrialisation of lower-cost back-contact cell technologies.

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The market size of the global laser machining equipment industry

Driven by expansion across multiple downstream industries, the global laser machining equipment market has continued to exhibit overall growth. From 2021 to 2025, in terms of revenue, the market size of the global laser machining equipment industry increased from RMB151.2 billion to RMB181.1 billion, representing a CAGR of 4.6% during the period. Notwithstanding a temporary contraction in 2024, the laser precision micro- and nano-machining equipment market continued to grow, while the overall market’s decline was primarily due to reduced demand for laser welding from downstream industries such as the automotive. The market recovery in 2025 was mainly driven by the continued growth of laser precision micro- and nano-machining equipment and the growing demand for additive manufacturing equipment within the conventional laser machining equipment segment. Looking ahead, the industry is expected to undergo a structural transition, with laser precision micro- and nano-processing technologies continuing to penetrate application scenarios such as photovoltaics, semiconductors and next-generation display/light sources. As a result, laser precision micro- and nano-machining equipment is expected to become an increasingly important engine for the market growth. By 2030, in terms of revenue, the market size of the global laser machining equipment industry is expected to reach RMB274.8 billion.

Market size of the global laser machining equipment industry, in terms of revenue, 2021-2030E



Source: CPIA, WSTS, CIC Report

Note: The figures of the chart have been rounded up to one decimal place.

Photovoltaic cell laser machining equipment constitutes a vital segment of the global laser precision micro- and nano-machining equipment market, primarily driven by the continued upgrading of photovoltaic cell technologies and the further adoption of laser processing in photovoltaic cell manufacturing. In the next five years, BC cells are expected to become the mainstream in the photovoltaic cell industry, supported by advantages such as higher power generation efficiency. Accordingly, BC cell laser machining equipment is expected to represent the largest segment of the photovoltaic cell laser machining equipment market going forward. In terms of revenue, the market size of the global BC cell laser machining equipment industry is expected to record a CAGR of 66.9% from 2025 to 2030.

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Laser precision micro- and nano-machining equipment for semiconductor manufacturing is also a significant sub-category within the laser precision micro- and nano-machining equipment market. In 2025, in terms of revenue, its market size reached RMB10.5 billion. Looking ahead, continued breakthroughs in advanced semiconductor packaging technologies are expected to further stimulate demand for semiconductor laser precision micro- and nano-machining equipment. By 2030, in terms of revenue, the market size of the global laser precision micro- and nano-machining equipment applied in semiconductor manufacturing is expected to reach RMB42.0 billion, representing an expected CAGR of 31.8% from 2025 to 2030. PCBs can be used to connect chips and other electronic components into a complete electronic system and represent a principal carrier enabling semiconductor devices to be applied in downstream electronic products. As semiconductor demand continues to increase, demand for PCBs has also risen, thereby driving growth of the global PCB laser machining equipment market. By 2030, in terms of revenue, the market size of the global PCB laser machining equipment industry is expected to increase to RMB30.0 billion, representing an expected CAGR of 10.9% from 2025 to 2030.

TGV laser machining equipment has been increasingly adopted in the semiconductor and next-generation display/light source sectors. By 2030, in terms of revenue, the market size of the global TGV laser machining equipment industry is expected to reach RMB14.5 billion, with an expected CAGR of 88.2% from 2025 to 2030.

Drivers of the global laser precision micro- and nano-machining equipment industry

Increasing adoption of laser processing in the photovoltaic industry. With the expansion of mass production capacity for N-type cells, demand from the photovoltaic industry for laser machining equipment has continued to increase. Compared with P-type cells, N-type cells offer a higher theoretical conversion efficiency ceiling, lower light-induced degradation and stronger low-light response, and have progressively become a mainstream technology route. N-type cells are highly sensitive to surface passivation quality and contact resistance during processing. Compared with conventional processing methods, laser precision micro- and nano-machining equipment can perform fine processes without damaging micro-level passivation layers, thereby supporting the realisation of the performance advantages of N-type cells. For example, in the doping process, laser-selective doping equipment can achieve high-concentration doping in the contact area between metal gridlines and silicon wafers, effectively reducing resistive losses during current transmission. In photovoltaic module processing, equipment such as full-panel laser welding equipment is progressively replacing traditional equipment, primarily due to its higher efficiency and stability, and its application continues to deepen.

Rapid growth in demand for BC cells. BC cells can improve photoelectric conversion efficiency by placing electrodes entirely on the rear side of the cell, thereby reducing front-side shading losses. The theoretical photoelectric conversion efficiency of BC cells had exceeded 29.0% by 2025, which made it one of the photovoltaic cell technologies with the highest conversion efficiency. As a result, market attention has increased, and leading photovoltaic enterprises have stepped up investment in improving BC cell capacity, and BC cell demand is expected to enter a growth phase. BC cells, benefiting from their front-side gridline-free electrode structure, offer an advantage in reducing silver usage, thereby mitigating cost pressures arising from higher silver prices, and have become a major technology pathway for the industry to hedge raw material cost risks. The average closing price of spot silver increased from approximately RMB7.7 thousand per kilogram in December 2024 to approximately RMB16.0 thousand per kilogram in December 2025, representing a year-on-year increase of 107.4%. Given the higher structural complexity of BC cells, requirements for processing precision, patterning capability and process consistency are significantly more stringent. Laser processing plays a critical role in key processes such as patterned etching and is a critical process approach for enabling high-efficiency BC cell production. As the industrial scale of BC cells expands and technology maturity improves, demand for laser precision micro- and nano-machining equipment is expected to increase.

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TOPCon cell technology advancements. Benefiting from high conversion efficiency, low degradation and strong scalability for mass production, TOPCon has emerged as one of the dominant photovoltaic technology routes, with its production capacity expanding in recent years. In this context, laser precision micro- and nano-machining equipment has become a critical enabler, supporting the fine machining of complex passivated contact architectures and thereby enhancing cell efficiency, reducing recombination losses and improving manufacturing stability. Meanwhile, TOPCon cell technology continues to advance, approaching the theoretical limit of single-junction crystalline silicon cells. Ongoing process optimisation is expected to further improve its economic viability, thereby driving incremental demand for production line upgrading and supporting continued growth in the laser precision micro- and nano-machining equipment market.

Progress in the industrialisation of other new cell technologies. The development of perovskite cells is expected to further raise the upper limit of photovoltaic conversion efficiency, thereby creating additional growth potential for the industry. A typical perovskite cell structure comprises three functional layers (P1, P2 and P3) and requires laser scribing to achieve electrical isolation and series interconnection. Scribing accuracy is typically required at the micron-level. This precision threshold imposes stringent requirements on thermal impact control and line-width consistency for laser machining equipment. Accordingly, the industry is accelerating the transition towards ultrafast laser scribing technologies to meet the demanding process standards of perovskite cells. The industrialisation of perovskite cells is advancing, and certain enterprises have entered pilot-scale stages. HJT cells, supported by their distinctive technical architecture, demonstrate long-term potential in improving manufacturing efficiency and expanding application scenarios. In addition, HJT cells are relatively lightweight, enabling adaptation to non-conventional configurations and aligning with emerging requirements for lightweight applications.

Deepening applications in semiconductors and next-generation display/light sources. With the continued development of the global semiconductor industry, alongside rising demand from application areas such as artificial intelligence and data centres, the complexity of semiconductor manufacturing processes has continued to increase, resulting in more stringent requirements for processing precision, yield control and production efficiency. Against this backdrop, laser processing technologies, benefiting from non-contact processing, high precision, a small heat-affected zone and strong flexibility, have been increasingly adopted in semiconductor manufacturing and are widely used across multiple critical steps, including wafer annealing and debonding. Laser precision micro- and nano-machining equipment can be applied to processes such as laser annealing for materials including silicon carbide, and TFLN. In parallel, TGV technology, benefiting from higher space utilisation efficiency, lower interconnection latency and lower power consumption, has continued to broaden its application prospects in advanced semiconductor packaging. Laser machining equipment can achieve high-precision TGV micro-via formation on glass substrates, thereby supporting the evolution of packaging technologies towards higher integration density. Laser precision micro- and nano-machining, leveraging machining precision, selectable process adaptability and high-throughput, has also become a key process tool enabling the scaled mass production of next-generation display/light source products, with applications including Micro LED mass transfer, laser mass welding, laser repair, TGV laser micro-via forming.

Trends of the global laser precision micro- and nano-machining equipment industry

Increasing investment in R&D. Leading manufacturers have continued to increase R&D investment in laser precision micro- and nano-machining equipment. These technologies, including high-precision etching of TGV glass substrates and Micro LED mass transfer applications, present relatively high technical barriers, and participants are typically required to undertake substantial investments across multiple dimensions, including equipment expenditure and the establishment and management of specialist technical teams. Such R&D investment is, in turn, increasing the industry entry barriers. Leading participants with accumulated core technologies and sustained R&D investment are expected to further consolidate their competitive advantages.

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Rising industry concentration in photovoltaic cell laser machining equipment industry. As photovoltaic cell technologies continue to evolve towards higher efficiency, photovoltaic manufacturers have imposed more stringent requirements on processing precision, production yield, equipment stability and long-term operational reliability. In addition, photovoltaic cell manufacturing is characterised by high production cadence, long continuous operating hours and a high degree of production line coordination, thereby placing increasingly stringent requirements on equipment-to-line compatibility, process support capability and after-sales service capability. Accordingly, customers in the photovoltaic cell laser machining equipment market increasingly prefer leading equipment manufacturers with mature technology, stable product performance, robust service systems and scalable delivery capability. As a result, orders have increasingly concentrated among leading participants.

Strategic positioning into emerging application areas. With continuous iteration in laser processing technologies and the expansion of downstream demand in advanced manufacturing, certain manufacturers are making forward-looking technology deployments to extend application scenarios into emerging fields. In the photovoltaic sector, laser precision micro- and nano-machining equipment is gradually expanding into frontier applications such as high-efficiency photovoltaic modules and novel cell structures, as well as broader photovoltaic applications across a full range of scenarios, thereby providing technical reserves to support future photovoltaic technology upgrades. In the semiconductor sector, as advanced semiconductor packaging technologies continue to develop, laser precision micro- and nano-machining equipment is accelerating its penetration into key advanced semiconductor packaging process steps, including RDL processing, with application depth continuing to increase. By establishing technical capabilities and customer cooperation foundations in advance, manufacturers are better positioned to secure favourable competitive positions as emerging industries progress through commercialisation.

Intelligent upgrading. With the continued development of artificial intelligence, its integrated application within advanced manufacturing has deepened, driving intelligent upgrades for laser precision micro- and nano-machining equipment across multiple stages, including equipment design, operation and maintenance. In the design stage, AI-assisted design tools can improve structural design efficiency and simulation and verification capability, enabling faster product iteration. During operation, AI enables real-time sensing and closed-loop control, allowing systems to monitor whether products meet specifications, automatically adjust parameters and calibrate performance, and continuously evaluate operating conditions. In maintenance management, AI predictive maintenance based on big data analytics can materially reduce unplanned downtime. Overall, the increasing adoption of artificial intelligence is driving systematic improvements in efficiency, precision and reliability and is accelerating the industry’s evolution towards intelligentisation.

Maintenance services are becoming increasingly critical. Maintenance services form a key component of after-sales support, and maintenance procedures for laser precision micro- and nano-machining equipment are typically complex. In particular, inspection and maintenance of critical components such as lasers, galvo scanners and optical paths generally require specialist technicians and dedicated diagnostic tools. Professional maintenance services can help maximise the overall economic performance of equipment by preventing failures in advance and assisting customers in reducing operating costs. Given customers’ high requirements for stable operation and product yield, they increasingly require manufacturers of laser precision micro- and nano-machining equipment to provide professional and necessary maintenance services to ensure equipment remains in a satisfactory operating condition. Accordingly, maintenance services are progressively becoming one of the key factors considered by customers when selecting laser precision micro- and nano-machining equipment suppliers.

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Cost analysis in the global laser precision micro- and nano-machining equipment industry

Lasers, as the core component responsible for energy conversion and output, constitute a principal raw material in the manufacturing of laser precision micro- and nano-machining equipment. For manufacturers of laser precision micro- and nano-machining equipment, ultrafast lasers represent one of the key laser categories. From 2021 to 2025, the average price of ultrafast lasers from global leading brands decreased from RMB1,116.9 thousand per unit to RMB975.0 thousand per unit and remained relatively stable.

ANALYSIS OF THE GLOBAL LASER PRECISION MICRO- AND NANO-MACHINING EQUIPMENT APPLICATIONS

The photovoltaic industry refers to the industrial system engaged in the conversion of solar energy into electricity, covering photovoltaic cells and modules, as well as related manufacturing and operation and maintenance service segments. The global photovoltaic market has continued to expand, with favourable industry prospects. In 2025, the global cumulative installed photovoltaic capacity reached over 2,800 GW. The sustained expansion of the photovoltaic market has driven growth in demand for laser precision micro- and nano-machining equipment. In photovoltaic cell and module manufacturing, laser precision micro- and nano-machining equipment performs processes such as etching and doping on photovoltaic materials by controlling parameters including the laser beam’s energy, wavelength, pulse duration and focal position, thereby improving photovoltaic cell conversion efficiency, reducing production costs and enhancing product quality. The expansion of photovoltaic applications across a full range of scenarios impose more stringent requirements on the processing precision and equipment reliability of laser precision micro- and nano-machining equipment.

The semiconductor industry generally refers to the industrial system that, based on silicon, compound semiconductors and other semiconductor materials, provides computing, storage, communications and control capabilities, covering the full value chain including chip design, manufacturing and packaging. The global semiconductor industry has continued to grow. In terms of revenue, market size increased from RMB3.6 trillion in 2021 to RMB5.7 trillion in 2025, representing a CAGR of 12.2% from 2021 to 2025, and is expected to increase further to RMB16.9 trillion by 2030, representing an expected CAGR of 24.3% from 2025 to 2030. Driven by applications such as artificial intelligence and data centres, demand for advanced process nodes and high-end packaging has increased rapidly, resulting in more stringent requirements for processing precision, production consistency and equipment reliability, thereby providing sustained opportunities for the laser precision micro- and nano-machining equipment market. In semiconductor manufacturing and packaging, laser precision micro- and nano-machining equipment can support advanced laser annealing processes for materials such as silicon carbide and TFLN, as well as key processes including TGV laser micro-via forming, RDL laser drilling and CPO laser machining. In addition, demand for other components used in semiconductor-related machining, including PCBs, has continued to increase. In 2030, the market size of the global PCB industry, in terms of revenue, is expected to reach RMB751.4 billion. Laser precision micro- and nano-machining equipment can also be applied in key PCB processes, including high-precision drilling and microvia processing.

The next-generation display/light source industry refers to an industrial system that, based on micro light-emitting devices, thin-film devices and other advanced display/light source technologies, provides high-brightness, high-resolution, low-power-consumption and flexible display solutions. It includes frontier display technologies such as Micro LED. The global next-generation display/light source market is in a phase of rapid growth. Driven by emerging application demand such as smart wearable devices, including smartwatches, and in-vehicle displays, the industry’s growth potential continues to expand. In next-generation display/light source manufacturing, laser micro- and nano-machining equipment can materially enhance processing precision, yield and production efficiency, thereby meeting the requirements for precision manufacturing of high-density, micron-level display devices.

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COMPETITIVE LANDSCAPE OF THE GLOBAL LASER MACHINING EQUIPMENT INDUSTRY

Overview of the competitive landscape

The global laser machining equipment market is characterised by relatively low market concentration. As downstream applications continue to impose more stringent requirements on laser processing precision, the laser precision micro- and nano-machining segment has demonstrated stronger growth. Globally, there are over 100 manufacturers of laser precision micro- and nano-machining equipment. In addition, photovoltaic cell laser machining equipment represents an important category of the laser precision micro- and nano-machining equipment industry. This market exhibits a relatively high degree of concentration, primarily due to higher entry barriers. Global enterprises, represented by the Company, have established first-mover advantages in this market and continue to strengthen their competitive position through sustained R&D investment and innovation.

Ranking of the global laser precision micro- and nano-machining equipment industry

In 2025, the Company generated revenue of approximately RMB2.0 billion from its laser precision micro- and nano-machining equipment, ranking fourth in the global laser precision micro- and nano-machining equipment market with a market share of 4.3%.

Top 5 laser precision micro- and nano-machining equipment companies, by laser precision micro- and nano-machining equipment revenue, global, 2025

Ranking	Company	Laser precision micro- and nano-machining equipment revenue (RMB in billion)	Market share (%)
1	Company A	5.1	10.9%
2	Company B	3.9	8.4%
3	Company C	2.6	5.7%
4	The Company	2.0	4.3%
5	Company D	1.2	2.6%

Source: CIC Report

Note:

Company A	Established in 1996 and headquartered in Guangdong. It is principally engaged in the research and development, design, manufacturing and sale of laser machining equipment and automation solutions, and was listed on the Shenzhen Stock Exchange in 2004.
Company B	Established in 1937 and headquartered in Japan. It focuses on precision processing solutions centred on dicing, grinding, polishing and certain laser processing applications, and also provides related machines, tools and processing services. It was listed on the Tokyo Stock Exchange in 1999.
Company C	Established in 1923 and headquartered in Germany. It provides manufacturing solutions across machine tools, laser technology and electronics for industrial applications.
Company D	Established in 1999 and headquartered in Hubei. It operates across intelligent manufacturing, optical connectivity and sensing-related businesses. It was listed on the Shenzhen Stock Exchange in 2000.

The figures of the table have been rounded up to one decimal place.

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Ranking of the global photovoltaic cell laser machining equipment industry

As an important segment within laser precision micro- and nano-machining equipment, photovoltaic laser machining equipment demonstrates broad growth potential, in which photovoltaic cell laser machining equipment occupies a dominant position. The global market size of photovoltaic cell laser machining equipment reached RMB2.5 billion in 2025 in terms of revenue. In the global photovoltaic cell laser machining equipment market, as of December 31, 2025, the Company is one of the few suppliers that has achieved comprehensive mass-production and delivery coverage across multiple photovoltaic cell technologies, including BC, TOPCon, HJT, perovskite and PERC.

In 2025, the Company generated revenue of approximately RMB2.0 billion from photovoltaic cell laser machining equipment and ranked first among global suppliers of photovoltaic cell laser machining equipment, with a market share of 80.4%.

Top 3 photovoltaic cell laser machining equipment companies, by photovoltaic cell laser machining equipment revenue, global, 2025

Ranking	Company	Photovoltaic cell laser machining equipment revenue (RMB in million)	Market share (%)
1	The Company	1,981.0	80.4%
2	Company E	227.7	9.2%
3	Company F	40.1	1.6%

Source: CIC Report

Note:

Company E: Established in 2008 and headquartered in Guangdong. It is principally engaged in the research and development, design, production and sales of high-end non-standard intelligent laser machining equipment, and was listed on the STAR Market of the Shanghai Stock Exchange in 2020.

Company F: Established in 2007 and headquartered in Guangdong. It is primarily engaged in the research and development, production and sales of photovoltaic manufacturing equipment. It was listed on the ChiNext Market of the Shenzhen Stock Exchange in 2018.

The figures of the table have been rounded up to one decimal place.

Key success factors of the global laser precision micro- and nano-machining equipment industry

Sustained R&D capability and adequate R&D investment. In the case of photovoltaic cell laser machining equipment, photovoltaic cell technologies have experienced rapid evolution to N-type structures and are further expanding towards perovskite, tandem and other next-generation architectures. Each technology iteration tends to drive market demand for a new generation of laser precision micro- and nano-machining equipment. This development dynamic requires industry participants to maintain sustained and forward-looking R&D capabilities, supported by long-term and stable capital investment. In an industry characterised by rapid technology iteration, companies with strong R&D capabilities, deep technology accumulation and forward-looking process roadmaps are better positioned to maintain their competitiveness. In particular, during key periods of technological transition, timely R&D progress is essential for sustaining customer recognition and securing participation in the supplier ecosystems of major customers.

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Forward-looking business positioning. As applications of laser precision micro- and nano-machining equipment continue to extend into emerging high-growth fields, long-term competitiveness increasingly depends on strategic, forward-looking deployment. In frontier directions where technologies in photovoltaics, semiconductors and next-generation display/light sources remain in evolution, industry participants need to leverage industry insight to assess development trends and develop laser machining equipment compatible with next-generation processes in advance. Such deployment can support the establishment of first-mover advantages and enable participants to capture structural opportunities in rapidly expanding markets.

Continuous accumulation of know-how databases. The manufacturing and application of laser precision micro- and nano-machining equipment is highly dependent on know-how accumulated over time. Established participants, through sustained services to downstream customers, continuously accumulate production data relating to, among others, laser parameter matching, optical component selection, optical path control and positioning calibration. Such data forms systematic and reusable know-how databases that are difficult for other participants to replicate. Know-how databases not only reflect an enterprise’s technical capabilities but also serve as effective tools for addressing diverse customer requirements.

Transferable technology reserves. Leading participants typically develop, through long-term accumulation, a portfolio of transferable process technologies, such as laser doping, ablation, annealing, etching, debonding and microvia processing, which can be migrated across application fields and can materially shorten new product development cycles. Such transferable technology reserves not only shorten the time to enter new application areas, but also lower customer switching costs and enhance customer stickiness. In addition, the capability to reuse and redeploy technologies enables enterprises to realise technology transfer across different photovoltaic cell technologies and other application fields, including semiconductors, PCB, displays and other emerging fields, thereby enabling them to respond more rapidly to market changes, enhance the scalability of products and services, and establish strong competitive advantages amid intensifying industry competition.

Global production base and global delivery capability. With customers increasingly deploying their production capacity on a global basis, leading laser precision micro- and nano-machining equipment industry participants are required to establish cross-regional production and delivery capabilities. By setting up manufacturing bases in multiple locations globally, and by deploying comprehensive technical support systems, on-site engineering teams and remote diagnostic capabilities, participants can address cross-regional customer needs efficiently during equipment commissioning, mass-production ramp-up and technology upgrades. In addition, leveraging artificial intelligence to optimise workflows can further enhance commissioning efficiency and customers’ production line stability. Such global footprint and delivery capabilities also provide a solid foundation for participants to secure repeat orders and consolidate market share.

SOURCES OF INFORMATION

We have engaged China Insights Consultancy, an independent market research consulting firm, to conduct a detailed analysis and prepare an industry report on the markets in which we operate. China Insights Consultancy is an independent global consulting firm founded in China. It is principally engaged in the provision of market research consultancy services, conducting industry research, and providing market and enterprise strategies and consultancy services across various industries. We incurred a total of RMB530,000 in fees and expenses in connection with the preparation and use of the CIC Report.

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China Insights Consultancy conducted both primary and secondary research using a variety of resources in the completion of this report. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analysing data from various publicly available data sources, such as EIA, IEA, IRENA, WSTS, CPIA, CAICT, Chinese Optical Society, company reports and the internal database of China Insights Consultancy.

The market projections in the commissioned report are based on the following key assumptions: (i) the overall social, economic, and political environment is expected to maintain a stable trend during the forecast period; (ii) the key industry drivers are likely to continue to drive the growth in each market during the forecast period; and (iii) there is no extreme force majeure or unforeseen industry regulations in which the market may be affected either dramatically or fundamentally during the forecast period. All statistics are reliable and based on information available as at the date of this report. Other sources of information, including those from the government, industry associations, or market participants, may have provided some of the information on which the analysis or its data is based. All the information regarding the Company has been sourced from the Company’s audited report or management interviews.

REGULATORY OVERVIEW

REGULATIONS RELATING TO COMPANY

The establishment, operation and management of corporate entities in the PRC are governed by the PRC Company Law (《中華人民共和國公司法》) (the “**Company Law**”), which was last amended by the Standing Committee of the National People’s Congress of the PRC (the “**SCNPC**”) on December 29, 2023 and came into effect on July 1, 2024. Both limited liability companies and companies limited by shares established in the PRC in accordance with the law shall have the status of a legal person. The shareholders of these companies are liable only to the extent of their subscribed capital contributions or shares. The Company Law also applies to foreign-invested companies, unless laws on foreign investment have other stipulations.

REGULATIONS RELATING TO FOREIGN INVESTMENT

Foreign investment activities within the territory of the PRC are principally governed by the following regulations: (1) the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**Foreign Investment Law**”), which was adopted by the National People’s Congress (the “**NPC**”) on March 15, 2019 and came into effect on January 1, 2020, together with its corresponding implementing rules and ancillary regulations; (2) the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Edition) (“**Negative List**”), jointly issued by the Ministry of Commerce of the PRC (“**MOFCOM**”) and the National Development and Reform Commission (“**NDRC**”); (3) the Catalogue of Encouraged Industries for Foreign Investment (2025 Version) (《鼓勵外商投資產業目錄(2025年版)》) jointly issued by the MOFCOM and the NDRC; (4) the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) jointly promulgated by the MOFCOM and the SAMR on December 30, 2019 and came into effect on January 1, 2020.

In accordance with the aforementioned regulations, foreign investors shall not invest in any field prohibited by the Negative List and shall meet the investment conditions stipulated for any field restricted by the Negative List. For foreign investments outside the Negative List, it shall be administered under the principle of equal treatment to domestic and foreign investment.

According to the Measures for Reporting of Foreign Investment Information, the establishment of foreign-invested enterprises by foreign investors, as well as the establishment of foreign-invested enterprises through purchasing the equities of non-foreign-invested enterprises and their subsequent changes, are required to submit an establishment or change report through the Enterprise Registration System.

REGULATIONS RELATING TO OUTBOUND INVESTMENT

Pursuant to the Administrative Measures for Outbound Investment (《境外投資管理辦法》) promulgated by the MOFCOM on September 6, 2014 and came into effect on October 6, 2014, the MOFCOM and provincial competent commerce authorities shall carry out administration either by record-filing or approval, depending on different circumstances of outbound investment by enterprises. Outbound investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by approval. Outbound investment by enterprises that falls in any other circumstances shall be subject to administration by record-filing.

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The List of Sensitive Sectors for Overseas Investment (2018 Version) (《境外投資敏感行業目錄(2018年版)》), which was promulgated by the NDRC on January 31, 2018 and came into effect on March 1, 2018, listed the sensitive sectors for overseas investment, including development, manufacturing and maintenance of arms, cross-border water resources development and utilisation, news and media, among others.

REGULATIONS RELATING TO IMPORT AND EXPORT OF GOODS AND TECHNOLOGY

Pursuant to the Notice on Matters Concerning the Filing of Consignees and Consignors of Import and Export 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 by the General Administration of Customs of the PRC (the “GAC”) on January 3, 2023, consignees and consignors of import and export goods applying for filing shall have obtained market entity qualification and are exempt from the requirement for foreign trade operator filing. For technologies that are free for import and export, the relevant contracts must be registered with the foreign trade department of the State Council or its authorised agency.

Pursuant to the Regulations of Customs on Administration of Recordation of Declaration Entities of the RRC (《中華人民共和國海關報關單位備案管理規定》), promulgated by the GAC on November 19, 2021 and came into effect on January 1, 2022, customs declaration entities are defined as consignees and consignors of import and export goods, as well as customs declaration enterprises registered with customs. Consignees and consignors of import and export goods, or customs declaration enterprises, applying for such filing shall have obtained market entity qualification.

POLICIES AND REGULATIONS RELATING TO THE PHOTOVOLTAIC INDUSTRY

The Opinions on Fully, Accurately and Comprehensively Implementing the New Development Philosophy and Effectively Advancing Work on Carbon Peaking and Carbon Neutrality (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》), issued by the Central Committee of the Communist Party of China and the State Council, and the Action Plan for Carbon Peaking Before 2030 (《2030年前碳達峰行動方案》), issued by the State Council on October 26, 2021, and came into effect on the same date, explicitly call for the vigorous development of renewable energy and the promotion of large-scale development and utilisation of new energy sources such as photovoltaics. They designate the photovoltaic industry as one of the core industries for achieving the carbon peaking and carbon neutrality goals, thereby laying the top-level policy foundation for the industry’s development.

Pursuant to the Photovoltaic Manufacturing Industry Specifications (《光伏製造行業規範條件》) and the Interim Measures for the Administration of Announcements on Photovoltaic Manufacturing Industry Specifications (《光伏製造行業規範公告管理暫行辦法》) promulgated by the Ministry of Industry and Information Technology (“MIIT”) on November 15, 2024 and came into effect on the same day, PV manufacturing enterprises and projects should meet the requirements of national resources development and utilisation, environmental protection, energy conservation management and other laws and regulations, meet the requirements of national industrial policies and related industrial planning and layout, meet the requirements of local territorial space planning, social and economic development planning and environmental protection planning, meet the requirements of regional ecological environment zoning control and environmental assessment planning.

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The Notice of the National Energy Administration on Several Measures to Promote the Development of the Private Sector in the Energy Sector (《國家能源局關於促進能源領域民營經濟發展若干舉措的通知》), issued by the National Energy Administration on April 23, 2025, and came into effect on the same date, explicitly states that the private sector is encouraged to engage in innovation and development within the energy sector. It actively supports private enterprises in playing a significant role in major technological innovations in the energy sector, and encourages leading private technology companies to participate in the research and formulation of major strategies, plans, standards, and policies for the development of energy technology. The Notice also encourages collaboration between national scientific and technological innovation platforms, such as national laboratories, and private enterprises to jointly tackle challenges and achieve the open sharing of research outcomes.

The Implementation Opinions of the National Development and Reform Commission and the National Energy Administration on Promoting High-Quality Development of ‘AI+’ Energy (《國家發展改革委國家能源局關於推進「人工智能+」能源高質量發展的實施意見》), jointly issued by the National Development and Reform Commission and the National Energy Administration on September 4, 2025, and came into effect on the same date, stipulates that, with respect to the dynamic adaptation of new types of energy storage to power system dispatch, wide-area coordinated interaction, weak grid support, safety monitoring of battery equipment, and evaluation and maintenance of the equipment itself, artificial intelligence technologies shall be applied to enhance the coordinated control capability of multiple types of energy storage in weak grid scenarios. It aims to establish an application system encompassing wide-area collaborative optimisation control of new energy sources and co-located new energy storage systems, intelligent assessment of energy storage power stations, smart operation and maintenance decision support, and full-lifecycle safety, thereby improving the power supply reliability of system-friendly new energy power stations.

The Opinions on Further Strengthening Intellectual Property Protection in the Photovoltaic Industry (《關於進一步加強光伏產業知識產權保護工作的意見》), jointly issued by the National Intellectual Property Administration and the Ministry of Industry and Information Technology on December 31, 2025, and came into effect on the same date. The document requires giving full play to the value functions of intellectual property protection and innovation incentives, effectively addressing “involutionary” competition, continuously fostering a fair and orderly market environment, and promoting the healthy development of the photovoltaic industry. The Opinions emphasises on strengthening coordinated protection of intellectual property rights, and stating that “prohibit the import and export of photovoltaic products that infringe upon intellectual property rights in accordance with the law”; enhancing infringement regulation in bidding and tendering, stating that “central and state-owned enterprises must set a good example by resolutely eliminating the manufacture, sale, and use of goods that infringe upon intellectual property rights, and are encouraged to explicitly require bidders in tender documents to provide a written commitment that the relevant products do not involve any intellectual property violations or infringements.”

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REGULATIONS RELATING TO PRODUCT QUALITY

According to Product Quality Law of the PRC (《中華人民共和國產品質量法》) latest amended by the SCNPC on December 29, 2018 and came into effect on the same day, manufacturers shall be liable for the quality of products produced by them and sellers shall take necessary measures to ensure the quality of the products sold by them. If personal injury or damage to property other than the defective product itself is caused by a product defect, the producer shall bear corresponding liability for compensation. Where a product defect is caused by the fault of the seller, resulting in personal injury or damage to the property of others, the seller shall bear the liability for compensation. Where a defective product causes physical injury to a person or property damage, the infringed party has the right to request compensation from either the producer or the seller.

REGULATIONS RELATING TO SAFE PRODUCTION

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》, the “**Production Safety Law**”) amended by the SCNPC on June 10, 2021 and came into effect on September 1, 2021, entities shall strengthen the management, establish and improve responsibility systems and policies, improve conditions, promote the development of standards, and enhance the level in this aspect to ensure production safety.

According to the Measures for the Supervision and Administration of “Three Simultaneities” for the Safety Facilities of Construction Projects (《建設項目安全設施「三同時」監督管理辦法》), amended by the Former State Administration of Work Safety on April 2, 2015 and came into effect on May 1, 2015, the safety facilities in a newly built, reconstructed or expanded construction project must be designed, constructed and put into use simultaneously with the main body of the project. If an enterprise violates the relevant requirements, it may be ordered to make corrections within a specified time limit, discontinue the construction process or suspend its production and business operation for rectification, and a fine will be imposed.

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION, ENERGY CONSERVATION REVIEWS, AND FIRE SAFETY

Environmental Protection

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (the “**Environmental Protection Law**”) last amended on April 24, 2014, and came into effect on January 1, 2015, enterprises, institutions and other producers and business operators shall prevent and reduce environmental pollution and ecological damage, and bear liability for any damage caused in accordance with the law. The State implements a pollutant discharge permit management system in accordance with the law.

According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), which was last amended by the SCNPC on December 29, 2018 and came into effect on the same day, the Regulation on the Administration of Environmental Protection for Construction Projects (《建設項目環境保護管理條例》), which was last amended by the State Council on July 16, 2017 and came into effect on October 1, 2017, and the Interim Measures for Environmental Protection Acceptance Inspection Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), which was promulgated by the former Ministry of Environmental Protection on November 20,

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2017 and came into effect on the same day, the PRC implements an environmental impact assessment system for construction projects. The construction entity shall submit an environmental impact report or an environmental impact statement for approval prior to the commencement of the construction project, or an environmental impact registration form as required by the environmental protection competent administrative department of the State Council for record. Furthermore, upon completion of a construction project for which an environmental impact report or statement has been prepared, the construction entity must conduct an acceptance inspection of the supporting environmental protection facilities in accordance with the standards and procedures prescribed by the competent environmental protection administrative department under the State Council, and prepare an acceptance report.

According to the Law on Prevention and Control of Environmental Pollution Caused by Solid Wastes of the PRC (《中華人民共和國固體廢物污染環境防治法》), which was last amended on April 29, 2020 by the SCNPC and came into effect on September 1, 2020, any entity or individual that generates, collects, stores, transports, utilises or disposes of solid waste shall take measures to prevent or reduce the pollution of solid waste to the environment, and shall be responsible for the environmental pollution caused in accordance with the law. Where hazardous waste exists in solid waste, it shall be managed in accordance with hazardous waste management.

The Law on Prevention and Control of Water Pollution of the PRC (《中華人民共和國水污染防治法》), which was last amended by the SCNPC on June 27, 2017 and came into effect on January 1, 2018, the Law on Prevention and Control of Atmospheric Pollution of the PRC (《中華人民共和國大氣污染防治法》), which was last amended by the SCNPC on October 26, 2018 and came into effect on the same day, and the Law on Prevention and Control of Environmental Noise Pollution of the PRC (《中華人民共和國噪聲污染防治法》), which was promulgated by the SCNPC on December 24, 2021 and came into effect on June 5, 2022, prescribe the requirements for the prevention and control of water pollution, atmospheric pollution, and noise pollution respectively.

Energy Conservation Review

According to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), which was last amended by the SCNPC on October 26, 2018 and came into effect on the same day, the State shall implement an energy conservation assessment and audit system for fixed asset investment projects. For projects which do not meet the compulsory energy conservation standards, the developer shall not commence construction; where the construction is completed, the project shall not be put into production or use.

Fire Safety

According to the Fire Protection Law of the PRC (《中華人民共和國消防法》), which was last amended by the SCNPC on April 29, 2021 and came into effect on the same day, the emergency management department under the State Council and the emergency management department under the local people’s governments at or above the county level shall supervise and manage fire protection work. Fire prevention design and construction must comply with national technical standards for fire protection in construction projects.

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REGULATIONS RELATING TO LAND USE AND BUILDING CONSTRUCTION

According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》), which was last amended by the NPCSC on April 23, 2019, and came into effect on the same day, after obtaining the approval, verification, and recorded documents and signing the contract for transfer of the right to use of State-owned land, the developing unit shall apply to the department in charge of urban and rural planning for a permit for planned use of land for construction. Where construction work is conducted in a city or town planning area, the relevant construction entity shall apply for a construction work planning permit from the competent administrative authority in charge of urban and rural planning.

According to the Construction Law of the PRC (《中華人民共和國建築法》), which was last amended by the NPCSC on April 23, 2019, and came into effect on the same day, prior to the commencement of a construction work, a construction entity shall apply for a construction permit (施工許可證) from the competent construction administrative authority, except for small-scale projects that meet the requirements and conditions set by the competent construction administrative authority.

According to the Measures for the Administration of Completion Acceptance and Filing of Housing 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 and came into effect on October 19, 2009, any entity in the PRC that carries out construction works to build, expand or re-build real properties or municipal infrastructure projects shall, within 15 days after the acceptance of the relevant construction work, make a record-filing with the competent construction administration authority.

REGULATIONS RELATING TO IMMOVABLE PROPERTY AND HOUSING LEASE

According to the Civil Code of the PRC (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020, and came into effect on January 1, 2021, the creation, alteration, transfer, or extinguishment of a real right in immovable property that is required by law to be registered, becomes effective at the time when it is recorded in the registration of immovable property. The real right certificate for immovable property is the proof of a right holder’s entitlement to the real right in the immovable property.

According to the Management Measures for the Lease of Commercial Housing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010, and effective on February 1, 2011, within 30 days after the conclusion of the housing lease contract, the parties to the lease shall go to the competent department of construction (real estate) of the people’s government of the municipality, city or county where the leased housing is located to register and file the housing lease. In violation of the foregoing provisions, it may be ordered to rectify within a specified period. If rectification is not made by an individual within the time limit, a fine of less than RMB1,000 shall be imposed. If rectification is not made by an entity within the time limit, a fine of more than RMB1,000 but less than RMB10,000 shall be imposed.

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REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) last amended by the SCNPC on October 17, 2020 and effective on June 1, 2021, and its Implementation Regulations, patents are divided into three categories, i.e. invention patents, utility model patents and design patents. The validity period of patent for an invention is 20 years, while the validity period of patent for a utility model is 10 years and that of a design is 15 years, from the date of application. Any entity or individual that exploits another’s patent must conclude a licensing agreement with the patent holder and pay royalties. Any exploitation of a patent without the authorisation of the patentee constitutes an infringement of the patent right of the patentee.

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) last amended by the SCNPC on April 23, 2019 and effective on November 1, 2019, and its Implementation Rules, trademarks approved by and registered with the Trademark Office are registered trademarks, including good marks, service marks, collective marks and certification marks. The valid period of a registered trademark is ten years, commencing from the date of the registration. For continuous use of the registered trademark, the trademark registrant is required to apply for renewal within twelve months before the expiry date. The valid period for each renewal of registration is ten years, commencing from the date immediately following the expiration of the previous validity period of the trademark.

Copyright

According to the Regulations on Computer Software Protection (《計算機軟件保護條例》) last amended by the State Council on January 30, 2013, and came into effect on March 1, 2013, as well as the Measures for the Registration of Computer Software Copyrights (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002, and came into effect on the same day, the National Copyright Administration is mainly responsible for the registration and management of software copyrights nationwide and has authorised the China Copyright Protection Centre to accept registration applications, and upon approval, issue registration certificates to applicants.

Domain Names

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》), promulgated on August 24, 2017 and came into effect on November 1, 2017, the MIIT is the primary regulatory authority responsible for the administration of internet domain names in China. Domain name registration is handled through domain name root servers and their operating entities, domain name registration administration institutions and domain name registration service institutions established in accordance with relevant regulations.

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REGULATIONS RELATING TO DATA SECURITY, CYBERSECURITY AND PERSONAL INFORMATION PROTECTION

Data Security

Pursuant to the Data Security Law of the PRC (《中華人民共和國數據安全法》), which was issued by the NPCSC on June 10, 2021 and came into effect on September 1, 2021, entities conducting data processing activities shall fulfil data security protection obligations, assume social responsibilities, and shall not endanger national security or public interests, or harm the legitimate rights and interests of individuals or organisations. Any individual or organisation collecting data shall do so in a lawful and legitimate manner, and shall not steal or obtain data in other illegal means.

Cybersecurity

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the “**Cybersecurity Law**”) promulgated by the SCNPC on October 28, 2015 and came into effect on January 1, 2016, the construction, operation of a network or the provision of services through a network shall, in accordance with the provisions of the laws, administrative regulations and the mandatory requirements of the national standards, adopt technical measures and other necessary measures to safeguard the safe and stable operation of the network, and to effectively respond to network security events, prevent illegal and criminal activities on the network, and maintain the integrity, confidentiality and availability of network data. In the event of a violation of the relevant provisions and requirements under the Cybersecurity Law, individuals or organisations may face penalties including warnings, fines, confiscation of illegal gains, revocation of licences, or closure of websites, and may be subject to criminal liability in serious circumstances.

Personal Information Protection

Pursuant to the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), promulgated by the SCNPC on August 20, 2021, and came into effect on November 1, 2021, the processing of personal information must adhere to the principles of legality, legitimacy, necessity, and good faith; personal information must not be processed through misleading, fraudulent, or coercive means. Personal information shall be processed for a clear and reasonable purpose which is directly related to the processing purpose and in the manners that have the minimum impacts on the rights and interests of individuals. The collection of personal information shall be limited to the minimum scope for achieving the purpose of handling and it is not allowed to excessively collect personal information. Processing of personal information shall follow the principles of openness and transparency, with personal information processing rules disclosed. The purpose, manner and scope of processing should be explicitly disclosed. A personal information processor shall be responsible for its handling of personal information and take necessary measures to ensure the security of the personal information handled.

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REGULATIONS RELATING TO EMPLOYMENT AND LABOUR PROTECTION

Labour Law and Labour Contract Law

According to the Labour Law of the PRC (《中華人民共和國勞動法》) last amended by the SCNPC on December 29, 2018 and came into effect the same day, an employer shall develop and improve its labour safety and health system, strictly implement national standards and protocols on labour safety and health, conduct labour safety and health education for employees, guard against labour accidents and reduce occupational hazards.

Pursuant to the Labour Contract Law of the People's Republic of China and its implementing regulations, last amended by the SCNPC on December 28, 2012, and came into effect on July 1, 2013, employers and employees shall enter into a written labour contract when establishing an employment relationship. Employers shall not compel employees to work overtime. If overtime is arranged, employers shall pay overtime wages to employees in accordance with relevant state regulations. Wages must not be lower than the local minimum wage standard and must be paid to employees promptly.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) which was amended by the SCNPC on December 29, 2018 and came into effect on the same day, and the Provisional Regulations for the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was amended by the State Council on March 24, 2019 and came into effect on the same day, the employer shall contribute to social insurance plans covering basic pensions insurance, basic medical insurance, work injury insurance, unemployment insurance and maternity insurance. Employers who failed to promptly make social insurance contributions in full amount shall be ordered by the social insurance collection agency to make or supplement contributions within a prescribed time limit, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within prescribed time limit, the relevant administrative authorities shall impose a fine ranging from one to three times the outstanding amount.

According to the Administrative Regulations on Housing Provident Funds (《住房公積金管理條例》) last amended by the State Council on March 24, 2019 and came into effect on the same day, employers are required to make contributions to housing provident funds for their employees. Any entity that fails to make payment of housing provident fund within the time limit or has a shortfall in such payment will be ordered to make the payment or make up the shortfall within the prescribed time limit by the housing provident fund management centre; otherwise, the housing provident management centre is entitled to apply for compulsory enforcement with the People's Court. The contribution ratio of employee and employer's housing provident fund shall not be less than 5% of the employee's monthly average salary in the previous year. Cities with favourable conditions can appropriately adjust the contribution ratio.

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According to the Notice of the STA on Implementing Measures to Further Support and Serve the Development of Private Economy (《國家稅務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》), promulgated by the STA on November 16, 2018 and came into effect on the same day, no centralised collection of unpaid arrears from taxpayers including private enterprises in the previous years is allowed to independently organised or carried out. The Notice of the General Office of the State Council on Issuance of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《國務院辦公廳關於印發<降低社會保險費率綜合方案>的通知》), promulgated by the General Office of the State Council on April 1, 2019, also emphasises that the historical unpaid arrears of the enterprise shall be properly treated, and no centralised collection of historical unpaid arrears from enterprises is allowed to independently organised in the process of reformation of the collection system.

REGULATIONS RELATING TO TAX

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) last amended by the NPC on December 29, 2018 and came into effect on the same day, and its implementation regulations, enterprises are classified into resident enterprises and non-resident enterprises. Resident enterprises are subject to a uniform 25% enterprise income tax rate on their worldwide income. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC’s government will enjoy a 15% preferential tax rate for Enterprise Income Tax.

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稅法》), which was promulgated by the SCNPC on December 25, 2024 and came into effect on January 1, 2026, and the Detailed Rules for the Implementation of the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was last amended by the MOF on October 28, 2011 and came into effect on November 1, 2011, entities and individuals that sell goods, provide labour services of processing, repair or replacement, or import goods within the territory of mainland China are taxpayers of value-added tax.

Pursuant to the Notice of the MOF and the STA on the Adjustment to Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》), promulgated by the MOF and the SAT on April 4, 2018 and came into effect on May 1, 2018, the VAT rates for sales and imported goods are adjusted from 17% and 11% to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》) issued by the MOF, the STA and the General Administration of Customs on March 20, 2019 and came into effect on April 1, 2019, the VAT rates of 16% and 10% on sales and imported goods shall be adjusted to 13% and 9%, respectively.

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According to the Notice by the Ministry of Finance and the State Taxation Administration of the Additional Value-Added Tax Credit Policy for Advanced Manufacturing Enterprises (《關於先進製造業企業增值稅加計抵減政策的公告》) promulgated on September 3, 2023, from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed to additionally deduct 5% of the current period's deductible input VAT from their payable VAT.

Relevant Income Tax on Dividend Distribution

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稅和防止偷漏稅的安排》) and its protocol, promulgated by the State Administration of Taxation on August 21, 2006 and came into effect on December 8, 2006, if a Hong Kong residents directly holds no less than 25% of the equity in a PRC domestic company, the dividends distributed by the PRC domestic company to such Hong Kong residents shall be subject to tax at a rate of 5%; if the shareholding percentage of the Hong Kong residents in the PRC domestic company does not exceed 25%, the relevant dividends shall be subject to tax at a rate of 10%. The Fifth Protocol to the Arrangement, promulgated by the State Administration of Taxation and effective on December 6, 2019, stipulates that the above preferential tax treatment shall not apply to arrangements or transactions whose main purpose is to obtain such tax benefits.

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》), last amended on August 31, 2018 and came into effect on January 1, 2019, and the Implementing Regulations for the Individual Income Tax Law of the People's Republic of China, income from interest, dividends and bonuses, income from leasing of property, income from transfer of property and incidental income are subject to a proportional tax rate, uniformly set at 20%. According to the Notice of the Ministry of Finance and the State Administration of Taxation on Several Policy Issues Concerning Individual Income Tax (《財政部國家稅務總局關於個人所得稅若干政策問題的通知》) issued on May 13, 1994, foreign individuals are exempt from individual income tax on dividends received from foreign-invested enterprises.

Pursuant to the Notice of the State Taxation Administration on the Issues Concerning Withholding the EIT on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《國家稅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稅有關問題的通知》) issued by the SAT on November 6, 2008 and came into effect on the same date, a PRC resident enterprise is required to withhold EIT at a unified rate of 10% on dividends paid to non-PRC resident enterprise holders of H shares which are derived out of profit generated since 2008.

REGULATORY OVERVIEW

REGULATIONS RELATING TO FOREIGN EXCHANGE

Pursuant to the Regulations of the People’s Republic of China on Foreign Exchange Control 《中華人民共和國外匯管理條例》, as amended and effective on August 5, 2008, foreign exchange payments under current account items may be made with their own foreign exchange funds based on valid documents or by purchasing foreign exchange from financial institutions engaged in the settlement and sale of foreign exchange. Domestic institutions or domestic individuals making direct investment overseas or engaging in the issuance or trading of overseas securities or derivatives shall complete the registration procedures in accordance with the provisions of the foreign exchange administration department of the State Council. According to the Circular on Further Simplifying and Improving the Foreign Exchange Administration Policies on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) issued by the State Administration of Foreign Exchange on February 13, 2015, banks are authorised to directly review and process foreign exchange registrations for domestic direct investment and overseas direct investment on behalf of the State Administration of Foreign Exchange, while the State Administration of Foreign Exchange and its branches exercise indirect supervision over direct investment foreign exchange registrations through banks.

According to the Notice on Issues Concerning the Management of Funds for Overseas Listing by Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》) issued by the People’s Bank of China and the State Administration of Foreign Exchange on December 24, 2025 and came into effect on April 1, 2026, the People’s Bank of China, the State Administration of Foreign Exchange and their branches shall oversee, regulate and inspect domestic enterprises regarding their business registration, accounts opening and use, cross-border payments and receipts, and exchange of funds involved in overseas listing. Domestic enterprises listing overseas shall apply for overseas listing registration at a bank within the provincial/planned-city jurisdiction where they are registered, submitting the required materials within 30 working days from the first trading day of the overseas listing or the completion of the [REDACTED].

REGULATIONS RELATING TO OVERSEAS SECURITIES [REDACTED] AND [REDACTED]

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies promulgated by the China Securities Regulatory Commission (“CSRC”) on February 17, 2023, and came into effect on March 31, 2023, domestic companies issuing and listing overseas must file with the CSRC. An issuer seeking an overseas [REDACTED] or [REDACTED] shall, within three working days after submitting the [REDACTED] and listing application documents overseas, file a registration with the CSRC.

According to the Provisions on Strengthening Confidentiality and Archives Management for Domestic Enterprises Engaging in Overseas Securities Issuance and Listing (《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》) jointly issued by the CSRC, the MOF, the National Administration of State Secrets Protection, and the National Archives Administration on February 24, 2023, and came into effect on March 31, 2023, domestic enterprises engaged in overseas securities issuance and listing activities, as well as securities companies and securities service institutions providing related services, shall enhance legal awareness of safeguarding state secrets and strengthening archives management, establish and improve confidentiality and archives management systems, take necessary measures to implement confidentiality and archives management responsibilities, and shall not disclose state secrets or state agency work secrets, nor harm national or public interests.

HISTORY AND CORPORATE STRUCTURE

OVERVIEW

The history of our Group can be traced back to April 2008, when our Company was founded in Wuhan. In September 2015, our Company was converted from a limited liability company into a joint stock company with limited liability. From December 2015 to April 2019, the shares of our Company were quoted on the NEEQ. Since May 2019, our A Shares have been listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300776).

Since our inception, we have been committed to introducing laser micro- and nano-processing technologies into the photovoltaics cell field. Over the past eighteen years, we have continuously launched multiple laser precision micro- and nano-processing technologies and realised their industrial application, thereby supporting technological iteration and industry development in the photovoltaics sector.

OUR KEY MILESTONE

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

Year	Milestones
2008	Our Company was established.
2009	We successfully developed the solar cell laser doping equipment.
2010	We successfully developed PERC SE laser doping system.
2011	We successfully developed PERC laser ablation system.
2012	We delivered our first domestically produced mass-production PERC laser ablation system.
2015	We delivered our first domestically produced mass-production PERC SE laser doping system and commenced large-scale delivery of PERC laser ablation systems.
2016	We successfully developed the LIA equipment.
2017	We commenced mass delivery of PERC SE laser doping systems.
2019	Our Wuxi R&D and production base commenced operations, and we delivered our mass-production BC laser micro-etching equipment.
2020	We established our Israel R&D and production base, marking the beginning of our overseas expansion.
	We successfully developed PTP equipment.
	We delivered our mass-production M12 cell laser equipment.
2022	Our Singapore R&D base commenced operations, marking a key milestone in the establishment of our global R&D network.
	We began the mass delivery of TOPCon SE laser doping equipment for TOPCon cells and TGV laser micro-via equipment, as well as mass delivery of BC laser micro-etching system.

HISTORY AND CORPORATE STRUCTURE

Year	Milestones
2023	We began mass delivery of our laser-induced firing equipment and we successfully developed our Micro LED mass transfer equipment.
2024	We began to deliver panel-level TGV laser micro-via equipment.
2025	We successfully developed PCB ultrafast laser drilling equipment.
2026	We commenced the export of panel-level TGV laser micro-via equipment.

MAJOR SUBSIDIARY

As of the Latest Practicable Date, we had three, one and one wholly-owned subsidiaries in the PRC, Singapore and Israel, respectively. The following table sets out our principal subsidiary which made a material contribution to our performance during the Track Record Period:

Name	Date of incorporation	Registered share capital	Principal business activities
DR Laser Technology (Wuxi)	January 3, 2019	RMB300,000,000	R&D, production and sales of laser and mechatronics equipment and accessories (激光及機電一體化設備及配件)

For further details of the changes in the registered capital of our principal subsidiary, see “Statutory and General Information – A. Further Information about our Group – 4. Changes in the registered capital of our subsidiaries” in Appendix VI to this document.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Early Development and Conversion into a Joint Stock Limited Company

On April 25, 2008, our Company was established as a limited liability company in the PRC under the name of Wuhan DR Laser Technology Co., Ltd.* (武漢帝爾激光科技有限公司) with initial registered capital of RMB1,000,000. At the time of establishment, our Company was owned as to (i) 50% by Mr. Li Zhigang (李志剛), our Executive Director, chairman of our Board, general manager of our Company and one of our Controlling Shareholders; (ii) 25% by Mr. Wang Chun (王純); (iii) 18.75% by Ms. Duan Xiaoting (段曉婷), our Executive Director and vice general manager of our Company; and (iv) 6.25% by Ms. Zhang Guiqin (張桂琴). Mr. Wang Chun and Ms. Zhang Guiqin were early investors of our Company and were Independent Third Parties. Mr. Li had remained as our Company’s Controlling Shareholder since then. For details of the background of Mr. Li, see “Directors and Senior Management”.

HISTORY AND CORPORATE STRUCTURE

Upon the completion of several rounds of equity transfers and capital injection, the registered share capital of our Company was RMB15.4 million in July 2015.

In September 2015, our Company accomplished all procedures required to convert from a limited liability company into a joint stock company with limited liability under the name of Wuhan DR Laser Technology Corp., Ltd (武漢帝爾激光科技股份有限公司).

The following table sets out the shareholding structure of our Company immediately upon the completion of the conversion into a joint stock limited company:

Shareholders	Number of shares held	Percentage of shareholding (%)
Mr. Li Zhigang	9,900,000	64.35
Ms. Duan Xiaoting	2,335,600	15.18
Suzhou Liuhe Zhiheng Investment Centre (Limited Partnership)* (蘇州六禾之恒投資中心(有限合夥))	1,005,300	6.53
Mr. Wang Ye (王燁)	879,700	5.72
Mr. Zhang Liguó (張立國)	746,900	4.86
Mr. Peng Xinbo (彭新波)	517,500	3.36
Total	15,385,000	100

Prior Quotation on the NEEQ

In order to enhance our brand awareness and obtain alternative financing, in December 2015, our shares became quoted and listed on the NEEQ under the stock code of 835053.

Capital Increases and Share Transfer during Quotation on the NEEQ

In May 2017, pursuant to the resolution at the shareholders’ meeting of our Company on January 24, 2017, our registered capital was increased to RMB16,585,000, and Mr. Peng Xinbo, Mr. Zhu Shuangquan (朱雙全) and Ms. Xu Xiuzhu (徐秀珠) subscribed for 670,000, 330,000 and 200,000 new shares of our Company, respectively, at a total consideration of RMB28,800,000, which were fully settled on February 13, 2017.

On June 5, 2017, Mr. Li Zhigang, Ms. Duan Xiaoting and Mr. Zhang Liguó transferred 498,000, 124,000 and 41,000 shares of our Company, respectively, through the NEEQ to Wuhan Suneng, our employee shareholding platform, at a consideration of RMB9.2 per share, which were fully settled on the even date.

HISTORY AND CORPORATE STRUCTURE

Upon resolutions at the shareholders’ meetings of our Company on June 4, 2017 and August 30, 2017, our Company increased its registered share capital to RMB38,145,500 and then further to RMB49,589,150 pursuant to bonus issues on the basis of 13 and three new shares of our Company for every ten existing shares held by the then shareholders by way of conversion of capital reserve, respectively.

The following table sets out the shareholding structure of our Company immediately upon the completion of the above capital increases and share transfer:

Shareholders	Number of shares held	Percentage of shareholding (%)
Mr. Li Zhigang	28,111,980	56.69
Ms. Duan Xiaoting	6,612,552	13.33
Mr. Peng Xinbo	3,550,626	7.16
Suzhou Liuhe Zhiheng Investment Centre (Limited Partnership)*	3,005,946	6.06
Mr. Wang Ye	2,630,204	5.30
Mr. Zhang Liguao	2,110,772	4.26
Wuhan Suneng	1,982,370	4.00
Mr. Zhu Shuangquan	986,700	1.99
Ms. Xu Xiuzhu	598,000	1.21
Total	49,589,150	100

Termination of Quotation on the NEEQ

To facilitate our listing on the ChiNext Market of the Shenzhen Stock Exchange, we voluntarily terminated the quotation of our shares from the NEEQ in April 2019 (the “**NEEQ Termination of Quotation**”).

Our Directors confirm that (i) since our shares were quoted on the NEEQ and up to the NEEQ Termination of Quotation, our Company had been in compliance with all applicable PRC securities laws and regulations as well as rules and regulations of the NEEQ in all material respects, and had not been subject to any material administrative penalty or material administrative supervision measures by the NEEQ, the CSRC or other competent securities regulatory authorities; (ii) our Company had carried out the required procedures for the NEEQ Termination of Quotation; and (iii) there were no other matters in relation to the prior quotation on the NEEQ and the NEEQ Termination of Quotation in any material respect that need to be brought to the attention of the Stock Exchange or [REDACTED] of our Company.

Our PRC Legal Advisors are of the view that, from the PRC legal perspective, our Company (including our subsidiaries) or our Directors (for the performance of their duties as our Directors) had not been subject to any material administrative penalty or material administrative supervision measures by the NEEQ, the CSRC or other competent securities regulatory authorities during the period of our quotation on the NEEQ up to the NEEQ Termination of Quotation.

HISTORY AND CORPORATE STRUCTURE

Based on the independent due diligence conducted by the Sole Sponsor and considering our PRC Legal Advisors’ view above, no material matter has come to the Sole Sponsor’s attention that would cause them to disagree with our Directors’ confirmation with regard to the compliance record of our Company during the period of our quotation on the NEEQ up to the NEEQ Termination of Quotation.

Listing of A Shares on the ChiNext Market of the Shenzhen Stock Exchange

In May 2019, our A Shares were listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300776) (the “**A Share Listing**”). Our Company offered a total of 16,536,000 A Shares under the A Share Listing, representing 25.01% of our Company’s enlarged share capital immediately upon completion of the A Share Listing. Immediately upon the completion of the A Share Listing, the share capital of our Company increased to RMB66,125,150.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Throughout the Track Record Period and up to the Latest Practicable Date, we did not conduct any acquisitions, disposals or mergers that we consider to be material to us.

EMPLOYEE SHAREHOLDING PLATFORM

In recognition of the contributions of our employees and to incentivise them to further promote our development, Wuhan Suneng was established as our employee shareholding platform on May 12, 2017. As of the Latest Practicable Date, Wuhan Suneng held 1.67% of our Shares.

As of the Latest Practicable Date, Wuhan Suneng was owned as to (i) 0.30% by Wuhan Saineng as its sole general partner; and (ii) 99.70% by 28 limited partners who are current and former employees of our Group, among which 27.29%, 13.11% and 5.24% were owned by our Directors and/or senior management, Mr. Li Zhigang, Mr. Zhu Fan (朱凡) and Mr. Liu Zhibo (劉志波), respectively. None of the limited partners of Wuhan Suneng held 30% or more of the partnership interest therein.

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

Since May 2019, our A Shares have been listed on the ChiNext Market of the Shenzhen Stock Exchange. Our Directors confirmed that, as of the Latest Practicable Date, we had no instances of material non-compliance with the laws and regulations in the PRC applicable to the A Share Listing since our listing on the ChiNext Market of the Shenzhen Stock Exchange and, to the best knowledge of our Directors after having made all reasonable enquiries, there was no material matter that should be brought to the attention of the Stock Exchange and [REDACTED] in relation to our compliance record on the ChiNext Market of the Shenzhen Stock Exchange.

HISTORY AND CORPORATE STRUCTURE

As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, our Company has not been subject to any material administrative penalties or material regulatory measures imposed by the CSRC, the Shenzhen Stock Exchange or other PRC securities regulatory authorities. Based on the independent due diligence conducted by the Sole Sponsor and considering our PRC Legal Advisors’ view above, no material matter has come to the Sole Sponsor’s attention that would cause them to disagree with our Directors’ confirmation with regard to the compliance records of our Company on the Shenzhen Stock Exchange.

Our Company is seeking to [REDACTED] our H Shares on the Stock Exchange in order to strengthen our global business layout, establish an international equity financing platform and enhance our comprehensive competitiveness. For details of our [REDACTED], see – “Future Plans and [REDACTED]”.

PUBLIC FLOAT AND FREE FLOAT

Pursuant to Rules 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules, as our Company has Shares apart from our H Shares for which the [REDACTED], our H Shares for which the [REDACTED] 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 (excluding treasury shares); or (b) have an expected market value of not less than HK\$3 billion.

The total number of our H Shares to be [REDACTED] pursuant to the [REDACTED] represents approximately 10.0% of the enlarged issued share capital of the Company (assuming the [REDACTED] is not exercised). It is expected that upon [REDACTED] (assuming the [REDACTED] is not exercised), based on the indicative [REDACTED] range of [REDACTED], [REDACTED] and [REDACTED] per H Share (being the low end, mid-point and the upper-end of the [REDACTED], respectively), the expected market value of our H Shares for which the [REDACTED] that are held by the public is [REDACTED] million, [REDACTED] million and [REDACTED] million, respectively. Given the above, our Company will satisfy the [REDACTED] requirement under Rule 8.08(1) (as amended and [REDACTED] by Rule 19A.13A) of the Listing Rules.

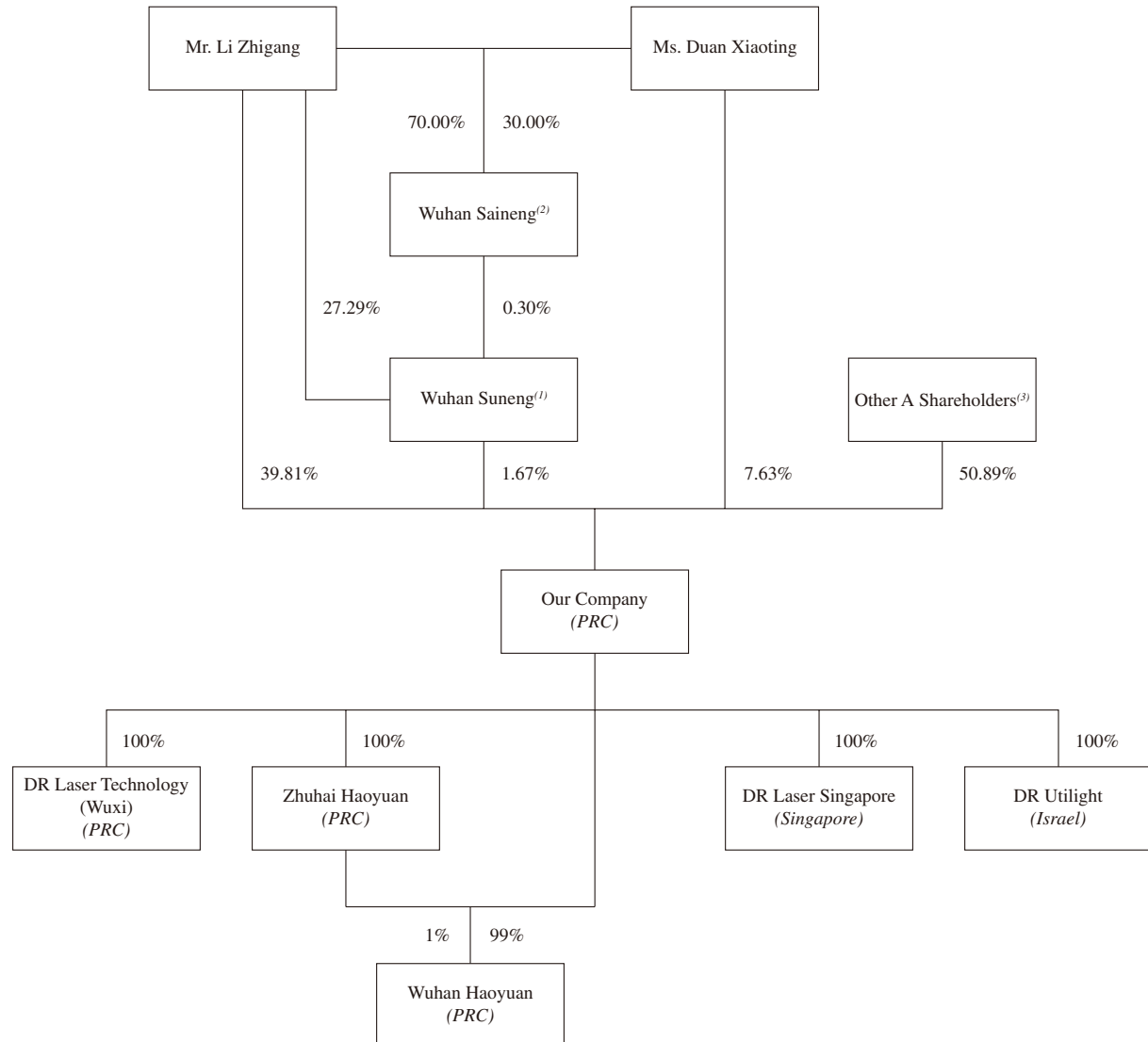
Based on an [REDACTED] of [REDACTED] per H Share, being the low end of the indicative [REDACTED] range, our Company will satisfy the free float requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules.

HISTORY AND CORPORATE STRUCTURE

SHAREHOLDING AND CORPORATE STRUCTURE OF OUR COMPANY

Shareholding and Corporate Structure Immediately Before the [REDACTED]

The following chart sets forth our corporate structure as of the Latest Practicable Date and immediately before completion of the [REDACTED]:



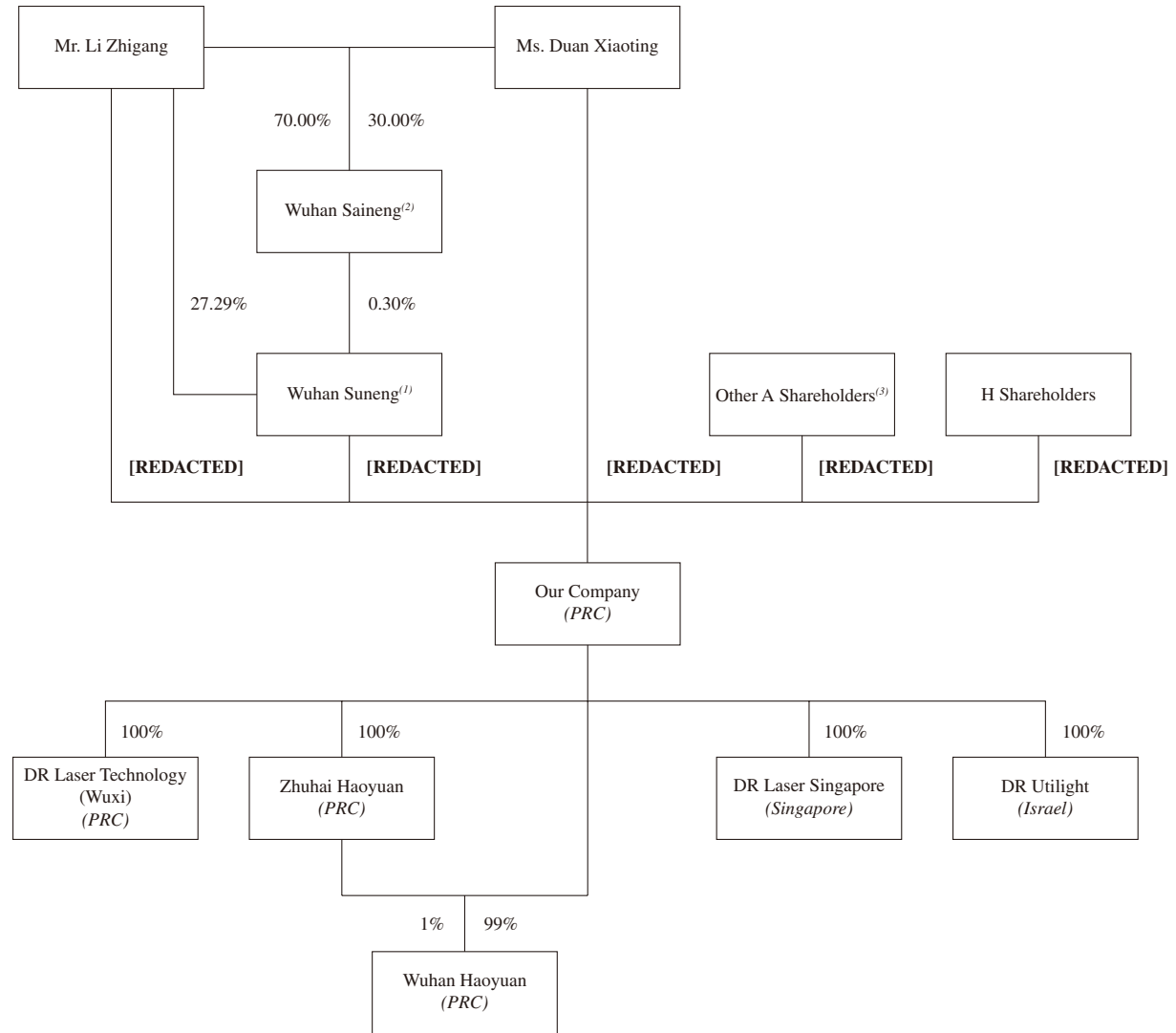
Notes:

- (1) As of the Latest Practicable Date, Wuhan Suneng was owned as to (i) 0.30% by Wuhan Saineng as its sole general partner; and (ii) 99.70% by 28 limited partners who are current and former employees of our Group, among which 27.29% was owned by Mr. Li Zhigang.
- (2) As of the Latest Practicable Date, Wuhan Saineng was owned as to 70% and 30% by Mr. Li Zhigang and Ms. Duan Xiaoting, respectively.
- (3) Including 1,062,460 A Shares which were held by our Company as treasury Shares as at the Latest Practicable Date. As of the Latest Practicable Date, none of the other A Shareholders held 5% or more of our A Shares.

HISTORY AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately Following the [REDACTED]

The following chart sets forth our corporate structure immediately after the [REDACTED] (assuming that the [REDACTED] is not exercised):



Notes: For Notes 1 – 3, see the corresponding note to the chart set out in “– Shareholding and Corporate Structure Immediately Before the [REDACTED]” above.

BUSINESS

OVERVIEW

Our Mission and Vision

Our mission is to drive industrial upgrading through innovation in laser technology and to empower the photovoltaic new energy sector and AI-oriented new infrastructure. Our vision lies in “Advancing Laser Solution, Innovations Beyond Limits.”

Our Values

We are committed to the career development of our employees. We are guided by customer value and focused on enabling industries through our technologies, with the goal of developing transformative products. We focus on original innovation, exploring uncharted territories in laser technology applications and positioning ourselves as a pioneer of laser solutions.

Who We Are

We are a laser-based precision micro- and nano-processing solution provider focusing on the photovoltaic, semiconductor and next-generation display sectors, underpinned by our proprietary innovative laser technologies. We are an explorer of ultrafast laser technology in micro- and nano-processing, a global leader and frontrunner in photovoltaic laser application technologies and equipment solutions. We are also committed to breakthrough innovations in laser processing technologies and equipment for the semiconductor and next-generation display industries.

We are principally engaged in the R&D, manufacturing, sales and related services of laser machining equipment for high-efficiency photovoltaic cells and modules. Our core equipment covers the full spectrum of laser processing steps across the production of BC, TOPCon, HJT, Perovskite, Tandem, and PERC solar cells and modules.

We are actively expanding into the semiconductor and next-generation display sectors, focusing on the technology development and innovation demands relating to advanced packaging, compound semiconductor, Micro LED, among others. We apply ultrafast laser technologies to key front-end and back-end processes such as laser micro-via machining, annealing, stealth dicing, and mass transfer.

We have consistently adhered to the spirit of innovation and focused on the industrialisation of laser technologies in the new energy and semiconductor fields. According to CIC, we ranked first in terms of revenue in 2025 among global suppliers of photovoltaic cell laser machining equipment. We were the first to apply laser technology to achieve mass production, and delivered full-line photovoltaics module equipment. We have made technological breakthroughs in ultrafast laser equipment such as through TGV micro-via machining and PCB drilling.

BUSINESS

We Focus on Laser Technology

Since our inception, we have been committed to introducing laser micro- and nano-processing technologies into the photovoltaic cell field. Over the past eighteen years, we have continuously launched multiple laser precision micro- and nano-processing technologies and realised their industrial application, thereby supporting technological iteration and industry development in the photovoltaics sector. In 2008, we launched our first laser machining equipment for photovoltaic cells. When the photovoltaics industry entered a downturn in 2012, we remained committed to technological innovation and relied on our core technologies to break through market challenges. As the industry approached a turning point, we capitalized on emerging opportunities in the photovoltaics market, successfully delivered the first domestically produced PERC laser ablation equipment, and achieved mass production. In recognition of these accomplishments, we received the Science and Technology Progress Award from the Wuhan Municipal People's Government in 2014. We successively launched PERC SE laser doping and LIA laser repair equipment and subsequently achieved industrialisation of TOPCon laser boron doping and LIF equipment. We took the lead in realising the large-scale application of laser micro-etching technology in the production of BC cells. Our BC cell laser micro-etching equipment achieved mass-production deliveries in 2019 and received the First Prize of the Science and Technology Progress Award from the Hubei Provincial People's Government in 2024 and 2025, as well as the Gold Award of the Second Hubei Patent Award from the Hubei Intellectual Property Administration. Our laser technologies applied to crystalline silicon – Perovskite Tandem cells were awarded the First Prize of the Jiangsu Provincial Science and Technology Progress Award from the Jiangsu Provincial People's Government in 2026.

Since the end of 2019, leveraging our strengths in laser precision micro- and nano-processing and our accumulated know-how in semiconductor material processing, we have strategically deployed laser equipment for the semiconductor and next-generation display sectors. In 2020, we delivered our first generation TGV laser micro-via equipment; in 2022, we delivered wafer-level TGV laser micro-via equipment; in 2024, we delivered our first panel-level TGV laser micro-via equipment, and it was exported for use in advanced semiconductor packaging and CPO applications. In 2026, our ultrafast laser drilling equipment for ultramultilayer high-precision PCBs has entered the prototyping and validation stage. In the next-generation display field, we have completed the development of products such as OLED/Mini LED laser repair systems and Micro LED mass transfer equipment.

We operate research and production bases in Wuhan, Wuxi and Singapore, and a research centre in Israel. We have been recognised as a Provincial Industrial Design Centre and Enterprise Technology Centre, a National Manufacturing Individual Champion Enterprise, a State-Level Green Factory, a National Intellectual Property Advantage Enterprise and a Smart Photovoltaic Pilot Demonstration Enterprise.

BUSINESS

We have excelled in the laser precision micro- and nano-processing field and have launched multiple globally pioneering technologies across core tracks such as photovoltaics and semiconductors. In the field of photovoltaics, we pioneered the application of technologies including laser ablation, SE laser doping, TCP, TCI and PTP in solar cell processing, continuously overcoming bottlenecks in grid lines processing and improving cell conversion efficiency. We also pioneered mass production using LIF technology, significantly reducing contact resistance and silver paste consumption. Our self-developed laser micro-etching technology enables the replacement of photolithography in BC cells. In addition, our LIB equipment streamlines and optimises process flows and can be adapted to multi-specification modules and thinning requirements. In the field of semiconductors, our panel-level TGV laser micro-via technologies are adapted for advanced packaging, accelerating the adoption of glass substrates in advanced packaging applications. Through collaborative R&D with leading customers, we have achieved coverage across BC, TOPCon, HJT, Perovskite, Tandem, PERC and various photovoltaic cell technology routes. We have established standardised process technology library. Through continuous technological accumulation and iterative updates, we have built a strong technological barrier.

Our R&D Capabilities

We have built a strong and experienced R&D team led by our founder, Dr. Li Zhigang, who has years of experience in the laser, photovoltaic and semiconductor fields. As of December 31, 2025, we had assembled 487 professionals, including 140 employees with a master's degree or above. Our R&D personnel accounted for approximately 36.0% of our total employees.

We adopt a “global deployment + in-depth customer collaboration” R&D model and have built a multi-centre global R&D system spanning Wuhan City, Wuxi City, Israel and Singapore. Leveraging our long-term cooperative R&D relationships with leading customers, we participate in the validation of their new technology roadmaps, identify potential customer needs, jointly tackle technological bottlenecks and develop solutions tailored to customer requirements. At the same time, we balance advance frontier technology research with commercialisation efforts. We have established in-depth industry-academia-research collaborations with research institutions such as Huazhong University of Science and Technology and Wuhan University. These collaborations encompass photovoltaics, next-generation displays and semiconductors, forming a virtuous cycle between technology reserves and commercialisation and reinforcing our core competitiveness.

We continue to make substantial investments in R&D and technology innovation. Our aggregate R&D expenditure from 2023 to 2025 amounted to RMB762.7 million, representing 13.5% of our aggregate revenue for the same period.

BUSINESS

Our Industry Position and Business Achievements

The following table summarises our key business achievements in terms of market share, R&D awards and growth.

Category	Content
Market shares	We ranked fourth globally by revenue and achieved a global market share of 4.3% for laser precision micro- and nano-machining equipment in 2025, according to CIC. We ranked first globally by revenue in laser machining equipment for photovoltaic cells in 2025, according to CIC. We achieved a global market share of 80.4% by revenue for laser machining equipment for photovoltaic cells in 2025, according to CIC.
R&D awards	We participated in five major national-level science and technology projects and approximately 20 provincial-level projects. We participated in the formulation of one national standard, three enterprise standards and four group standards. We obtained 491 patents and 217 software copyrights in the PRC and 28 patents in other jurisdictions. We received approximately 30 national and provincial awards and recognitions.
Stable growth	We achieved continuous revenue growth through multiple industry cycles for nine consecutive years, with a revenue CAGR of 12.4% from 2023 to 2025. We maintained a net profit margin exceeding 25% and weighted average return on equity exceeding 14% for nine consecutive years⁽¹⁾.

Note:

(1) The calculation is based on information derived from A-share annual reports.

Our Global Opportunity

New Infrastructure Driving Explosive Growth in AI Computing Power and Energy Demand

New infrastructure focuses on digital transformation, intelligent upgrading and integrated innovation, and represents the convergence and practical application of next-generation information technologies. With the continuous development toward higher density, greater integration, and enhanced performance, stricter requirements are being placed on hardware manufacturing and traditional manufacturing methods are becoming insufficient to meet such requirements. Owing to its technological characteristics, laser machining equipment is well suited to the hardware manufacturing requirements of multiple new infrastructure segments, including 5G, new energy, next-generation displays and semiconductors. Its technical capabilities closely correspond to the evolving demands of these industries and position it to capture substantial market opportunities.

BUSINESS

Information infrastructure focuses on data centres and artificial intelligence, see “Industry Overview.” According to CIC, the global investment in artificial intelligence increased to RMB12.6 trillion in 2025 and is expected to reach RMB51.1 trillion by 2030. Computing chips and AI servers are critical to the deployment of such infrastructure. Laser precision micro- and nano-machining equipment enables precision processing of computing chips and manufacturing of core components for AI servers, and helps address key technical challenges in high-end AI chip production.

Integration infrastructure, represented by smart energy systems such as photovoltaic power stations, is being driven by the rapid growth of digital economy and computing demand, which is leading to a steady increase in global electricity consumption. As the energy structure shifts toward cleaner sources, photovoltaic power generation has become an important trend. Owing to its high precision and non-contact processing characteristics, laser machining equipment can be applied throughout the photovoltaic manufacturing value chain, see “Industry Overview.” According to CIC, global power generation increased to over 30 PWh in 2025. Power generation in China reached 10.6 PWh in 2025, representing a year-on-year growth of 4.8%, while power generation in the United States reached 4.3 PWh, representing a year-on-year growth of 2.5%. The rapid development of artificial intelligence and other digital economy sectors has led to a surge in the number and scale of data centres and in global computing power. This has further generated significant energy consumption and demand for clean energy, continuously driving the transformation of the energy structure toward cleaner and lower-carbon sources.

The Dominant Role of Photovoltaics

Photovoltaics has become a leading force in clean energy. The share of photovoltaic power in global power generation has been rising in recent years, and reached approximately 8.0% in 2025, with China’s photovoltaic power generation accounting for 11.1% and the United States’ photovoltaic power generation accounting for 6.8%. The share of photovoltaic power in global renewable electricity generation is expected to reach 27.3% in 2030 and 39.1% in 2050, according to EIA.

The photovoltaic industry is highly competitive, and leading enterprises are expanding advanced production capacity through technological innovation. At present, TOPCon upgrade and retrofit projects and BC cell capacity expansion have become prevailing trends. We have achieved extensive expertise in photovoltaics laser processing technologies and possess core equipment compatible with all major technology routes. We maintain close relationships with industry leaders and are well positioned to capture demand from capacity expansion and retrofitting, thereby gaining significant growth opportunities.

Compared to other energy sources, photovoltaic power offers distinct advantages. Wind power is difficult to deploy in a distributed manner and experiences large output fluctuations; hydropower is heavily dependent on natural conditions; thermal power is constrained by export limitations; nuclear power has long project cycles and high investment requirements; and gas-fired power depends on imports and exhibits high price volatility. In contrast, photovoltaic power features lower environmental impact, rapid capacity deployment, a LCOE, and high flexibility for distributed deployment. Its modular design eliminates the need for complex civil works, enabling rapid installation and grid connection. In addition, continuous technological iteration and economies of scale help dilute costs, while the absence of fuel costs and relatively simple operation and maintenance further enhance its competitiveness. According to CIC, the global average LCOE of photovoltaic projects fell below RMB0.3/kWh in 2025, representing a decrease of approximately 90.0% compared with 2010. We have been deeply engaged in the photovoltaic laser machining equipment segment and possess comprehensive technological reserves. We intend to continue to expand into emerging sub-segments in the future.

BUSINESS

New Applications in the Semiconductor Sector

With the global development of AI chips and advanced packaging, demand for glass substrates in high-end chip packaging from leading semiconductor companies is surging, and advanced packaging technologies are expected to spur demand for TGV laser machining equipment. We have been deeply engaged in TGV laser micro-via equipment for many years and possess core technological advantages and delivery capabilities. We have established a presence in the global TGV laser machining equipment market.

The rapid development of AI is accelerating global computing infrastructure construction, and demand for high-end PCBs, such as high-grade High-Density Interconnect (“HDI”) boards, for AI servers and intelligent computing centres is surging. According to CIC, the global market size of PCB, in terms of revenue, is expected to reach RMB751.4 billion by 2030. Global leading PCB manufacturers are accelerating expansion of high-end capacity, while Chinese enterprises are increasingly dominating global high-end supply through technological breakthroughs and overseas capacity deployment to serve orders from major semiconductor industry customers. This is creating a dual opportunity of import substitution and global incremental demand for domestic suppliers. Our ultrafast laser drilling technologies are well-suited to the needs of the PCB industry. We have engaged with leading PCB manufacturers, and by leveraging our proven experience in serving leading manufacturing customers, we are well positioned to benefit from industry capacity expansion and to capture global market opportunities in the PCB segment.

In recent years, global innovation in next-generation display/light source technologies has accelerated. Micro LED has achieved breakthroughs in mass production and is exploring applications in optical communication light sources such as CPO, demand for silicon-based Organic Light-Emitting Diode (“OLED”) and Extended Reality Devices has surged; and the convergence of AI and display technologies is creating new application scenarios. Global panel leaders are rapidly expanding capacity, driving a surge in demand for core laser machining equipment. Our Micro LED mass transfer and welding, laser repair and other equipment offer high yield, multi-material compatibility and high-precision alignment, and can be deployed in core processes of next-generation display production and light source. At the same time, our equipment for thin-film lithium niobate lift-off enables sub-micron, low-damage processing, supporting the manufacturing of high-speed modulators and photonic integrated chips, and is expected to be applied in high-speed optical communications, optical interconnects, and photonic chip scenarios in the future. In the overseas market, we intend to work closely with leading overseas manufacturers to capture broad opportunities in global markets.

Our Technology and Product Portfolio

We have been committed to the industrial application of laser technologies for 18 years. We have established a core technology system with photovoltaic laser technologies as foundation bases, semiconductor laser technologies as extension routes and forward-looking technologies as strategic reserves.

Technology Routes for Laser Equipment for Photovoltaic Cells and Modules

We focus on the laser processing requirements for photovoltaics cells and modules, covering multiple technology routes including BC, TOPCon, HJT, Perovskite, Tandem, and PERC. Our laser technologies are applicable across different photovoltaic technology routes.

BUSINESS

- *Laser Micro-Etching Technology.* This technology balances high precision patterning with mass production efficiency, simplifying the manufacturing process, reducing chemical consumption and equipment investment. It can be applied to laser micro-etching equipment for BC cells.
- *LIF Technology.* It enables high-precision connection between metal electrodes and silicon wafers, which reduces damage to the passivation layer. This process reduces contact resistance, improves cell conversion efficiency and reduces the consumption of metal paste. This technology can be used for LIF equipment for TOPCon cells.
- *LIA Technology.* It applies uniform laser irradiation to HJT cells, instantly heating the cells to high temperatures and subsequently rapidly cooling them swiftly. This process effectively reduces the interface state density of amorphous silicon, suppresses recombination and improves the conversion efficiency of HJT cells. This technology can be used for LIA laser repair equipment for HJT cells.
- *Laser Crystallisation Technology.* Laser crystallisation technology uses an advanced high-beam-quality laser source and a precision control system to convert amorphous silicon into a microcrystalline structure. This process reduces contact resistance in crystallised regions and improves the photoelectric conversion efficiency of photovoltaics cells, which can be applied to photovoltaics cells including BC and HJT.
- *PTP Technology.* It uses a non-contact method to precisely transfer metal paste onto the surface of silicon wafers, forming grid lines with finer width and higher aspect ratio. This reduces shading area while optimising current conduction paths, thereby improving cell efficiency and significantly reducing paste consumption. The technology is applicable to PTP transfer equipment utilised in the production of HJT cells and tandem cells.
- *Laser Doping Technology.* We use precise laser irradiation to form low-resistance heavy-doped regions, establishing efficient current pathways and improving cell conversion efficiency. This technology allows accurate control of position, concentration, and depth, simplifies processes, features a compact footprint, avoids chemical pollution, and provides high line compatibility. It has become a mainstream technical solution for selective emitter applications, and this technology can be used for TOPCon and SE laser doping equipment for PERC cells.
- *LIB technology.* It is an innovative packaging process designed for photovoltaics modules, enabling full-panel metallisation welding in a single process. It features low mechanical tension, precise temperature control and low energy loss, which can significantly reduce microcracks in cells. The welded joints exhibit high and uniform tensile strength and strong reliability. This technology is compatible with multiple cell and module structures and full-screen modules, making it suitable for the large-scale production of high-efficiency modules.

BUSINESS

- *MBI Technology.* It provides an integrated solution for distributed high-efficiency BC photovoltaics modules. Using metal foil as a conductive carrier, the solution enables precise and low-stress interconnection between conductive backsheets and the rear electrodes of BC cells. It offers advantages including low contact resistance, fast heat dissipation, elimination of microcracks caused by solder ribbon stress, and reduced consumption of silver paste and copper materials. The solution is compatible with multiple BC cell structures and meets the mass production requirements of distributed high-efficiency photovoltaics modules.

Technology Routes for Laser Equipment for Semiconductor Advanced Packaging and Next-Generation Display

Leveraging the cross-industry application capability of our precision laser micro- and nano-processing technology for photovoltaics, we have expanded into the advanced packaging, compound semiconductor, and next-generation display/light source sectors. Our core products have broken the dominance of overseas manufacturers.

- *TGV Technology.* It adopts a LACE method to create high-precision vias in glass substrates. We apply an integrated solutions including laser modification, chemical etching and automated optical inspection, covering both wafer-level and panel-level applications and adaptable to advanced packaging, CPO and Micro LED scenarios.
- *PCB Laser Drilling Technology.* It utilises ultrafast laser processing for IC substrates and high-end HDI PCBs, and can be applied to high-end PCB drilling scenarios such as server substrates, chip interconnection substrates, and CPO.
- *Micro LED Mass Transfer Technology.* It utilises specially shaped laser beams and high-speed galvo scanners to efficiently and precisely transfer micron-scale LED chips. This technology overcomes bottlenecks in mass transfer processes and enables high-precision, high-yield and large-scale production of Micro LED displays.
- *Compound Semiconductor Processing Technology.* Based on our technological expertise in laser annealing, laser etching and other related fields, we effectively addresses key challenges of compound semiconductor materials, including high brittleness and stringent precision requirements, covering the entire process from wafer fabrication to packaging, and has currently entered the customer prototyping and testing stage. In addition, the Company has deployed thin-film lithium niobate laser lift-off and slicing technology, which is tailored to the ultra-thin and fragile characteristics of thin-film lithium niobate materials, enabling sub-micron, low-damage processing, and can be applied in optical communications, photonic chips and other fields.

BUSINESS

Our Financial Performance

After years of dedicated development, we have delivered strong financial performance. Our revenue increased significantly from RMB1,608.9 million in 2023 to RMB2,031.2 million in 2025, representing steady growth with a CAGR of 12.4%. Our gross profit margin was 45.8%, 46.3% and 45.5% in 2023, 2024 and 2025, respectively, while our net profit margin was 28.7%, 26.2% and 25.6% for the same years, demonstrating our solid profitability. We place strong emphasis on delivering returns to our shareholders. Since our listing on the A-share market in 2019, we have distributed cumulative cash dividends of RMB507.0 million⁽¹⁾. The cash dividend payout ratios were 20.6%, 20.1% and 20.5% of our profit attributable to owners of the Company for 2023, 2024 and 2025, respectively, and we expect to distribute a cash dividend of RMB106.0 million for 2025⁽²⁾.

Note:

- (1) The calculation is based on information derived from A-share annual reports.
- (2) The cash dividend distribution plan shall be implemented upon approval by shareholders' general meeting of our Company.

OUR COMPETITIVE STRENGTHS

We are an industry pioneer in ultrafast laser technology for micro- and nano-processing and a global leader in laser machining equipment for solar cell manufacturing.

With independently developed laser technologies at our core, we have built deep expertise in micro- and nano-processing and achieved breakthroughs in precision processing through in-house ultrafast laser processing technologies. We innovatively introduced laser technology into the photovoltaics industry and have since established ourselves as a leader in photovoltaics laser technologies.

We have maintained a sustained focus on laser technology. Since our inception in 2008, we have strategically entered the photovoltaic industry and launched our first mass-produced photovoltaic laser equipment in 2012, leveraging technology to establish a leading position in the photovoltaic laser segment and drive efficiency improvements and cost reductions in cell production. We have concentrated on innovative applications of laser technology in the field of high-efficiency photovoltaic cells, creating sustained value for the industry by enhancing photovoltaic conversion efficiency and optimising production costs.

Our laser technologies are widely applied across high-efficiency solar cell and module manufacturing processes, including BC, TOPCon, HJT, Perovskite, Tandem and PERC achieving full coverage of mainstream photovoltaic cell technology pathways. Our continuous technological breakthroughs and innovations have steadily improved conversion efficiency, module power, and bifacial rates, while our independently developed laser micro-etching technology has supported the industrialisation of BC cells. As a leading company driving industrial upgrading through laser technology innovation, we drive the continuous upgrading of the photovoltaic industry and continuously stimulate the industry's demand for laser micro- and nano-machining equipment.

BUSINESS

We have established robust R&D capabilities and a solid technology base, and we continuously drive the transformation and upgrading of photovoltaics laser machining equipment.

With 18 years of dedicated expertise in laser technology, we have strategically positioned ourselves across photovoltaic technology pathways, facilitating rapid iteration of new routes, technologies, and processes. From PERC to TOPCon, and onward to BC cells, HJT, Perovskite and Tandem, we have delivered differentiated innovations. We have contributed to the establishment of industry equipment technical standards. Our independently developed BC cell laser micro-etching technology enables the industrialisation of cells and address bottlenecks in large-scale production.

Our technology R&D is consistently customer-driven, identifying new process and equipment needs while advancing R&D as well as industrial applications. We deploy long-term on-site technical teams to support customers, collaborating closely with them across critical stages such as process validation, equipment iteration and mass-production ramp-up. This enables a continuous “R&D – validation – feedback – optimisation” cycle. We directly translate customer production challenges into targeted technical solutions, with a view to significantly shortening the timeline from laboratory innovation to Gigawatt-scale mass production and subsequent efficiency improvements and cost reductions. Our “co-innovation model” with customers not only ensures that our equipment is highly compatible with the latest process technologies, but also enables us to proactively develop next-generation laser processing standards. We position ourselves not merely as an equipment supplier but as a long-term partner in our customers’ technological upgrades. Our deep integration into customers’ R&D systems creates a hard-to-replicate competitive moat, serving as the core barrier that allows us to continuously lead the evolution of photovoltaic laser equipment.

We have a highly capable and experienced R&D team, led by Dr. Li Zhigang, who has extensive expertise in laser, photovoltaic and semiconductor fields technologies, bringing together 487 professionals across fields including optics, materials, processes, software, and mechanics.

Our laser machining equipment and process have accelerated the commercialisation of advanced technology pathways, while enabling higher conversion efficiency and lower levelised cost of electricity for cells and modules. We focus on the commercialisation of advanced photovoltaic technology pathways. For example, the dense arrangement of P/N regions on the rear side of BC cells is a core challenge, with patterned processing being critical for mass production. We leverage our accumulated expertise in precision laser micro-processing, employing ultrafast lasers, optical components, and ultrafast scanning equipment to generate large, uniform, ultrafast laser spots for patterned laser processing. This technology can achieve clean, low-consumption, high-precision rear-side patterning, thereby improving photoelectric conversion efficiency. We effectively accelerate the transition of BC cell advanced technology from the laboratory to industrial-scale production, demonstrating our technological strength and industrialisation capabilities in photovoltaic laser processing.

- Laser technology serves as a core enabler for improving the conversion efficiency of high-performance photovoltaic cells, including PERC, TOPCon, and BC cells. For PERC cells, the introduction of laser ablation and laser-doped selective emitters significantly enhances efficiency. TOPCon cells achieve further efficiency improvement through laser-induced firing. BC cells improve efficiency by employing high-precision laser patterning to eliminate front-side shading losses. Across all three generations of cells, laser processing enables precise control of doping, contacts, and structural features, minimising recombination and resistance, ultimately improving high conversion efficiency.
- Module power is also enhanced, which in turn dilutes the equipment and O&M costs of photovoltaic power plants, achieving the objective of low levelised cost of electricity.

BUSINESS

We leverage our cross-sector expertise and proactive strategic deployment to expand our emerging ecosystem in laser machining equipment.

The expansion of application boundaries for laser machining equipment requires strong industry insight, accurate identification of downstream application trends, and forward-looking deployment in emerging application fields, enabling companies to capture market opportunities and reinforce competitive advantages in a rapidly evolving market environment. Leveraging the core knowledge base accumulated through 18 years of deep expertise in laser technologies, our R&D mechanism closely integrated with leading customers, and our mature large-scale delivery capabilities, we have successfully extended our precision laser processing capabilities from the photovoltaic industry to high value-added fields such as semiconductors, establishing a cross-industry expansion model characterised by “transferable technologies, replicable business models, and reliable delivery capabilities”.

- In the advanced packaging sector, as an early mover in laser technologies, we have strategically positioned ourselves in TGV and high-end PCB machining equipment. Through precision control systems and laser modification technologies, we are able to perform micro-via and micro-groove processing on glass substrates of various materials, enhancing the electrical and thermal performance of the substrates and providing a foundation for subsequent metallisation processes. In addition, we focus on ultrafast laser drilling technologies to address the requirements of high-layer-count and advanced HDI PCBs, which we expect to see increasingly applied in semiconductor chip packaging and display chip packaging in the future.
- In the compound semiconductor sector, we have positioned ourselves in laser etching and micro-processing technologies for thin-film lithium niobate to address the challenges of processing hard and brittle materials. Leveraging advantages in high precision, low damage, and controllable processing, we extend our photovoltaic laser technologies to third-generation semiconductors, with strong equipment compatibility, and we are committed to becoming a core supplier of laser equipment for the compound semiconductor industry.
- In the next-generation display/light source sector, we leverage the advantages of laser technologies in processing thin-film materials, hard and brittle transparent materials, and specialised thin metal materials. We have developed equipment solutions including Micro LED laser mass transfer, laser mass welding, laser repair, and laser etching. We also apply TGV technology to the Micro LED field which significantly enhances processing precision, yield, and production efficiency, meeting the precision manufacturing requirements of high-density, micron-level display/light devices.

We have established a premium global customer base.

We remain committed to creating value for our customers and driving innovation, deeply integrating our laser technologies with customer needs. Our products serve the world’s top ten photovoltaic manufacturers by shipment volume and provide in-depth support to leading companies across TOPCon, BC, and other key technology pathways, demonstrating strong collaboration stability and consistent order contributions. Leveraging a comprehensive customer service system and rapid response capabilities, we maintain long-term partnerships with leading enterprises, laying a solid foundation for our business growth.

BUSINESS

At the same time, we are actively expanding into new segments, including advanced packaging, compound semiconductors and next-generation display/light source technologies. We have entered the equipment supply system of outsourced semiconductor assembly and testing manufacturers, with TGV laser micro-via equipment being validated by domestic and overseas customers and receiving repeat orders. Our HDI PCB equipment has entered the prototyping and validation stage. We are also connecting with thin-film lithium niobate and Micro LED fields.

We are led by an experienced management team with in-depth industry expertise and strategic foresight.

Our management team possesses extensive industry experience and has long engaged in the R&D and industrialisation of laser machining equipment, with a deep understanding of laser technologies.

Our Founder, Chairman, and General Manager, Mr. Li Zhigang, was mentored by Professor Huang Dexiu, a pioneer of the “Optical Valley of China” in the optoelectronics field. Mr. Li holds a Ph.D. from Huazhong University of Science and Technology and serves as an adjunct professor at both the School of Optical and Electronic Information, Huazhong University of Science and Technology, and the Institute of Technological Sciences, Wuhan University. He possesses in-depth theoretical knowledge in optoelectronics and has over 20 years of experience in laser technology and its applications. Mr. Li has led the development of key technologies including various laser technologies, and the expert team and technical talents under his leadership have efficiently and accurately completed R&D tasks, overcoming a number of technical challenges in the industry, earning significant recognition within the industry.

Our senior management team predominantly possesses technical backgrounds and has extensive tenure in the relevant business areas. They lead our efforts in the R&D, industrialisation, market expansion, and supply chain management of laser machining equipment, providing a solid foundation for our sustainable long-term growth.

STRATEGIES

Anchoring on new infrastructure construction and forging a future-facing laser intelligent manufacture engine

We firmly implement the core strategy of “focusing on new infrastructure construction, deepening engagement with top-tier customers, and leading technology commercialisation”. Driven by the explosive growth in global demand for computing power and electricity, we deeply integrate laser precision micro- and nano-processing technologies into the manufacturing process of the critical hardware in new infrastructure construction. We prioritise development of specialised laser equipment tailored for a comprehensive range of scenarios including high-efficiency photovoltaic cells and modules, advanced packaging, specialised laser micro- and nano-machining equipment for scenarios such as next-generation display and light sources.

We consistently adhere to innovation driven by the demand from our top-tier customers. Through a closed-loop collaboration model of “R&D – Verification – Feedback – Optimisation”, we establish partnerships with global leading companies in energy and renowned semiconductor technology enterprises. On the R&D front, our on-site technology teams deeply engage in planning the next-generation production line for our customers. On the delivery front, we leverage our mature engineering system to guarantee the high reliability of our equipment and the rapid ramp-up. On the service front, we establish a technology supporting network covering the product lifecycle.

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Our strategic focus of “anchoring in the top-tier customers, facilitating joint development and creation and ensuring delivery reliability” not only guarantees the precise matching of our products with the rigid requirements for high-performance, high-efficiency, high-reliability and high-yield in new infrastructure construction, but also helps us establish, continuously strengthen, and further expand our industry barriers. In the future, we will continue to utilise laser technologies as the fulcrum to empower the self-reliance, controllability and iterative upgrades of the underlying hardware in new infrastructure, positioning ourselves as a key laser intelligent manufacture partner in new infrastructure construction.

Leveraging technology barriers to drive quality improvement, efficiency enhancement and cost reduction in photovoltaic industry, and fostering sustainable ecosystem

In the photovoltaic area, we currently leverage BC, TOPCon, HJT, Perovskite and Tandem cells and modules as our core breakthrough in our photovoltaic business. Through technology optimisation, we address the pain points such as bifaciality rates and silver reduction, continuously driving cost reduction, and improving electricity generation efficiency and reliability. We intend to leverage orders for laser machining equipment for BC cells to drive technology industrialisation.

Anchoring on frontiers of semiconductor industry and building a second growth curve

We intend to promote the mass-scale production of TGV and PCB equipment and deepen the deployment of TGV, PCB and compound semiconductor. Through deploying TGV laser micro-via machining equipment and PCB ultrafast laser drilling equipment, we are able to expand supply chains with core customers. Concurrently, we will deepen our R&D of compound semiconductor processing technologies, including thin-film lithium niobate, and focus on the deployment of redistribution layer interconnection processes. We will adapt our solutions to the requirements of high performance computing and high-end chip packaging. Through these initiatives, we aim to further enrich our semiconductor product portfolio. In the future, we will continue to tackle core equipment, closely follow cutting-edge directions such as advanced packaging, compound semiconductors, CPO and fibre array units, and promote the R&D and industrialisation of key core equipment.

Conducting precise deployment on forward-looking technologies, and constructing global R&D and talent system

We adhere to technology innovation as our core and continue to invest in R&D in forward-looking fields. Leveraging overseas R&D centres in Israel and Singapore, we globally recruit strategic scientists and interdisciplinary talents in the fields of optics, materials and processes. We will deepen the module of industry-academia-research between universities and companies to cultivate a multi-level talent pipeline, supporting cross-field technology R&D demands.

Through competitive incentive system including remuneration and long-term share-based payment, we consistently attract high-end R&D talents. We intend to establish a comprehensive internal training mechanism, strengthen talent cultivation and assist employees in improving skills and knowledge by providing professional training opportunities in respect of technologies, industry, marketing and management, etc. At the same time, we will further strengthen the overall capabilities of our business and management teams to support our capacity expansion, global deployment and scalable growth.

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Advancing global market expansion and industry footprint, deepening industrial chain development synergy, and enhancing production and global delivery capacities

Based upon advantages in domestic market, we will increase investment in global market expansion and expand our overseas sales team, and focus on key customers while prioritising the development of overseas markets including Americas, Europe and Asia. We will continue to build and expand capabilities including sales, production and business in critical global markets, and thereby support business in international and domestic market, enhancing our local reach, global delivery and service capabilities for leading customers.

OUR BUSINESS AND PRODUCT OFFERINGS

We are a laser-based precision micro- and nano-processing solution provider focusing on the photovoltaic, semiconductor and next-generation display sectors, underpinned by our proprietary innovative laser technologies. According to CIC, we were the largest supplier globally in terms of revenue in 2025 of photovoltaic cell laser machining equipment with a market share of 80.4%. Our business model is centred on technology-driven differentiation and close collaboration with leading downstream manufacturers, enabling us to translate proprietary laser technologies into scalable equipment platforms that have been commercially validated across multiple industries.

Our principal business activities comprise the R&D, design, manufacturing, sales and after-sales servicing of precision laser equipment, with a focus on photovoltaic cells and modules as well as for semiconductors and next-generation display. We provide laser equipment that cover major high-efficiency solar cell technology routes, including BC, TOPCon, HJT, Perovskite, Tandem and PERC. Leveraging our in-depth understanding of the processes and a highly modular equipment platform design, we are able to deliver high-precision, high-stability and high-throughput laser integrated solutions across the entire photovoltaic value chain from cell manufacturing to component packaging. This enables our customers to achieve enhanced photoelectric conversion efficiency, optimised material costs and large-scale mass production.

In addition, leveraging our photovoltaic laser precision processing platform, we have rapidly extended into semiconductors and next-generation display. Centred on our TGV laser micro-via, chemical etching and AOI equipment, we achieve full coverage at both wafer and panel level, and our key processing precision metrics have reached international standards. In the semiconductor sector, we have entered high-end segments including advanced packaging and compound semiconductors. In the next-generation display sectors, we are aligned with trends such as Micro LED, CPO and HDI, and our solutions offer a balanced combination of high yield, stable capacity, fast delivery and cost competitiveness.

Our revenue model primarily comprises equipment sales. We also provide lifecycle services, which we expect will gradually enhance our recurring revenue base and deepen our relationships with customers. We adopt a R&D model centred on “global deployment and close collaborative with customers”. We have established a multi-centre global R&D system covering Wuhan, Wuxi, Israel and Singapore. Through long-term collaborative R&D with leading industry customers, we are able to participate in the validation of their new technology pathways, identify potential needs in a timely manner, and jointly address technical challenges, which enables us to continuously iterate and refine our technology solutions to better meet customer requirements. In addition, we invest in the research of frontier technologies and their commercialisation, and have established cooperative relationships with reputable universities and research institutions to support our R&D capabilities.

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The following table sets forth a breakdown of our revenue by business segments for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	<i>% of Revenue</i>	<i>RMB'000</i>	<i>% of Revenue</i>	<i>RMB'000</i>	<i>% of Revenue</i>
Laser Equipment for Photovoltaic Cells and Modules	1,367,392	85.0	1,994,468	99.0	2,003,543	98.6
Laser Equipment for Semiconductor Advanced Packaging and Next-Generation Display	7,770	0.5	–	–	354	0.1
Technical Services, Maintenance and Others	233,735	14.5	19,289	1.0	27,280	1.3
Total	1,608,897	100.0	2,013,757	100.0	2,031,177	100.0

The following table sets forth the gross profit and gross profit margin of each of our business segments during the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	<i>Gross Profit</i> <i>RMB'000</i>	<i>Margin</i> <i>%</i>	<i>Gross Profit</i> <i>RMB'000</i>	<i>Margin</i> <i>%</i>	<i>Gross Profit</i> <i>RMB'000</i>	<i>Margin</i> <i>%</i>
Laser Equipment for Photovoltaic Cells and Modules	583,458	42.7	921,436	46.2	909,998	45.4
Laser Equipment for Semiconductor Advanced Packaging and Next-Generation Display	4,389	56.5	–	–	233	65.8
Technical Services, Maintenance and Others	148,561	63.6	10,021	52.0	14,548	53.3
Total	736,408	45.8	931,457	46.3	924,779	45.5

BUSINESS

Laser Equipment for Photovoltaic Cells and Modules

Overview

As a pioneer and key driver of photovoltaic laser processing technologies, we were among the first to deeply integrate laser processes into photovoltaic cells and modules manufacturing. We have built robust technological barriers, which support our continuous development and enhancement of technology solutions. Our efforts focus on improving cost efficiency and operational effectiveness, and our technology development is aligned with our customers' strategic initiatives in low-carbon, intelligent and green manufacturing. Leveraging our long-standing experience and forward-looking deployment in laser precision processing, we not only support performance breakthroughs under existing technology routes, but also play a critical role in enabling the industrialisation of multiple generations of high-efficiency cells such as PERC, TOPCon and BC. Through sustained R&D investment and close cooperation with top ten photovoltaic manufacturers globally, we continue to expand the application of laser technologies in photovoltaic manufacturing, from patterning, doping, firing and annealing to repair and interconnection, thereby defining and refreshing industry technical standards and accelerating the structural transition of the sector towards higher efficiency and greater sustainability. Our main solutions portfolio is summarised as follows:

- *Photovoltaic cell laser equipment.* We supply a comprehensive suite of cell-level laser processing equipment covering laser ablation, SE laser doping, TCP, TCI, PTP, LIF and laser micro-etching technology. These pieces of equipment are designed to improve cell conversion efficiency, enhance bifacial performance, reduce silver paste usage and introduce into mass production.
- *Photovoltaic module laser processing solutions.* We provide laser full-panel welding and backsheet interconnection equipment for photovoltaic modules, which are designed to enhance power output and reliability. These solutions are compatible with multiple technology pathways.

Technology layout and application scenarios

Laser equipment for photovoltaic cells and modules is the cornerstone of our business and the primary source of our revenue and profit. We have achieved coverage across a broad range of technology pathways for photovoltaic cells, and have also developed laser full-panel welding and backsheet interconnection equipment for module manufacturing processes. We have further expanded our applications to cover a range of use cases, including centralised and distributive cases.

Cell technology

- *BC.* The BC cell structure integrates both electrodes on the rear side of the cell, eliminating optical shading from front-side metal grid lines and significantly enhancing short-circuit current. Combined with high-quality surface passivation and high-precision laser micro-patterning to define the p/n regions, carrier recombination is effectively suppressed, boosting open-circuit voltage and fill factor and making BC one of the highest-efficiency crystalline silicon cell architectures. We have independently developed a full set of BC cell laser micro-etching equipment that balances high precision patterning with mass production efficiency, simplifying the manufacturing process,

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reducing chemical consumption and equipment investment. It supports high-precision backside patterning and backside copper electroplating, reduces silver paste consumption, and enhances bifacial power generation, enabling the large-scale mass production of BC cells and contributing to the positioning of BC as one of the most efficient photovoltaic conversion technology pathways.

- *TOPCon*. Our TCP, TCI and LIF equipment are designed to enhance cell conversion efficiency and module output power, while optimising the firing profile of metal pastes and the formation of contact points, thereby significantly reducing contact resistance and paste consumption. This series of solutions closely aligns with TOPCon cells' core requirements for performance improvement and cost optimisation, and provides critical equipment support for achieving high-efficiency and more cost-competitive mass production of TOPCon cells.
- *HJT*. For HJT cells, our LIA technology uses full area, high intensity and high uniformity laser injection to effectively reduce interface recombination and enhance hydrogen passivation. This improves open circuit voltage and fill factor, significantly mitigates dark degradation and enhances the stability of cell conversion efficiency, thereby supporting the industrialisation of high efficiency HJT cells. Meanwhile, our PTP technology is applied to screen-free metallisation for HJT cells, reducing silver paste consumption while improving cell conversion efficiency.
- *PERC and traditional photovoltaic*. Our PERC laser ablation, SE laser doping and MWT series laser equipment represent our core competitiveness in laser processing for conventional high-efficiency cells. These products achieved broad commercial adoption. As customers' production lines migrate to more advanced technology routes, the process trust, equipment compatibility and service network built on our legacy PERC platform continue to be key drivers for the introduction of new equipment, technological upgrades and replacement orders.
- *Perovskite*. We utilise our self-developed multi-beam optical technology-based P1–P4 series laser scribing equipment in perovskite thin-film solar cells. The equipment is equipped with automatic focus tracking and path-following functions, enabling high-precision laser alignment and stable processing performance. It precisely segments large-area cells into multiple sub-cells and forms series and parallel circuit structures, thereby delivering the required voltage and current outputs for practical applications. The equipment enables high-precision scribing, effectively reducing inactive power generation areas and increasing the effective light-absorbing area, thereby improving module conversion efficiency. In addition, the P1–P4 series is characterised by ease of operation, stable performance, and high process consistency, and has already achieved mass production capability, providing reliable equipment support for the industrialisation of perovskite thin-film photovoltaic cells.
- *Tandem*. In the field of high-efficiency tandem solar cells, perovskite is used as the top cell and crystalline silicon as the bottom cell. We primarily deploy PTP technology to enable non-contact printed electrode formation, laser annealing to promote crystallisation and nucleation of perovskite thin-film layers, and laser sintering to achieve electrode densification and consolidation. By optimising electrode formation and thin-film process integration, we provide reliable support for the efficient mass production of tandem photovoltaic cells.

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Module Technology

- **LIB.** This technology is designed for the encapsulation process of photovoltaic modules. It adopts a newly designed layout and laser welding process, enabling full-process integration from non-destructive cell scribing, full-area cell placement, and ribbon layout to laser-based metallisation and welding of the entire module. This significantly simplifies the manufacturing process. During the process, temperature control is highly precise, with high and uniformly distributed weld joint pull strength, which enhances long-term module reliability. The process is compatible with a wide range of cell and module architectures, including full-screen modules, and is capable of meeting the requirements for large-scale manufacturing of high-efficiency photovoltaic modules.
- **MBI.** This is an integrated solution for BC distributed high-efficiency photovoltaic modules. Using metal foil as the conductive carrier, the technology integrates key processes including laser precision cutting, efficient scrap removal, thermal lamination bonding, and high-speed punching of insulating films. It enables high-precision and low-stress interconnection between the conductive backsheet and the rear electrodes of BC solar cells. The technology offers advantages such as low contact resistance, efficient heat dissipation, absence of ribbon-induced stress microcracks, and reduced consumption of silver paste and copper materials. It is compatible with various BC cell architectures and supports the large-scale manufacturing of high-efficiency distributed photovoltaic modules.

Key product offerings

The following table sets forth a brief description of our key product offerings of the cell-level laser machining equipment during the Track Record Period:

Technology Route	Major Category	Product Pictures	Key Technical Description
BC cells	BC laser micro-etching equipment		Utilizing our self-developed optical homogenisation technology, this equipment provides large-area, high-precision, uniform, and high-speed laser etching for tunnel passivation layers. It is widely used in the patterning production of high-efficiency BC cells, serving as an ideal alternative for photolithography and facilitating the low-cost industrialization of BC cells.
TOPCon cells	TCP equipment		Leveraging our proprietary optical homogenisation technology and customised high-power laser modules, TCP equipment enables precise large-area laser processing on the rear side of TOPCon solar cells, thereby forming a selective passivated contact structure. This process achieves a balance between passivated contact performance and parasitic absorption in the polysilicon layer, thereby continuously enhancing the conversion efficiency and bifaciality of TOPCon solar cells, and further strengthening the market competitiveness of TOPCon-based products.
TOPCon cells	TCI equipment		High-precision laser processing is used to fabricate p-n junction isolation regions, effectively suppressing carrier transport toward the cell edges and reducing recombination losses caused by edge-related defects. The equipment is flexibly compatible with multi-segmentation technologies, resulting in more significant power gains. TCI provides technical support for the large-scale manufacturing of high-efficiency solar cells and modules.

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Technology Route	Major Category	Product Pictures	Key Technical Description
TOPCon cells	LIF equipment		This equipment employs laser-directed irradiation combined with electric-field-assisted two-stage sintering. Its instantaneous high temperature significantly minimizes contact resistance, which, coupled with the use of low-corrosivity pastes, substantially mitigates damage to passivation layers during sintering, reduces metal recombination, and enhances the open-circuit voltages in cells. It increases the conversion efficiency by over 0.4% and lowers unit silver paste consumption by more than 20%.
HJT cells	LIA equipment		Deliver high-intensity, uniform illumination across all crystalline surfaces, thereby reducing interface trap density and recombination losses, enhancing hydrogen passivation, and improving open-circuit voltage and fill factor. The process also effectively mitigates dark degradation, resulting in improved long-term stability and performance of HJT cells.
Perovskite cells	Laser scribing equipment		This equipment partitions large-area perovskite solar cells into sub-cells connected in series and ultimately achieves appropriate voltage and current outputs, which significantly improves the overall efficiency of large-area perovskite solar modules.

The following table sets forth a brief description of our key product offerings in relation to the module laser machining equipment during the Track Record Period:

Major Category	Product Pictures	Key Specifications
LIB ⁽¹⁾		Replacing conventional infrared welding, the technology improves welding quality, joint strength and operational stability, thereby enhancing production capacity and yield. The equipment is compatible with multiple busbar configurations and various cell specifications.
MBI ⁽²⁾		Adopting processes including high-precision laser cutting of integrated conductive backsheets, efficient waste wire removal, and negative-pressure thermal lamination, enabling high-precision formation and robust bonding of backsheet electrodes, thereby improving conversion efficiency.

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Note:

- (1) Pilot production equipment has been delivered.
- (2) Pilot production equipment has been delivered.

Laser Equipment for Semiconductor Advanced Packaging and Next-Generation Display

Overview

Leveraging the core laser technologies and precision motion control capabilities that we have accumulated in the photovoltaic industry, we have systematically expanded along the value chain into semiconductors and next-generation display applications. In particular, we have further expanded into the advanced packaging, compound semiconductor and next-generation display fields. Our products and technologies in these areas include TGV laser machining equipment and Micro LED mass transfer and bonding equipment.

We have developed our TGV micro-via equipment based on LACE technology, which, when combined with our ultra-fine patterning capabilities, effectively addresses key bottlenecks in advanced packaging and next-generation display manufacturing processes, positioning us to capture incremental demand arising from the build-out of global computing infrastructure.

Technology Portfolio and Principal Products

TGV Laser Machining Technology

We leverage LACE to form through-glass vias, enabling high-precision, cost-efficient, high-throughput and non-destructive processing. Our technology is capable of producing vias with fine diameters, small pitch, smooth sidewalls and high verticality. The key performance indicators of our integrated equipment for TGV laser modification, chemical etching and AOI are suited for both wafer-level and panel-level applications.

Our self-developed TGV micro-via machining equipment is purpose-built for semiconductor and next-generation display applications. Utilising high-speed laser micro-processing technology, the equipment is capable of processing glass substrates of different brands and specifications. This solution delivers TGV with superior precision, high consistency and excellent surface quality. Compared with conventional substrate materials, glass-based substrates enabled by our solution can significantly enhance electrical performance and heat dissipation efficiency. These technological advantages are expected to facilitate the broader adoption of glass substrate solutions in next-generation display panels and a wider range of semiconductor manufacturing processes.



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Micro LED Mass Transfer Technology

By applying specially shaped laser beam profiles in combination with high-speed galvo scanners, we are able to transfer micron-scale LED chips efficiently and accurately, thereby addressing key bottlenecks in the mass transfer process and enabling the high-precision, high-yield and large-scale production of Micro LED devices.

Leveraging our self-developed high-precision motion platform and advanced alignment and positioning technologies, we have achieved standards in the high-accuracy and large-area mass transfer of Micro LED. Our equipment demonstrates outstanding transfer yield, positioning accuracy and processing speed, which not only enhances our technological capabilities but also supports our strategic expansion into the next-generation display equipment market. These product offerings further reinforce our diversification strategy and facilitate the accelerated growth of our business in high-value precision manufacturing applications.⁽¹⁾



Note:

(1) During the Track Record Period, we delivered prototype machines to customers for trial use.

Technical Services, Maintenance and Others

In addition to equipment delivery, we also provide full-lifecycle services, including process development, production line commissioning, recipe optimisation, operator and maintenance training and after-sales maintenance and support. We have established an “intelligent, comprehensive and highly responsive” service system. By continuously improving service quality, we enhance customer loyalty and leverage our technical capabilities to help customers reduce their operating and maintenance costs, while at the same time managing our own after-sales operating costs through efficient management. This in turn supports the enhancement of our brand value and the expansion of our market presence.

MANUFACTURING AND PRODUCTION

We deploy an intellectual process control system and enhance realtime monitoring capabilities at critical manufacturing stages, upgrading production processes, shortening equipment delivery period and improving product quality. We also actively pursue energy efficiency initiatives, including the implementation of energy-saving technologies and the use of green electricity to meet our production requirements.

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We recorded actual output of 1,736 units, 816 units and 541.5 units in 2023, 2024 and 2025, respectively⁽¹⁾. Our laser machining equipment is characterised by customisation. Our equipment requires specific planning, R&D and design. Before implementation of our technical solutions, we conduct a joint technical review with our customers to make further refinement and confirmation. Furthermore, our equipment are significantly different in respects of technical requirements, scales, production cycles, manpower input and pricing. As a result, the traditional concepts of “capacity” and “capacity utilisation rate” are not applicable to our primary products and comparisons of sales volume across periods provide limited reference value.

Note:

- (1) Where the number of production lines is reduced by half relative to standard equipment, it is counted as 0.5 of a unit.

Production Bases

We currently operate multiple production bases strategically located to enhance supply chain resilience, optimise regional market access and support efficient operations. These include manufacturing and R&D facilities in Wuhan and Wuxi in the PRC, together with an overseas base in Singapore. The table below sets forth the details of our key production bases as of December 31, 2025.

Base Name	Year of Commencement of Operation	Key Products or Equipment	Total Site Area (sq.m.)
Wuhan Base	2008	All products and equipment	55,491
Wuxi Base	2019	All products and equipment	40,010
Singapore Base	2022	PERC SE, PERC Ablation and LIF	Over 1,373

Our Wuhan base serves as our primary production facility, mainly accommodating core laser processing lines, system integration, final assembly and quality control functions. Wuxi base, as our manufacturing centre in East China, possesses full production capabilities from core component assembly and system integration to final product commissioning. It is deeply integrated with photovoltaic industry resources in the Yangtze River Delta region, enabling the efficient fulfilment of large-scale orders and customised requirements. Our Singapore base, serving as our international service hub, is responsible for a portion of localisation of certain overseas orders, regional commissioning and global logistics distribution, allowing us to respond swiftly to delivery and after-sales needs in overseas markets.

Production Workflow and Scheduling

We adopt an integrated, project-based production model tailored to the characteristics of precision laser machining equipment for photovoltaic, semiconductor and next-generation display applications, combining standardised platform modules with standardised process development to support rapid scaling and stable mass production.

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Core manufacturing workflow

For equipment manufacturing, our workflow generally comprises the following key stages, which are implemented under standardised operating procedures and quality control requirements:

- *Manufacturability-Oriented Design.* Our manufacturing process commences with manufacturability-oriented design, incorporating optical and mechanical architecture optimisation and process simulation to ensure our equipment’s smooth production in reasonable cost and time, and our equipment’s stable and reliable performance across customers’ photovoltaic, semiconductor and next-generation display production process windows.
- *Strategic Sourcing and Inbound Inspection.* We implement strategic sourcing and rigorous inbound inspection protocols for critical components, including optical components, high-power laser sources, galvo scanners, precision motion systems, control electronics and safety modules, supported by comprehensive supplier qualification procedures and lot-by-lot verification to maintain quality standards.
- *Sub-Assembly of Key Modules.* We conduct sub-assembly of laser heads, beam delivery systems, motion modules and process chambers based on mature, platformised designs that are shared across photovoltaic, TGV, PCB and compound semiconductor product lines where technically appropriate, enhancing production efficiency and scalability.
- *Sub-System Integration and Functional Testing.* We integrate mechanical structures, electrical systems, control software and process recipes, followed by functional testing of individual modules, including safety interlocks and environmental control subsystems, to verify operational integrity prior to full-system assembly.
- *Precision Alignment and Metrology.* We perform precision optical and mechanical alignment, supported by in-line metrology and defect mapping, with verification of key performance parameters such as spot size, energy uniformity, positioning accuracy and repeatability against both internal quality standards and customer specifications.
- *Full-System Testing and Validation.* We conduct the full-system integration testing, including burn-in procedures under simulated operating conditions and comprehensive performance validation using standard or customer-specified testing samples, to confirm operational reliability and process capability.
- *Final Quality Assurance.* Our final quality assurance encompasses configuration verification, complete documentation, specialised packaging and logistics preparation, ensuring all delivered systems maintain full traceability to specific component batches, testing records and quality assurance documentation.
- *Installation and Commissioning.* We complete on-site installation and commissioning at customers’ sites, during which process parameters are precisely fine-tuned to align with customers’ actual production lines and target efficiency and yield performance indicators.

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Project and lifecycle management

We manage production on a project basis, with a dedicated project management structure that covers the full lifecycle from technology definition to commercialisation.

During the pre-research and pilot production phases, the R&D team assumes primary responsibility for product definition, core process development and prototype verification, while Process Manufacturing, Pilot Production, Quality Management and Procurement departments provide coordinated support.

At each critical R&D milestone, cross-functional review meetings are convened, typically involving R&D, Process Manufacturing, Pilot Production and Quality Management representatives, to evaluate technical feasibility, manufacturability, cost and reliability before advancing to the next stage.

Upon entry into the pilot production phase, we implement regular coordination meetings among relevant departments to refine process parameters, address manufacturability issues and accumulate field data for subsequent mass-production transfer. Once a product transitions to mass production, responsibility shifts primarily to the Planning and Process Manufacturing departments, supported by Quality Management and Supply Chain teams. The Planning Department coordinates production capacity allocation, material planning and delivery schedules, ensuring on-time fulfilment of orders for our products.

For key strategic products, we establish dedicated cross-functional task forces, typically led by senior management, to oversee project execution, manage critical technical nodes and respond to customers' line-expansion needs. During mass production and delivery peak periods, communication frequency is further increased through daily meetings, enabling rapid issue escalation and resolution, and supporting stable commercialisation.

Our highly integrated production and project management framework is designed to rapidly industrialise new laser processing technologies, maintain high and stable yields across diversified application scenarios and support customers' continuous capacity expansion and technology upgrades.

Production Equipment Platform

We have established an integrated, laser-centric production equipment platform tailored to the development and manufacturing of precision laser processing systems for Photovoltaic Cells and Modules, and Semiconductors and Next-generation Display. Our principal production equipment reflects our positioning as a specialist provider of laser application equipment. Our principal production equipment is listed below.

(i) An image measuring instrument, which is used for precision measurement of laser galvo scanners process accuracy; (ii) an ultra-silent terminal crimping machine, which crimps various types of terminals, onto the ends of electrical wires; (iii) a vertical machining centre, which is used for machining aluminium parts and other metal components and (iv) a wire-cut electrical discharge machine, which is used for machining aluminium plate blanks and cutting the external contours of aluminium metal parts.

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QUALITY CONTROL

Our quality assurance department is responsible for quality control and management across raw materials, production processes, finished product delivery and after-sales service. We have established and obtained certification for our quality management system (ISO 9001), environmental management system (ISO 14001), energy management system (ISO 50001) and intellectual property management system (GB/T 29490). In parallel, to build a compliant framework for global market access of our products, we have proactively identified relevant international and industry certification requirements and have successfully obtained key market access and industry-specific certifications, including IEC 60825-1, CE, UL, EAC, KCs and SEMI.

Our quality management system incorporates a digital traceability platform enabling real-time monitoring and tracking of material origins, production flow, inventory status and quantities. Such traceability ensures full accountability and verifiability across the entire supply chain from suppliers to final product delivery.

We conduct regular training programmes covering quality management, product certification, system management, inspection protocols and testing procedures. Through this integrated quality control framework, we maintain rigorous oversight of incoming materials, in-process manufacturing, quality inspections and final validation testing, thereby ensuring consistent compliance with our established quality standards across all production facilities and consistent delivery of high-quality products to customers.

Product Quality Management

Leveraging our digitalised production control platform, we conduct digital data collection and archiving for key process steps, including precise calibration of module optical paths, positioning accuracy tuning of motion axes and system integration testing. Deviation of process parameters triggers real-time alerts and drives closed-loop corrective actions. For core processes of semi-finished products, we focus on critical quality control points such as electrical cabling and assembly precision, and implement a standardised “dedicated personnel for dedicated posts + dual verification” control mechanism. This enables us to strictly regulate cabling procedures and control assembly tolerances, thereby systematically eliminating human operation deviations at the process level.

At the finished product inspection stage, we have established an in-house professional testing laboratory equipped with specialised instruments including high-precision laser interferometers, power testers and positioning accuracy testers. Each unit of our automated laser equipment must complete three core test items prior to delivery: (i) continuous automated operation tests to validate long-term operational stability; (ii) multi-condition automated changeover and operation tests to ensure adaptability to customers’ diversified production requirements; and (iii) full-scope testing of core performance indicators such as accuracy, power and stability, with shipment permitted only after all indicators meet our specifications.

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In addition, we have established a full life-cycle traceability management system for our equipment. Each unit is assigned a unique identification code that links to comprehensive information, including traceability data of core components, complete production process records, original testing data and key debugging parameters. This enables customers to access relevant information at any time and allows us to rapidly identify root causes of issues. By leveraging such traceability data, we are able to provide prompt fault response, ensure closed-loop rectification and drive continuous iterative optimisation of our equipment quality.

Product Return

We have also established a formal product recall policy and procedures to address products with systemic defects that have already been sold. The recall process is overseen by our quality function, which is responsible for establishing the recall system, assessing and analysing relevant information, preparing recall plans and supervising implementation, taking the lead in recall matters and coordinating with other departments.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product returns, material customer complaints, claims or recalls of our products, and no expenditures were incurred to settle our warranty obligations for the products we offered.

RESEARCH AND DEVELOPMENT

We place significant emphasis on technological innovation and product research and development, with a strategic focus on enhancing existing technologies, keeping pace with the latest industry advancements, and actively advancing new product development for timely transition into mass production.

As of December 31, 2025, we had an R&D team comprising 487 employees, including 274 with a bachelor's degree, 140 with a master's degree or higher degree. In 2023, 2024 and 2025, the total R&D expenses amounted to RMB250.7 million, RMB282.6 million and RMB229.4 million, respectively.

R&D Bases

Our principal production bases also serve as our core research and development platforms. We have established an integrated global R&D network spanning Wuhan and Wuxi in the PRC, Singapore and Israel, enabling us to support concurrent product development, process optimisation and pilot-scale verification across our key application domains.

Our Wuhan campus functions as our primary R&D hub, focusing on optics, laser sources, precision mechanics, automation and electrical control software. It is equipped with dedicated R&D floors, cleanroom space and comprehensive metrology, laser safety and environmental control infrastructure. Our Wuxi campus complements Wuhan by establishing a general laboratory and a cleanroom. Together, the two sites host the majority of our R&D personnel.

Singapore R&D centre focuses on application engineering and localisation of our laser and precision manufacturing solutions for overseas customers. It is equipped with cleanroom, photonics research laboratory and metrology room that allow us to conduct testing in close proximity to overseas customers, with a view to shortening development cycles and improving solution customisation.

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Our Israel R&D centre concentrates on advanced laser processes, precision motion control and system-level innovations, and is equipped with laboratories, cleanrooms and sophisticated inspection systems, including microscopes.

The four bases collaborate closely under a unified R&D framework, jointly carrying out development projects and leveraging their expertise in high-end laser technologies to support our next-generation product roadmap in the fields of photovoltaics and advanced electronics applications.

R&D Process

Throughout the entire R&D life-cycle, we maintain a proactive approach in identifying emerging market opportunities and evolving customer demands. Our development process is guided by governance mechanism and data-driven decision-making, enabling a closed-loop workflow from initial concept analysis through to production validation. We continuously build next-generation technology reserves, address critical technical challenges, and explore potential enhancements to current products. Our R&D strategy emphasises collaboration with downstream customers, ensuring their feedback is systematically incorporated throughout the innovation cycle, from early development and product verification to full-scale commercialisation. This close cooperation enables targeted product improvements, accelerates iteration cycles, and ensures alignment with dynamic market requirements.

Following product launch, we continue engaging with customers to collect feedback for design refinement and product enhancement, thereby maintaining long-term competitiveness. Furthermore, strong integration between R&D and manufacturing teams ensures seamless technology transfer and rapid implementation of innovations, supporting agile responses to market changes. This strategic alignment of R&D initiatives with overarching business objectives reinforces our position as a leader in sustainable growth within the photovoltaic industry.

We have established a comprehensive and mature R&D framework comprising the following key stages:

- *Preliminary analysis.* During this initial stage, we conduct preliminary market assessments, material property analysis and manufacturability evaluations to define technology roadmaps, identify critical process parameters and establish risk matrices.
- *Project initiation and review.* Following the preliminary analysis phase and upon obtaining preliminary results, we undertake formal project review and approval procedures. The R&D department prepares detailed feasibility reports outlining expected resource requirements and investment needs to determine project viability prior to formal initiation.
- *Product design and development.* Once a project receives approval, we proceed to prototype development, with the specific approach determined by project complexity. For applications beyond photovoltaic, we follow a systematic progression from laboratory prototypes to pilot-scale equipment, followed by customer-site validation testing prior to final production iterations. In the photovoltaic sector, leveraging our extensive portfolio of proven equipment platforms and technical accumulation, we bypass the laboratory prototype stage and proceed directly to pilot production. This accelerated approach utilises existing mature platforms to compress R&D cycles, enabling rapid market entry and competitive advantage. Our pre-emptive development of photovoltaic equipment platforms, often ahead of specific customer requirements, allows us to meet new demands through minimal modifications to validated designs.

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- *Development verification.* This phase involves small- and mid-scale pilot production runs to establish robust process parameter windows and comprehensive performance datasets. These activities inform yield projections, cost trajectories and technical feasibility for commercial scale-up.
- *Product and process validation.* Our final validation occurs in controlled production environments, encompassing batch consistency testing, process interference analysis and durability assessments. This culminates in the establishment of formal acceptance criteria prior to commercial deployment.

Throughout the R&D life-cycle, we provide comprehensive change control, full traceability and performance monitoring. This integrated framework ensures that design modifications minimise disruption to mass production while facilitating accelerated commercialisation. The structured methodology supports rapid technology maturation, regulatory compliance and transparent progress tracking for stakeholders.

Key R&D Projects

We have been conducting various R&D activities on certain technological innovations aiming to further improve the performance of our products. The list below sets out a summary of our past and ongoing key R&D projects as of December 31, 2025:

- **Development of High-Efficiency BC Photovoltaic Cell Laser Etching Technology and Equipment.** This project focuses on establishing a comprehensive laser processing technology database and evaluation system to formulate tailored laser process solutions for various types of BC photovoltaic cells. By overcoming technical challenges related to micro-vibration measurement and control in high-precision equipment, we aim to meet the industrial mass production requirements for BC photovoltaic cells.
- **Research on Panel Process Technology for Photovoltaic Modules.** This initiative is dedicated to developing and optimising laser welding processes and equipment specifically adapted for BC 0BB (Zero Busbar) cells. The technology aims to resolve common issues associated with traditional infrared welding machines, such as reliability and yield rates during production, thereby enhancing the overall quality and efficiency of photovoltaic module manufacturing.
- **Development of Polyfinger Technology for TOPCon Cells.** This project utilises laser patterning techniques combined with wet etching processes to advance TOPCon cell technology. The application of this technology is designed to effectively improve the conversion efficiency and bifaciality rate of TOPCon photovoltaic cells, enhancing product competitiveness.
- **Research on Precision Laser Scribing for High-Efficiency Perovskite Cells.** This project aims to address technical challenges in scribing TCO, oxide, and electrode layers, specifically regarding heat-affected zone control, line width uniformity, and etching residue. Our goal is to facilitate the large-scale production of perovskite cells with high throughput, high efficiency, and high yield.
- **Development of TGV Laser Micro-Via Equipment.** This initiative focuses on developing TGV micro-via equipment capable of processing various glass substrates. By enhancing the electrical and thermal performance of substrates, this technology aims to support our expansion into the display panel and general semiconductor equipment markets.

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- Development of Ultrafast Laser Precision Processing Equipment for PCB. This project utilises ultrafast laser technology to resolve processing challenges associated with new electronic-grade resin-based functional composite materials, including blind hole and cavity processes. Additionally, it addresses high-precision, high-density drilling requirements for IC substrates.

OUR SALES AND CUSTOMERS

During the Track Record Period, we supplied laser equipment for photovoltaic cells and modules as well as for semiconductors and next-generation display to a diverse and expanding customer base. The majority of our sales were conducted directly with end customers, while transactions through designated intermediaries represented a minor share of total revenue. In 2023, 2024 and 2025, revenue from direct customers amounted to RMB1,590.8 million, RMB1,965.4 million and RMB2,031.2 million, respectively, representing 98.9%, 97.6% and 100.0% of our total revenue, respectively. In 2023, 2024 and 2025, revenue generated from sales through designated intermediaries were RMB18.1 million, RMB48.4 million and nil, respectively, representing 1.1%, 2.4% and 0.0% of our total revenue in the same years, respectively.

Sales to Direct Customers

We operate primarily under a direct-sales model, serving global photovoltaic manufacturers and high-end electronics producers, supported by a regional field team responsible for pre-sales technical validation, Factory Acceptance Testing, and on-site commissioning. A formal system and process oversees customer qualification, technical validation, and revenue recognition, with real-time visibility into sales pipelines, production scheduling, and delivery status enabled with the help of enterprise resource planning (“ERP”) systems. For customised solutions, we implement structured engagement plans featuring joint development discussions, periodic technical reviews, and early involvement in line optimisation to shorten procurement timelines and secure high-margin, integrated offerings. Supported by multi-tier approval protocols, we strengthen long-term customer relationships and support stable, predictable revenue streams through a disciplined contract and pricing governance model and systematic post-sales support and standardised warranty programmes.

Salient Terms of Our Agreements with Direct Customers

The following table sets forth the key terms of our typical agreement with direct customers.

Term	It varies depending on the project requirements.
Product specifications	Product specifications are typically expressly set out in the agreements.
Payment term	Payments are generally made by instalments linked to key project milestones, such as prepayment, payment upon shipment or upon acceptance.
Product return/exchange	Customers generally grant us a rectification period of 5 to 30 days if our equipment fails to meet acceptance standards. We may also arrange for return or replacement.

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Warranty	We generally provide a warranty period of 12 months commencing from the date of acceptance, or 18 months commencing from the date of delivery.
Confidentiality	We are required to keep confidential any business secrets, technical documents, performance parameters, pricing terms and other information obtained during the course of performance of the agreement.
Termination	The agreement typically terminates upon full performance of both parties' respective rights and obligations.

Sales through Designated Intermediaries

In rare cases, we engage intermediaries designated by customers or us alongside our direct sales efforts. During the Track Record Period, we had four designated intermediaries, which are mainly companies engaged in trading activities. We primarily provide customised products aligned with end-customers' requirements and demand. During the Track Record Period, revenue generated through intermediaries accounted for less than 3% of total revenue in 2023 and 2024, and we recorded no sales through intermediaries in 2025. To the best of our knowledge, during the Track Record Period, all the intermediaries were Independent Third Parties.

Sales and Marketing

We primarily acquire customers through targeted marketing activities and maintain a comprehensive customer service workflow that covers the entire customer journey from acquisition to product delivery, thereby reinforcing our brand reputation. Through close, ongoing communication with customers we develop a deep understanding of their requirements and market dynamics. This insight enables us to rapidly develop and refine products to meet specific customer needs, to resolve technical issues quickly through coordinated R&D efforts, and to deliver responsive after-sales support.

Our dedicated team is responsible for gathering and analyzing market information, including customer preferences and product development trends, developing sales strategies and improving customer service. The sales and marketing team also works closely with the delivery centre to align sales forecasts with supply capabilities.

Our Major Customers

During the Track Record Period, we mainly sold our products to our direct customers. Our customers mainly consist of manufacturers of photovoltaic cells and modules.

During the Track Record Period, in 2023, 2024 and 2025, our sales revenue from the top five major customers for each year accounted for 68.4%, 63.4% and 66.8% of our total revenue, respectively. In 2023, 2024 and 2025, our sales revenue from the largest customer for each year accounted for 41.6%, 24.2% and 25.5% of our total revenue, respectively. For risks related to the concentration of customers, see "Risk Factors – Risks Relating to Our Business and Industry – We have a high concentrated customer base."

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The table below sets forth the details of our five largest customers for each year during the Track Record Period.

For the year ended December 31, 2023

Number	Customer	Transaction amount (RMB'000)	% of total transaction amounts	Background and principal business activities	Main products/services sold	Credit term or payment arrangement	Year of commencing business relationship
1	Customer A	669,974	41.6%	A renewable energy company specialising in the development, manufacturing and sale of photovoltaic products, incorporated in China.	Photovoltaic cell equipment	Partial advance payment and instalments	2015
2	Customer B	154,294	9.6%	A photovoltaic company specialising in high-efficiency solar cells, modules and distributed power stations, incorporated in China.	Photovoltaic cell equipment	Partial advance payment and instalments	2019
3	Customer C	149,571	9.3%	A renewable energy company specialising in photovoltaic manufacturing, incorporated in China.	Photovoltaic cell equipment	Partial advance payment and instalments	2017
4	Customer D	76,104	4.7%	A photovoltaic and electronics company specialising in photovoltaic cell manufacturing and photovoltaic power station development, incorporated in China.	Photovoltaic cell equipment or spare parts	Generally partial advance payment and instalments; whilst the spare parts contract stipulates that within three working days of signing the contract, the customer shall pay the full amount, after which delivery will be arranged	2018
5	Customer E	50,882	3.2%	A photovoltaic company specialising in high-efficiency solar cells, modules and integrated solar solutions, incorporated in China.	Photovoltaic cell equipment	Partial advance payment and instalments	2017
Total		1,100,825	68.4%				

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For the year ended December 31, 2024

Number	Customer	Transaction amount (RMB'000)	% of total transaction amounts	Background and principal business activities	Main products/services purchased	Credit term	Year of commencing business relationship
1	Customer E	486,608	24.2%	A photovoltaic company specialising in high-efficiency solar cells, modules and integrated solar solutions, incorporated in China.	Photovoltaic cell equipment	Partial advance payment and instalments	2017
2	Customer A	255,325	12.7%	A renewable energy company specialising in the development, manufacturing and sale of photovoltaic products, incorporated in China.	Photovoltaic cell equipment	Partial advance payment and instalments	2015
3	Customer C	244,950	12.2%	A renewable energy company specialising in photovoltaic manufacturing, incorporated in China.	Photovoltaic cell equipment	Partial advance payment and instalments	2017
4	Customer B	179,748	8.9%	A photovoltaic company specialising in high-efficiency solar cells, modules and distributed power stations, incorporated in China.	Photovoltaic cell equipment	Partial advance payment and instalments	2019
5	Customer F	108,277	5.4%	A photovoltaic company specialising in solar cell manufacturing, modules, energy storage systems and photovoltaic power station development, incorporated in China.	Photovoltaic cell equipment	Partial advance payment and instalments	2017
Total		1,274,908	63.4%				

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For the year ended December 31, 2025

Number	Customer	Transaction amount (RMB'000)	% of total transaction amounts	Background and principal business activities	Main products/services purchased	Credit term	Year of commencing business relationship
1	Customer E	517,414	25.5%	A photovoltaic company specialising in high-efficiency solar cells, modules and integrated solar solutions, incorporated in China.	Photovoltaic cell equipment	Partial advance payment and instalments	2017
2	Customer F	359,914	17.7%	A photovoltaic company specialising in solar cell manufacturing, modules, energy storage systems and photovoltaic power station development, incorporated in China.	Photovoltaic cell equipment	Partial advance payment and instalments	2017
3	Customer G	200,918	9.9%	A photovoltaic company specialising in the research, manufacturing and sale of solar cells and related high-efficiency photovoltaic products, incorporated in China.	Photovoltaic cell equipment	Partial advance payment and instalments	2023
4	Customer A	145,531	7.2%	A renewable energy company specialising in the development, manufacturing and sale of photovoltaic products, incorporated in China.	Photovoltaic cell equipment	Partial advance payment and instalments	2015
5	Customer C	131,501	6.5%	A renewable energy company specialising in photovoltaic manufacturing, incorporated in China.	Photovoltaic cell equipment	Partial advance payment and instalments	2017
Total		1,355,278	66.8%				

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During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, none of our Directors, their close associates or any of our shareholders (who owned or, to the knowledge of the Directors, had owned more than 5% of our issued share capital) had any interest in any of our five largest customers for each year during the Track Record Period.

Customer Concentration

Our business operations are subject to relatively high level of customer concentration. According to CIC, we specialise in serving customers of photovoltaic industry, which is highly concentrated with a continued upward trend in concentration. Taking the global photovoltaic cell market as an example, the CR5 increased from 37.5% in 2023 to 51.1% in 2025 in terms of production capacity.

For the relevant risks involved, see “Risk factors – Risks relating to our business and industry – We derived a significant portion of our revenue from a limited number of customers during the Track Record Period and may continue to be exposed to the risk of customer concentration subsequent to the Track Record Period.” in this document.

Pricing Strategies

Our pricing strategy is predominantly value-oriented, reflecting the high-precision and highly customised nature of our laser processing systems. Base prices are established to reflect core system capabilities, while customisation premiums are applied to tailored configurations and production-line integration. At the initial launch stage of our equipment, we primarily determine our pricing strategy with reference to the aggregate of (i) the cost of the equipment and (ii) the expected economic benefits such equipment is anticipated to generate to our customers. We may also adopt a gross profit margin-based pricing model, under which we set prices with reference to a target gross margin and ensure that such margin is not lower than a specified threshold.

To mitigate risks associated with price volatility in key raw materials, we implement a diversified sourcing strategy, maintaining strategic relationships with multiple qualified suppliers to secure competitive pricing and supply continuity. We actively monitor raw material price trends to inform inventory management decisions. Given that customers typically place orders in the certain period-basis pattern, we are able to partially adjust product pricing to reflect changes in raw material costs through timely negotiations, although final pricing remains primarily market-driven. Furthermore, in the event of significant short-term fluctuations in raw material prices or market conditions following order placement, we retain the ability to renegotiate pricing for our photovoltaic products with customers. See “Risk Factors – Risks Relating to Our Business and Industry – Any price fluctuations in our raw materials, supply shortages or disruptions in our supply chain may have a material adverse effect on our business, financial condition and results of operations.”

Delivery and After-sales Service

We are committed to providing end-to-end excellence in product delivery and after-sales service to build customer trust and foster long-term relationships. Our logistics planning is closely aligned with production schedules and customer installation readiness to minimise lead times and ensure on-time delivery. We coordinate comprehensive installation, commissioning and acceptance testing at customer sites, enabling successful delivery of the products.

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We provide systematised after-sales support encompassing preventive maintenance programmes, on-site troubleshooting and remote diagnostics. Our global service network comprises regional service technicians, optimised spare parts logistics and a comprehensive knowledge base documenting recurring failure modes and maintenance procedures. Continuous customer feedback mechanisms enable us to identify opportunities for design-for-service enhancements and future product upgrades.

When we receive any feedback or complaints in relation to any product quality or design issues from our customers, our sales personnel immediately send the relevant information to the relevant departments. The production management department and the quality control department will then deal with the feedback or complaints and take immediate follow-up action in accordance with internally prescribed procedures. Normally, an initial response will be given to the relevant customer within 24 hours and a detailed report and follow-up action will be taken within 7 days after receipt of such feedback or complaint.

By aligning our delivery and service capabilities with evolving product roadmaps, we help ensure customers achieve minimal operational impact, high equipment uptime and sustained performance. These initiatives support recurring service revenue, contract renewals and expansion of market shares across laser processing equipment markets.

SUPPLY CHAIN MANAGEMENT

We place great importance on our supply chain management in enhancing our competitive edge. We aim to ensure that raw materials procured meet our production standards, through effectively managing the quality of the products provided by suppliers. Our supply chain management ensures that product quality, delivery times and services consistently meet our requirements.

Procurement Management

Our suppliers primarily comprise manufacturers of raw materials. We adopt a highly customised development model for key components and are deeply involved in the design and integration of core modules. Leveraging our systematic understanding of advanced laser processes and underlying technical principles, we are able to define performance parameters precisely for specific laser processing applications and engage in joint development with leading global suppliers of high-end optical components. In the core modules of our laser processing systems, we select high-performance lasers, precision optical components, and mechanism and motion control modules from suppliers that hold globally leading technological positions in their respective niche fields. This technology-driven customisation strategy not only ensures that our equipment achieves industry-leading levels of stability, accuracy and efficiency, but also creates substantial technical barriers and differentiated product advantages that are difficult to replicate.

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We believe that a rigorous and systematic raw material management framework is fundamental to our sustainable development and to the continued enhancement of our cost efficiency. Our raw material management framework is closely integrated with our production planning process. Based on the procurement and delivery schedules formulated by the production planning department, our procurement team enters into formal supply agreements with qualified suppliers to ensure the timely and reliable provision of required materials. The procurement function also plays a pivotal role in supplier relationship management and in addressing potential disruptions arising from irregular deliveries. Our senior management is responsible for overseeing strategic planning, process optimisation, and the development of organisational structure and human resources, thereby ensuring the overall resilience and stability of our supply chain.

Through continuous efforts, we have established a comprehensive supply chain management system that is risk-responsive, technologically driven, quality-oriented and operationally integrated. This system is designed to be resilient, agile and sustainable, and operates under stringent procurement standards to ensure that we obtain high-quality raw materials and services at competitive costs. We have also developed long-term, collaborative relationships with key suppliers, which contribute to greater stability, reliability and sustainability across our supply chain.

Supplier Management

We adhere to the principles of “prioritising quality, technology leadership and controllable risk” and implement stringent screening and admission management for all our suppliers. Our supplier admission process includes qualification review, on-site audit and sample verification, and a failure to meet our standards at any stage will result in disqualification. For critical materials, we cooperate with leading global suppliers that possess relevant international certifications, established R&D capabilities, a stable delivery track record and a robust traceability system.

We have established a quality management system that covers the full life cycle of our supply chain and implemented a front-loaded quality involvement mechanism, under which cross-functional teams conduct process audits and sample confirmations at suppliers’ sites to ensure that their production processes comply with our standards. In addition, we conduct performance evaluations of our suppliers twice a year, scoring them across five dimensions, namely quality, delivery, cost, technology and service. Based on such evaluations, we classify suppliers into four categories, namely preferred, acceptable, restricted and eliminated, and maintain an Approved Suppliers List as the basis for our procurement activities. At the supplier admission stage, we conduct prudent and comprehensive assessments of prospective suppliers’ performance capabilities, including their production capacity, financial condition and historical performance records. Suppliers with identified risks in their ability to perform are generally not admitted to our Approved Suppliers List. On an ongoing basis, we continuously monitor our suppliers’ performance in terms of supply stability and product quality. Where a supplier demonstrates material or persistent deficiencies, or circumstances arise that may adversely affect its performance capability, we will adjust its classification accordingly and may remove it from our Approved Suppliers List.

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During the Track Record Period and up to the Latest Practicable Date, we did not experience any material quality or delivery issues, shortages or delays in the supply of raw materials that had a material adverse impact on our operations.

Salient terms of Agreements with Suppliers

The salient terms of the agreements between us and our suppliers are set out below:

Term	It varies depending on the project requirements.
Product specifications	Product specifications are typically expressly set out in the agreements.
Payment term	The agreement typically sets out the payment terms explicitly.
Product return/exchange	If the products are found to be defective or fail to conform to the agreed standards, we are generally entitled to require the supplier to replace or return the product or to carry out repairs.
Warranty	The agreements generally set out a warranty period ranging from 12 to 24 months, commencing from the date of product acceptance.
Confidentiality	We typically require our suppliers to keep confidential any trade secrets obtained during the execution of the agreements. We will include relevant confidentiality provisions in the contract or enter into a separate confidentiality agreement with the supplier.
Termination	Termination typically occurs under the following circumstances: (i) the supplier is in breach and fails to take remedial measures; (ii) the supplier's operating or credit conditions materially deteriorate; (iii) the supplier enters into default, liquidation or bankruptcy that may adversely affect its ability to perform the contract; or (iv) there is a change in our customer's production plan.

Our Major Suppliers

In 2023, 2024 and 2025, our five largest suppliers for each year of the Track Record Period in aggregate accounted for 40.4%, 50.9% and 65.7% of our total purchase amount, respectively. In 2023, 2024 and 2025, our largest supplier for each year during the Track Record Period accounted for 13.8%, 29.6% and 35.2% of our total purchase amount, respectively. For risks related to the concentration of suppliers, see "Risk Factors – Risks Relating to Our Business and Industry – Any price fluctuations in our raw materials, supply shortages or disruptions in our supply chain may have a material adverse effect on our business, financial condition and results of operations." Such concentration was primarily attributable to (i) we adopt a customised development model and strictly limit the number of our suppliers, (ii) we adopt a procurement strategy of leveraging economies of scale to achieve cost efficiencies and (iii) certain of our key components, including core photovoltaic modules, can currently only be manufactured by a limited number of qualified suppliers that possess the requisite technical capabilities and production expertise. The table below sets forth the details of our five largest suppliers for each year/period during the Track Record Period.

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For the year ended December 31, 2023

Number	Supplier	Transaction amount (RMB'000)	% of total transaction amounts	Background and principal business activities	Main products/ services purchased	Payment arrangement/ credit term	Year of commencing business relationship
1	Supplier A	252,738	13.8	A company specialising in the sales and maintenance of lasers and related laser processing optical components and software incorporated in Singapore	Lasers, optical components	Prepayment of 100% of the contract price prior to delivery	2014
2	Supplier B	185,905	10.1	A company incorporated in Hong Kong under the group primarily engaged in distribution of connectivity products	Lasers	Prepayment of 50% of the contract price, with the remaining 50% to be paid prior to delivery	2018
3	Supplier C	123,899	6.7	A company specialising in sales and maintenance of electromechanical products incorporated in China	Electromechanical products	Various payment arrangements and credit terms adopted, for example, prepayment of 50% of the contract price, with the remaining 50% to be paid upon delivery	2014
4	Supplier D	105,451	5.7	A laser manufacturer incorporated in China	Lasers	Payment due within 30 days of delivery	2021
5	Supplier E	74,385	4.1	A high-tech company specialising in industrial automation system integration incorporated in China	Motors and driver components	Payment due within 30 days of delivery	2018
Total		742,378	40.4				

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For the year ended December 31, 2024

Number	Supplier	Transaction amount (RMB'000)	% of total transaction amounts	Background and principal business activities	Main products/services purchased	Payment arrangement/ credit term	Year of commencing business relationship
1	Supplier B	232,619	29.6	A company incorporated in Hong Kong under the group primarily engaged in the distribution of connectivity products	Lasers	Prepayment of 40% the contract price and 60% upon delivery	2018
2	Supplier A	81,241	10.4	A company specialising in the sales and maintenance of lasers and related laser processing optical components and software incorporated in Singapore	Lasers and optical components	Payment upon delivery	2014
3	Supplier D	31,554	4.0	A laser manufacturer incorporated in China	Lasers	Payment due within 60 days of monthly invoice issued upon delivery	2021
4	Supplier F	27,559	3.5	A company specialising in the processing and production of machine parts incorporated in China	Machined parts	Payment due within 30 days of delivery	2023
5	Supplier G	26,273	3.4	A company specialising in intelligent manufacturing solutions and industrial automation systems incorporated in China	Machined parts	Payment due within 30 days of delivery	2020
Total		399,246	50.9				

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For the year ended December 31, 2025

Number	Supplier	Transaction amount (RMB'000)	% of total transaction amounts	Background and principal business activities	Main products/services purchased	Payment arrangement/ credit term	Year of commencing business relationship
1	Supplier B	290,052	35.2	A company incorporated in Hong Kong under the group primarily engaged in the distribution of connectivity products	Lasers	Prepayment of 40% the contract price and 60% upon delivery	2018
2	Supplier A	118,493	14.4	A company specialising in the sales and maintenance of lasers and related laser processing optical components and software incorporated in Singapore	Lasers	Prepayment of 30% the contract price and 70% upon delivery	2014
3	Supplier H	73,092	8.9	A company selling laser equipment specialising in the R&D and manufacturing of lasers incorporated in China	Lasers	Prepayment of 30% the contract price, 40% upon shipment and 30% upon delivery	2022
4	Supplier I	36,512	4.4	A company in the provision of optical solutions incorporated in Germany	Optical components	Prepayment of 50% the contract price and 50% upon delivery	2018
5	Supplier F	23,355	2.8	A company specialising in the processing and production of machined parts incorporated in China	Machined parts	Payment due within 180 days of monthly invoice, plus a 6-month bank acceptance	2023
Total		541,504	65.7				

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During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, none of our Directors, their close associates or any of our shareholders (who owned or, to the knowledge of the Directors, had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers for each year during the Track Record Period.

Overlapping of Major Customers and Suppliers

During the Track Record Period, to the best knowledge of our Directors:

Customer A, one of our five largest customers in 2023, 2024 and 2025, was also a supplier. For the years ended December 31, 2023, 2024 and 2025, our purchases from Customer A amounted to nil, nil and RMB1.3 million, accounting for 0.0%, 0.0% and 0.2% of our total purchases, respectively.

Customer B, one of our five largest customers in 2023 and 2024, was also a supplier. For the years ended December 31, 2023, 2024 and 2025, our purchases from Customer B amounted to RMB15.9 thousand, nil and nil, accounting for 0.0%, 0.0% and 0.0% of our total purchases, respectively.

Customer C, one of our five largest customers in 2023, 2024 and 2025, was also a supplier. For the years ended December 31, 2023, 2024 and 2025, our purchases from Customer C amounted to RMB237.1 thousand, RMB22.1 thousand and nil, accounting for 0.0%, 0.0% and 0.0% of our total purchases, respectively.

Customer E, one of our five largest customers in 2023, 2024 and 2025, was also a supplier. For the years ended December 31, 2023, 2024 and 2025, our purchases from Customer E amounted to RMB440.3 thousand, RMB45.2 thousand and nil, accounting for 0.0%, 0.0% and 0.0% of our total purchases, respectively.

Customer F, one of our five largest customers in 2024 and 2025, was also a supplier. For the years ended December 31, 2023, 2024 and 2025, our purchases from Customer F amounted to nil, nil and RMB7.3 million, accounting for 0.0%, 0.0% and 0.9% of our total purchases, respectively.

Except for Customer A, Customer B, Customer C, Customer E and Customer F, none of our five largest suppliers/customers in the years ended December 31, 2023, 2024 and 2025, was also our customer/supplier in the same year.

The overlap between certain of our customers and suppliers is primarily attributable to our needs to (i) purchase samples from suppliers for the purpose of equipment testing and calibration; (ii) construct photovoltaic power stations at our own facilities and (iii) retrieve used equipment from customers for upgrading and renovation, where participants are often engaged in both upstream material supply and downstream application or module manufacturing. Our Directors confirmed that all aforementioned transactions were conducted in the ordinary course of business under normal commercial terms and on arm's length basis.

Inventory Management and Logistics

We operate under a disciplined, asset-light yet capability-intensive operational framework designed to ensure timely delivery of high-value laser systems while maintaining sound working capital efficiency across the photovoltaic, electronics, and display sectors. Our inventory is categorised into raw materials, work-in-progress, finished goods, and strategic inventoried inputs for critical projects, with each production facility supported by dedicated on-site warehousing to enhance inventory control

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and streamline logistics. We closely monitor the inventory level and the market conditions, as well as prepare provision for inventory impairment if necessary, which enable us to balance supply assurance with working capital efficiency.

We adopt an order-driven planning mechanism. Upon receipt of customer orders, we organise our sales and R&D teams to conduct assessments, formulate R&D deliverable plans and overall delivery schedules, and place procurement orders accordingly. For key projects, we convene company-level coordination meetings to balance production, supply and sales, and place procurement orders in batches in accordance with the agreed schedules.

We prioritise strategic collaboration with leading industry suppliers and conduct comprehensive qualification processes, including inspections, trial production verification, and ongoing reliability monitoring, to ensure a stable and timely supply of high-quality materials. A production-driven procurement strategy secures critical inputs supported by rigorous incoming sampling inspections and periodic supplier audits. Advanced production management systems streamline procurement-to-production workflows, optimise resource allocation, and minimise disruptions. Dedicated quality functions, including Supplier Quality Engineers and Incoming Quality Control teams, ensure the reliability and compliance of all incoming materials.

Our warehousing infrastructure comprises a centralised network of owned and leased facilities built to accommodate sensitive optical assemblies and large-scale laser systems. Standardised procedures for receiving, storage, picking, and dispatch are enforced, supported by an integrated ERP system.

We engage qualified third-party logistics service providers to deliver finished products to customer-designated destinations, requiring compliance with our stringent transportation standards. Periodic evaluations based on compliance, service quality, and delivery reliability are conducted to ensure consistent, secure, and efficient product delivery.

COMPETITION

We operate in a highly differentiated, technology-driven segment of the laser precision micro- and nano-machining equipment market serving the photovoltaic, semiconductor and next-generation display chains. Our competitors mainly comprise global equipment suppliers and specialised laser solution providers, while the industry is undergoing rapid development. Competition is primarily based on R&D capabilities, core intellectual property, process precision and throughput, ability to provide customised solutions, large-scale delivery capability and the quality and stability of customer service and long-term cooperation.

Our competitive strengths are underpinned by our global leadership in laser machining equipment especially in ultrafast laser technology for micro- and nano-processing. Through our robust R&D capabilities and a solid technology base, we innovatively introduced laser technology into the photovoltaics industry, applied our laser technologies across high-efficiency solar cell and accelerated the commercialisation of advanced technology pathways. Deploying a cross-sector emerging ecosystem in laser machining equipment, we strategically positioned ourselves across all photovoltaic technology pathways and identified customer-driven process and equipment needs, successfully extending our precision laser processing capabilities from the photovoltaic industry to high value-added fields such as semiconductors.

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INTELLECTUAL PROPERTY

We regard intellectual property as a core strategic asset that underpins our competitive position in high-precision laser processing for photovoltaic, electronics and display applications. Our intellectual property portfolio comprises patents, software copyrights and registered trademarks, managed under a unified system designed to protect, commercialise and sustain our technology leadership. As of the Latest Practicable Date, we owned 491 patents, five registered trademarks and 217 software copyrights in Chinese Mainland and two registered trademarks and 28 patents in other jurisdictions.

- *Patents and technology leadership.* Our patent strategy focuses on core laser processing technologies for BC and TOPCon solar cells, as well as proprietary solutions for micro-structuring, selective thinning and wafer-to-glass interface processing. We seek patent protection in key jurisdictions to support our cross-border sales and after-sales service, including patent rights relating to multi-beam optical design, nanometre-scale patterning and process automation. Our trademarks and software copyrights further reinforce our brand recognition and safeguard the integrity of our embedded control software and process recipes.
- *IP governance and disclosures.* Our Board has implemented an IP governance regime which includes periodic reviews of our patent portfolio, freedom-to-operate analyses and related risk management controls. We intend to provide in this document narrative disclosure of material IP rights, including key assets, remaining terms of protection, principal licensing arrangements and any material IP-related disputes or commitments, in accordance with applicable regulatory requirements. This disciplined framework supports recurring revenue from existing customers and strategic partnerships with photovoltaic manufacturers and electronics OEMs, while facilitating continued R&D investment to further expand and enhance our IP portfolio.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material actual or, to the best of our knowledge, pending disputes or claims for infringement upon third parties' intellectual property rights in the PRC.

EMPLOYEES

As of December 31, 2025, we had 1,322 employees in the PRC, while we had 18 employees in Singapore and 14 employees in Israel. The following table sets forth the numbers of our employees by business function as of December 31, 2025.

Function	Number of Employees	% of Total
Production and delivery	690	50.9
Sales and marketing	16	1.2
Technical	487	36.0
Finance	26	1.9
Administrative	135	10.0
Total	1,354	100.0

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We regard our employees as a strategic differentiator in the high-precision laser and photovoltaic manufacturing ecosystem. We are committed to attracting, developing and retaining a highly skilled, globally distributed workforce across design, engineering, manufacturing, software and after-sales disciplines. Our talent strategy rests on three pillars, including R&D excellence, operational productivity and governance/compliance. The multi-regional team spans key centres in Wuhan, Wuxi, Israel and Singapore, comprising optical scientists, engineers, software developers, calibration and service specialists, and production operators. This mix empowers our comprehensive capability from optical design and laser control to MES integration and field support for global customers. Compensation comprises competitive base salaries, performance bonuses and relevant benefits, augmented by long-term incentive mechanisms, including equity incentive scheme, that ties a meaningful portion of pay to long-term shareholder value, with vesting tied to milestones and market terms.

We are committed to formulating structured training programmes of various types, including onboarding, ongoing upskilling in fields such as laser physics and precision metrology, and formal leadership programmes to nurture succession and cross-functional mobility. Our governance framework enforces anti-corruption, health and safety, data security and IP protection to ensure a compliant, safe and innovative working environment. These initiatives underpin our ability to sustain leadership in photovoltaic and laser technology through a world-class, science-driven workforce.

In accordance with the laws and regulations of the PRC, we participate in various government-administered social security programmes for our employees, including pension insurance, medical insurance, maternity insurance, work-related injury insurance, unemployment insurance, and the housing provident fund. The requirement and implementation of employee benefit plans may vary among local governments in the PRC, and the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, and employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties.

We believe that we generally maintain a good working relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant labour disputes or any difficulty in recruiting staff for our operations.

INSURANCE

During the Track Record Period, we maintained a comprehensive suite of insurance policies designed to mitigate the principal risks associated with our high-precision laser manufacturing operations and global supply chain. Such policies included, among others, all-risk property insurance, machinery breakdown insurance for R&D equipment, product liability insurance, cargo transportation insurance and employer's liability insurance.

We maintain insurance coverage in compliance with applicable laws and regulations and with reference to prevailing industry practice. We have engaged reputable insurance companies to provide, where necessary, social insurance coverage for our employees in accordance with applicable laws and regulations, including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance, medical insurance and directors and officers liability insurance. In addition, for employees who frequently work off-site or undertake frequent business travel, we have procured additional overseas travel insurance to further cover potential risks that may arise in the course of their employment. For employees of our overseas subsidiaries, we provide social security benefits as required under local laws and regulations, including pension and medical coverage, and we also maintain commercial insurance such as accident insurance and supplementary medical insurance.

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Our Directors consider that our existing insurance coverage is adequate for our current operations, is able to cover major risks arising from our business activities and is consistent with the prevailing practice in our industry. During the Track Record Period and up to the Latest Practicable Date, to the best of our Directors' knowledge and belief, we had not made any material claims under our insurance policies or experienced any material business interruptions, and we had not experienced any material insurance disputes.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We regard ESG practices as a key component of our long-term operational stability and sustainable development. We implement China's new development philosophy of innovation, coordination, green development, openness and sharing across all aspects and stages of our business operations. Through systematic efforts in production safety, technological innovation, corporate governance and talent development, we seek to promote high-quality industrial development, enhance social contribution, and advance environmentally responsible practices.

ESG Governance

To support the implementation of ESG initiatives in alignment with our business strategy, we have established an ESG governance framework with a top-down structure and clearly defined responsibilities, spanning the Board of Directors, specialised committees and the executive management. The key roles and responsibilities under our ESG governance framework are as follows:

- **Board of Directors:** As the highest decision-making body for ESG matters, the Board of Directors is responsible for reviewing and approving our ESG direction, policies and key objectives and material matters, and ensuring alignment between ESG initiatives and overall business development. We are committed to maintaining a balanced and diverse Board in terms of gender, age, cultural and educational background, professional experience, skills, and independence. As of December 31, 2025, the composition of our Board is as follows: by gender, 1/7 female directors and 6/7 male directors; by age, 4/7 directors aged 40-50, and 3/7 directors aged 60-70; by professional background, 3/7 with science and engineering backgrounds, and 4/7 with economics, finance or accounting backgrounds.
- **Strategic Committee:** The Strategic Committee serves as a research and advisory body for ESG matters. It is responsible for (i) conducting research on and providing recommendations regarding our ESG vision, objectives, strategic planning and other related matters; (ii) reviewing ESG-related matters, including the consideration of the ESG Report and submitting them to the Board for deliberation and (iii) directing and overseeing the identification, analysis, assessment and management of ESG-related risks and opportunities. Our Strategic Committee is appointed by the Board, and its operating procedures and scope of authority governed by terms of reference of the Strategic Committee.
- **ESG Execution Units:** Our business departments act as ESG execution units, implementing relevant management requirements and measures within their respective areas of responsibility in accordance with our ESG framework. They report on execution progress on a regular basis to ensure alignment with ESG objectives and Board oversight.

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Environmental

We comply with applicable PRC environmental laws and regulations, including the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law, the Air Pollution Prevention and Control Law and the Solid Waste Pollution Prevention and Control Law. We have established an environmental management system and obtained relevant certifications. We have also formulated internal policies, including our Environmental Management Regulations and Procedures for the Identification, Evaluation and Control of Environmental Aspects, under which we identify major environmental impacts and implement corresponding control measures, and set environmental objectives and targets. We conduct regular monitoring of wastewater, exhaust gas and noise emissions to ensure compliance with applicable national and local environmental requirements.

In the course of our operations, we adhere to a principle of green and low-carbon development and pay close attention to national policies on energy conservation, emission reduction and sustainable development. We continue to promote environmental management initiatives, including energy and water conservation, green office practices and resource recycling, with a view to reducing greenhouse gas ("GHG") emissions and minimising resource waste.

We regard effective energy management and GHG emissions management as integral to addressing climate-related risks. Energy consumption is closely associated with GHG emissions, and we classify and record **Scope 1** and **Scope 2** emissions in accordance with internationally recognised standards. Scope 1 represents direct emissions from our owned operations, including natural gas consumption and gasoline and diesel consumption, while Scope 2 represents emissions arising from the generation of electricity.

Our principal energy and resource consumption arises from electricity and natural gas. We record and analyse energy and resource usage, investigate abnormal fluctuations and optimise energy-saving measures based on the relevant data.

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The following table sets out a summary of our GHG emissions and resource consumption for the Track Record Period.

Indicators	Year ended December 31,		
	2023	2024	2025
Greenhouse Gas			
Scope 1 Greenhouse gas emissions (tons CO ₂ equivalent)	272.7	188.0	116.2
Scope 2 Greenhouse gas emissions (tons CO ₂ equivalent)	2,192.2	2,271.8	2,241.7
Total (tons CO ₂ equivalent)	2,465.0	2,459.8	2,357.8
GHG emissions intensity (tons CO ₂ equivalent/ total number of employees)	1.43	1.61	1.74
Energy Consumption			
Electricity consumption (tons of standard coal)	502.1	520.3	513.4
Electricity consumption intensity (tons of standard coal/total number of employees)	0.29	0.34	0.38
Natural gas consumption (tons of standard coal)	116.7	85.6	47.0
Natural gas consumption intensity (tons of standard coal/total number of employees)	0.07	0.06	0.03
Gasoline consumption (tons of standard coal)	23.6	12.1	13.1
Gasoline consumption intensity (tons of standard coal/total number of employees)	0.01	0.01	0.01
Diesel consumption (tons of standard coal)	7.4	4.9	2.5
Diesel consumption intensity (tons of standard coal/total number of employees)	0.00	0.00	0.00
Water Source			
Total water consumption (tons)	40,242.0	32,827.0	45,004.0
Total water consumption intensity (tons/total number of employees)	23.40	21.53	33.28

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The following table sets out a summary of our wastewater discharge, air emissions and waste generation for the Track Record Period.

Emissions	As of December 31,		
	2023	2024	2025
Wastewater			
Wastewater discharge (tons)	32,193.6	26,261.6	36,003.2
Wastewater discharge intensity (tons/millions in revenue)	20.01	13.04	17.71
Waste			
Hazardous waste generation (tons)	0	1.0	1.0
Hazardous waste generation density (tons/millions in revenue)	0.00	0.00	0.00
Non-hazardous waste generation (tons)	68.4	44.0	31.7
Non-hazardous waste generation density (tons/millions in revenue)	0.04	0.02	0.02

Energy Management

We enhance energy efficiency through a combination of management optimisation and technological innovation. Energy-saving concepts are incorporated into the design of our production equipment and processes. For example, we have implemented a heat recovery technology in connection with our air compressor systems, whereby water is used to cool high-temperature and high-pressure gas. The recovered heat is utilised to provide hot water for production and office use, thereby improving energy utilisation efficiency.

Since 2023, we have also deployed distributed photovoltaic power generation facilities at our operating sites as part of our efforts to increase the use of clean energy. As of December 31, 2025, the total installed capacity of our distributed photovoltaic power stations reached approximately 2,048.9 kW, with an additional 478.5 kW under construction. In 2025, these facilities generated approximately 1.8 million kWh of electricity, contributing to the optimisation of our energy mix and reducing our reliance on conventional electricity sources.

Emissions Management

We have established a systematic pollutant discharge control system. Domestic wastewater generated from our operations is treated as necessary, with canteen wastewater undergoing additional treatment through grease traps, before being discharged into the municipal pipeline network. Domestic waste is regularly collected and transported by qualified sanitation service providers. General industrial solid waste, such as waste cardboard and scrap metal, is transferred to recycling companies for resource utilisation, achieving a nearly 100.0% resource utilisation rate. Hazardous waste, such as laboratory waste liquid, is temporarily stored in a hazardous waste storage room and regularly handed over to qualified hazardous waste disposal service providers for treatment, ensuring a 100.0% compliance rate for hazardous waste disposal. Environmental compliance performance is also considered in our supplier evaluations. We send a Notice of Environmental and Occupational Health and Safety Impact to Related Parties to our suppliers, requiring them to comply with applicable environmental regulations, thereby mitigating potential environmental risks within our supply chain.

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Climate Change and Response

We recognise the profound impacts of global climate change on economic operations and corporate sustainability and incorporate climate-related risks and opportunities into our environmental management and operational decision-making. We have identified that extreme weather events may disrupt production and daily office operations and potentially affect operational stability, while increasingly stringent environmental regulations may give rise to transition risks, including higher operating costs and increased compliance requirements.

To address such risks, we operate a certified ISO 14001 environmental management system across our main entities in Wuhan, Wuxi, and Singapore. We have implemented an environmental risk assessment mechanism, identify and evaluate environmental factors annually to form a summary table. We also establish an emergency plan and conduct regular drills. In addition, we promote green office practices, establish OA and production management systems to reduce paper consumption. We also implement an energy-saving initiative to strengthen refined energy management, thereby reducing greenhouse gas emission intensity.

We conduct regular monitoring of wastewater, emissions and noise to ensure compliance with applicable regulatory requirements and mitigates potential impacts under extreme climate conditions. Through these measures, our total GHG emissions, including Scope 1 and 2 emissions, decreased from 2,465.0 tCO₂e in 2023 to 2,357.8 tCO₂e in 2025.

Targets and Measures

We have established medium- to long-term strategic objectives covering environmental, social and governance dimensions. We regularly monitor the progress of ESG management objectives under each dimension to facilitate the effective implementation of our sustainability initiatives. Within the next three years, we aim to ensure that all wastewater and air emissions from our production and operational sites comply 100.0% with national and local pollutant discharge standards each year, and that 100.0% of hazardous waste is disposed of in accordance with applicable laws and regulations. To achieve these targets, we optimise production and delivery planning and scientifically adjust shipment timing and frequency, maintaining a long-term average truck load rate of over 90.0%, thereby supporting green and low-carbon operations. As a result, our total greenhouse gas emissions in 2025 decreased by 4.3% compared with 2023. In daily operation, we have implemented a range of initiatives covering research and development, compliance management, and energy management:

(i) R&D

Our R&D expenses accounted for an average of 13.5% of our revenue during the Track Record Period, which was higher than the industry average. Such sustained investment enabled us to maintain a steady increase in patent applications in our key technology areas and provided sufficient funding to advance our core technologies and to build a diversified innovation ecosystem across the photovoltaics, semiconductor and next-generation display industries.

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We remain committed to enhancing the energy efficiency of our photovoltaic laser machining equipment and promoting the application of laser technology in solar module recycling to support a circular economy. Our laser transfer technology can reduce silver paste consumption by approximately 30% and facilitates the commercialisation and large-scale deployment of BC cell technology. Our integrated laser welding solutions for modules streamline production processes and minimise cell damage. In addition, in June 2025, we were granted a utility model patent for MBI. This patent addresses the removal of scrap copper wires generated during copper foil processing and introduces a technical solution for the efficient separation and recovery of waste metal materials.

(ii) Compliance management

We ensure that all R&D activities comply with applicable laws and regulations. We ensure environmental compliance at all our production facilities, with zero administrative penalties for environmental violations recorded annually, our Company and our subsidiaries DR Laser Technology (Wuxi) and DR Laser Singapore Pte. Ltd. all successfully passed ISO 14001 Environmental Management System certification audits in 2025. No environmental non-compliance incidents were reported throughout the Track Record Period.

(iii) Energy management

We implement specific energy management measures to support our energy transition. We have invested in developing distributed photovoltaic power generation facilities across areas including factory rooftops and parking canopies, which commenced operation in 2025. In 2025, these facilities generated approximately 1.807 million kWh of electricity in aggregate.

We strictly control pollutant emissions to ensure that all wastewater and air emissions from our production and operational sites comply with applicable national and local pollutant discharge standards. In 2025, we conducted environmental monitoring of wastewater, exhaust gas and noise emissions, and the compliance rate of all monitored pollutants reached 100.0%. All waste generated in the course of our operations is handled by qualified disposal service providers with the requisite licences, in compliance with applicable national and local environmental laws and regulations.

We also promote resource recycling and circular use of materials. We maintain a recycling rate of general industrial waste on a sustained basis and continue to increase the use of recyclable or regenerated packaging materials. Packaging waste such as cartons and foam, as well as industrial scrap including small quantities of aluminium scraps and waste iron, generated in the course of our operations are recycled and reutilised through professional third-party recycling institutions, resulting in a recycling rate of general solid waste approaching nearly 100.0%.

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Employee Rights and Welfare

We regard our employees as a core driver of technological innovation and business development. We have established a systematic and standardised human resources management framework covering recruitment, training, incentives, benefits and career development.

- ***Compliance Employment:*** We strictly comply with labour-related laws and regulations of the jurisdictions in which we operate and adhere to the principle of equal opportunity and non-discriminatory employment. We strictly prohibit the use of child labour or forced labour.
- ***Workforce Composition and Diversity:*** We are committed to building a diverse workforce. As of December 31, 2025, we had a total of 1,354 employees. Geographically, our workforce comprised 1,322 employees in Chinese Mainland and 32 employees in other countries. All employees are full-time and have entered into labour contracts directly with us. As of December 31, 2025, female employees accounted for 14.5% of our total workforce, while female representation among our middle and senior management was 19.6%.
- ***Occupational Health and Safety:*** We have established and operate an ISO 45001 Occupational Health and Safety Management. We place high importance on safety in production and continue to invest in safety management. In 2025, our safety production investment amounted to RMB0.4 million. During the Track Record Period, there were no fatalities or major workplace safety incidents.
- ***Employee Training and Development:*** We have established a structured training system to support continuous employee development.
- ***Employee Grievance Handling:*** We have communication and grievance channels for employees to raise concerns.

During the Track Record Period and up to the Latest Practicable Date, we did not incur any fines or other penalties for non-compliance with applicable laws and regulations relating to health, workplace safety, social matters or environmental protection, nor were there any incidents or employee claims for personal injury or property loss that had a material adverse impact on our business, financial condition or results of operations.

Sustainable Supply Chain

Supplier management constitutes a key component of our operational effectiveness. We require our manufacturing partners to strictly comply with applicable environmental, occupational health and safety, and production-related laws and regulations. We have established internal policies governing supplier admission, evaluation and exit processes, and conduct supplier selection and management in accordance with our *Supplier Selection and Evaluation Management Control Procedure* and *Supplier Management System*.

We adopt standardised procurement operating procedures and maintain contingency plans to address procurement risks arising from force majeure events under our *Procurement Process Management Control Procedure*, with a view to mitigating potential impacts on supply chain stability and business operations. For supplier information management and system support, we utilise the ERP system as our core supplier management platform, supplemented by electronic records to centrally manage supplier information, procurement history and contract performance, thereby enhancing the standardisation and transparency of procurement processes.

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To promote ESG management across our supply chain, we issue *the Notice to Related Parties on Environmental and Occupational Health and Safety Requirements* to suppliers and assessing their environmental and safety performance through *the Cooperative Supplier Safety Survey and Evaluation Form*. As of December 31, 2025, the majority of suppliers signed this notice. In addition, the vast majority of suppliers signed integrity clauses, and major suppliers were required to provide a *Conflict Minerals Declaration*, supporting responsible procurement practices as of December 31, 2025.

Product and Service Responsibility

We conduct our operations with a rigorous and responsible business philosophy, adhering to the core principles of “technology-driven innovation, standardised management, continuous improvement, customer satisfaction, people-oriented approach, prevention first, energy conservation and consumption reduction, and mutual benefit development”. We are committed to providing customers with safe, reliable and high-quality products and services, and strictly comply with relevant PRC laws and regulations, including the *Consumer Rights Protection Law*, *Environmental Protection Law*, *Work Safety Law*, *Occupational Disease Prevention Law* and *Anti-Unfair Competition Law*. We continue to strengthen product and service responsibility management across all operational stages.

- **Product quality and customer service:** We maintain a certified ISO 9001 quality management system covering product design, manufacturing, delivery and after-sales services, with preventive controls in place. We have also established a comprehensive customer complaint handling mechanism to ensure timely resolution of issues.
- **Technology, environment and compliance:** Our core products incorporate energy-saving and environmentally friendly technologies. We conduct regular customer satisfaction surveys and have obtained relevant customer certifications and supplier recognitions. We maintain a certified GB/T 29490 intellectual property management system, ensuring compliance and supporting sustainable development.

Social Responsibility and Community Engagement

While pursuing business growth, we actively fulfil our corporate social responsibilities by integrating employee welfare, public safety, community engagement and social welfare into our daily operations and corporate culture. During the Track Record Period, we participated in a range of charitable and community initiatives, including support for disadvantaged groups, community care programmes, youth environmental science education, and industry-academia-research collaboration. We place strong emphasis on production and public safety, regularly organising safety training and emergency drills to enhance employees’ safety awareness and emergency response capabilities. We remain committed to our responsible development philosophy and will continue to strengthen community engagement and social welfare initiatives, contributing to sustainable social development.

PROPERTIES

Our headquarters are located in Wuhan, Hubei Province, PRC. As of December 31, 2025, none of the properties held or leased by us had a carrying amount of 15.0% 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.

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Owned Land

As of December 31, 2025, we owned four parcels of land with a total site area of approximately 143,153 sq.m., which are located in PRC. The property is mainly used for manufacturing and production.

Owned Buildings

As of December 31, 2025, we owned a total of 11 units with a total gross floor area of approximately 166,396 sq.m., which are located in China. We have obtained building ownership certificates for all buildings or units, which are mainly used as manufacturing and production.

Leased Buildings

As of December 31, 2025, we leased 47 units with a total gross floor area of approximately 5,528 sq.m. in the PRC, which are mainly used as staff quarters.

As of December 31, 2025, we leased a total of three units with a total gross floor area of over 1,373 sq.m. in Singapore, which are mainly used as laboratories, R&D centres and assembly plant.

As of December 31, 2025, we leased one unit with a total gross floor area of approximately 445 sq.m. in Israel, which is mainly used as an office and a laboratory.

Title Defects

As of December 31, 2025, we had entered into three tenancy agreements in respect of properties located in Chinese Mainland where the relevant landlords were unable to provide us with title certificates, which are used as staff quarters.

As advised by our PRC Legal Adviser, our use of these defective leased properties may be affected by third parties' claims or challenges against the lease. In addition, if the lessors do not have the requisite rights to lease these defective leased properties, the relevant lease agreements may be deemed invalid, and as a result we may be required to vacate these defective leased properties and relocate our staff quarters.

As of the Latest Practicable Date, we were not aware of any challenge being made by a third party or government authority on the title of such leased properties. In the event that we are unable to continue using these defective leased properties, based on the advice of our PRC Legal Adviser, we, as the tenant, will not need to continue to pay the rents or the full amounts of such rents. Additionally, it is the lessors' responsibility to obtain the title certificates to enter into the leases, and, as a tenant, we will not be subject to any administrative punishment or penalties in this regard. These statutory protections significantly mitigate our risks arising from these defective leased properties due to claims for vacation from the legal owners of the properties. See also "Risk Factors – Risks Relating To Our Business And Industry – Failure to comply with laws and regulations regarding certain of our leased properties may adversely affect our business, financial condition and results of operations."

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Lease Registration and Filing

As of the Latest Practicable Date, 46 lease agreements in respect of employee quarters had not been registered and filed with the relevant land and real estate administration bureaus in the PRC because the relevant lessors failed to provide necessary documents and did not cooperate in completing the registration and filing procedures with the local government authorities.

As advised by our PRC Legal Advisor, failure to complete the registration and filing of lease agreements will not affect the validity of such leases or result in us being required to vacate the leased properties. However, the relevant government authorities may order us to complete registration or filing formalities and may impose a fine ranging from RMB1,000 to RMB10,000 for each unregistered agreement due to our failure to complete such registration or filing in prescribed period. For risks regarding our leased properties, see “Risk Factors – Risks Relating To Our Business And Industry – Failure to comply with laws and regulations regarding certain of our leased properties may adversely affect our business, financial condition and results of operations.”

LICENCES, APPROVALS AND PERMITS

As of the Latest Practicable Date, we have obtained all necessary licences, approvals, permits and certificates that are material and necessary for our business operations in jurisdictions where we operate, and such licences, permits, approvals and certificates are valid and subsisting. We have established a dedicated qualifications specialist position, responsible for the application, maintenance and management of required qualifications and certifications. We maintain a certification register that tracks the status and expiration dates of all licences, permits and approvals. The following table sets out a list of our material licences and permits as of the Latest Practicable Date. For details regarding the licences, permits and approvals, see “Regulatory Overview”.

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<u>Licences, Permits and Approvals</u>	<u>Issuing Authorities</u>	<u>Expiration Date</u>
Factory Notification	Ministry of Manpower of Singapore	Long term
N1 Licence	National Environment Agency of Singapore	February, 2028
N2 Licence	National Environment Agency of Singapore	Renewable on annual basis
Customs Filing Receipt for Import and Export Consignee/Consignor Registration	Wuhan Customs of the People's Republic of China	December, 2099
Customs Filing Receipt for Import and Export Consignee/Consignor Registration	Wuxi Customs of the People's Republic of China	December, 2099
Certificate of High-tech Technology Enterprise for the Company	Department of Science and Technology of Hubei Province; Department of Finance of Hubei Province; Hubei Provincial Tax Service, State Taxation Administration	December, 2028
Certificate of High and New Technology Enterprise for DR Laser Technology (Wuxi)	Department of Science and Technology of Jiangsu Province; Department of Finance of Jiangsu Province; Jiangsu Provincial Tax Service, State Taxation Administration	November, 2027

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, financial condition, results of operations, reputation or compliance.

Moreover, we may occasionally be involved in various legal, arbitration or administrative proceedings that arise as part of our normal business operations. See "Risk Factors – Risks Relating to Our Business and Industry – The loss of any key customer or failure to obtain new customers may cause fluctuations or declines in our revenue."

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Regulatory Compliance

During the Track Record Period and up to the Latest Practicable Date, we complied in all material respects with relevant PRC laws and regulations and we obtained licences, approvals and permits from appropriate regulatory authorities that are material for our business operations in the PRC. In the opinion of our respective overseas legal counsel, we have complied in all material respects with the applicable local laws and regulations of the overseas jurisdictions in which we operate, and we have obtained licences, approvals and permits from appropriate regulatory authorities that are material for our operations.

Social Insurance and Housing Provident Funds

During the Track Record Period, we had made social insurance and housing provident funds for all of our employees. Nonetheless, we did not make such contribution in full in accordance with the relevant PRC laws and regulations. In addition, as of the Latest Practicable Date, we engaged a third-party human resource agency to pay social insurance and housing provident funds for three of our employees.

For the shortfall of social insurance, we may be subject to the following legal consequences: (i) to compensate for the shortfall within a prescribed period and to pay a daily overdue charge of 0.05% of the delayed payment amount, and (ii) to pay a fine of one to three times of the overdue amount if such payment is not made within the stipulated period. For the shortfall of housing provident funds, we may be subject to the following legal consequences: (i) to compensate for the shortfall within a prescribed period, and (ii) an application may be made to the courts for compulsory enforcement if the payment is not made within such time limit.

During the Track Record Period and up to the Latest Practicable Date, although we have not made contributions based on certain employee's actual salary level, we have not received any notice requiring us to pay any outstanding social insurance and housing provident fund contributions, nor have we been subject to any administrative action or penalty by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions.

Our PRC Legal Adviser is of the view that, provided there are no material changes to current laws, policies, regulations and enforcement or supervisory practices, and in the absence of collective employee complaints or litigation or arbitrations, the possibility of us being required to make comprehensive supplementary payments in respect of the underpayment of social insurance premiums and housing provident fund is relatively low, considering that: (i) based on the written confirmations or the online credit report issued by the relevant authorities, during the Track Record Period, we have not been subject to any administrative penalties in relation to social insurance or housing provident fund matters; (ii) according to the Notice of the State Administration of Taxation on Implementing Further Measures to Support and Serve the Development of the Private Economy (《國家稅務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》) and Notice of the General Office of the State Council on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rates (《國務院辦公廳關於印發<降低社會保險費率綜合方案>的通知》), all the local authorities responsible for the collection of social insurance shall not retroactively collect historical unpaid social insurance contributions from enterprises on their own initiative; (iii) based on anonymous telephone consultations and interviews with several relevant PRC regulatory authorities which are the competent regulatory authorities, these authorities typically do not proactively conduct audits or require supplementary payments unless prompted by employee complaints; (iv) we did not receive any notices from the relevant authorities regarding

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collective objections or complaints raised by employees concerning the contribution of social insurance or housing provident funds; and we have committed that, in the event that the competent authorities require us to rectify any non-compliance, we will actively fulfil the relevant obligations. And Our PRC Legal Advisor has advised us once we pay the outstanding amounts of social insurance and housing funds and the overdue charges (if any) in full in timely manner after receiving notices from the relevant regulatory authorities, we will not be subject to administrative fines.

INTRA-GROUP TRANSACTIONS

The Organisation for Economic Cooperation and Development (the “OECD”), an international organisation of international cooperation, promulgated the transfer pricing guidelines for multinational enterprises and tax administrations (the “OECD Transfer Pricing Guidelines”). According to the OECD Transfer Pricing Guidelines, our intra-Group transactions should be on an arm’s-length basis.

During the Track Record Period, there were certain intercompany transactions among our Company and our subsidiaries to facilitate the respective function of our subsidiaries during the course of business of our Group. Our intra-group transactions mainly include (i) sales and procurement of goods and materials, (ii) provision and acceptance of commissioned R&D and technical services and (iii) provision and acceptance of after-sales and maintenance services.

During the Track Record Period and up to the Latest Practicable Date, our Directors were not aware of any penalties, investigations, inquiries or transfer pricing audits carried out by local tax authorities in relation to these intra-group transactions that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. Our Directors are of the view that the above-mentioned intercompany transactions were in line with the arm’s length principle and we were in compliance with the relevant transfer pricing laws and regulations during the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various risks during our operations. We have established risk management and internal control systems consisting of policies and procedures that we consider appropriate for our business operations. Our risk management and internal control framework covers key aspects of our operations.

Financial Reporting Risk Management

We manage liquidity risk, credit and impairment risk and financial reporting risk through a comprehensive set of financial management policies and related internal procedures. We have established a comprehensive financial risk management framework, which includes fund management policies, credit management policies and financial reporting preparation and review policies, together with corresponding procedures to ensure the effective implementation of such policies.

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In fund management, we implement centralised cash management and liquidity monitoring mechanisms to ensure we maintain adequate working capital and are able to meet our day-to-day operational needs. In credit and asset management, we have established customer credit assessment and credit limit control systems, and conduct periodic reviews of our inventory position in order to identify and address potential impairment risks. In financial reporting, we strictly comply with applicable accounting standards and have established multi-level financial reporting preparation and review processes, under which significant accounting judgements and estimates are subject to appropriate assessment.

Operation Risk Management

In our procurement and supply chain management processes, we implement a structured supplier management and procurement control system, including supplier onboarding, evaluation and review mechanisms, as well as pricing comparison and approval procedures, to ensure the quality of raw materials and the reasonableness of procurement costs and to mitigate potential compliance risks. In our production and quality control processes, we adopt standardised operating procedures and maintain a comprehensive quality management system covering key stages including manufacturing, testing and installation, in order to ensure product consistency and reliability and to minimise quality-related risks.

In regulatory compliance, we closely monitor applicable international standards and regulatory requirements in our target markets, including ISO/IEC standards, and ensure that our products and operations are in compliance with relevant technical, environmental and safety standards. In our information system and data management processes, we implement access control, data protection and system monitoring measures, and maintain backup and contingency arrangements to safeguard the integrity and security of our operational and financial data. Across our operations, we have established internal control procedures incorporating segregation of duties and multi-level review mechanisms. Our management team is actively involved in overseeing key processes and coordinating cross-functional controls to ensure compliance with our internal policies and procedures.

Anti-corruption Risk Management

To manage our anti-corruption and anti-bribery compliance, we have implemented a series of internal control measures. We have implemented internal policies, including our Anti-corruption, Anti-fraud, Anti-waste and Whistleblowing Policy, which set out standards of conduct and prohibit the offering or acceptance of improper benefits. We have established dedicated oversight functions to monitor the implementation of such policies, and put in place multiple reporting channels, including a hotline, designated email address and reporting mailbox, together with whistleblower protection mechanisms. We implement job rotation arrangements and periodic review mechanisms for key positions, such as procurement, sales and finance, to mitigate potential conflicts of interest and enhance internal supervision. We also incorporate anti-bribery and compliance provisions into our agreements with suppliers and business partners, require integrity undertakings, and conduct background checks and ongoing compliance monitoring to mitigate risks arising from third-party conduct. In addition, we provide regular compliance training and incorporate compliance performance into our evaluation system to promote integrity and strengthen internal controls.

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INFORMATION TECHNOLOGY

Information technology systems are crucial for staying competitive and running efficiently. We use and maintain IT systems that grow alongside our business. These core systems are fundamental to the efficient functioning, automation and integration of our key operational pillars, including supply chain management, financial control and reporting, customer relationship management, resource planning, human resources management, sales and marketing and product development lifecycle management and data analytics. Our IT dedicated team is responsible for developing and maintaining these systems to support our business growth and tailor them to specific operational requirements and market opportunities. The following sets forth the major information technology systems or platforms that are material to our business and operations.

ERP system. Our ERP system serves as the foundation for our digital transformation. It integrates multiple business functions, including procurement, planning, production, quality management, R&D, sales, finance and cost management. It can deliver real-time data analysis and provide advanced tools that facilitate project management, data analysis and product life cycle management, helping to streamline operations, optimise processes and increase collaboration among departments. It supports strategic decision making, while optimising resource allocation. By facilitating the management of key activities such as production planning, inventory management, procurement, supply chain operations and finance, our ERP system ensures compliance with industry regulations and standards, promoting seamless operations throughout our organisation.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any information technology system failure or downtime that had a material adverse effect on our business operations.

DATA PRIVACY AND INFORMATION SECURITY RISK MANAGEMENT

We recognise the importance of protecting personal data across our Wuhan operations and global activities in manufacturing, R&D and after-sales services. We are committed to safeguarding data privacy and ensuring robust information security. We do not collect private information through public channels such as operational websites or mobile applications, and the data we do collect is strictly limited in scope. In the course of our business operations, the personal data we process primarily includes employee information, contact details of customers and suppliers, and other data essential for operational and managerial purposes. We ensure that appropriate authorisation and informed consent are obtained from employees, customers, and suppliers prior to the collection and processing of their personal information. Notably, access to our employees' personal information database is strictly restricted to designated personnel only, thereby minimising the risk of unauthorised internal access and further strengthening our overall information security posture.

To protect the privacy data entrusted to us, we have implemented comprehensive and robust protective measures, which include:

- establishing internal control systems, such as a formal data security management framework, which clearly defines policies and procedures regarding data confidentiality, approval authorities, data classification and grading, backup and recovery protocols and encryption strategy and change management;
- limiting access strictly to and circulation of personal information by enforcing stringent system-based authorisation controls;

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- deploying advanced technical safeguards, including encryption and data loss prevention mechanisms to secure information against unauthorised access or disclosure; and
- maintaining a comprehensive information security management system to uphold the integrity and confidentiality of all data.

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material incidents of information leakage or loss of operational or transactional data.

AWARDS AND RECOGNITION

We have received various honours and awards in recognition of, among other distinctions, our innovations and products. The following table sets forth major awards and recognitions we received as of the Latest Practicable Date.

Year	Awards/Recognition	Awarding Authority
2026	2024 Jiangsu Provincial Science and Technology Progress Award – First Prize	Jiangsu Provincial People’s Government
2025	National Centre for Enterprise Technology	National Development and Reform Commission
2024	2024-2026 Manufacturing Champion	Ministry of Industry and Information Technology
2025	Green Factory	Ministry of Industry and Information Technology
2025	The Second Hubei Patent Award – Gold Medal	Hubei Provincial Intellectual Property Office
2025	Provincial Industrial Design Centre	Hubei Provincial Department of Economy and Information Technology
2024	Science and Technology Progress Award – First Prize	Hubei Provincial People’s Government
2022	Excellent Patent Award of China	National Intellectual Property Administration
2021	Enterprise Technology Centre	Hubei Provincial Development and Reform Commission, Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, Wuhan Customs, State Taxation Administration Hubei Provincial Taxation Bureau

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER GROUP

OUR CONTROLLING SHAREHOLDER GROUP

Immediately prior to the [REDACTED], Mr. Li Zhigang (in his capacity as direct beneficial owner) and Wuhan Suneng (which was owned as to 0.30% by Wuhan Saineng as its sole general partner) directly owned 39.81% and 1.67% of the total issued share capital of our Company, representing 39.96% and 1.67% of the voting rights at general meetings of our Company (excluding 1,062,460 A Shares held by our Company as treasury Shares), respectively.

Given that Wuhan Saineng was owned as to 70% by Mr. Li Zhigang, Mr. Li Zhigang, Wuhan Suneng and Wuhan Saineng are presumed to be acting in concert and are considered to be our Controlling Shareholder Group, who collectively held 41.64% of the voting rights at general meetings of our Company (excluding A Shares held by our Company as treasury Shares) as of the Latest Practicable Date.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED]), our Controlling Shareholder Group will collectively hold approximately [REDACTED] of the voting rights at general meetings of our Company (excluding A Shares held by our Company as treasury Shares). Accordingly, Mr. Li Zhigang, Wuhan Suneng and Wuhan Saineng will remain as our Controlling Shareholder Group [REDACTED].

Mr. Li Zhigang is our founder, executive Director, chairman of our Board and general manager of our Company. For biographical details of Mr. Li Zhigang, see “Directors and Senior Management – Board of Directors – Executive Directors” in this document.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDER GROUP

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholder Group and their respective close associates after [REDACTED].

Management Independence

Our Board is composed of three executive Directors, one non-executive Director and three independent non-executive Directors. We also have six senior management members (three of which are our executive Directors). Mr. Li Zhigang, who is our Controlling Shareholder, also serves as our executive Director, the chairman of our Board and the general manager of our Company. Each of our Directors and senior management possesses relevant management, financial or industry-related experience to contribute to the management of the day-to-day operations of our business. For details, see “Directors and Senior Management” in this document.

Our Directors consider that our Board and senior management are capable of managing our Group independently of our Controlling Shareholder Group for the following reasons:

- (a) each Director is aware of his/her fiduciary duties as a member of our Board, which include, amongst others, acting for the benefit and in the best interests of our Company and avoiding any conflicts between his/her duties as a Director and his/her personal interests;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER GROUP

- (b) in the event that any Director or any of his/her close associates has a material interest or potential conflict of interest in connection with any transaction or arrangement to be entered into between our Group and any of our Directors or their respective associates, such Director(s) shall make a full and prompt disclosure of such matters to our Board and abstain from voting at the relevant meeting of our Board in respect of such transactions and shall not be counted in the quorum.
- (c) our Company is an A-share listed company and has established internal control mechanisms to identify and monitor connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions. In the event of a potential conflict of interest arising from any transaction between our Company and our Directors or their respective close associates, the interested Director is obliged to declare and fully disclose such potential conflict of interest and shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum of such meetings;
- (d) our Group has adopted certain corporate governance measures to address and manage potential conflict of interests, see “– Corporate Governance Measures” in this section for further details;
- (e) our Board comprises seven Directors, three of whom are independent non-executive Directors with extensive experience in various professions who are appointed pursuant to the requirements of the Listing Rules, and will bring independent judgement to the decision-making process of our Board;
- (f) any connected transactions between our Group and our Controlling Shareholder Group are subject to the Listing Rules, which stipulates the requirements in relation to annual reporting, review, announcement, circular and independent shareholders’ approval (where applicable); and
- (g) the main functions of our Board include approving our Group’s overall business plans and strategies, monitoring the implementation of such business plans, strategies and policies, and managing our Company’s day-to-day affairs. Our Board acts collectively by majority decisions in accordance with the Articles and the applicable laws, and no single Director is supposed to have any decision-making power unless otherwise authorised by our Board.

Operational Independence

We have established our own organisational structure consisting of various separate departments each charged with specific areas of responsibility. We have implemented a set of internal control mechanisms to enhance the efficiency of our business operations. In addition to our sufficient assets, capital and employees, we have obtained and possess all relevant licences, permits, approvals and intellectual properties required to conduct our business independently. Furthermore, we have independent access to our suppliers and customers.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER GROUP

Based on the above, our Directors are of the view that our Group can operate independently of our Controlling Shareholder Group and their close associates [REDACTED].

Financial Independence

Our finance department is responsible for handling the major finance operations of our Group and is capable of making financial decisions independently according to our own business needs. We manage our bank accounts independently, and do not share any bank accounts with our Controlling Shareholder Group or their close associates. In addition, we have sufficient capital to operate our business independently and have adequate internal resources to support our daily operations.

As of the Latest Practicable Date, our Group does not rely on any members of our Controlling Shareholder Group and/or their respective close associates for any provision of financial assistance. Our Directors confirm that as of the Latest Practicable Date, on one hand, none of the members of our Controlling Shareholder Group or their respective close associates provided any loans, guarantees or pledges to our Group and, on the other hand, our Group did not provide any loans, guarantees or pledges to our Controlling Shareholder Group.

Based on the above, our Directors are of the view that our Group is able to operate with financial independence from our Controlling Shareholder Group and their close associates [REDACTED].

RULE 8.10 OF THE LISTING RULES

Our Controlling Shareholder Group, our Directors and their respective close associates confirm that they do not have any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business and would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance. Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Controlling Shareholder Group and our Group and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

- (a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of his/its associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted towards the quorum in the voting;
- (b) our Group has established internal control mechanisms to identify connected transactions. Our Company will comply with the requirements in relation to connected transactions under the Listing Rules [REDACTED];

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER GROUP

- (c) we are committed that our Board should include a balanced composition of executive, non-executive and independent non-executive Directors. We have appointed three independent non-executive Directors whom we believe possess sufficient experience and are free of any business and/or other relationship which could interfere in any material manner with the exercise of their independent judgement. Our independent non-executive Directors will be able to provide an impartial and external opinion to protect the interests of our [REDACTED]. For details of our independent non-executive Directors, see “Directors and Senior Management – Board of Directors – Independent non-executive Directors” in this document;
- (d) our Directors will operate in accordance with the Articles which require the interested Director not to vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested except as permitted by the Articles;
- (e) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company’s expenses; and
- (f) we have appointed Maxa Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors’ duties and internal controls.

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 Group and our Controlling Shareholder Group, and to protect our minority Shareholders’ interests after [REDACTED].

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board of Directors consists of seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. Our Directors are appointed for a term of three years and shall be subject to re-election upon expiry of their term of office.

The following table sets forth the information in relation to our Directors:

Name	Age ^(Note 1)	Date of joining our Company	Date of appointment as our Director	Position(s)	Roles and responsibilities	Relationship with other Director(s) and/or senior management
Executive Directors						
Mr. Li Zhigang (李志剛)	50	April 25, 2008	April 25, 2008	Executive Director, chairman of our Board and general manager of our Company	Responsible for the overall strategic planning, business direction and operational management of our Company	Nil
Ms. Duan Xiaoting (段曉婷)	50	May 1, 2009	May 30, 2011	Executive Director and vice general manager of our Company	Responsible for overseeing operational management and participating in corporate decision-making of our Company	Spouse of Mr. Liu Changbo (劉常波)
Mr. Zhu Fan (朱凡)	46	August 4, 2015	September 10, 2021	Executive Director, employee representative Director and vice general manager of our Company	Responsible for overseeing operational management and participating in corporate decision-making of our Company as an employee representative	Nil

DIRECTORS AND SENIOR MANAGEMENT

Name	Age ^(Note 1)	Date of joining our Company	Date of appointment as our Director	Position(s)	Roles and responsibilities	Relationship with other Director(s) and/or senior management
Non-executive Director						
Mr. Peng Xinbo (彭新波)	49	September 7, 2015	December 3, 2025	Non-executive Director	Responsible for providing strategic advice and making recommendations on the operation and management of our Company	Nil
Independent non-executive Directors						
Mr. Chen Jianfeng Peter (陳劍鋒)	57	April 20, 2026	April 20, 2026	Independent non-executive Director	Providing independent opinion and judgement to our Board	Nil
Mr. Qi Shaozhou (齊紹洲)	61	September 10, 2021	September 10, 2021	Independent non-executive Director	Providing independent opinion and judgement to our Board	Nil
Mr. Wang Yonghai (王永海)	61	September 10, 2021	September 10, 2021	Independent non-executive Director	Providing independent opinion and judgement to our Board	Nil

Note:

(1) Ages are calculated based on the year of birth.

Executive Directors

Mr. Li Zhigang (李志剛), aged 50, founded our Company in April 2008 and was since then our Director and general manager of our Company. He has also been the chairman of our Board since May 2011. He was redesignated as our executive Director in April 2026, with effect from the [REDACTED]. Mr. Li is primarily responsible for the overall strategic planning, business direction and operational management of our Company. Mr. Li has been the executive director of DR Laser Technology (Wuxi), DR Laser Singapore and Zhuhai Haoyuan since January 2019, January 2022 and September 2022, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Li has over 20 years of experience in the laser industry and business management. Prior to joining our Group, Mr. Li served as the general manager of Zhuhai Yuemao Laser Equipment Engineering Co., Ltd.* (珠海市粵茂激光設備工程有限公司) (“**Zhuhai Yuemao Laser**”), a company mainly engaged in the R&D, manufacturing, installation and commissioning of laser equipment and supporting components, and was responsible for the daily management and major decision-making of the company during his tenure. Since May 2017, he has also been the executive director of Wuhan Saineng.

Mr. Li obtained a bachelor’s degree in mechanical design and manufacturing from Wuhan University of Technology (武漢理工大學) (formerly known as Wuhan Jiaotong Technology University (武漢交通科技大學)) in the PRC in June 1999. He further obtained a doctoral degree in physical electronics from Huazhong University of Science and Technology (華中科技大學) in June 2004; during his doctoral studies, he also served as a research associate at the Singapore Institute of Manufacturing Technology (新加坡製造技術研究院). In April 2020, he obtained the qualification as a senior engineer (正高級工程師) from Hubei Provincial Engineering and Technical (East Lake High-tech Zone) Senior Professional Title Evaluation Committee (湖北省工程技術(東湖高新區)高級職務評審委員會).

Mr. Li was honoured with numerous awards, including the title of “Young and Middle-aged Experts with Outstanding Contributions in Hubei Province” (湖北省有突出貢獻中青年專家) awarded by the CPC Hubei Provincial Committee (中共湖北省委) and the People’s Government of Hubei Province (湖北省人民政府) in September 2021, the First Prize of Hubei Provincial Science and Technology Progress (湖北省科學技術進步一等獎) awarded by the People’s Government of Hubei Province in December 2024, and the Gold Award of the Hubei Provincial Patent Award (湖北省專利獎金獎) by the People’s Government of Hubei Province in July 2025.

Ms. Duan Xiaoting (段曉婷), aged 50, co-founded our Company in April 2008 and has been the assistant to the general manager of our Company from April 2009 to April 2014 and the supervisor of our Company from July 2009 to May 2011. She has been appointed as our Director and the vice general manager of our Company since May 2011 and April 2020, respectively. Ms. Duan was redesignated as our executive Director in April 2026, with effect from the [REDACTED]. She is primarily responsible for overseeing operational management and participating in corporate decision-making of our Company. Ms. Duan has also been a supervisor of DR Laser Technology (Wuxi) since January 2019, a director of DR Laser Singapore since January 2022 and a supervisor of Zhuhai Haoyuan since September 2022.

Prior to joining our Group, Ms. Duan served as the assistant to the manager at Zhuhai Winbase International Chemical Tank Terminal Co., Ltd. (珠海恒基達鑫國際化工倉儲股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002492) and principally engaged in refined oil warehousing and hazardous chemical warehousing, and she was responsible for managing the daily operation of the human resources department. She also served as the vice general manager of Wuhan Winbase International Chemical Tank Terminal Co., Ltd.* (武漢恒基達鑫國際化工倉儲有限公司), a company principally engaged in the warehousing and wholesale of diesel oil, and she was responsible for the company’s major decision-making and daily management. Since May 2017, she has been the supervisor of Wuhan Saineng.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Duan obtained a bachelor’s degree in real estate operation and management from Central China Normal University (華中師範大學) in the PRC in June 1999. She obtained an executive master of business administration (EMBA) degree from Fudan University (復旦大學) in the PRC in June 2024. In February 2023, she obtained the qualification as a senior economist (高級經濟師) by Hubei Provincial Department of Human Resources and Social Security (湖北省人力資源和社會保障廳) and was awarded the title of the 2022 “Most Beautiful Female Striver” and “New Era Heroine” of Wuhan City (2022年度武漢市“最美巾幗奮鬥者”暨“新時代巾幗英雄”) by Wuhan Women’s Federation (武漢市婦女聯合會).

Mr. Zhu Fan (朱凡), aged 46, joined our Company as the director of R&D in August 2015 and has been our Director and the vice general manager of our Company since September 2021 and April 2020, respectively. Mr. Zhu was appointed as an employee representative Director in December 2025. He was redesignated as our executive Director in April 2026, with effect from the [REDACTED]. Mr. Zhu is primarily responsible for overseeing operational management and participating in corporate decision-making of our Company. Mr. Zhu has also been the general manager of DR Laser Technology (Wuxi) since January 2019.

Prior to joining our Group, Mr. Zhu worked at Wuxi Suntech Power Co., Ltd.* (無錫尚德太陽能電力有限公司), a company principally engaged in the R&D and production of crystalline silicon solar cells and modules, and he was mainly responsible for the research and development work of the company.

Mr. Zhu obtained a bachelor’s degree in applied physics from Nanjing University of Science and Technology (南京理工大學) in the PRC in June 2003. He obtained the qualification as a senior engineer (高級工程師) from Jiangsu Provincial Association of Machinery Industry (江蘇省機械行業協會) in November 2025.

Mr. Zhu was awarded the title of “Leading Talent Team of the Xishan Talent Programme (錫山英才計劃領軍人才團隊)” by Talent Work Office of the Leading Group for Science and Technology and Talent Work in Xishan District (錫山區科技和人才工作領導小組人才工作辦公室) and Xishan District Bureau of Science and Technology (錫山區科學技術局) in August 2020. In December 2020, he was awarded the Second Prize of the Science and Technology Progress Award (科技進步獎二等獎) by the People’s Government of Hubei Province. In July 2021, he was awarded the title of “Hubei Provincial Science and Technology Innovation Team” (湖北省科技創新團隊) by the Foreign Experts Department of Hubei Provincial Bureau of Science and Technology (湖北省科學技術局外國專家處) and the Science and Technology Cooperation Department of Wuhan Municipal Bureau of Science and Technology (武漢市科學技術局科技合作處). In December 2024, he was awarded the First Prize of Science and Technology Progress Award (科技進步獎一等獎) by the People’s Government of Hubei Province. In January 2026, he was awarded the First Prize of the Science and Technology Progress Award of the Jiangsu Province (江蘇省科技進步獎一等獎) by the People’s Government of Jiangsu Province.

DIRECTORS AND SENIOR MANAGEMENT

Non-executive Director

Mr. Peng Xinbo (彭新波), aged 49, was appointed as the supervisor of our Company from September 2015 to December 2025 and was appointed as our Director in December 2025. He was redesignated as our non-executive Director in April 2026, with effect from the [REDACTED]. Mr. Peng is primarily responsible for providing strategic advice and making recommendations on the operation and management of our Company.

Prior to joining our Group, Mr. Peng served as the secretary to the board at Gosun Holdings Co., Ltd. (高升控股股份有限公司) (formerly known as Hubei Maiya Co., Ltd.* (湖北邁亞股份有限公司)), a company formerly listed on the Shenzhen Stock Exchange and principally engaged in the design, manufacturing and sales of warp-knitted acrylic printed blankets, and he was primarily responsible for investor relations management, daily operation of the office of the board and the company secretarial matters. He also served as the secretary to the board at Jiangxi Zhengbang Technology Co., Ltd (江西正邦科技股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002157) and principally engaged in investments in agriculture and chemical industry, where he was mainly responsible for investor relations management, daily operation of the office of the board and the company secretarial matters. Since May 2015, Mr. Peng has been the executive director of Wuhan Yihan Technology Co., Ltd.* (武漢億瀚科技有限責任公司), a company mainly engaged in sports venue facility operation. Since February 2023, Mr. Peng has been the director of Qingdao Yuding Private Equity Fund Management Co., Ltd.* (青島鈺鼎私募基金管理有限公司) (formerly known as Qingdao Yuding Investment Management Co., Ltd.* (青島鈺鼎投資管理有限公司)), a company mainly engaged in investment management, asset management and private equity management.

Mr. Peng obtained a bachelor’s degree in international economics from Wuhan University (武漢大學) in the PRC in July 1999.

Independent non-executive Directors

Mr. Chen Jianfeng Peter (陳劍鋒), aged 57, was appointed as our independent Director and was concurrently redesignated as our independent non-executive Director in April 2026, with effect from the [REDACTED]. Mr. Chen is primarily responsible for providing independent opinions and judgement to our Board. Mr. Chen is the chairman of our Remuneration and Appraisal Committee.

Prior to joining our Group, Mr. Chen served as the general manager of FC Capital Management Co., Ltd., Taiwan Branch (GE Commercial Finance Corporate Financial Services) where he was responsible for overall management of the company. He also previously served as the chief financial officer of Kingwisoft Technology Group Company Limited (金慧科技集團股份有限公司), a company whose shares are listed on the Stock Exchange (stock code: 8295), where he was primarily responsible for leading the company’s overall financial compliance and capital operations.

He was a partner of Blue Ocean Capital Group (深圳藍海創業投資基金管理有限公司), a private equity investment firm focused on the healthcare sector, and he was primarily responsible for investment and financing, and institutional development. He also served as the chief financial officer of Robo.ai Inc. (formerly known as NWTN Inc), a company whose shares are listed on NASDAQ (stock code: AIIO), and he was primarily responsible for overseeing the financial reporting and capital planning functions, as well as shareholders and investors relations. Since October 2024, he has been the chief executive officer of Hong Kong RIM Group Limited (香港原融集團有限公司), a company primarily engaged in management consultancy, where he is primarily responsible for advising Chinese enterprises in pursuit of overseas business layout and offshore listing.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chen obtained a bachelor’s degree in business administration from the University of North Carolina at Chapel Hill (北卡羅來納大學教堂山分校) in the United States in December 1993. In June 1999, he obtained a master’s degree in business administration from Harvard Business School (哈佛商學院) in the United States.

Mr. Qi Shaozhou (齊紹洲), aged 61, was appointed as our independent Director in September 2021 and was redesignated as our independent non-executive Director in April 2026, with effect from the [REDACTED]. Mr. Qi is primarily responsible for providing independent opinion and judgement to our Board. Mr. Qi is the chairman of our Nomination Committee and the member of our Audit Committee.

Mr. Qi has over 29 years of experience in research and education. Mr. Qi has successively been a lecturer, an associate professor and a professor in economics at Economics and Management School of Wuhan University (武漢大學經濟與管理學院) since July 1996, and he has also been a doctoral supervisor in economics since 2008. He also served as the deputy director of the Department of World Economy at Economics and Management School of Wuhan University. In addition, Mr. Qi has been the director of the European Studies Centre of Wuhan University (武漢大學歐洲問題研究中心) and the director of the Climate Change and Energy Economics Research Centre of Wuhan University (武漢大學氣候變化與能源經濟研究中心) since June 2009 and March 2015, respectively.

Mr. Qi obtained a master’s degree in economics and a doctoral degree in economics from Wuhan University in June 1996 and June 2001, respectively. In April 2003, he completed his postdoctoral research in finance at the Department of Finance of Georgia State University (喬治亞州立大學) in the United States.

In December 2020, his monograph was awarded the First Prize for Outstanding Scientific Research Achievements in Higher Education Institutions (Humanities and Social Sciences) (教育部第八屆高等學校科學研究優秀成果獎(人文社會科學)著作一等獎) by the Ministry of Education (教育部).

Mr. Wang Yonghai (王永海), aged 61, was appointed as our independent Director in September 2021 and was redesignated as our independent non-executive Director in April 2026, with effect from the [REDACTED]. Mr. Wang is primarily responsible for providing independent opinion and judgement to our Board. Mr. Wang is the chairman of our Audit Committee, and the member of our Remuneration and Appraisal Committee, Nomination Committee and Strategic Committee.

Mr. Wang has over 35 years of experience in accounting and education. He has been teaching at Economics and Management School of Wuhan University (武漢大學經濟與管理學院) (formerly known as the School of Economics of Wuhan University (武漢大學經濟學院) since September 1987, where he has successively served as a lecturer, an associate professor, and a professor. He also successively served as the director of the Accounting Department of Business School and an associate dean of Economics and Management School. Since January 2012, he has been a LuoJia Distinguished Professor (珞珈特聘教授).

DIRECTORS AND SENIOR MANAGEMENT

He previously served as a director of Wuhan Cloud Media Technology Co., Ltd.* (武漢雲傳媒科技股份有限公司), a company principally engaged in computer technology consultancy and network technology and communications engineering. He has been a director of Shenzhen Dingxuan Digital Technology Holdings Co., Ltd.* (深圳鼎鉉數字科技控股有限公司), a company principally engaged in corporate management and consultancy, investment advisory services, financial and technology information consultancy services, and Shenzhen East Urban Rail Transit Investment and Construction Co., Ltd.* (深圳市東部城市軌道交通投資建設有限公司), a company principally engaged in investment, construction and operation of rail transit projects, since February 2021 and December 2025, respectively.

He previously served as an independent director of various listed companies, including (i) Zhongzhu Medical Holdings Co., Ltd.* (中珠醫療控股股份有限公司) (formerly known as Hubei Qianjiang Pharmaceutical Co., Ltd.* (湖北潛江製藥股份有限公司)), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600568); (ii) Hui Lyu Ecological Technology Groups Co., Ltd.* (匯綠生態科技集團股份有限公司) (formerly known as Wuhan Huaxin High-tech Co., Ltd.* (武漢華信高新技術股份有限公司)), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 001267); (iii) Hubei Shuanghuan Science and Technology Stock Co., Ltd.* (湖北雙環科技股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000707); (iv) Qianjiang Yongan Pharmaceutical Co., Ltd.* (潛江永安藥業股份有限公司) (formerly known as Qianjiang Yongan Pharmaceutical Ltd.* (潛江永安藥業有限公司)), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002365); (v) Zhejiang NHU Co., Ltd.* (浙江新和成股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002001); (vi) Hubei Zhenhua Chemical Co., Ltd.* (湖北振華化學股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 603067); and (vii) China Three Gorges Renewables (Group) Co., Ltd.* (中國三峽新能源(集團)股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600905), in which he also served as the chairman of the audit committee. Currently, he has been an independent director of (i) Golden Oriental Industry (Wuhan) Group Co., Ltd.* (金東方實業(武漢)集團股份有限公司), a company whose shares are listed on the National Equities Exchange and Quotations (stock code: 874816.NQ), since August 2022; and (ii) Shenzhen Zecheng Electronics Co., Ltd.* (深圳市則成電子股份有限公司), a company whose shares are listed on the Beijing Stock Exchange (stock code: 920821), since July 2022, in which he also served as the chairman of the audit committee.

He obtained a master’s degree in accounting from Xiamen University (廈門大學) in the PRC in July 1986. He obtained a doctoral degree in economics from Wuhan University in the PRC in August 1994. He completed his postdoctoral research in accounting at Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in December 2005.

In May 2009, Mr. Wang was awarded the Outstanding Achievements Award in Social Sciences of Hubei Province (湖北省社會科學優秀成果獎) by the People’s Government of Hubei Province. In October 2020, he was awarded the title of Distinguished Chinese Accounting Scholar (中國會計名家) by the MOF.

SENIOR MANAGEMENT

Our senior management consists of six members who are responsible for the day-to-day management of our Group’s business. The following table sets forth the information in relation to our senior management:

DIRECTORS AND SENIOR MANAGEMENT

Name	Age ^(Note 1)	Date of joining our Company	Date of appointment as our senior management	Position(s)	Roles and responsibilities	Relationship with other Director(s) and/or senior management
Mr. Li Zhigang (李志剛)	50	April 25, 2008	April 25, 2008	Executive Director, chairman of our Board and general manager of our Company	Responsible for the overall strategic planning, business direction and operational management of our Company	Nil
Ms. Duan Xiaoting (段曉婷)	50	May 1, 2009	April 24, 2020	Executive Director and vice general manager of our Company	Responsible for overseeing operational management and participating in corporate decision-making of our Company	Spouse of Mr. Liu Changbo (劉常波)
Mr. Zhu Fan (朱凡)	46	August 4, 2015	April 24, 2020	Executive Director, employee representative Director and vice general manager of our Company	Responsible for overseeing operational management and participating in corporate decision-making of our Company as an employee representative	Nil
Mr. Liu Changbo (劉常波)	52	April 25, 2008	September 7, 2015	Vice general manager of our Company	Responsible for the day-to-day operation and management of our Company	Spouse of Ms. Duan Xiaoting (段曉婷)
Mr. Liu Zhibo (劉志波)	47	September 7, 2015	September 7, 2015	Chief financial officer	Responsible for overseeing our Company's financial affairs	Nil
Mr. Qiao Duan (喬端)	44	February 1, 2026	April 2, 2026	Secretary to our Board and one of the joint company secretaries of our Company	Responsible for overseeing our disclosure of information and investor relations	Nil

DIRECTORS AND SENIOR MANAGEMENT

Note:

- (1) Ages are calculated based on the year of birth.

For the biographical information of Mr. Li Zhigang, Ms. Duan Xiaoting and Mr. Zhu Fan, see “– Board of Directors – Executive Directors” above.

Mr. Liu Changbo (劉常波), aged 52, joined our Group in April 2008 as the sales manager of our Company and was appointed as a supervisor of our Company from May 2011 to August 2015. He was appointed as a Director from September 2015 to September 2018 and has been the vice general manager of our Company since September 2015. Mr. Liu is primarily responsible for the day-to-day operation and management of our Company.

Prior to joining our Group, he served as the sales manager at Zhuhai Yuemao Laser, and he was primarily responsible for managing the sales team and maintaining customer relationships.

Mr. Liu obtained a college degree in fine chemical engineering from Wuhan Institute of Technology (武漢工程大學) (formerly known as Wuhan Institute of Chemical Technology (武漢化工學院)) in the PRC in July 1998. He obtained a master’s degree in business administration from Tsinghua University (清華大學) in the PRC in June 2025.

Mr. Liu Zhibo (劉志波), aged 47, has been the chief financial officer of our Company since June 2015. Mr. Liu is primarily responsible for overseeing our Company’s financial affairs. Mr. Liu was the secretary to the Board of our Company from September 2015 to April 2026 and has been the chief financial officer of DR Laser Technology (Wuxi) since January 2019.

Prior to joining our Group, Mr. Liu served as a financial accountant at Hubei Chufeng Special Purpose Vehicle Co., Ltd.* (湖北楚風專用汽車有限責任公司), a company principally engaged in the production and sales of special purpose vehicles, and he was primarily responsible for daily financial accounting and supervision work. Further, he previously served as the financial manager at Wuhan Dewis Electronic Technology Co., Ltd.* (武漢德威斯電子技術有限公司) which is a wholly-owned subsidiary of Wuhan Fingu Electronic Technology Co., Ltd.* (武漢凡谷電子技術股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002194), and principally engaged in technical services and manufacturing of mobile communication equipment, and he was mainly responsible for the daily management of the finance department and the formulation of annual and quarterly financial plans of the company.

Mr. Liu obtained a bachelor’s degree in accounting from Wuhan University of Technology in June 2000. He obtained the qualification as a Certified Public Accountant (註冊會計師) from Hubei Institute of Certified Public Accountants (湖北省註冊會計師協會).

Mr. Qiao Duan (喬端), aged 44, joined our Group in February 2026 as the head of securities affairs department of our Company and was appointed as the secretary of the Board of our Company in April 2026. He was also appointed as one of the joint company secretaries of our Company in April 2026, with effect from the [REDACTED]. Mr. Qiao is primarily responsible for overseeing our disclosure of information and investor relations.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Qiao has approximately 18 years of experience in investment banking. Prior to joining our Group, Mr. Qiao worked at the Investment Banking Division at Changjiang Financing Services Co., Limited* (長江證券承銷保薦有限公司), a company principally engaged in stock underwriting and listing, corporate bond underwriting, and related investment banking services, and he was mainly responsible for deal sourcing and execution, and team management and supervision. He also previously served as a member of the Investment Banking Committee and general manager of the Central China Headquarters at Minmetals Securities Co., Ltd.* (五礦證券有限公司), a company principally engaged in securities brokerage, investment banking, asset management, credit operations, securities investment and trading, and he was primarily responsible for department management, and involvement in the management of the Investment Banking Committee.

Mr. Qiao obtained a bachelor’s degree in laws from Tsinghua University (清華大學) in the PRC in July 2004. He obtained a master’s degree in finance from Sciences Po (巴黎政治學院) in France in November 2007. Mr. Qiao also obtained the Legal Professional Qualification Certificate (法律職業資格證書) issued by the Ministry of Justice of the PRC (中華人民共和國司法部) in 2009.

DISCLOSURE REQUIRED PURSUANT TO RULE 13.51(2) OF THE LISTING RULES

Mr. Li Zhigang was a director of the following company before its deregistration:

<u>Name of company</u>	<u>Place of incorporation</u>	<u>Principal business activity prior to cessation of business</u>	<u>Date of dissolution</u>	<u>Position</u>	<u>Means for dissolution</u>	<u>Reasons for dissolution</u>
DR Laser Technology (Yiwu) Co., Ltd.* (帝爾激光科技(義烏)有限公司) (“DR Laser Technology (Yiwu)”)	PRC	Technical services, technical development and technical consultancy	June 27, 2024	Executive director	Deregistration	Dormant

Mr. Li confirmed that (i) the above company was solvent and inactive, and had no outstanding claims or liabilities at the time of its deregistration; (ii) there was no wrongful act on his part leading to the deregistration of the above company; (iii) he is not aware of any actual or potential claim which has been or will be made against him as a result of the deregistration of the above company; and (iv) the above company had no material non-compliance prior to its deregistration.

Ms. Duan Xiaoting was a supervisor of the following company before its deregistration:

<u>Name of company</u>	<u>Place of incorporation</u>	<u>Principal business activity prior to cessation of business</u>	<u>Date of dissolution</u>	<u>Position</u>	<u>Means for dissolution</u>	<u>Reasons for dissolution</u>
DR Laser Technology (Yiwu)	PRC	Technical services, technical development and technical consultancy	June 27, 2024	Supervisor	Deregistration	Dormant

DIRECTORS AND SENIOR MANAGEMENT

Ms. Duan confirmed that (i) the above company was solvent and inactive, and had no outstanding claims or liabilities at the time of its deregistration; (ii) there was no wrongful act on her part leading to the deregistration of the above company; (iii) she is not aware of any actual or potential claim which has been or will be made against her as a result of the deregistration of the above company; and (iv) the above company had no material non-compliance prior to its deregistration.

Mr. Wang Yonghai was a director, general manager and/or chief financial officer of the following companies before their respective deregistration:

Name of company	Place of incorporation	Principal business activity prior to cessation of business	Date of dissolution	Position	Means for dissolution	Reasons for dissolution
Hubei Yide Enterprise Management Consulting Co., Ltd.* (湖北頤德企業管理諮詢有限公司)	PRC	Investment consulting, business, management consulting, and financial consulting	June 20, 2014	Executive director and general manager	Deregistration	Dormant
Yushang Town (Wuhan) Technology Development Co., Ltd.* (預商小鎮(武漢)科技發展有限公司)	PRC	Internet technology development, technical consulting, technology transfer and website development	July 27, 2020	Executive director and general manager	Deregistration	Dormant
Suizhou Guangdi Electric Power Equipment Co., Ltd.* (隨州廣地電力器材有限公司)	PRC	Manufacture and sale of cables, wires, and power line equipment, power fasteners, iron fittings and accessories for power equipment, and power (line) hardware	March 23, 2023	Executive director and general manager	Deregistration	Dormant
Wuhan Ailante Biotechnology Co., Ltd.* (武漢艾蘭特生物科技有限公司)	PRC	Technical research and development and technical services for biological and pharmaceutical products, active pharmaceutical ingredients, pharmaceutical formulations, and food additives	September 3, 2025	Chief financial officer	Deregistration	Dormant

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang confirmed that (i) each of the above companies was solvent and inactive, and had no outstanding claims or liabilities at the time of their respective deregistration; (ii) there was no wrongful act on his part leading to the deregistration of the above companies; (iii) he is not aware of any actual or potential claim which has been or will be made against him as a result of the deregistration of the above companies; and (iv) the above companies had no material non-compliance prior to their respective deregistration.

Mr. Liu Changbo was a supervisor of the following company before its deregistration:

<u>Name of company</u>	<u>Place of incorporation</u>	<u>Principal business activity prior to cessation of business</u>	<u>Date of dissolution</u>	<u>Position</u>	<u>Means for dissolution</u>	<u>Reasons for dissolution</u>
Wuhan Yingjie Laser Technology Co., Ltd.* (武漢英捷激光科技有限公司)	PRC	Technical development, production, sales and consulting services for lasers (excluding medical lasers) and mechatronics equipment	May 18, 2017	Supervisor	Deregistration	Dormant

Mr. Liu confirmed that (i) the above company was solvent and inactive, and had no outstanding claims or liabilities at the time of its deregistration; (ii) there was no wrongful act on his part leading to the deregistration of the above company; (iii) he is not aware of any actual or potential claim which has been or will be made against him as a result of the deregistration of the above company; and (iv) the above company had no material non-compliance prior to its deregistration.

GENERAL

Save as disclosed above and in “Substantial Shareholders” and “Statutory and General Information – D. Disclosure of Interests” in Appendix VI to this document, each of our Directors confirms with respect to him/her that:

- (i) does not hold other positions in our Company or other members of our Group as of the Latest Practicable Date;
- (ii) did not hold other long positions or short positions in the Shares, underlying Shares, debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) as of the Latest Practicable Date;
- (iii) had no other relationship with any Directors, senior management or substantial shareholders or members of our Controlling Shareholder Group as of the Latest Practicable Date;
- (iv) did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong and/or overseas;

DIRECTORS AND SENIOR MANAGEMENT

- (v) does not have any interest in any business which competes or is likely to compete, directly or indirectly, with our Group, which is disclosable under the Listing Rules;
- (vi) to the best knowledge, information and belief of our Directors, having made all reasonable enquiries, there are no other matters concerning our Director’s appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rules 13.51(2) of the Listing Rules as of the Latest Practicable Date; and
- (vii) to the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, there are no other matters with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders.

Each of our Directors confirmed that he or she (i) obtained the legal advice referred to under Rule 3.09D of the Listing Rules in March 13, 2026 and March 25, 2026; and (ii) understood his or her obligations as a director of a listed issuer under the Listing Rules.

Each of our independent non-executive Directors confirmed (i) his independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules; (ii) that he had no past or present financial or other interest in the business of our Company or our subsidiaries or any connection with any core connected person of our Company under the Listing Rules as at the Latest Practicable Date; and (iii) that there are no other factors that may affect his independence at the time of his appointment.

JOINT COMPANY SECRETARIES

Mr. Qiao Duan (喬端), see “– Senior Management” above.

Ms. Wong Ka Chi (王嘉慈), was appointed as one of the joint company secretaries of our Company in March 2026, with effect from the [REDACTED].

Ms. Wong has over 10 years of experience in the corporate services industry. She currently serves as the manager of Company Services of Vistra Corporate Services (HK) Limited, where she provides a full range of company secretarial and compliance services to listed companies and private companies.

Ms. Wong obtained a master’s degree in corporate governance from Hong Kong Metropolitan University (香港都會大學) (formerly known as The Open University of Hong Kong (香港公開大學)) and a obtained a bachelor’s degree in commerce with a major in accounting from Curtin University (科廷大學) (formerly known as Curtin University of Technology (科廷科技大學)) in Australia. She has been an associate member of the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in United Kingdom and the Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries) since 2020.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, Appendix C1 to the Listing Rules, our Company has established four Board committees, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategic Committee.

DIRECTORS AND SENIOR MANAGEMENT

Audit Committee

Our Audit Committee consists of Mr. Wang Yonghai, Mr. Peng Xinbo, and Mr. Qi Shaozhou. Mr. Wang Yonghai is the chairman of our Audit Committee, who is an independent non-executive Director with the appropriate accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of our Audit Committee are to make recommendations to our Board on the appointment, reappointment and removal of external auditors; to review the financial statements and material advice in respect of financial reporting; and to oversee financial reporting system, risk management and internal control procedure of our Company.

Remuneration and Appraisal Committee

Our Remuneration and Appraisal Committee consists of Mr. Chen Jianfeng Peter, Ms. Duan Xiaoting and Mr. Wang Yonghai. Mr. Chen Jianfeng Peter is the chairman of our Remuneration and Appraisal Committee. The primary duties of our Remuneration and Appraisal Committee are to make recommendations to our Board on the overall remuneration policy and structure for all Directors and senior management of our Group; to review performance-based remuneration; and to ensure none of our Directors is involved in deciding his/her own remuneration.

Nomination Committee

Our Nomination Committee consists of Mr. Qi Shaozhou, Ms. Duan Xiaoting and Mr. Wang Yonghai. Mr. Qi Shaozhou is the chairman of our Nomination Committee. The primary duties of our Nomination Committee are to review the structure, size and composition of our Board on a regular basis; to identify individuals suitably qualified to become Board members; to assess the independence of our independent non-executive Directors; and to make recommendations to our Board on relevant matters relating to the appointment or reappointment of our Directors.

Strategic Committee

Our Strategic Committee consists of Mr. Li Zhigang, Ms. Duan Xiaoting and Mr. Wang Yonghai. Mr. Li Zhigang is the chairman of our Strategic Committee. The primary duties of our Strategic Committee are to recommend to our Board on the long-term development and strategic plans, significant investment and projects of our Company.

BOARD DIVERSITY POLICY

We have adopted a board diversity policy (the “**Board Diversity Policy**”) which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the Board Diversity Policy, we seek to achieve diversity of our Board through the consideration of various factors when selecting candidates to our Board, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, aptitude, independence and length of service. Our Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company’s competitive advantage and enhancing its ability to attract talents and to retain and motivate employees. We have also 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.

DIRECTORS AND SENIOR MANAGEMENT

Our Directors have a balanced mix of knowledge and skills. They completed studies in various majors including but without limitation to mechanical design and manufacturing, engineering, business administration and accounting. The ages of our Directors range from 46 years old to 61 years old, and we have both male and female representatives on the Board. Our Nomination Committee will review and assess the composition of our Board and make recommendations to our Board on appointment of Board members. Meanwhile, our Nomination Committee will consider the benefits of all aspects of diversity, including without limitation, professional experience, skills, knowledge, education background, age, gender, cultural aptitude, and length of service, in order to maintain an appropriate range and balance of talents, skills, experience and diversity of perspectives on our Board.

COMPLIANCE ADVISOR

We have appointed Maxa Capital Limited as our compliance advisor upon [REDACTED] pursuant to Rules 3A.19 and 19A.05 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise us when we consult our compliance advisor in the following circumstances:

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction under the Listing Rules, is contemplated by our Group, including share issues and share repurchases;
- (iii) where our Group proposes to use [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where our Group’s business activities, developments or results of operation deviate from any forecast, estimate or other information in this document; and
- (iv) where the Stock Exchange makes an enquiry of our Company regarding unusual movements in the price or trading volume of the Shares.

The terms of appointment of the compliance advisor shall commence on the [REDACTED] and end on the date on which our Group complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED] and such appointment may be subject to extension by mutual agreement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Group considers that the appointment of Mr. Li Zhigang as both the chairman of our Board and the general manager of our Company provides strong and consistent leadership, thereby facilitates the effective formulation and implementation of our Group’s strategic planning and day-to-day management. Pursuant to C.2.1 of Appendix C1 to the Listing Rules, the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, considering Mr. Li’s extensive industry experience, personal profile and his pivotal role in the development of our Group, we are of the view that it is in the best interests of our Group’s business development for Mr. Li to continue serving as both the chairman of our Board and the general manager of our Company [REDACTED].

Save as disclosed above, we are in compliance with all applicable code provisions as set out in the Corporate Governance Code as contained in Appendix C1 to the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

REMUNERATION POLICY

Our Directors and senior management receive their remuneration in the form of Directors’ fees, salaries, allowance and benefits in kind, and share-based payments.

The total remuneration (including, salaries and benefits in kind, performance related bonuses and pension scheme contributions) for our Directors (including remuneration for services as Directors prior to becoming Directors) and former supervisor was approximately RMB5.2 million, RMB5.0 million and RMB5.5 million for the years ended December 31, 2023, 2024 and 2025, respectively.

For the year ended December 31, 2023, 2024 and 2025, the five highest paid individuals of our Company included 2, 2 and 3 Directors and former supervisor, respectively. The aggregate remuneration (including salaries, allowances and benefits in kind, performance related bonuses and pension scheme contributions) paid to our Group’s five highest paid individuals were approximately RMB7.4 million, RMB7.8 million and RMB7.3 million, respectively.

Under the arrangements currently in force, we estimate the aggregate amounts of remuneration, excluding dividends, of our Directors for the year ending December 31, 2026 to be approximately RMB7.7 million. The actual remuneration of Directors in 2026 may be different from the expected remuneration.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] and assuming the [REDACTED] is not exercised, the following person will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of interest	Description of Shares	As of the Latest Practicable Date ^(Note 1)		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised) ^(Note 1)		
			Number of Shares	Approximate percentage of shareholding in our Company	Number of Shares	Approximate percentage of shareholding in our A Shares	Approximate percentage of shareholding in our Company
Mr. Li Zhigang (李志剛)	Beneficial interest	A Shares	109,073,070(L)	39.81%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation ^(Note 2)	A Shares	4,569,867(L)	1.67%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in treasury Shares ^(Note 3)	A Shares	1,062,460(L)	0.39%	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Duan Xiaoting (段曉婷)	Beneficial interest	A Shares	20,919,394(L)	7.63%	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) The letter “L” denotes the entity/person’s long position (as defined under Part XV of the SFO) in such Shares.
- (2) As of the Latest Practicable Date, our Company was owned as to [1.67]% by Wuhan Suneng, which was owned as to 0.30% by Wuhan Saineng as its sole general partner. Wuhan Saineng was owned as to 70% by Mr. Li Zhigang. Accordingly, Mr. Li Zhigang, Wuhan Suneng and Wuhan Saineng are presumed to be acting in concert. As such, Mr. Li Zhigang is deemed to be interested in the A Shares held by Wuhan Suneng under the SFO.
- (3) As of the Latest Practicable Date, there were 1,062,460 A Shares repurchased and held in our Company’s stock repurchase account as treasury Shares. Mr. Li Zhigang who controls more than one-third of the voting power at the general meetings of our Company would be taken to have an interest in such repurchased A Shares held by our Company. Pursuant to the Listing Rules of the Shenzhen Stock Exchange, treasury Shares shall not have voting rights.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following the completion of the [REDACTED] and assuming the [REDACTED] is not exercised, have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SHARE CAPITAL

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of our Company was RMB274,006,971, comprising 274,006,971 A Shares with a nominal value of RMB1.00 each, all of which are listed on the ChiNext Market of the Shenzhen Stock Exchange.

Description of Shares	Number of Shares	Approximate % of issued share capital
A Shares in issue	274,006,971 ^(Note 1)	100.00%
Total	274,006,971	100.00%

Note:

- (1) Including 1,062,460 A Shares which are held by our Company as treasury Shares.

UPON COMPLETION OF THE [REDACTED]

Assuming that the [REDACTED] is not exercised and that there will be no change in the total issued share capital of the Company other than the [REDACTED], the issued share capital of our Company immediately following the [REDACTED] will be as follows:

Description of Shares	Number of Shares	Approximate % of enlarged issued share capital
A Shares in issue	274,006,971 ^(Note 1)	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]

Note:

- (1) Including 1,062,460 A Shares which are held by our Company as treasury Shares.

SHARE CAPITAL

Assuming that the [REDACTED] is fully exercised and that there will be no change in the total issued share capital of the Company other than the [REDACTED], the issued share capital of our Company immediately following the [REDACTED] will be as follows:

Description of Shares	Number of Shares	Approximate % of enlarged issued share capital
A Shares in issue	274,006,971 ^(note 1)	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]
H Shares to be issued upon full exercise of the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]

Note:

(1) Including 1,062,460 A Shares which are held by our Company as treasury Shares.

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 mainland China and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors, qualified foreign [REDACTED] 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] or [REDACTED] Hong Kong and other overseas [REDACTED] and qualified domestic [REDACTED]. If our H Shares are [REDACTED] under the [REDACTED], they can also be [REDACTED] and [REDACTED] mainland Chinese [REDACTED] in accordance with the rules and limits of [REDACTED].

RANKING

The differences between A Shares and H Shares, the dispatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different registers of shareholders, the method of Share transfer, appointment of dividend receiving agents and other matters are set out in our Articles of Association and summarised in the section headed “Summary of the Articles of Association” in Appendix V to this document.

Except for the differences above, 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. The holders of our H Shares will receive share dividends in the form of H Shares, and the holders of our A Shares will receive share dividends in the form of A Shares.

SHARE CAPITAL

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND TRADING ON THE STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the [REDACTED] 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 shares holders may convert A shares held by them into H shares for [REDACTED] and [REDACTED] on the Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

Approval from holders of A Shares is required for our Company to [REDACTED] H Shares and seek the [REDACTED] on the Stock Exchange. Such approval was obtained by us at the shareholders’ general meeting of our Company held on March 30, 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 [REDACTED] pursuant to the full 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 [REDACTED] and a [REDACTED] for [REDACTED] in Hong Kong.
- (iii) *Target [REDACTED]*. The H Shares shall be [REDACTED] to qualified overseas [REDACTED], qualified domestic [REDACTED] who are entitled to [REDACTED] in [REDACTED] in accordance with relevant PRC laws and regulations, and other [REDACTED] who meet the regulatory requirements.
- (iv) *[REDACTED] basis*. The [REDACTED] of the H Shares will be determined by the Board and/or its authorised person with the authorisation of the Shareholders’ general meetings, together with the [REDACTED], based on the market [REDACTED] mechanism, after full consideration of the interests of existing Shareholders, the acceptability of the [REDACTED], risks relating to the [REDACTED], the domestic and overseas capital market conditions at the time of the [REDACTED], common valuation level of the industry in which the Company operates and the [REDACTED], together with [REDACTED].
- (v) *Validity period*. The [REDACTED] of H Shares and [REDACTED] on the Stock Exchange shall be completed within 24 months from the date when the shareholders’ meeting was held on March 30, 2026. If the Company has obtained approval or filing from the relevant regulatory authorities for the [REDACTED] within 24 months, the validity period will be automatically extended to the later of the date of completion of the [REDACTED] and the exercise of the [REDACTED] (if any).

There are no other approved [REDACTED] plans for our Shares except the [REDACTED].

SHARE CAPITAL

SHAREHOLDERS’ GENERAL MEETINGS

For details of circumstance under which our shareholders’ general meeting is required, see “Summary of Articles of Association – Shareholders and General Meetings” in Appendix V to this document.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial statements included in the Accountants’ Report in Appendix I to this document. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed “Risk Factors” and “Business.”

For the purposes of this section, unless the context otherwise requires, references to the years of 2023, 2024 and 2025 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a laser-based precision micro- and nano-processing solution provider focusing on the photovoltaic, semiconductor and next-generation display sectors, underpinned by our proprietary innovative laser technologies. Our business model is centred on technology-driven differentiation and close collaboration with leading downstream manufacturers, enabling us to translate proprietary laser technologies into scalable, commercially proven equipment platforms across multiple high-growth industries. According to CIC, we were the world’s largest supplier of photovoltaic cell laser machining equipment in terms of revenue from 2023 to 2025.

During the Track Record Period, our revenue was RMB1,608.9 million, RMB2,013.8 million and RMB2,031.2 million for the years ended December 31, 2023, 2024 and 2025, respectively. We recorded profits for the year of RMB461.2 million, RMB527.6 million and RMB519.2 million for the same years.

BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by IASB.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Historical Financial Information, we have consistently adopted all applicable new and revised IFRSs that are effective during the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 2.2 to the Accountants’ Report included in Appendix I to this document.

FINANCIAL INFORMATION

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The accounting policies have been applied consistently to all periods presented in the Historical Financial Information.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial assets and liabilities which are stated at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our historical results of operations have been affected by a number of important factors, many of which are out of our control and we believe will continue to affect our financial condition and results of operations in the future. Our results of operations are principally affected by the following factors:

General Factors

Our business and results of operations are impacted by general factors affecting the development of our industry, which include:

- Macroeconomic conditions and global economic cycles;
- Rapid application of new technological routes in the photovoltaic industry;
- Development of semiconductors and next-generation display technologies;
- Government policies and incentives for renewable energy and high-end manufacturing;
- Geopolitical tensions and trade barriers affecting international trade;
- Market competition and industry consolidation.

Company-specific Factors

Ability to Anticipate Technological Shifts and Drive Product Innovation

Our ability to maintain leadership in laser technologies for the photovoltaic industry is critical to our financial performance. This includes anticipating market transitions, such as the shift from PERC to N-type TOPCon, BC and HJT cells, and successfully developing, qualifying and commercialising corresponding advanced laser processing equipment. We proactively allocate substantial resources to R&D to maintain our technological edge. Our R&D expenses amounted to RMB250.7 million, RMB282.6 million and RMB229.4 million for the years ended December 31, 2023, 2024 and 2025, respectively. The timely launch of next-generation products, such as our LIF equipment for TOPCon and our laser micro-etching systems for BC cells, has been a key driver of our revenue growth.

FINANCIAL INFORMATION

Ability to Optimise Product Portfolio to Maintain Competitiveness

Our revenue is primarily generated from the sale of laser machining equipment for photovoltaic cells and modules. Our product portfolio for the photovoltaic industry reduce costs and improve efficiency, enabling us to maintain stable profit margins. We provide customised products and maintain close communication with customers to support their capacity expansion cycles. Our gross profit margin remained stable at 45.8%, 46.3% and 45.5% in 2023, 2024 and 2025, respectively.

Ability to Manage Supply Chain and Control Raw Material Costs

The cost of raw materials and consumables used was RMB752.4 million, RMB887.7 million and RMB919.7 million for the years ended December 31, 2023, 2024 and 2025, respectively. As a percentage of our total cost of sales, these costs represented 86.2%, 82.0% and 83.1% for the same years. A significant portion of our cost of sales relates to raw materials, with key optical components such as certain lasers and galvo scanners constituting a major cost element. Our profitability is sensitive to fluctuations in the prices and availability of these components, a substantial portion of which are sourced from overseas suppliers. Our ability to ensure supply chain stability and cost competitiveness is therefore critical. We implement strategic procurement and enter into framework agreements to secure supply. We continually seek to optimise our bill of materials and enhance value engineering in order to mitigate cost pressures.

Ability to Assess Credit Risk and Manage Net Cash Generated From Operating Activities

The photovoltaic industry exhibits a cyclical characteristic and has experienced periods of overcapacity, which may affect the liquidity and creditworthiness of our downstream customers. Our ability to accurately assess counterparty credit risk and proactively manage our trade receivables portfolio is essential to our financial condition. This directly affects our cash flows from operating activities and the level of impairment losses we recognise. We have established a dedicated credit control function and adopt measures such as adjusting payment terms and strengthening collection efforts. During the Track Record Period, our net cash generated from operating activities amounted to RMB635.0 million in aggregate.

Ability to Navigate Geographic Expansion and Hedge Foreign Exchange Exposure

While the majority of our revenue is generated from Chinese Mainland, we are expanding our presence in overseas markets. Our ability to develop international business and manage the associated foreign currency risks impacts our revenue and profitability. Sales to customers outside the PRC are primarily denominated and settled in US dollars, exposing us to fluctuations in the exchange rate between Renminbi and US dollars. Our foreign currency is primarily used for payments for imported raw materials, such as lasers. Our overseas revenue amounted to RMB152.8 million, RMB191.3 million and RMB79.1 million for the years ended December 31, 2023, 2024 and 2025, respectively, representing 9.5%, 9.5% and 3.9% of our total revenue for the same years. Our net foreign exchange losses recognised in profit or loss were RMB1.7 million, RMB4.3 million and RMB5.2 million for the same years.

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MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Revenue recognition

Revenue is recognised to depict the transfer of goods to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods. Specifically, we use a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is recognised when, or as, obligations under the terms of a contract are satisfied, which occurs when control of the promised products or services is transferred to customers. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring products or services to a customer (“**transaction price**”).

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we 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.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between us and our customer at contract inception. When the contract contains a financing component which provides us with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Revenue is recognised either at a point in time or over time, when we satisfy performance obligations by transferring the promised goods or services to our customers.

A contract asset represents our right to consideration in exchange for goods or services that we have transferred to a customer that is not yet unconditional. In contrast, a receivable represents our unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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A contract liability represents our obligation to transfer goods or services to a customer for which we have received consideration (or an amount of consideration is due) from the customer.

Further details of our revenue recognition policies are as follows:

Sales of goods

We research and develop, produce and sell precision laser machining equipment and systems. Recognition of sales occurs when the products have been shipped to the specified 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 we have objective evidence that all criteria for acceptance have been satisfied.

Provision of services

We provide laser equipment maintenance services to external parties. For those contracts that we do not have an enforceable right to payment for performance completed to date, the contract is recognised at a point in time when the services are provided and accepted by the customers.

Warranty

Some goods sold include warranties which require us to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with IFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of our entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Renminbi (RMB), which is our functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

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Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss and other comprehensive income on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss (“FVPL”) are recognised in profit or loss as part of the fair value gain or loss.

Property, plant and equipment

All property, plant and equipment are stated at historical costs less accumulated depreciation and accumulated impairment charge. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to us and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statements of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Properties and buildings	20–50 years
Leasehold Improvements	5–10 years
Machinery	5–10 years
Motor Vehicles	4–8 years
Office equipment	3–5 years
Construction in progress	Not applicable

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (Note 3.6).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

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Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (CGUs). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price in ordinary course less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which we must incur to make the sale.

Trade, notes and other receivables

A receivable is recognised when we have an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment if that consideration is due. If revenue has been recognised before we have an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost, using the effective interest method less allowance for credit losses.

Convertible bonds

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

FINANCIAL INFORMATION

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth selected items of our consolidated statements of profit or loss and other comprehensive income for the years indicated, derived from our consolidated statements of profit or loss and other comprehensive income set out in the Accountants’ Report included in Appendix I to this Document. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue
Revenue	1,608,897	100.0	2,013,757	100.0	2,031,177	100.0
Cost of sales	(872,489)	(54.2)	(1,082,300)	(53.7)	(1,106,398)	(54.5)
Gross profit	736,408	45.8	931,457	46.3	924,779	45.5
Selling and marketing expenses	(18,787)	(1.2)	(20,232)	(1.0)	(14,994)	(0.7)
General and administrative expenses	(88,691)	(5.5)	(87,934)	(4.4)	(96,349)	(4.7)
Research and development expenses	(250,691)	(15.6)	(282,617)	(14.0)	(229,387)	(11.3)
Fair value gains on financial assets at fair value through profit or loss	5,384	0.3	26,000	1.3	11,019	0.5
Net impairment losses on financial assets	(19,174)	(1.2)	(93,480)	(4.6)	(99,275)	(4.9)
Other income	180,350	11.2	164,168	8.2	121,349	6.0
Other gains and losses, net	(433)	(0.0)	(4,378)	(0.2)	6,985	0.3
Finance costs	(37,234)	(2.3)	(38,981)	(1.9)	(39,905)	(2.0)
Share of results of associates	–	–	(306)	(0.0)	(1,763)	(0.1)
Profits before income tax	507,132	31.5	593,697	29.5	582,459	28.7
Income tax expense	(45,945)	(2.9)	(66,086)	(3.3)	(63,236)	(3.1)
Profit for the year	<u>461,187</u>	<u>28.7</u>	<u>527,611</u>	<u>26.2</u>	<u>519,223</u>	<u>25.6</u>

Revenue

During the Track Record Period, we derived revenue primarily from sales of laser equipment for photovoltaic cells and modules as well as for semiconductors and next-generation display in Chinese Mainland and other countries. For the years ended December 31, 2023, 2024 and 2025, our total revenue amounted to RMB1,608.9 million, RMB2,013.8 million and RMB2,031.2 million, respectively.

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Revenue by Type of Goods and Services

The following table sets forth a breakdown of our revenue by business segment, in absolute amounts and as a percentage of our total revenue, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue
Laser equipment for photovoltaic cells and modules	1,367,392	85.0	1,994,468	99.0	2,003,543	98.6
Laser equipment for semiconductor advanced packaging and next-generation display	7,770	0.5	–	–	354	0.1
Technical services, maintenance and others	233,735	14.5	19,289	1.0	27,280	1.3
Total	1,608,897	100.0	2,013,757	100.0	2,031,177	100

Laser Equipment for Photovoltaic Cells and Modules

For the years ended December 31, 2023, 2024 and 2025, revenue from our Laser equipment for photovoltaic cells and modules was RMB1,367.4 million, RMB1,994.5 million and RMB2,003.5 million, respectively, representing 85.0%, 99.0% and 98.6% of our revenue in the same years. Revenue from this segment is expected to remain the core driver of our business in the near future.

Laser Equipment for Semiconductor Advanced Packaging and Next-Generation Display

For the years ended December 31, 2023, 2024 and 2025, revenue from our laser equipment for semiconductor advanced packaging and next-generation display electronics was RMB7.8 million, RMB nil and RMB0.4 million, respectively, representing 0.5%, 0.0% and 0.1% of our revenue in the same years.

Technical Services, Maintenance and Others

For the years ended December 31, 2023, 2024 and 2025, revenue from our technical services, maintenance and others was RMB233.7 million, RMB19.3 million and RMB27.3 million, respectively, representing 14.5%, 1.0% and 1.3% of our revenue in the same years. Revenue from this segment is typically generated from spare parts sales, equipment upgrades, and after-sales services.

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Revenue by Geographical Location

During the Track Record Period, our revenue from sales of goods was derived from (i) Chinese Mainland and (ii) other countries/regions. The following table sets forth a breakdown of our revenue by geographical market in absolute amounts and as a percentage for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue
Chinese Mainland	1,456,057	90.5	1,822,446	90.5	1,952,125	96.1
Other countries/regions	152,840	9.5	191,311	9.5	79,052	3.9
	<u>1,608,897</u>	<u>100.0</u>	<u>2,013,757</u>	<u>100.0</u>	<u>2,031,177</u>	<u>100</u>

From the geographical perspective, the majority of our revenue continues to be derived from Chinese Mainland. In addition, our products are also sold to overseas markets, including Thailand, Vietnam, South Korea, Singapore and Malaysia. The revenue from Chinese Mainland represented 90.5%, 90.5%, and 96.1% of total revenue for the years ended December 31, 2023, 2024 and 2025, respectively. During the same years, we are expanding into new markets across other countries/regions.

Cost of Sales

Our cost of sales mainly includes raw materials and consumables used, manufacturing labour costs, manufacturing overhead and write-down of inventories. Our cost of sales amounted to RMB872.5 million, RMB1,082.3 million and RMB1,106.4 million for the years ended December 31, 2023, 2024 and 2025, respectively. Our cost of sales increased throughout the Track Record Period, and was largely in line with revenue.

The following table sets forth a breakdown of our cost of sales by nature in absolute amounts and as a percentage of our total cost of sales for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Raw materials and consumables used	752,376	86.2	887,667	82.0	919,717	83.1
Manufacturing labour costs	43,385	5.0	82,045	7.6	80,631	7.3
Manufacturing overhead	34,776	4.0	66,115	6.1	65,142	5.9
Others	39,281	4.5	33,020	3.1	20,148	1.8
Write-down of inventories	2,671	0.3	13,453	1.2	20,760	1.9
Total	<u>872,489</u>	<u>100.0</u>	<u>1,082,300</u>	<u>100.0</u>	<u>1,106,398</u>	<u>100.0</u>

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The following table sets forth a breakdown of our cost of sales by business segment in absolute amounts and as a percentage of our total cost of sales for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Laser equipment for photovoltaic cells and modules	783,934	89.8	1,073,032	99.1	1,093,545	98.8
Laser equipment for semiconductor advanced packaging and next-generation display	3,381	0.4	–	–	121	0.0
Technical services, maintenance and others	85,174	9.8	9,268	0.9	12,732	1.2
Total	872,489	100.0	1,082,300	100.0	1,106,398	100.0

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales. Our gross profit margin represents our gross profit divided by revenue, expressed as a percentage. Our gross profit amounted to RMB736.4 million, RMB931.5 million and RMB924.8 million for the years ended December 31, 2023, 2024 and 2025, respectively. Our gross profit margin was 45.8%, 46.3% and 45.5% in the same years, respectively.

The table below sets forth a breakdown of our gross profit by business segment and corresponding gross profit margin for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	<i>Gross Profit</i> <i>RMB'000</i>	<i>Gross profit margin</i> <i>(%)</i>	<i>Gross Profit</i> <i>RMB'000</i>	<i>Gross profit margin</i> <i>(%)</i>	<i>Gross Profit</i> <i>RMB'000</i>	<i>Gross profit margin</i> <i>(%)</i>
Laser equipment for photovoltaic cells and modules	583,458	42.7	921,436	46.2	909,998	45.4
Laser equipment for semiconductor advanced packaging and next-generation display	4,389	56.5	–	–	233	65.8
Technical services, maintenance and others	148,561	63.6	10,021	52.0	14,548	53.3
Total	736,408	45.8	931,457	46.3	924,779	45.5

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Selling and Marketing Expenses

Our selling and marketing expenses primarily include (i) salaries and welfare, (ii) business development expenses, (iii) travel expenses, (iv) depreciation and amortisation expenses, (v) office expenses and (vi) other expenses. For the years ended December 31, 2023, 2024 and 2025, we incurred selling and marketing expenses of RMB18.8 million, RMB20.2 million and RMB15.0 million, respectively.

The following table sets forth a breakdown of our selling and marketing expenses by nature and in absolute amounts and as a percentage of total selling and marketing expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Salaries and welfare	8,315	44.3	8,310	41.1	7,289	48.6
Business development expenses	6,488	34.5	7,452	36.8	5,136	34.2
Travel expenses	2,187	11.6	2,270	11.2	2,013	13.4
Depreciation and amortisation expenses	652	3.5	691	3.4	267	1.8
Office expenses	221	1.2	581	2.9	281	1.9
Others ⁽¹⁾	924	4.9	928	4.6	8	0.1
Total	18,787	100	20,232	100	14,994	100

Note:

(1) Others primarily include service fees and others.

General and Administrative Expenses

Our administrative expenses primarily include: (i) salaries and welfare, (ii) taxes and surcharges, (iii) depreciation and amortisation expenses, (iv) office expenses, (v) professional service fees, (vi) travel expenses, (vii) share-based payment and (viii) other expenses. For the years ended December 31, 2023, 2024 and 2025, we incurred general and administrative expenses of RMB88.7 million, RMB87.9 million and RMB96.3 million, respectively.

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The following table sets forth a breakdown of our general and administrative expenses by nature in absolute amounts and as a percentage of total general and administrative expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Salaries and welfare	37,300	42.1	39,757	45.2	41,453	43.0
Taxes and surcharges	20,314	22.9	14,587	16.6	19,491	20.2
Depreciation and amortisation expenses	13,961	15.7	13,585	15.4	16,722	17.4
Office expenses	5,652	6.4	4,388	5.0	4,472	4.6
Professional service fees	2,384	2.7	3,816	4.3	3,470	3.6
Travel expenses	2,732	3.1	2,735	3.1	1,917	2.0
Share-based payment	2,690	3.0	3,129	3.6	(1,676)	(1.7)
Other expenses ⁽¹⁾	3,658	4.1	5,937	6.8	10,500	10.9
Total	88,691	100	87,934	100	96,349	100

Note:

- (1) Other expenses primarily include: maintenance cost, disability protection fund, low value consumables, rental fee, entertainment, low value consumables and debt restructuring expenses.

Research and Development Expenses

Our research and development expenses primarily include (i) salaries and welfare, (ii) material expenses, (iii) depreciation and amortisation expenses, (iv) travel expenses, (v) share-based payments and (vi) other expenses. For the years ended December 31, 2023, 2024 and 2025, we incurred research and development expenses of RMB250.7 million, RMB282.6 million and RMB229.4 million, respectively.

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The following table sets forth a breakdown of our research and development expenses by nature in absolute amounts and as a percentage of total research and development expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Salaries and welfare	130,112	51.9	151,894	53.8	145,038	63.2
Materials expenses	56,803	22.7	54,657	19.3	22,127	9.7
Depreciation and amortisation expenses	36,484	14.6	42,481	15.0	40,543	17.7
Travel expenses	14,102	5.6	17,015	6.0	16,075	7.0
Share-based payment	5,415	2.2	6,264	2.2	(3,110)	(1.4)
Other expenses	7,775	3.1	10,306	3.7	8,714	3.8
Total	250,691	100	282,617	100	229,387	100

Fair Value Gains on Financial Assets at Fair Value through Profit or Loss

Our fair value gains on financial assets at fair value through profit or loss represent the net increase in the market value of our equity investments. Our fair value gains on financial assets at fair value through profit or loss were RMB5.4 million, RMB26.0 million and RMB11.0 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Net Impairment Losses on Financial Assets

Our impairment losses on financial assets represent impairment losses recognised on financial assets, primarily trade receivables. We recorded impairment losses of RMB19.2 million, RMB93.5 million and RMB99.3 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Other income

Our other income consists of (i) interest income, (ii) other tax refunds, (iii) government grants and (iv) others. Our other income was RMB180.3 million, RMB164.2 million and RMB121.3 million for the years ended December 31, 2023, 2024 and 2025, respectively.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our other income by nature in absolute amounts and as a percentage of total other income for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Interest income	74,560	41.3	77,043	46.9	54,428	44.9
Other tax refunds	85,998	47.7	67,137	40.9	45,282	37.3
Government grants	19,633	10.9	19,123	11.7	20,045	16.5
Others	159	0.1	865	0.5	1,594	1.3
Total	180,350	100	164,168	100	121,349	100

Other Gain and Losses, Net

Our other gains and losses consist of (i) loss on disposals of property, plant and equipment, (ii) foreign exchange differences, net and (iii) others. Our other gains and losses, net were RMB-0.4 million, RMB-4.4 million and RMB7.0 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Finance Costs

Our finance costs primarily consist of (i) interest expense on convertible bonds, and (ii) interest expense on lease liabilities. Our finance costs were RMB37.2 million, RMB39.0 million and RMB39.9 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Share of Results of Associates

Our share of results of associates were nil in 2023. We recorded negative results in our share of results of associates in the amount of RMB0.3 million and RMB1.8 million in 2024 and 2025 respectively.

Income Tax Expenses

We are subject to income tax on an entity basis on profits arising in, or derived from, tax jurisdictions in which members of our Group are domiciled and operate.

PRC

Under the “EIT Law” and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the Track Record Period, except as disclosed below.

During the Track Record Period, our Company and DR Laser Technology (Wuxi) were recognised as High and New Tech Enterprise (“HNTe”). According to the “EIT Law” for High New Tech Enterprises, our Company and these subsidiaries are subject to a reduced Enterprise Income Tax rate of 15% during the Track Record Period.

FINANCIAL INFORMATION

Singapore

Pursuant to the relevant tax laws of Singapore, a corporate income tax rate of 17.0% has been applied to the taxable income generated in Singapore throughout the Track Record Period.

Israel

Pursuant to the relevant tax laws of Israel, a corporate income tax rate of 23.0% has been applied to the taxable income generated in Israel throughout the Track Record Period.

Tax Disputes and Penalties

As of the Latest Practicable Date, we did not have any disputes with any tax authority. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any tax investigation, enquiries, penalties or surcharges.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue remained relatively stable at RMB2,013.8 million in 2024 and RMB2,031.2 million in 2025.

Our revenue from laser equipment for photovoltaic cells and modules increased from RMB1,994.5 million in 2024 to RMB2,003.5 million in 2025, mainly attributable to the growth in revenue from BC equipment.

Our revenue from laser equipment for semiconductor advanced packaging and next-generation display was RMB nil in 2024 as no equipment was accepted and thus no revenue was recognised during the year. We recorded revenue of RMB0.4 million for this segment in 2025, primarily because a small number of equipment units were accepted during the year.

Our revenue from technical services, maintenance and others increased from RMB19.3 million in 2024 to RMB27.3 million in 2025, mainly attributable to the growing demand for maintenance, replacement and technical upgrades with the increased sales of our photovoltaic laser equipment over years.

Cost of Sales

Our cost of sales increased by 2.2% from RMB1,082.3 million in 2024 to RMB1,106.4 million in 2025, in line with our revenue growth.

Our cost of sales from sales of laser equipment for photovoltaic cells and modules remained relatively stable at RMB1,073.0 million in 2024 and RMB1,093.5 million in 2025.

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Our cost of sales from laser equipment for semiconductor advanced packaging and next-generation display was RMB nil in 2024 as no equipment was accepted and thus no revenue was recognised during the year. We recorded cost of sales of RMB0.1 million for this segment in 2025 which was attributable to a small number of equipment were accepted during the year.

Our cost of sales from sales of technical services, maintenance and others increased from RMB9.3 million in 2024 to RMB12.7 million in 2025, in line with our revenue growth.

Gross Profit and Gross Profit Margin

Our gross profit decreased by 0.7% from RMB931.5 million in 2024 to RMB924.8 million in 2025. Our gross profit margin remained relatively stable at 46.3% in 2024 and 45.5% in 2025.

Our gross profit margin from sales of laser equipment for photovoltaic cells and modules remained relatively stable at 46.2% in 2024 and 45.4% in 2025.

Our gross profit margin from sales of laser equipment for semiconductor advanced packaging and next-generation display was nil in 2024 as no equipment was accepted and thus no revenue was recognised during the year. We recorded gross profit margin of 65.8% for this segment in 2025 which was attributable to a small number of equipment were accepted during the year.

Our gross profit margin from sales of technical services, maintenance and others remained relatively stable at 52.0% in 2024 and 53.3% in 2025.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 25.7% from RMB20.2 million in 2024 to RMB15.0 million in 2025, primarily due to decrease in marketing department remuneration.

General and Administrative Expenses

Our general and administrative expenses increased by 9.6% from RMB87.9 million in 2024 to RMB96.3 million in 2025, primarily due to (i) an increase in depreciation following the reclassification of construction in progress to property, plant and equipment upon completion and (ii) increased remuneration for management personnel.

Research and Development Expenses

Our research and development expenses decreased by 18.8% from RMB282.6 million in 2024 to RMB229.4 million in 2025, primarily due to (i) a decrease in costs related to the development and testing of R&D prototype and (ii) a decrease in share-based payment which did not vest.

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Fair Value Gains on Financial Assets at Fair Value Through Profit or Loss

Our fair value gains on financial assets at fair value through profit or loss decreased from RMB26.0 million in 2024 to RMB11.0 million in 2025, primarily reflecting valuation changes of our equity investments in unlisted companies.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets increased from RMB93.5 million in 2024 to RMB99.3 million in 2025, primarily due to (i) the deteriorating financial conditions among certain downstream customers in the photovoltaic industry, which experienced a cyclical downturn with a number of listed companies turning from profit to loss, leading to increased credit risk and (ii) an increase in trade receivables.

Other Income

Our other income decreased from RMB164.2 million in 2024 to RMB121.3 million in 2025, primarily due to (i) the decrease in interest rates on deposits and (ii) tax refunds on embedded software.

Other Gains and Losses, Net

Our other gains and losses, net turned from a net loss of RMB4.4 million in 2024 to a net gain of RMB7.0 million in 2025, primarily due to an increase in compensation received for customers’ breach of relevant sales contracts.

Finance Costs

Our finance costs increased from RMB39.0 million in 2024 to RMB39.9 million in 2025, primarily due to the annual increase in the amortised cost of convertible bonds, which led to a corresponding increase in interest expenses to be amortised each year.

Share of Results of Associates

Our share of results of associates decreased from a negative result in the amount of RMB0.3 million in 2024 to a negative result in the amount of RMB1.8 million in 2025, reflecting our equity investment in the associates.

Income Tax Expense

Our income tax expense decreased from RMB66.1 million in 2024 to RMB63.2 million in 2025, as a result of our decrease in profit before taxation.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 1.6% from RMB527.6 million in 2024 to RMB519.2 million in 2025.

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Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 25.2% from RMB1,608.9 million in 2023 to RMB2,013.8 million in 2024, primarily driven by the accelerated technological transition within the photovoltaic industry from PERC to N-type cell production, which generated strong demands for new and specialised laser machining equipment.

Our revenue from laser equipment for photovoltaic cells and modules increased from RMB1,367.4 million in 2023 to RMB1,994.5 million in 2024, primarily due to an increase in sales of our TOPCon equipment.

Our revenue from sales of laser equipment for semiconductor advanced packaging and next-generation display was RMB7.8 million in 2023 which was attributable to a small number of equipment were accepted during the year. We recorded revenue of nil for this segment in 2024 as no equipment was accepted and thus no revenue was recognised during the year.

Our revenue from technical services, maintenance and others decreased from RMB233.7 million in 2023 to RMB19.3 million in 2024, primarily due to the shift in market demand from PERC processing equipment to TOPCon processing equipment, which resulted in a decrease in maintenance demand for PERC cell processing equipment.

Cost of Sales

Our cost of sales increased by 24.0% from RMB872.5 million in 2023 to RMB1,082.3 million in 2024, in line with our revenue growth.

Our cost of sales for laser equipment for photovoltaic cells and modules increased from RMB783.9 million in 2023 to RMB1,073.0 million in 2024, primarily because certain equipment delivered in 2023 was accepted and had the related revenue recognised in 2024, which was correspondingly reflected in cost of sales in 2024.

Our cost of sales of laser equipment for semiconductor advanced packaging and next-generation display was RMB3.4 million in 2023 which was attributable to a small number of equipment were accepted during the year. We recorded revenue of nil for this segment in 2024 as no equipment was accepted and thus no cost of sales was recognised during the year.

Our cost of sales for technical services, maintenance and others decreased from RMB85.2 million in 2023 to RMB9.3 million in 2024, primarily due to the shift in market demand from PERC processing equipment to TOPCon processing equipment, which resulted in a decrease in demand for PERC cell processing equipment.

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Gross Profit and Gross Profit Margin

Our gross profit increased by 26.5% from RMB736.4 million in 2023 to RMB931.5 million in 2024. Our gross profit margin remained relatively stable at 45.8% in 2023 and 46.3% in 2024 primarily due to (i) the shift of our product portfolio towards equipment models with higher gross profit margins, including the increased revenue contribution from sales of TOPCon and BC related equipment (ii) the increased economies of scale arising from higher production volumes and (iii) our continued optimisation of cost control measures in procurement and manufacturing.

Our gross profit margin for laser equipment for photovoltaic cells and modules increased from 42.7% in 2023 to 46.2% in 2024, primarily due to improved performance of our TOPCon equipment and higher customer acceptance of new equipment models, which have higher gross profit margins.

Our gross profit margin for laser equipment for semiconductor advanced packaging and next-generation display was 56.5% in 2023 which was attributable to a small number of equipment were accepted during the year. We recorded gross profit margin of nil for this segment in 2024 as no equipment was accepted and thus no revenue was recognised during the year.

Our gross profit margin for technical services, maintenance and others decreased from 63.6% in 2023 to 52.0% in 2024, primarily due to a decrease in the proportion of renovation-related services.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 7.4% from RMB18.8 million in 2023 to RMB20.2 million in 2024, primarily due to an increase in business promotion activities in 2024, which led to higher exhibition expenses.

General and Administrative Expenses

Our general and administrative expenses remained relatively stable at RMB88.7 million in 2023 and RMB87.9 million in 2024.

Research and Development Expenses

Our research and development expenses increased by 12.7% from RMB250.7 million in 2023 to RMB282.6 million in 2024, primarily due to (i) an expansion of our R&D team and (ii) an increase in depreciation and amortisation arising from higher capital expenditure in R&D-related equipment.

Fair Value Gains on Financial Assets at Fair Value Through Profit or Loss

Our fair value gains on financial assets at fair value through profit or loss increased from RMB5.4 million in 2023 to RMB26.0 million in 2024, primarily reflecting valuation changes of our equity investments in unlisted companies.

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Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets increased from RMB19.2 million in 2023 to RMB93.5 million in 2024, primarily due to (i) the deteriorating financial conditions among certain downstream customers in the photovoltaic industry, which experienced a cyclical downturn with a number of listed companies turning from profit to loss, leading to increased credit risk and (ii) an increase in our trade receivables.

Other Income

Our other income decreased from RMB180.4 million in 2023 to RMB164.2 million in 2024, primarily attributable to the reduced other tax refunds, mainly comprising VAT refunds for embedded software.

Other Gains and Losses, Net

Our net other losses increased from RMB0.4 million in 2023 to RMB4.4 million in 2024, primarily due to higher foreign exchange losses arising from the purchase of foreign currencies to settle procurement payments.

Finance Costs

Our finance costs increased from RMB37.2 million in 2023 to RMB39.0 million in 2024, primarily attributable to an increase in interest expense on convertible bonds, reflecting the step-up in coupon rate.

Share of Results of Associates

Our share of results of associates changed from nil in 2023 to a negative result in the amount of RMB0.3 million in 2024, reflecting the negative result of our equity investment in associates.

Income Tax Expense

Our income tax expense increased from RMB45.9 million in 2023 to RMB66.1 million in 2024 as a result of our increased profit before taxation.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 14.4% from RMB461.2 million in 2023 to RMB527.6 million in 2024.

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DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below 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	RMB'000	RMB'000
Total non-current assets	536,896	620,794	639,510
Total current assets	6,333,090	5,999,982	6,013,524
Total assets	6,869,986	6,620,776	6,653,034
Total non-current liabilities	812,191	844,662	868,894
Total current liabilities	2,985,850	2,311,705	1,865,806
Total liabilities	3,798,041	3,156,367	2,734,700
Net assets	3,071,945	3,464,409	3,918,334

Non-current Assets and Liabilities

The following table sets forth our non-current assets and liabilities as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	447,116	497,628	467,247
Right-of-use assets	59,938	56,225	83,775
Intangible assets	15,596	12,852	10,701
Investment in associates	–	6,031	23,144
Contract assets	–	18,003	1,922
Prepayments	5,972	1,335	2,781
Deferred tax assets	8,274	28,720	49,940
Total non-current assets	536,896	620,794	639,510
Non-current liabilities			
Convertible bonds	751,460	778,872	802,124
Lease liabilities	7,480	4,902	3,313
Deferred income	20,360	12,983	12,740
Provisions	32,178	40,059	40,205
Deferred tax liabilities	713	7,846	10,512
Total non-current liabilities	812,191	844,662	868,894

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Property, Plant and Equipment

Our property, plant and equipment primarily consist of (i) properties and buildings, (ii) leasehold improvement, (iii) machinery and (iv) motor vehicles, (v) office equipment and (vi) construction in progress. Our property, plant and equipment increased from RMB447.1 million as of December 31, 2023 to RMB497.6 million as of December 31, 2024, primarily attributable to an increase in construction in progress arising from the construction of plants, partially offset by (i) depreciation charges and (ii) disposals of certain machinery. Our property, plant and equipment decreased from RMB497.6 million as of December 31, 2024 to RMB467.2 million as of December 31, 2025, primarily due to (i) depreciation charges and (ii) disposals of certain machinery.

Right-of-Use Assets

Our right-of-use assets primarily consist of (i) office premises leased for our operations in Singapore and Israel and (ii) land use rights held by our PRC subsidiaries. Our right-of-use assets decreased from RMB59.9 million as of December 31, 2023 to RMB56.2 million as of December 31, 2024, primarily due to (i) a decrease in right-of-use assets relating to office leases as a result of depreciation and (ii) a decrease in land use rights relating to amortisation. Our right-of-use assets increased from RMB56.2 million as of December 31, 2024 to RMB83.8 million as of December 31, 2025, primarily due to an increase in land use rights, primarily attributable to the acquisition of land use rights, partially offset by a decrease in right-of-use assets relating to office leases as a result of depreciation.

Intangible Assets

Our intangible assets primarily consist of (i) patent rights and (ii) software. Our intangible assets decreased from RMB15.6 million as of December 31, 2023 to RMB12.9 million as of December 31, 2024, and further decreased to RMB10.7 million as of December 31, 2025, primarily due to amortisation charges, partially offset by the software purchases.

Investment in Associates

Our investment in associates represents our investment in associates that are measured using the equity method. Our investment in associates increased from nil as of December 31, 2023 to RMB6.0 million as of December 31, 2024, reflecting our equity investment in relevant associates. Our investment in associates increased from RMB6.0 million as of December 31, 2024 to RMB23.1 million as of December 31, 2025, reflecting our capital contributions and equity investment in relevant associates.

Contract Assets (Non-current)

Our non-current contract assets represent warranty retention receivables due after more than one year. Our non-current contract assets increased from nil as of December 31, 2023 to RMB18.0 million as of December 31, 2024, primarily due to business expansion, leading to an increase in product warranty provisions. Our non-current contract assets decreased from RMB18.0 million as of December 31, 2024 to RMB1.9 million as of December 31, 2025, primarily due to the passage of time, contract assets (non-current) with warranty periods expiring within one year are reclassified to contract assets.

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Deferred Tax Assets

Our deferred tax assets represent temporary differences related to (i) assets impairment; (ii) provisions; (iii) deductible tax losses; (iv) deferred income; (v) unrealised gains from intra-group transactions and (vi) differences between accounting depreciation and tax depreciation of property, plant and equipment.

Our deferred tax assets increased from RMB8.3 million as of December 31, 2023 to RMB28.7 million as of December 31, 2024, and further increased to RMB49.9 million as of December 31, 2025, primarily due to an increase in deductible temporary differences arising from assets impairment.

Deferred Income

Our deferred income consists of government grants mainly related to assets. Our deferred income decreased from RMB20.4 million as of December 31, 2023 to RMB13.0 million as of December 31, 2024, and further decreased to RMB12.7 million as of December 31, 2025, primarily due to amortisation of government grants recognised in profit or loss, partially offset by new grants received.

Provisions

Our provisions primarily represent product quality assurance obligations. Our provision increased from RMB32.2 million as of December 31, 2023 to RMB40.1 million as of December 31, 2024, primarily due to an increase in sales volumes leading to increased warranty provisions. Our provisions amounted to RMB40.1 million as of December 31, 2024 and RMB40.2 million as of December 31, 2025.

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Current Assets and Liabilities

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets				
Inventories	1,917,584	1,722,996	1,569,129	1,636,928
Trade receivables	738,710	895,166	1,085,379	701,582
Notes receivables	489,001	525,847	480,627	1,016,848
Financial assets at fair value				
through profit or loss	50,264	90,264	591,283	412,595
Contract assets	131,959	148,168	166,637	178,096
Prepayments and other receivables	140,439	130,878	106,057	36,451
Income tax recoverable	29,616	62,222	74,244	78,567
Restricted cash	28,883	61,959	10,164	8,446
Cash and cash equivalents	2,806,634	2,362,482	1,930,004	2,078,484
Total current assets	6,333,090	5,999,982	6,013,524	6,147,997
Current liabilities				
Trade and notes payables	677,165	285,259	185,087	188,064
Other payables and accruals	345,596	262,274	258,551	208,436
Contract liabilities	1,959,642	1,761,351	1,413,036	1,520,419
Income tax payables	738	243	5,799	4,343
Lease liabilities	2,709	2,578	3,333	3,471
Other borrowings	–	–	–	37,360
Total current liabilities	2,985,850	2,311,705	1,865,806	1,962,093

Our net current assets increased from RMB3,347.2 million as of December 31, 2023 to RMB3,688.3 million as of December 31, 2024, primarily due to (i) higher trade and notes receivables attributable to our business expansion and (ii) a decrease in trade and notes payables attributable to payments made in accordance with contractual agreements. Our net current assets increased from RMB3,688.3 million as of December 31, 2024 to RMB4,147.7 million as of December 31, 2025, primarily due to (i) an increase in financial assets at fair value through profit or loss as a result of our purchase of wealth management products; (ii) an increase in trade receivables attributable to prolonged customer settlement cycles; (iii) a decrease in contract liabilities as we continuously recognised revenue upon the completion of equipment acceptance and (iv) a decrease in trade and notes payables in line with our reduced procurement volumes. Our net current assets remained relatively stable at RMB4,147.7 million as of December 31, 2025 and RMB4,185.9 million as of February 28, 2026.

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Inventories

Our inventories primarily consist of (i) raw materials, (ii) work in progress, (iii) finished goods and (iv) goods in transit. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	135,423	175,798	133,711
Work in progress	328,940	253,381	170,122
Finished goods	13,240	3,819	11,540
Goods in transit	1,439,981	1,289,998	1,253,756
Total	1,917,584	1,722,996	1,569,129

Our inventories decreased from RMB1,917.6 million as of December 31, 2023 to RMB1,723.0 million as of December 31, 2024, and further decreased to RMB1,569.1 million as of December 31, 2025, primarily because we strengthened inventory management, which led to a reduction in raw materials and work in progress inventories.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	1,730,792	938,991	1,149,282
Over 1 year	186,792	784,005	419,847
Total	1,917,584	1,722,996	1,569,129

The following table sets forth our inventory turnover days for the periods indicated:

	As of December 31,		
	2023	2024	2025
Inventory turnover days	581	614	543

Note:

- (1) Inventory turnover days are calculated using the average of the opening and closing inventory balances for the year, divided by the cost of sales for the relevant year and multiplied by the number of days in the period (i.e., 365 days for a financial year).

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Our inventory turnover days increased from 581 days as of December 31, 2023 to 614 days as of December 31, 2024, primarily due to an increase in the average inventory level in 2024 compared with 2023. Our inventory turnover days decreased from 614 days as of December 31, 2024 to 543 days as of December 31, 2025, primarily due to a decrease in the average inventory level in 2025 compared with 2024.

As of February 28, 2026, RMB13.7 million, or 0.9% of inventories as of December 31, 2025 had been used, consumed or sold.

Trade Receivables

Our trade receivables represent the amounts due from our customers for the products sold or services performed in the ordinary course of our business. Our trade receivables (net of allowance) are analysed as follows:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	845,478	1,103,313	1,374,677
Less: ECL allowance	(106,768)	(208,147)	(289,298)
	<u>738,710</u>	<u>895,166</u>	<u>1,085,379</u>

Our trade receivables increased from RMB738.7 million as of December 31, 2023 to RMB895.2 million as of December 31, 2024, and further increased to RMB1,085.4 million as of December 31, 2025, primarily due to (i) higher outstanding receivables at the end of 2024 in line with our revenue growth and (ii) longer customer payment cycles attributable to the impact of downstream industries, with a number of customers experiencing cash flow pressures.

The following table sets forth an aging analysis of our trade receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	548,106	438,956	584,268
1–2 years	148,636	379,693	348,163
2–3 years	38,105	62,602	130,700
Over 3 years	<u>3,863</u>	<u>13,915</u>	<u>22,248</u>
Total	<u>738,710</u>	<u>895,166</u>	<u>1,085,379</u>

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We typically adopt a milestone-based payment arrangement with our customers. We seek to maintain strict control over our outstanding receivables. Our sales and finance team is responsible for minimising credit risks. Considering that we had not experienced any material failure to collect trade receivables from the relevant customers during the Track Record Period, we believe we are able to collect the remaining trade receivables and we have made sufficient provisions for such trade receivables.

The following table sets forth our trade receivables turnover days for the periods indicated:

	As of December 31,		
	2023	2024	2025
Trade receivables turnover days	139	148	178

Note:

- (1) Trade receivables turnover days are calculated using the average of opening balance and closing balance of trade receivables for a year divided by revenue for the relevant year and multiplied by the number of days during such period (i.e. 365 days for a fiscal year).

Our trade receivables turnover days increased from 139 days in 2023 to 148 days in 2024, and further increased to 178 days in 2025, primarily due to the impact of downstream industries, which resulted in longer payment cycles, with certain customers experiencing cash flow pressure.

As of February 28, 2026, RMB113.7 million, representing 10.5% of our trade receivables as of December 31, 2025, had been subsequently settled.

Notes Receivables

Our notes receivables consist of (i) commercial acceptance notes and (ii) bank acceptance notes. Our notes receivables (net of allowance) are analysed as follows:

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Commercial acceptance notes	–	34,579	19,815
Less: ECL allowance	–	(4,885)	(11,738)
Bank acceptance notes	489,001	496,153	472,550
	489,001	525,847	480,627

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Our notes receivables increased from RMB489.0 million as of December 31, 2023 to RMB525.8 million as of December 31, 2024, primarily due to an increase in the amount of payments settled by bank and commercial acceptance notes arising from the expansion of our sales scale. Our notes receivables decreased from RMB525.8 million as of December 31, 2024 to RMB480.6 million as of December 31, 2025, primarily due to our settlement of payables to suppliers through endorsement and transfer of notes.

Prepayments and Other Receivables (Current Portion)

Our current prepayments and other receivables represent (i) deposits, (ii) interest receivables, (iii) other receivables, (iv) prepayments and (v) value-added tax paid and deductible.

The following table sets forth our current prepayments, other receivables and other assets prepayments as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deposits	13,967	5,880	4,341
Interest receivables	95,187	86,133	77,726
Other receivables	473	409	563
Prepayments	5,727	10,037	12,608
Value-added tax paid and deductible	26,290	29,207	11,606
	141,644	131,666	106,844
Less: ECL allowance	(1,205)	(788)	(787)
Other borrowings	–	–	37,360
	<u>140,439</u>	<u>130,878</u>	<u>106,057</u>

Our current prepayments and other receivables decreased from RMB140.4 million as of December 31, 2023 to RMB130.9 million as of December 31, 2024, primarily due to (i) the recovery of tender deposits and (ii) a decrease in the number of certificates of deposit we held, partially offset by an increase in receivables for imported optical materials. Our current prepayments and other receivables decreased from RMB130.9 million as of December 31, 2024 to RMB106.1 million as of December 31, 2025, primarily due to (i) a decrease in prepaid VAT, due to an increase in value-added tax invoices issued in 2025; and (ii) a decrease in certificates of deposit, resulting in a corresponding decrease in accrued interest receivables.

Restricted Cash

Our restricted cash consists of (i) bank acceptance bill deposit, (ii) performance guarantee deposit and (iii) rental deposit. Our restricted cash increased from RMB28.9 million as of December 31, 2023 to RMB62.0 million as of December 31, 2024, primarily due to the pledge of certificates of deposit. Our restricted cash decreased from RMB 62.0 million as of December 31, 2024 to RMB10.2 million as of December 31, 2025, primarily due to the maturity of certificates of deposit and the release of the related pledge.

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Cash and Cash Equivalents

Our cash and cash equivalents consist of (i) cash and bank balances and (ii) transferable bank deposits. Our cash and cash equivalents decreased from RMB2,806.6 million as of December 31, 2023 to RMB2,362.5 million as of December 31, 2024, primarily due to increased working capital requirements resulting from the expansion of our sales scale. Our cash and cash equivalents decreased from RMB2,362.5 million as of December 31, 2024 to RMB1,930.0 million as of December 31, 2025, primarily due to a decrease in transferable bank deposits, as we reduced holdings of transferable deposit and, upon maturity, redirected funds into structured deposits.

Trade and Notes Payables

Our trade and notes payables consist of (i) trade payables and (ii) notes payables. The following table sets forth our trade and notes payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	608,551	243,097	185,087
Notes payables	68,614	42,162	–
	<u>677,165</u>	<u>285,259</u>	<u>185,087</u>

Our trade and notes payables decreased from RMB677.2 million as of December 31, 2023 to RMB285.3 million as of December 31, 2024, primarily due to (i) payment of outstanding trade payables due and (ii) reduced procurement in 2024. Our trade and notes payables decreased from RMB285.3 million as of December 31, 2024 to RMB185.1 million as of December 31, 2025, primarily due to the settlement of and notes payables that became due in 2024.

The following table sets forth an aging analysis of our trade and notes payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	671,423	278,900	157,331
Over 1 year	<u>5,742</u>	<u>6,359</u>	<u>27,756</u>
Total	<u>677,165</u>	<u>285,259</u>	<u>185,087</u>

FINANCIAL INFORMATION

The following table sets forth our trade payables turnover days for the periods indicated:

	As of December 31,		
	2023	2024	2025
Trade payables turnover days	186	144	71

Note:

- (1) Trade payables turnover days are calculated using the average of opening balance and closing balance of trade payables for a year divided by cost of sales used for the relevant year and multiplied by the number of days during such period (i.e. 365 days for a fiscal year).

Our trade payables turnover days decreased from 186 days as of December 31, 2023 to 144 days as of December 31, 2024, primarily due to our payments made to settle certain large-amount outstanding payables. Our trade payables turnover days decreased from 144 days as of December 31, 2024 to 71 days as of December 31, 2025, primarily because (i) our cost of sales remained relatively stable and (ii) our trade payables decreased as we enhanced the coordination between our procurement and production planning and adopted a more demand-driven procurement approach.

As of February 28, 2026, RMB67.7 million, representing 36.6% of our trade payables as of December 31, 2025, had been subsequently settled. Our Directors confirm that we did not have any material defaults on payments of trade and other payables during the Track Record Period and up to the Latest Practicable Date.

Other Payables and Accruals

Our payables and accruals consist of (i) accrued expenses and other payables, (ii) corporate bond interest payables, (iii) deposit received, (iv) other tax payables, (v) payroll and welfare payables, (vi) temporary receipts and (vii) value-added tax payable and deductible.

The following table sets forth our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Accrued expenses and other payables	4,313	3,559	2,955
Corporate bond interest payables	3,391	5,080	8,465
Deposit received	1,141	2,111	2,061
Other tax payables	17,833	13,184	5,355
Payables from the endorsed notes	127,783	48,677	92,374
Payroll and welfare payables	69,006	62,820	58,078
Temporary receipts	4,079	9,203	4,175
Value-added tax payable	118,050	117,640	85,088
	<u>345,596</u>	<u>262,274</u>	<u>258,551</u>

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Our other payables and accruals decreased from RMB345.6 million as of December 31, 2023 to RMB262.3 million as of December 31, 2024 primarily due to a decrease in endorsed bills that had not been derecognised. Our other payables and accruals remained relatively stable at RMB262.3 million as of December 31, 2024 and RMB258.6 million as of December 31, 2025.

Contract Liabilities

Our contract liabilities represent advance payments received from customers for which performance obligations have not yet been satisfied. Our contract liabilities decreased from RMB1,959.6 million as of December 31, 2023 to RMB1,761.4 million as of December 31, 2024, and further decreased to RMB1,413.0 million as of December 31, 2025, primarily due to the ongoing recognition of advance payments as revenue upon equipment acceptance.

As of February 28, 2026, RMB17.3 million, or 1.2% of our contract liabilities as of December 31, 2025 had been subsequently recognised as revenue.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash generated from operations, debt financing, and equity financings. During the Track Record Period and up to the Latest Practicable Date, we relied on cash and cash equivalents and cash generated from business operations as the major sources of liquidity. We intend to finance our future capital requirements in the same manner after the [REDACTED]. We do not anticipate any material changes to the availability of financing to fund our operations in the future.

As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB2,806.6 million, RMB2,362.5 million and RMB1,930.0 million, respectively. Our Directors are of the opinion that, taking into account the [REDACTED] from the [REDACTED] and the financial resources available to us, we have sufficient working capital for our present requirements, that is for at least 12 months from the date of this document. Our Directors confirm that there were no defaults on our outstanding indebtedness, trade payables and non-trade payables during the Track Record Period and up to the Latest Practicable Date.

KEY FINANCIAL RATIOS

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

	As of/for the year ended December 31,		
	2023	2024	2025
Gross profit margin (%) ⁽¹⁾	45.8	46.3	45.5
Net profit margin (%) ⁽²⁾	28.7	26.2	25.6
Gearing ratio (%) ⁽³⁾	24.8	22.7	20.6
Current ratio (%) ⁽⁴⁾	212.1	259.5	322.3

Note:

- (1) Gross profit margin equals gross profit divided by revenue for the year and multiplied by 100%.
- (2) Net profit margin equals net profit divided by revenue for the year and multiplied by 100%.

FINANCIAL INFORMATION

- (3) Gearing ratio equals total interest-bearing debt (including interest-bearing bank and other borrowings, lease liabilities and redemption liabilities) divided by total equity.
- (4) Current ratio equals total current assets divided by total current liabilities.

Cash Flows

The following table sets forth our cash flows for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net cash generated from/(used in) operating activities	724,384	(200,592)	111,239
Net cash used in investing activities	(146,159)	(86,858)	(473,658)
Net cash used in financing activities	(88,553)	(156,843)	(71,185)
Net increase/(decrease) in cash and cash equivalents	489,672	(444,293)	(433,604)
Cash and cash equivalents at the beginning of the year	2,315,397	2,806,634	2,362,482
Effect of foreign exchange rate changes	1,565	141	1,126
Cash and cash equivalents at the end of the year	<u>2,806,634</u>	<u>2,362,482</u>	<u>1,930,004</u>

Net Cash Generated from/(Used in) Operating Activities

In 2023, net cash generated from operating activities was RMB724.4 million, primarily reflecting profit before income tax of RMB507.1 million, adjusted for increase in contract liabilities for RMB1,234.7 million, increase in inventories of RMB1,078.7 million, increase in trade and notes payables of RMB373.2 million, increase in trade receivables of RMB266.9 million and increase in notes receivables of RMB105.7 million.

In 2024, net cash generated from operating activities turned from an inflow of RMB724.4 million in 2023 to an outflow of RMB200.6 million in 2024, primarily reflecting profit before income tax of RMB593.7 million, adjusted for operating profit before working capital changes of RMB720.0 million, decrease in trade and notes payables of RMB378.7 million, increase in trade receivables of RMB242.5 million, decrease in contract liabilities of RMB198.3 million, decrease in inventories of RMB175.4 million and income taxes paid of RMB112.5 million.

In 2025, net cash generated from operating activities amounted to RMB111.2 million, primarily reflecting profit before income tax of RMB582.5 million, decrease in contract liabilities of RMB336.3 million, increase in trade receivables of RMB281.4 million, cash generated from operations of RMB199.5 million, decrease in inventories of RMB130.9 million and decrease in trade and notes payables of RMB93.0 million.

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Net Cash Used in Investing Activities

In 2023, net cash used in investing activities was RMB146.2 million, primarily reflecting placement of restricted deposits of RMB150.5 million and purchases of property, plant and equipment of RMB93.3 million, partially offset by withdrawal of restricted deposits of RMB129.3 million and interest received of RMB25.1 million.

In 2024, net cash used in investing activities was RMB86.9 million, primarily reflecting purchases of property, plant and equipment of RMB120.3 million and placement of restricted deposits of RMB162.1 million, partially offset by withdrawal of restricted deposits of RMB129.0 million and interest received of RMB87.1 million.

In 2025, net cash used in investing activities was RMB473.7 million, primarily reflecting purchases of financial assets at fair value through profit or loss of RMB1,840.0 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB1,350.0 million.

Net Cash Used in Financing Activities

In 2023, net cash used in financing activities was RMB88.6 million, primarily reflecting dividend paid of RMB80.2 million.

In 2024, net cash used in financing activities was RMB156.8 million, primarily reflecting dividend paid of RMB95.2 million and purchase of treasury shares of RMB50.0 million.

In 2025, net cash used in financing activities was RMB71.2 million, primarily reflecting dividend paid of RMB106.3 million.

Working Capital Confirmation

Our Directors confirm that we had no material default in payment of trade and non-trade payables and borrowings during the Track Record Period and up to the date of this document.

Taking into account the financial resources available to us, including our cash and cash equivalents, our available banking facilities, and the estimated [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present needs and for the next 12 months from the date of this document.

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INDEBTEDNESS

As of February 28, 2026, being the Indebtedness Date for the purpose of the indebtedness statement, we had total indebtedness of RMB848.5 million, including other borrowing, convertible bonds and lease liabilities.

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Convertible Bonds	751,460	778,872	802,124	804,980
Lease liabilities	10,189	7,480	6,646	6,128
Other borrowings	—	—	—	37,360
Total	761,649	786,352	808,770	848,468

Our Directors confirmed that we had neither experienced any difficulties in obtaining or repaying, debt financing nor breached any major covenant or restriction of our indebtedness, during the Track Record Period. As of the Latest Practicable Date, there were no material covenants related to our outstanding debt that would materially limit our ability to undertake additional debt or equity financing. Our Directors confirmed that there has not been any material change in our indebtedness or contingent liabilities since December 31, 2025 and up to the Latest Practicable Date. Our Directors confirmed that as of the Latest Practicable Date, we did not have any bank overdrafts, hire purchase commitments, or other similar indebtedness, and we did not have any immediate plan for additional material external debt financing.

Convertible Bonds

We had convertible bonds amounted to RMB751.5 million, RMB778.9 million and RMB802.1 million for the years ended December 31, 2023, 2024 and 2025, respectively, reflecting a low conversion rate by bondholders.

Lease Liabilities

Our lease liabilities decreased from RMB10.2 million as of December 31, 2023 to RMB7.5 million as of December 31, 2024, and further decreased to RMB6.6 million as of December 31, 2025, primarily due to the gradual settlement of lease payments for our leased facilities in accordance with the respective lease agreements.

As of February 28, 2026, we had lease liabilities of RMB3.4 million and RMB2.7 million shown under current liabilities and non-current liabilities, respectively.

Other Borrowings

In January 2026, we entered into a recourse factoring arrangement in respect of our trade receivables in the amount of RMB37.4 million.

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CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any material contingent liabilities. Our Directors confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, we had capital commitments of RMB66.7 million, RMB12.3 million and RMB13.7 million. Our Directors confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our capital commitments.

CAPITAL EXPENDITURES

Our capital expenditures paid in 2023, 2024 and 2025 were of RMB115.1 million, RMB120.6 million and RMB79.4 million, respectively. Our principal capital expenditures primarily relate to cash generated from operating activities and financing activities.

We intend to fund our existing and future capital expenditures with our cash from operating activities. Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditures according to our future cash flows, our financial condition and results of operations, our business plans, market conditions and various other factors. See also “Future Plans and [REDACTED].”

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, aside from our capital commitments as disclosed above, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into a number of related party transactions in relation to sales of complete machines, spare parts and modules among subsidiaries within the Group. Save as the related party transactions as set out in Note 38 of the Accountants’ Report in Appendix I to this document, we have not entered into any other transactions with our related parties.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm’s-length basis, primarily because (i) our management reviewed terms of the agreements with related parties and compared the prices and terms with industry average and market practice; (ii) the products and services in our transactions with related parties are relatively common in the market and under sufficient competition, with abundant public information for our reference.

FINANCIAL RISK/MARKET RISK DISCLOSURES

We are exposed to a variety of financial risks, including credit risk and liquidity risk and interest rate risk. See Note 41 to the Accountants’ Report included in Appendix I to this Document for further details regarding these risks.

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Foreign Currency Risk

We have transactional currency exposures arising from sales or purchases by subsidiaries in currencies other than their functional currencies. In addition, we have currency exposures mainly from our cash and cash equivalents, trade receivables, contract assets and trade and other payables. The major foreign currency giving rise to this risk is primarily United States dollars (“USD”). As of December 31, 2025, for various USD financial assets and liabilities, if the RMB appreciates or depreciates by 5% against the USD and other factors remain unchanged, Our profit before income tax will increase or decrease by RMB3,594 thousand.

Interest Rate Risk

Our bank balances and structured deposits expose us to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate. Our large transferable bank deposits and issued convertible bonds are at fixed interest rates and expose to fair value interest rate risk. We consider our exposure to interest rate risk in respect of bank balances, structured deposits, large transferable bank deposits and issued convertible bonds is not significant.

Credit Risk

We establish relevant policies to control credit risk exposure. We assess customers’ creditworthiness based on their financial conditions, the possibility of obtaining guarantees from third parties, credit history and other factors such as current market conditions, and set corresponding credit terms. We regularly monitor customers’ credit records. For customers with poor credit records, we may use written reminders, shorten credit terms or cancel credit terms to ensure that the overall credit risk remains within a controllable range.

The major financial instruments exposed to credit risk are trade and other receivables, commercial acceptance notes from notes receivables and contract assets. Our large transferable bank deposit and bank acceptance notes are mainly related to state-owned banks and other large and medium-sized listed banks with good reputations and high credit ratings. We believe that there is no significant credit risk and that it is unlikely to incur substantial losses due to bank defaults.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 1 year past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

For other financial assets at amortised cost, including notes receivables, other receivables and contract assets, we make periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experiences and available forward-looking information.

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We apply the general approach in calculating ECLs, where we consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, we compare the risk of a default occurring on the asset as of the reporting date with the risk of default as of the date of initial recognition. In addition, we consider that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

If the credit risk of the asset is in line with original expectations, we categorise the asset as performing and recognised 12 month expected credit losses (Stage 1). If a significant credit risk of the asset has occurred compared to original expectations or the credit is impaired, the asset is categorised as underperforming or non-performing and lifetime expected credit losses are recognised (Stages 2 and 3).

As of December 31, 2023, 2024 and 2025, except for other receivables of RMB nil, RMB nil and RMB nil were classified as Stage 3, other financial assets at amortised cost were classified as Stage 1. There is no change in stage during the Track Record Period.

Liquidity Risk

Our management monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows. Further quantitative data in respect of our exposure to liquidity risk arising are disclosed in Note 41 to the Accountants’ Report included in Appendix I to this Document.

DIVIDENDS

As of the Latest Practicable Date, we did not have a fixed dividend distribution ratio. Any future declarations and payments of dividends will be at the discretion of our Directors and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions and other factors which our Directors consider relevant. As advised by our PRC Legal Adviser, no dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our Shareholders in a general meeting may approve any declaration of dividends recommended by our Board.

WORKING CAPITAL CONFIRMATION

Our Directors confirm that we had no material default in payment of trade and non-trade payables and borrowings during the Track Record Period and up to the date of this document.

Taking into account the financial resources available to us, including our cash and cash equivalents, our available banking facilities, and the estimated [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present needs and for the next 12 months from the date of this document.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our distributable reserves amounted to RMB2,581.0 million.

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[REDACTED]

[REDACTED] represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. We expect to incur [REDACTED] of approximately [REDACTED], representing approximately [REDACTED] of the [REDACTED] from the [REDACTED] (based on the mid-point of the indicative [REDACTED] range and assuming the [REDACTED] is not exercised). The [REDACTED] we incurred in the Track Record Period and expect to incur would consist of approximately [REDACTED]-related fees and approximately [REDACTED]-related fees (including fees and expenses of legal advisors and the reporting accountant of approximately [REDACTED] and other fees and expenses of approximately [REDACTED]). Among the total [REDACTED] which we expect to incur, approximately [REDACTED] will be directly attributable to the [REDACTED] of our Shares which will be deducted from equity, and the remaining [REDACTED] will be expensed [REDACTED].

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

For details on unaudited [REDACTED] statement of adjusted net tangible assets, please refer to the section headed “Unaudited [REDACTED] Financial Information” in Appendix II to this document.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the Latest Practicable Date, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of the periods reported in the Accountants’ Report set out in Appendix I to this document, and there has been no event since December 31, 2025 that would materially affect the information as set out in the Accountants’ Report in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

See “Business – Our Strategies” for a detailed description of our future plans.

[REDACTED]

We estimate the [REDACTED] of the [REDACTED] which we will receive, assuming an [REDACTED] of [REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range), will be approximately [REDACTED] (or [REDACTED]), after deduction of [REDACTED] fees and commissions and estimated expenses payable by us in connection with the [REDACTED] and assuming the [REDACTED] is not exercised. We intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- **Approximately [REDACTED] (or [REDACTED]) will be used for enhancing our R&D of technologies for high-efficiency photovoltaic cell and module equipment and semiconductor equipment, developing frontier core technologies and strengthening our R&D system and data intelligence capabilities. In particular,**
 - (i) Approximately [REDACTED] (or [REDACTED]) will be used for the R&D of our high-efficiency photovoltaic cell and module equipment technologies. In particular, we plan to focus on the following areas:
 - increasing investment in R&D personnel and laboratory equipment, with a focus on enhancing the R&D and industrial upgrading of high-efficiency photovoltaic cells, new photovoltaic modules and related materials.
 - increasing investment in the R&D of next-generation all-scenario laser equipment, so as to meet global demand for high-efficiency, reliable and low-cost photovoltaic products and to consolidate and expand our market share in the photovoltaic industry.
 - (ii) Approximately [REDACTED] (or [REDACTED]) will be used for the research, development and iteration of our semiconductor equipment technology. In particular, we plan to focus on the following area:
 - Deepening research in semiconductor laser processing. We intend to focus on technology upgrading and capacity optimisation for power semiconductors, integrated circuits and core components. We will prioritise the performance iteration and enhancement of our laser machining equipment and the expansion of its application scenarios to meet the demand for advanced packaging in fields such as data intelligence and high-performance computing, thereby strengthening our self-reliance and market position in semiconductor niche segments.

FUTURE PLANS AND [REDACTED]

- (iii) Approximately [REDACTED] (or [REDACTED]) will be used for the development of frontier core technologies. In particular, we plan to focus on the following areas:
- Conducting research in laser processing. We aim to carry out R&D of core technologies in six areas, namely processing, optics, mechatronics, vision, software, and data and tools based on data intelligence, so as to deploy new processes and technologies and establish new technological moats and growth drivers. We plan to establish a laser processing laboratory platform and R&D team equipped with advanced precision machining equipment and strong technical capabilities.
 - Establishing cooperation with leading institutions. We intend to jointly set up photovoltaic, semiconductor and fundamental technology laboratories with universities and industry leaders and to conduct joint research, technical exchanges and commercialisation of research results. We also intend to pursue a model under which we incubate semiconductor technology projects through external platforms and, when appropriate, implement such projects during our operations, so as to advance our semiconductor technology R&D, support our long-term development, cultivate new profit growth drivers and capture opportunities arising from technological iterations in the industry.
- (iv) Approximately [REDACTED] (or [REDACTED]) will be used for the establishment of our R&D system and the enhancement of our data intelligence capabilities. In particular, we plan to focus on the following areas:
- Standardising and upgrading R&D and data intelligence management infrastructure. We intend to (i) standardise our R&D management system and optimise our PLM-based R&D management system, (ii) upgrade our laboratory facilities and integrate them with our data middle-platform system and (iii) establish a local data intelligence computing power centre, thereby comprehensively integrating data intelligence applications into our day-to-day business operations and management.
 - Establishing a cross-departmental collaboration platform and leveraging data intelligence tools to achieve digitalised management of technological achievements. We plan to develop data intelligence agent tools that are compatible with the entire R&D process, so as to achieve full-dimensional digitalised management of product technologies and improve our overall R&D efficiency and innovation management capabilities.
 - Exploring innovative data intelligence application scenarios in key industries. We plan to explore innovative application scenarios of data intelligence in the photovoltaic and semiconductor sectors, with a view to further enhance our level of intelligentisation and core competitive advantages.

FUTURE PLANS AND [REDACTED]

- **Approximately [REDACTED] (or [REDACTED]) will be used for mergers and acquisitions of targets engaged in laser-related applications and solutions, as well as targets in the advanced packaging, compound semiconductor, next-generation display and other emerging sectors. In particular,**

We intend to focus on high-quality targets along our industry chain that demonstrate high growth potential and strong strategic synergies with our existing businesses, technology roadmap, customer base and sales channels. In particular, we plan to prioritise targets whose principal businesses cover core segments of our industry chain, including high-end production equipment, key functional components and integrated system solutions, as well as targets that possess industry-leading proprietary technologies, robust R&D capabilities, scalable high-end manufacturing capacities and comprehensive quality control systems. Through these investments and acquisitions, we seek to (i) acquire globally competitive technologies, patents and product systems, (ii) accelerate our entry into high-growth niche markets and regions, (iii) enhance our full-industry-chain layout and one-stop service capabilities, (iv) strengthen the autonomy, security and resilience of our supply chain and (v) reinforce our long-term innovation capabilities and core competitiveness.

- **Approximately [REDACTED] (or [REDACTED]) will be used for the global technology branding of our R&D platform, channel development and the expansion of our industry ecosystem. In particular, we plan to focus on the following areas:**

We plan to strengthen our global sales team and enhance our global technology branding activities and industry influence. We intend to recruit global sales talents and establish sales centres in key business regions, and to participate extensively in high-impact industrial summits, academic forums, high-end technology exhibitions, major industry exhibitions and industry standards-setting meetings worldwide. Through such participation, we seek to comprehensively showcase the technological strengths and innovation capabilities of our R&D platform, strengthen our technological discourse power and industry influence, enhance technology-driven marketing and expand our sales channels.

We also plan to establish and operate a global technology brand for our R&D platform. We intend to build a multi-dimensional communications matrix covering leading technology media, business media and new media, so as to systematically communicate to the global market, industry value chain participants and the capital market the equipment and technological capabilities of our R&D platform, our core technological breakthroughs, proprietary R&D achievements, commercialisation capabilities and full value chain technical service strengths. We aim to develop a highly recognizable R&D technology brand in the industry, and to continuously consolidate our image and market recognition as a technology benchmark in the field of micro- and nano-scale laser processing. We plan to establish a specialised global technology brand operation team responsible for the planning of the R&D platform brand system, production of technical communication content, maintenance of media channels, execution of industry events and coordination of industry collaborations, so as to ensure the professional, systematic and global implementation of our brand-building efforts.

- **Approximately [REDACTED] (or [REDACTED]) will be used for the working capital and general corporate purposes.**

FUTURE PLANS AND [REDACTED]

The above allocation of the [REDACTED] from the [REDACTED] will be adjusted on a pro-rata basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the mid-point of the indicative [REDACTED] range stated in this document.

If the [REDACTED] is not exercised, the [REDACTED] we will receive will be approximately: (i) [REDACTED], assuming an [REDACTED] of [REDACTED] per H Share (being the mid-point of the indicative [REDACTED] range); (ii) [REDACTED], assuming an [REDACTED] of [REDACTED] per H Share (being the low end of the indicative [REDACTED] range); or (iii) [REDACTED], assuming an [REDACTED] of [REDACTED] per H Share (being the high end of the indicative [REDACTED] range).

If the [REDACTED] is exercised in full, the [REDACTED] that we will receive will be approximately: (i) [REDACTED], assuming an [REDACTED] of [REDACTED] per H Share (being the mid-point of the indicative [REDACTED] range); (ii) [REDACTED], assuming an [REDACTED] of [REDACTED] per H Share (being the low end of the indicative [REDACTED] range); or (iii) [REDACTED], assuming an [REDACTED] of [REDACTED] per H Share (being the high end of the indicative [REDACTED] range). In the event that the [REDACTED] is exercised in full, we intend to apply the additional [REDACTED] to the above purposes in the proportions stated above.

To the extent that the [REDACTED] from the [REDACTED] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will be [REDACTED] in short-term interest-bearing accounts at licenced commercial banks and/or other authorised financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

We will issue an appropriate announcement if there is any material change to the above proposed use [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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STRUCTURE OF THE [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-3, received from the Company’s reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200, “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants.

[BDO Letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF WUHAN DR LASER TECHNOLOGY CORP., LTD AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Wuhan DR Laser Technology Corp., Ltd (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-91, which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025, the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended December 31, 2023, 2024 and 2025 (the “**Track Record Period**”), and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-4 to I-91 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the “**Document**”) in connection with the [REDACTED] of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of 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 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 Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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ACCOUNTANTS’ REPORT

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 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 Company as at December 31, 2023, 2024 and 2025 and the consolidated financial position of the Group as at December 31, 2023, 2024 and 2025, and of the Group’s financial performance and cash flows for the Track Record Period 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 of Hong Kong Limited (the “Listing Rules”) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

[BDO Limited]

Certified Public Accountants

[•]

Practising Certificate Number [•]

Hong Kong,

[Date]

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ACCOUNTANTS’ REPORT

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 consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, and were audited by BDO Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (“**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.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
	Notes			
Revenue	5	1,608,897	2,013,757	2,031,177
Cost of sales		(872,489)	(1,082,300)	(1,106,398)
Gross profit		736,408	931,457	924,779
Selling and marketing expenses		(18,787)	(20,232)	(14,994)
General and administrative expenses		(88,691)	(87,934)	(96,349)
Research and development expenses	9	(250,691)	(282,617)	(229,387)
Fair value gains on financial assets at fair value through profit or loss	40(a)	5,384	26,000	11,019
Net impairment losses on financial assets	7	(19,174)	(93,480)	(99,275)
Other income	6(a)	180,350	164,168	121,349
Other gains and losses, net	6(b)	(433)	(4,378)	6,985
Finance costs	8	(37,234)	(38,981)	(39,905)
Share of results of associates	18	–	(306)	(1,763)
Profit before income tax	7	507,132	593,697	582,459
Income tax expense	12	(45,945)	(66,086)	(63,236)
Profit for the year		<u>461,187</u>	<u>527,611</u>	<u>519,223</u>
Other comprehensive income/(losses), net of tax				
<i>Items that will be reclassified subsequently to profit or loss</i>				
– Exchange differences on translation of foreign operations		<u>3,498</u>	<u>(36)</u>	<u>721</u>
Total comprehensive income for the year		<u>464,685</u>	<u>527,575</u>	<u>519,944</u>
Earnings per share for profit attributable to owners of the Company				
Basic (in RMB per share)	14(a)	1.69	1.94	1.91
Diluted (in RMB per share)	14(b)	<u>1.69</u>	<u>1.94</u>	<u>1.91</u>

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,		
		2023	2024	2025
	Notes	RMB’000	RMB’000	RMB’000
Non-current assets				
Property, plant and equipment	15	447,116	497,628	467,247
Right-of-use assets	16(a)	59,938	56,225	83,775
Intangible assets	17	15,596	12,852	10,701
Investment in associates	18	–	6,031	23,144
Contract assets	23(a)	–	18,003	1,922
Prepayments	24	5,972	1,335	2,781
Deferred tax assets	30	8,274	28,720	49,940
Total non-current assets		536,896	620,794	639,510
Current assets				
Inventories	19	1,917,584	1,722,996	1,569,129
Trade receivables	20	738,710	895,166	1,085,379
Notes receivables	21	489,001	525,847	480,627
Financial assets at fair value through profit or loss	22	50,264	90,264	591,283
Contract assets	23(a)	131,959	148,168	166,637
Prepayments and other receivables	24	140,439	130,878	106,057
Income tax recoverable		29,616	62,222	74,244
Restricted cash	25	28,883	61,959	10,164
Cash and cash equivalents	25	2,806,634	2,362,482	1,930,004
Total current assets		6,333,090	5,999,982	6,013,524
Current liabilities				
Trade and notes payables	26	677,165	285,259	185,087
Other payables and accruals	27	345,596	262,274	258,551
Contract liabilities	23(b)	1,959,642	1,761,351	1,413,036
Income tax payable		738	243	5,799
Lease liabilities	16(b)	2,709	2,578	3,333
Total current liabilities		2,985,850	2,311,705	1,865,806
Net current assets		3,347,240	3,688,277	4,147,718
Total assets less current liabilities		3,884,136	4,309,071	4,787,228

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ACCOUNTANTS’ REPORT

		As at December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
	Notes			
Non-current liabilities				
Convertible bonds	28	751,460	778,872	802,124
Lease liabilities	16(b)	7,480	4,902	3,313
Deferred income	29	20,360	12,983	12,740
Provisions	31	32,178	40,059	40,205
Deferred tax liabilities	30	713	7,846	10,512
Total non-current liabilities		812,191	844,662	868,894
NET ASSETS		3,071,945	3,464,409	3,918,334
Capital and reserves				
Equity attributable to owners of the parent				
Share capital	32	273,078	273,088	274,003
Reserves	34	2,798,867	3,191,321	3,644,331
TOTAL EQUITY		3,071,945	3,464,409	3,918,334

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Capital reserve	Other reserve	Treasury shares	Exchange reserve	Statutory reserve	Retained earnings	Total equity
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2023	170,672	871,907	145,746	–	(775)	85,336	1,406,313	2,679,199
Profit for the year	–	–	–	–	–	–	461,187	461,187
Other comprehensive income for the year	–	–	–	–	3,498	–	–	3,498
Total comprehensive income for the year	–	–	–	–	3,498	–	461,187	464,685
Appropriation of statutory reserve	–	–	–	–	–	39,412	(39,412)	–
Dividends paid (<i>Note 13</i>)	–	–	–	–	–	–	(80,216)	(80,216)
Equity-settled share-based payment (<i>Note 33</i>)	–	8,104	–	–	–	–	–	8,104
Conversion of capital reserve to share capital (<i>Note 32</i>)	102,403	(102,403)	–	–	–	–	–	–
Conversion of convertible bonds (<i>Note 32</i>)	3	205	(35)	–	–	–	–	173
Transactions with owners	102,406	(94,094)	(35)	–	–	39,412	(119,628)	(71,939)
As at December 31, 2023	273,078	777,813	145,711	–	2,723	124,748	1,747,872	3,071,945

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	Share capital	Capital reserve	Other reserve	Treasury shares	Exchange reserve	Statutory reserve	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2024	273,078	777,813	145,711	-	2,723	124,748	1,747,872	3,071,945
Profit for the year	-	-	-	-	-	-	527,611	527,611
Other comprehensive income for the year	-	-	-	-	(36)	-	-	(36)
Total comprehensive income for the year	-	-	-	-	(36)	-	527,611	527,575
Appropriation of statutory reserve	-	-	-	-	-	11,797	(11,797)	-
Dividends paid (Note 13)	-	-	-	-	-	-	(95,207)	(95,207)
Equity-settled share-based payment (Note 33)	-	9,393	-	-	-	-	-	9,393
Conversion of convertible bonds (Note 32)	10	876	(141)	-	-	-	-	745
Share repurchase (Note 32)	-	-	-	(50,042)	-	-	-	(50,042)
Transactions with owners	10	10,269	(141)	(50,042)	-	11,797	(107,004)	(135,111)
As at December 31, 2024	273,088	788,082	145,570	(50,042)	2,687	136,545	2,168,479	3,464,409

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ACCOUNTANTS’ REPORT

	Share capital	Capital reserve	Other reserve	Treasury shares	Exchange reserve	Statutory reserve	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2025	273,088	788,082	145,570	(50,042)	2,687	136,545	2,168,479	3,464,409
Profit for the year	-	-	-	-	-	-	519,223	519,223
Other comprehensive income for the year	-	-	-	-	721	-	-	721
Total comprehensive income for the year	-	-	-	-	721	-	519,223	519,944
Appropriation of statutory reserve	-	-	-	-	-	457	(457)	-
Dividends paid (<i>Note 13</i>)	-	-	-	-	-	-	(106,274)	(106,274)
Exercise of share option (<i>Note 32</i>)	911	43,846	-	-	-	-	-	44,757
Equity-settled share-based payment (<i>Note 33</i>)	-	(4,786)	-	-	-	-	-	(4,786)
Conversion of convertible bonds (<i>Note 32</i>)	4	332	(52)	-	-	-	-	284
Transactions with owners	915	39,392	(52)	-	-	457	(106,731)	(66,019)
As at December 31, 2025	274,003	827,474	145,518	(50,042)	3,408	137,002	2,580,971	3,918,334

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended December 31,		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cash flows from operating activities				
Profit before income tax		507,132	593,697	582,459
Adjustments for:				
Interest income	6(a)	(74,560)	(77,043)	(54,428)
Finance costs	8	37,234	38,981	39,905
Depreciation on property, plant and equipment	15	56,267	67,420	66,246
Depreciation of right-of-use assets	16	3,581	3,473	4,265
Amortisation of intangible assets	17	2,707	2,789	2,536
Share of results of associates	18	–	306	1,763
Losses on disposal of property, plant and equipment	6(b)	71	6	408
Gain from termination of a sales contract	6(b)	–	–	(12,000)
Equity-settled share-based payments	33	8,104	9,393	(4,786)
Fair value gain on financial assets at fair value through profit or loss	40(a)	(5,384)	(26,000)	(11,019)
Write-down of inventories	19	2,671	13,453	20,760
Net impairment losses on financial assets	7	19,174	93,480	99,275
Operating profit before working capital changes		556,997	719,955	735,384
(Increase)/decrease in inventories		(1,078,669)	175,364	130,863
Increase in trade receivables		(266,909)	(242,541)	(281,447)
(Increase)/decrease in notes receivables		(105,716)	(41,731)	38,367
Increase in contract assets		(33,232)	(37,139)	(3,577)
(Increase)/decrease in prepayments and other receivables		(33,680)	(76)	16,415
Increase/(decrease) in trade and notes payables		373,232	(378,747)	(92,990)
Increase/(decrease) in other payables and accruals		131,875	(85,390)	(7,108)
Increase/(decrease) in contract liabilities		1,234,701	(198,291)	(336,315)
Decrease in deferred income		(8,007)	(7,377)	(243)
Increase in provision		5,672	7,881	146
Cash generated from/(used in) operations		776,264	(88,092)	199,495
Income taxes paid		(51,880)	(112,500)	(88,256)
Net cash generated from/(used in) operating activities		724,384	(200,592)	111,239

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ACCOUNTANTS’ REPORT

		Year ended December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
<i>Notes</i>				
Cash flows from investing activities				
		25,091	87,097	62,678
Interest received				
Purchases of property, plant and equipment		(93,317)	(120,266)	(49,176)
Purchases of land use rights		(21,012)	(254)	(29,819)
Purchases of intangible assets		(792)	(42)	(382)
Proceeds from disposal of property, plant and equipment		13	20	121
Payment to investment in associates		–	(6,337)	(18,875)
Placement of restricted deposits		(150,523)	(162,125)	(50,744)
Withdrawal of restricted deposits		129,261	129,049	102,539
Purchase of financial assets at fair value through profit or loss		(46,880)	(14,000)	(1,840,000)
Proceeds from disposal of financial assets at fair value through profit or loss		12,000	–	1,350,000
Net cash used in investing activities		(146,159)	(86,858)	(473,658)
Cash flows from financing activities				
		–	–	6,699
Cash obtained from bill discounting				
Purchase of treasury shares	32	–	(50,042)	–
Payments of lease liabilities – capital portion	16(b)	(2,773)	(2,838)	(3,561)
Payments of lease liabilities – interest portion	16(b)	(579)	(449)	(381)
Proceeds from exercise of stock options		–	–	44,757
Dividend paid		(80,216)	(95,207)	(106,274)
Bond interest paid		(4,985)	(8,307)	(12,425)
Net cash used in financing activities		(88,553)	(156,843)	(71,185)
Net increase/(decrease) in cash and cash equivalents				
		489,672	(444,293)	(433,604)
Cash and cash equivalents at the beginning of the year		2,315,397	2,806,634	2,362,482
Effect of foreign exchange rate changes		1,565	141	1,126
Cash and cash equivalents at the end of the year	25	2,806,634	2,362,482	1,930,004

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ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,		
		2023	2024	2025
	Notes	RMB’000	RMB’000	RMB’000
Non-current assets				
Property, plant and equipment	15	274,380	319,283	310,598
Right-of-use assets	16(a)	28,950	28,589	57,543
Intangible assets	17	15,054	12,595	10,513
Investment in subsidiaries	42	374,132	412,132	412,132
Investment in associates	18	–	6,031	23,144
Contract assets	23(a)	–	8,271	–
Prepayments	24	2,662	1,101	2,547
Deferred tax assets	30	7,765	20,914	33,955
Total non-current assets		702,943	808,916	850,432
Current assets				
Inventories	19	1,604,352	1,452,750	1,310,386
Trade receivables	20	596,870	818,994	1,001,931
Notes receivables	21	396,353	454,821	390,406
Financial assets at fair value through profit or loss	22	–	10,000	460,291
Contract assets	23(a)	110,949	125,600	149,894
Prepayments and other receivables	24	112,948	109,402	90,542
Income tax recoverable		26,025	58,322	74,050
Restricted cash	25	26,538	60,255	8,403
Cash and cash equivalents	25	2,752,708	2,274,773	1,852,298
Total current assets		5,626,743	5,364,917	5,338,201
Current liabilities				
Trade and notes payables	26	517,194	269,187	169,067
Other payables and accruals	27	301,811	218,216	212,948
Contract liabilities	23(b)	1,736,908	1,496,436	1,180,689
Total current liabilities		2,555,913	1,983,839	1,562,704
Net current assets		3,070,830	3,381,078	3,775,497
Total assets less current liabilities		3,773,773	4,189,994	4,625,929

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ACCOUNTANTS’ REPORT

		As at December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
	Notes			
Non-current liabilities				
Convertible bonds	28	751,460	778,872	802,124
Provisions	31	25,834	35,953	35,695
Deferred income	29	17,623	11,159	8,991
Total non-current liabilities		794,917	825,984	846,810
NET ASSETS		2,978,856	3,364,010	3,779,119
Capital and reserves				
Share capital	32	273,078	273,088	274,003
Reserves	34	2,705,778	3,090,922	3,505,116
TOTAL EQUITY		2,978,856	3,364,010	3,779,119

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ACCOUNTANTS’ REPORT

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Wuhan DR Laser Technology Corp., Ltd (the “**Company**”) was incorporated in the People’s Republic of China (the “**PRC**”) on April 25, 2008 as a limited liability company. The Company was converted into a joint stock limited company on September 8, 2015 and was listed on Shenzhen Stock Exchange ChiNext Market on May 17, 2019. The address of the Company’s registered office and its principal place of business is No.88, Jiulonghu Street, East-Lake High-Tech Development Zone, Wuhan, PRC.

During the Track Record Period, the Company and its subsidiaries (together, the “**Group**”) are mainly engaged in the research and development (“**R&D**”), production and sales of precision laser machining equipment and systems.

In the opinion of the directors, the Company’s ultimate holder is Dr. Li ZhiGang.

During the Track Record Period and at the date of this report, the Company’s principal subsidiaries are as follows:

Company name	Place of establishment/ incorporation and operation	Issued and fully paid capital/ registered capital	Equity interests attributable to the Company by direct holding	Principal activities
DR Laser Technology (Wuxi) Co., Ltd. (“帝爾激光科技(無錫)有限公司”) ⁽ⁱ⁾	PRC	RMB300,000,000	100%	R&D, production, sales and maintenance of laser machining equipment and related accessories
Dr Laser Singapore Pte. Ltd. ⁽ⁱⁱ⁾	Singapore	Singapore Dollars (“SGD”)8,146,932	100%	R&D of laser machining equipment
DR Utilight Corp Ltd. ⁽ⁱⁱⁱ⁾	Israel	Israeli New Shekels (“ILS”)10,000	100%	R&D of laser machining equipment
Zhuhai Haoyuan Investment Co., Ltd. (“珠海顯遠投資有限公司”) ^(iv)	PRC	RMB51,000,000	100%	Investment holding

Notes:

- (i) The statutory financial statement of the entity for the year ended December 31, 2023, 2024 and 2025 were prepared in accordance with the PRC Accounting Standards for Business Enterprises and were audited by BDO China SHU LUN PAN, Certified Public Accountants LLP, the PRC.
- (ii) The statutory financial statement of the entity for the year ended December 31, 2023, 2024 and 2025 were prepared in accordance with Singapore Companies Act 1967 and Singapore Financial Reporting Standards and were audited by RSM SG Assurance LLP.
- (iii) The statutory financial statement of the entity for the year ended December 31, 2023, 2024 and 2025 were prepared in accordance with IFRS Accounting standards and were audited by Ziv Haft Certified Public Accountants (Israel) (a BDO Member Firm).
- (iv) No statutory financial statement of the entity was mandatorily required to be prepared in accordance with the local PRC reporting requirement for the year ended December 31, 2023, 2024 and 2025.

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ACCOUNTANTS’ REPORT

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared based on accounting policies set out in Note 3 which conform with IFRS Accounting Standards issued by International Accounting Standards Board (“IASB”).

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has consistently adopted all applicable new and revised IFRS Accounting Standards that are effective during the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 2.2.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The accounting policies have been applied consistently to all periods presented in the Historical Financial Information.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial assets which are stated at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not early adopted the following new and amended IFRS Accounting Standards which have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ¹
IFRS 18	Presentation and Disclosure in Financial Statements ²
IFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after January 1, 2026

² Effective for annual periods beginning on or after January 1, 2027

³ Effective date not yet determined

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards, certain of which are relevant to the Group’s operation. According to the preliminary assessment made by management, the impact of these new and amended IFRS Accounting Standards on the Group’s consolidated financial statement and/or disclosures will not be material when they become effective except the following.

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The adoption of IFRS 18 will not affect the recognition or measurement of items in the consolidated financial statements. It mainly has impacts on presentation and disclosure of income and expenses and adds new disclosure requirement on management-defined performance measures within the consolidated financial statements. So far, the Group considers that the impact of these new and amended standards on the Group’s results of operations and financial position will not be material.

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3 MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of consolidation and equity accounting

3.1.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company’s statements of financial position, investment in subsidiaries is accounted for at cost less any impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivables.

Impairment testing of the investment in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements.

3.1.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Investment in associates is accounted for using the equity method of accounting (Note 3.1.3 below), after initially being recognised at cost.

3.1.3 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses of the investee in profit or loss, and the Group’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 3.6.

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3.2 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest (“NCI”) in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the NCI’s proportionate share of the acquired entity’s net identifiable assets.

Acquisition-related costs are expensed as incurred. The excess of the consideration transferred, amount of any NCI in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as of the date of exchange. The discount rate used is the entity’s incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

3.3 Foreign currency translation

3.3.1 *Functional and presentation currency*

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Renminbi (RMB), which is the Company’s functional and presentation currency.

3.3.2 *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss and other comprehensive income on a net basis within other gains and losses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss (“FVPL”) are recognised in profit or loss as part of the fair value gain or loss.

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3.3.3 *Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statements of financial position presented are translated at the closing rate at the date of that statements of financial position,
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and borrowings are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

3.4 **Property, plant and equipment**

All property, plant and equipment other than construction in progress are stated at historical costs less accumulated depreciation and any accumulated impairment charge. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statements of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Properties and buildings	20-50 years
Leasehold improvement	5-10 years
Machinery	5-10 years
Motor Vehicles	4-8 years
Office equipment	3-5 years

Construction in progress is stated at cost less any accumulated impairment. Cost comprises direct costs of construction and installation during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate classes of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

The assets’ residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (Note 3.6).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

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3.5 Intangible assets

3.5.1 *Patent rights and software*

Separately acquired patent rights and software are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and any impairment losses.

3.5.2 *Internally generated technology*

Costs associated with fundamental research and improvement of the existing products are recognised as an expense as incurred. Development costs that are directly attributable to the design of products are recognised as development expenditure where the following criteria are met:

- it is technically feasible to complete the technology so that it will be available for use,
- management intends to complete the technology and use or sell it,
- there is an ability to use or sell the product,
- it can be demonstrated how the product will generate probable future economic benefits,
- adequate technical, financial and other resources to complete the development and to use or sell the product are available, and
- the expenditure attributable to the product during its development can be reliably measured.

Development expenditure is recorded as intangible assets and amortised from the point at which the product is ready for mass production.

3.5.3 *Research and development*

Research and development expenditure that do not meet the criteria in Note 3.5.2 above are recognised as an expense as incurred. Development expenditure previously recognised as an expense are not recognised as an asset in a subsequent period.

3.5.4 *Amortisation methods and periods*

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Patent rights	10 years
Software	2-10 years

3.6 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (CGUs). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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3.7 Investments and other financial assets

3.7.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”) or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

3.7.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

3.7.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains and losses together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of profit or loss and other comprehensive income.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains and losses in the period in which it arises.

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Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group’s management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group’s right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains and losses in the consolidated statements of profit or loss and other comprehensive income as applicable.

3.7.4 Impairment loss on financial assets

The Group recognises a loss allowance for expected credit loss (“ECL”) on financial assets which are subject to impairment under IFRS 9 “Financial Instruments”. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment for both the current conditions at the reporting date as well as the forecast of future conditions.

The Group has elected to measure loss allowances for trade receivables using IFRS 9 simplified approach and always recognises lifetime ECL for trade receivables. The ECL on these financial assets are assessed collectively using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment for both the current conditions at the reporting date as well as the forecast of future conditions at the reporting date, including time value of money where appropriate.

For other financial instrument, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in the credit risk since initial recognition or evidence that a financial asset is credit-impaired, then the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as of the reporting date with the risk of a default occurring in the financial instrument as of the date of initial recognition. In making the assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate obtained from economic expert reports, financial analysts and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- An actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, or the credit default swap prices for the debtor;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;

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- An actual or expected significant deterioration in the operating results of the debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Definition of default

For internal credit risk management, the Group considers an event of default to have occurred when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that defaults has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account of legal advice where appropriate. A Write-off constitutes a derecognition event. Any subsequent recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the relevant weighting.

Generally, the ECL is the difference between all contractual cash flow that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis to cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group’s trade receivables, other receivables are each assessed as a separate group. Note receivables are assessed for ECL on an individual basis);
- Past-due status;
- Mature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continued to share similar credit risk characteristics.

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Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liabilities simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price in ordinary course less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

3.9 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

3.10 Trade, notes and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment if that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost, using the effective interest method less allowance for credit losses.

3.11 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.12 Trade, notes and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 180 days of recognition. Trade, notes and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.13 Convertible bonds

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders’ equity, net of income tax effects.

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3.14 Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as of the commencement date,
- amounts expected to be payable by the group under residual value guarantees,
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

3.15 Provisions

Provisions for legal claims, uncertain taxes and make goods obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

3.16 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3.17 Share capital and shares held by the Company

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction from the proceeds.

Where any group company purchases the Company’s equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

3.18 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

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3.19 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3.20 Revenue recognition

Revenue is recognised to depict the transfer of goods to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is recognised when, or as, obligations under the terms of a contract are satisfied, which occurs when control of the promised products or services is transferred to customers. Revenue is measured as the amount of consideration the Group expects to receive in exchange for transferring products or services to a customer (“**transaction price**”).

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.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

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Revenue is recognised at a point in time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which Group has received consideration (or an amount of consideration is due) from the customer.

Further details of the Group’s revenue recognition policies are as follows:

Sales of goods

The Group is mainly engaged in the R&D, production and sales of precision laser machining equipment and systems. Recognition of sales occurs when the products have been shipped to the specified 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.

Provision of services

The Group provides laser equipment maintenance services and technical services to external parties. For those contracts that the Group does not has an enforceable right to payment for performance completed to date, the contract is recognised at a point in time when the services are provided and accepted by the customers.

Warranty

Some goods sold by the Group include warranties which require the Group to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with IFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

3.21 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3.22 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

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3.23 Employee benefits

3.23.1 Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statements of financial position.

3.23.2 Post-employment obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group’s post-employment benefits mainly include the premiums or contributions on basic pensions and unemployment insurance, both of which are under the defined contribution plans.

Subsidiaries in Chinese Mainland

The Group’s employees of companies in Chinese Mainland participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentage prescribed by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to profit or loss for the current period or the cost of relevant assets.

Subsidiaries in Singapore and other countries

The Group pays fixed contributions into a local separate fund which is responsible to pay pensions and other post-retirement benefits to the retired employees. The amount of contribution payable calculated based on the defined contribution plan is recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss or the cost of relevant assets.

3.23.3 Profit-sharing and bonus plans

The Group recognises a liability and an expense for profit-sharing and bonuses based on a formula that takes into consideration the profit attributable to the company’s shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

3.23.4 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

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3.24 Share-based payments

Share-based compensation benefits are provided to employees via the Company’s share-based incentive plan including restricted shares. Information relating to these schemes is set out in Note 33.

Restricted stock

The fair value of restricted stock granted to employees is recognised as an expense over the relevant service period. The fair value is measured at the difference between share price at grant date and the grant price and is recognised in equity in capital reserves. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and capital reserves.

Where shares are forfeited due to a failure by the employee to satisfy the service or performance conditions, any expenses previously recognised in relation to such shares are reversed with effect from the date of the forfeiture. The Company has obligation to repurchase the restricted stock at the grant price if the restricted stock are forfeited.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will likely differ from actual results. Management also needs to exercise judgement in applying the Group’s accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that might have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Estimation of the fair value of certain financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions, see Note 40.

Income tax and deferred tax assets

A deferred tax asset is recognised for the carry forward of unused deductible tax losses to the extent that it is probable that future taxable profits will be available against which the deductible tax losses can be utilised. Future taxable profits include taxable profits that can be achieved through normal operations and the increase in taxable profits due to the reversal of taxable temporary differences arising from previous period in future period. The Group needs to apply estimates and judgement in determining the timing and amount of future taxable profits. If there is any difference between the actual and the estimates, adjustment would be made to the carrying amount of deferred tax assets.

Valuation of inventories – estimation of obsolescence provision

Inventories are stated at the lower of cost or net realisable value, and the Group uses judgement and estimate to determine the net realisable value of inventory at the end of each reporting period. Due to the rapid technological changes, the Group estimates the net realisable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realisable value. The net realisable value of the inventory is mainly determined based on assumptions of future demand within a specific time period, therefore it may cause material adjustments.

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5 REVENUE AND SEGMENT INFORMATION

5.1 Revenue

The Group’s principal activities are disclosed in Note 1 to the Historical Financial Information.

The Group’s derives revenue from the transfer of goods and services at a point in time are analysed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Type of goods and services			
Laser equipment for photovoltaic cells and modules	1,367,392	1,994,468	2,003,543
Laser equipment for semiconductor advanced packaging and next-generation display	7,770	–	354
Technical services, maintenance and others	233,735	19,289	27,280
	<u>1,608,897</u>	<u>2,013,757</u>	<u>2,031,177</u>
Timing of revenue recognised			
At a point in time	<u>1,608,897</u>	<u>2,013,757</u>	<u>2,031,177</u>

The information for contracts with customers is disclosed in Note 23. The contracts mainly comprise delivery of equipment, accessories and provision of one-time installation services. For most contracts, customers make advance payment before the equipment, accessories and services are delivered to them. After contract signed, equipment and accessories will be produced within the next 12 months or upon customer’s request. The management expects vast majority of the Group’s contracts will have their performance obligations to be satisfied within the next 12 months for which the practical expedient in paragraph 121(a) of IFRS 15 applies. The management believes the Group does not have unsatisfied (or partially satisfied) performance obligation relevant to fixed-price long-term contracts during the Track Record Period.

5.2 Segment information

The Group’s business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision maker (“**CODM**”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the chief executive officers and the vice presidents of the Group that make strategic decisions.

The Group has the following reportable segments of laser equipment for photovoltaic cells and modules, laser equipment for semiconductor advanced packaging and next-generation display and technical services, maintenance and others for the Track Record Period.

The CODM assess the performance of the operating segments mainly based on revenue, gross profit and net profit of each operating segment. The revenues from external customers reported to the CODM are measured in a manner consistent with that applied in the consolidated statements of profit or loss and other comprehensive income. Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in these consolidated financial statements.

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The segment financial information for the year ended December 31, 2023, 2024 and 2025 are as follows:

	Laser equipment for photovoltaic cells and modules	Laser equipment for semiconductors advanced packaging and next- generation display	Technical services, maintenance and others	Total
Year ended December 31, 2023				
Revenue	1,367,392	7,770	233,735	1,608,897
Gross profit	583,458	4,389	148,561	736,408
Net profit	353,142	(10,325)	118,370	461,187
Research and development expenses	(227,199)	(23,492)	–	(250,691)
Depreciation and amortisation	(54,133)	(4,814)	(3,818)	(62,765)
Interest income	74,560	–	–	74,560
Finance costs	(37,234)	–	–	(37,234)
Income tax (expense)/credit	(35,181)	1,029	(11,793)	(45,945)
Addition to non-current assets	111,183	10,032	–	121,215
Segment assets	6,793,220	73,925	2,841	6,869,986
Segment liabilities	3,779,699	18,342	–	3,798,041
Year ended December 31, 2024				
Revenue	1,994,468	–	19,289	2,013,757
Gross profit	921,436	–	10,021	931,457
Net profit	544,951	(24,530)	7,190	527,611
Research and development expenses	(248,519)	(34,098)	–	(282,617)
Depreciation and amortisation	(65,302)	(8,502)	(302)	(74,106)
Interest income	77,043	–	–	77,043
Finance costs	(38,981)	–	–	(38,981)
Share of losses of associates	–	(306)	–	(306)
Income tax (expense)/credit	(68,258)	3,073	(901)	(66,086)
Addition to non-current assets	70,533	41,931	(303)	112,161
Segment assets	6,539,824	78,396	2,556	6,620,776
Segment liabilities	3,156,367	–	–	3,156,367
Year ended December 31, 2025				
Revenue	2,003,543	354	27,280	2,031,177
Gross profit	909,998	233	14,548	924,779
Net profit	540,239	(31,543)	10,527	519,223
Research and development expenses	(194,725)	(34,662)	–	(229,387)
Depreciation and amortisation	(62,846)	(10,018)	(441)	(73,305)
Interest income	54,428	–	–	54,428
Finance costs	(39,905)	–	–	(39,905)
Share of losses of associates	–	(1,763)	–	(1,763)
Income tax (expense)/credit	(65,796)	3,842	(1,282)	(63,236)
Addition to non-current assets	34,069	31,791	–	65,860
Segment assets	6,551,044	99,914	2,076	6,653,034
Segment liabilities	2,734,700	–	–	2,734,700

The following table set out the information about the geographical location of the Group’s revenue from external customers. The geographical location of customers is based on the location at which the goods are delivered or the services are provided.

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	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from external customers			
Chinese Mainland	1,456,057	1,822,446	1,952,125
Other countries/regions	152,840	191,311	79,052
	<u>1,608,897</u>	<u>2,013,757</u>	<u>2,031,177</u>

Information about the Group’s non-current assets excluding financial assets and deferred tax assets by geographical location of the assets are presented below:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Chinese Mainland	500,628	552,584	572,959
Other countries/regions	27,994	21,487	14,689
	<u>528,622</u>	<u>574,071</u>	<u>587,648</u>

Information about major customers

Revenue from the top five external customers is analysed as follows:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000		RMB'000		RMB'000	
Customer A	669,974	41.6%	255,325	12.7%	145,531	7.2%
Customer B	154,294	9.6%	179,748	8.9%	–	–
Customer C	149,571	9.3%	244,950	12.2%	131,501	6.5%
Customer D	76,104	4.7%	–	–	–	–
Customer E	50,882	3.2%	486,608	24.2%	517,414	25.5%
Customer F	–	–	108,277	5.4%	359,914	17.7%
Customer G	–	–	–	–	200,918	9.9%
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>200,918</u>	<u>9.9%</u>

6 OTHER INCOME AND OTHER GAINS AND LOSSES, NET

(a) Other income

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest income	74,560	77,043	54,428
Value-added Taxes refunds and additional deduction	85,998	67,137	45,282
Government grants*	19,633	19,123	20,045
Others	159	865	1,594
	<u>180,350</u>	<u>164,168</u>	<u>121,349</u>

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* The amounts represent government grants received from various PRC government authorities as incentives for the Group’s industry. There were no unfulfilled conditions or contingencies in relation to these grants recognised for the year ended December 31, 2023, 2024 and 2025.

(b) Other gain and losses, net

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Losses on disposal of property, plant and equipment	(71)	(6)	(408)
Foreign exchange differences, net	(1,740)	(4,331)	(5,179)
Gain from termination of a sales contract*	–	–	12,000
Others	1,378	(41)	572
	(433)	(4,378)	6,985

* For the year ended December 31, 2025, a sale contract was cancelled by a customer, and the related non-refundable initial payment received in advance was recognised to profit or loss.

7 PROFIT BEFORE INCOME TAX

The Group’s profit before income tax is arrived after charging/(crediting):

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Depreciation			
– Property, plant and equipment (Note 15)	56,267	67,420	66,246
– Right-of-use assets (Note 16)	3,581	3,473	4,265
	59,848	70,893	70,511
Net impairment losses on financial assets (Note 41(c))			
– Trade receivables, net	17,673	86,085	91,234
– Contract assets, net	1,789	2,927	1,189
– Notes receivables, net	(749)	4,885	6,853
– Other receivables, net	461	(417)	(1)
	19,174	93,480	99,275
Employee benefit expenses (including directors’ and supervisors’ remuneration as set out in Note 10)			
– Salaries and welfare	300,318	307,493	289,285
– Retirement benefit contribution	13,547	15,421	14,007
– Equity-settled share-based payment	8,104	9,393	(4,786)
	321,969	332,307	298,506
Amortisation of intangible assets (Note 17)	2,707	2,789	2,536
Auditor’s remuneration	650	750	750
Cost of inventories recognised as an expense	787,152	953,782	984,859
Expenses related to short-term leases	990	1,010	1,031
Write-down of inventory to net realisable value (Note 19)	2,671	13,453	20,760
Write-off of trade receivables	–	–	6,638

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8 FINANCE COSTS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest expense on convertible bonds	36,655	38,153	39,366
Interest expense on lease liabilities (<i>Note 16(b)</i>)	579	449	381
Other interest expense	–	379	158
	<u>37,234</u>	<u>38,981</u>	<u>39,905</u>

9 RESEARCH AND DEVELOPMENT EXPENSES

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Employee benefit expenses	135,527	158,158	141,928
Material cost	56,803	54,657	22,127
Others	58,361	69,802	65,332
	<u>250,691</u>	<u>282,617</u>	<u>229,387</u>

10 DIRECTORS’ AND SUPERVISORS’ REMUNERATION

The emoluments in respect of each of the directors paid/payable by the Group for the years ended December 31, 2023, 2024 and 2025 are as follows:

	Year ended December 31, 2023			
	Director’s fee	Salaries, allowance and benefits in kind	Retirement benefit contribution	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors				
Mr. Li Zhigang	–	1,559	13	1,572
Ms. Duan Xiaoting	–	1,105	13	1,118
Mr. Zhu Fan	–	1,712	17	1,729
Ms. Zhao Ming	100	–	–	100
Independent non-executive directors				
Mr. Qi Shaozhou	100	–	–	100
Mr. Wang Yonghai	100	–	–	100
Mr. Wu Yubin	100	–	–	100
Supervisors				
Mr. Peng Xinbo	–	–	–	–
Mr. Xiao Feng	100	–	–	100
Ms. Wang Yingying	–	253	11	264
	<u>500</u>	<u>4,629</u>	<u>54</u>	<u>5,183</u>

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Year ended December 31, 2024				
	Director’s fee	Salaries, allowance and benefits in kind	Retirement benefit contribution	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors				
Mr. Li Zhigang	–	1,559	14	1,573
Ms. Duan Xiaoting	–	845	14	859
Mr. Zhu Fan	–	1,798	21	1,819
Ms. Zhao Ming	107	–	–	107
Independent non-executive directors				
Mr. Qi Shaozhou	107	–	–	107
Mr. Wang Yonghai	107	–	–	107
Mr. Wu Yubin	107	–	–	107
Supervisors				
Mr. Peng Xinbo	–	–	–	–
Mr. Xiao Feng	107	–	–	107
Ms. Wang Yingying	–	243	11	254
	535	4,445	60	5,040
Year ended December 31, 2025				
	Director’s fee	Salaries, allowance and benefits in kind	Retirement benefit contribution	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors				
Mr. Li Zhigang	–	1,559	14	1,573
Ms. Duan Xiaoting	–	1,094	14	1,108
Mr. Zhu Fan	–	1,903	21	1,924
Mr. Peng Xinbo (<i>Note i</i>)	10	–	–	10
Ms. Zhao Ming (<i>Note ii</i>)	120	–	–	120
Independent non-executive directors				
Mr. Qi Shaozhou	120	–	–	120
Mr. Wang Yonghai	120	–	–	120
Mr. Wu Yubin	120	–	–	120
Supervisors				
Mr. Xiao Feng (<i>Note iii</i>)	120	–	–	120
Ms. Wang Yingying (<i>Note iv</i>)	–	254	11	265
	610	4,810	60	5,480

None of the directors or supervisors receive special incentive payment or share-based payment during the Track Record Period.

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Notes:

- (i) Mr. Peng Xinbo was appointed as an executive director of the Company on December 3, 2025.
- (ii) Ms. Zhao Ming resigned as an executive director of the Company on December 22, 2025.
- (iii) Mr. Xiao Feng resigned as a supervisor of the Company on December 22, 2025.
- (iv) Ms. Wang Yingying resigned as a supervisor of the Company on December 22, 2025.

Except for benefits of directors and supervisors disclosed above, there is no other benefit offered to the directors or the supervisors.

Directors’ and supervisors’ retirement benefits and termination benefits

No director’s or supervisors’ retirement or termination benefits subsisted at the end of each period disclosed or at any time during the Track Record Period.

Consideration provided to third parties for making available director’s and supervisors’ services

No consideration provided to third parties for making available director’s or supervisors’ services subsisted at end of each period disclosed or at any time during the Track Record Period.

Information about borrowings, quasi-loans and other dealings in favour of directors and supervisors, controlled bodies corporate by and controlled entities with such directors and supervisors

No borrowings, quasi-loans and other dealings in favour of directors or supervisors, controlled bodies corporate by and connected entities with such directors or supervisors subsisted at the end of each year disclosed or at any time during the Track Record Period.

Directors’ and supervisors’ material interest in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group’s business to which the Company was a party and in which a director or a supervisor of the Company had a material interest whether directly or indirectly, subsisted at the end of each period disclosed or at any time during the Track Record Period.

11 FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group include 2, 2 and 3 directors during the year ended December 31, 2023, 2024 and 2025, respectively, and their emoluments are reflected in the analysis shown in Note 10. The emoluments payable to the remaining 3, 3 and 2 individuals during the year ended December 31, 2023, 2024 and 2025 are as follows:

	Year ended December 31,		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Salaries, allowances and benefit in kind	3,714	3,811	2,968
Retirement benefit contribution	29	37	24
Share-based payments	341	593	(259)
	<u>4,084</u>	<u>4,441</u>	<u>2,733</u>

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The emoluments fell within the following bands:

	Year ended December 31,		
	2023	2024	2025
	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i>
Emolument bands (in HKD):			
HKD1,000,000 to HKD1,500,000	2	1	1
HKD1,500,001 to HKD2,000,000	1	2	1
	<u>3</u>	<u>3</u>	<u>2</u>

12 INCOME TAX EXPENSE

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax			
– Tax for the year	39,210	78,713	81,790
– Under provision in prior years	–	686	–
	<u>39,210</u>	<u>79,399</u>	<u>81,790</u>
Deferred income tax (<i>Note 30</i>)			
– Origination and reversal of temporary differences	6,735	(14,371)	(18,554)
– Attributable to change in tax rate	–	1,058	–
	<u>6,735</u>	<u>(13,313)</u>	<u>(18,554)</u>
Total income tax expense	<u>45,945</u>	<u>66,086</u>	<u>63,236</u>

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Reconciliation between income tax expense and accounting profit at applicable tax rates is as follow:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before income tax	507,132	593,697	582,459
Tax on profit before income tax, calculated at the rates applicable to profits in the tax jurisdiction concerned	75,280	89,859	88,718
Tax effect of			
– under provision in respect of prior years	–	686	–
– share of results of associates, net	–	46	264
– non-deductible expenses	7,118	7,065	1,598
– deductible temporary differences not recognised	2,445	1,096	(1,017)
– additional deduction on research and development expenses allowed*	(39,190)	(33,957)	(26,386)
– Opening deferred tax balances resulting from change in applicable tax rate	–	1,058	–
– others	292	233	59
Income tax expense	45,945	66,086	63,236

Corporate income tax in Chinese mainland

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% during the Track Record Period unless subject to tax concession set out below.

According to the Administrative Measures for Determination of High and New Tech Enterprises, which was promulgated by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation and became effective on January 1, 2016, an enterprise recognised as a high and new technology enterprise may apply for a preferential enterprise income tax rate of 15% pursuant to the relevant requirements of the EIT Law. The Company and the subsidiary DR Laser Technology (Wuxi) Co., Ltd. (“帝爾激光科技(無錫)有限公司”) are subject to a preferential income tax rate of 15% during the Track Record Period.

Pursuant to the Corporate Income Tax Law of the PRC and its Implementation Regulation, for the period from January 1, 2023 to December 31, 2027, an enterprise recognised as small and low-profit enterprise are subject to a reduced effective corporate income tax of 5% on taxable income up to RMB3,000,000. The subsidiary Zhuhai Haoyuan Investment Co., Ltd. (“珠海顥遠投資有限公司”) met the criteria for small and low-profit enterprises for the year ended December 31, 2023 and thus enjoy the aforementioned corporate income tax incentive in that year.

* The Company and certain PRC subsidiaries are eligible to claim additional deduction in calculating income tax from qualified research and development (“**R&D**”) expenses and qualified R&D expenses recognised as intangible assets which has amortisation period of more than 10 years. The deduction is an additional 100% of the qualified R&D expenses or 200% of the cost of the qualified intangible assets. Qualified R&D expenses refer to R&D activities with clear objectives, systematic approaches, and innovation, including the creative application of new scientific and technological knowledge or substantial improvements in technology, products, or processes. Activities such as routine upgrades of products or services, direct adoption of publicly available scientific research results, technical support after commercialisation, simple repeated modifications of existing products, services, technologies or processes, market research, efficiency, or management studies, routine quality control, testing and analysis, maintenance, and repair, are not eligible for additional deduction.

Corporate income tax in other jurisdictions

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries. The income tax rates of the subsidiaries in Singapore and Israel are 17% and 23%, respectively.

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13 DIVIDENDS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Final dividends recognised as a distribution during the year relating to the previous year’s results	95,207	106,274	106,448

The final dividends of RMB4.70 per 10 shares (tax inclusive) in respect of the year ended December 31, 2022 were approved in 2022 Annual General Meeting of the Group during 2023. The final dividends of RMB80,216,000 were paid on June 15, 2023.

The final dividends of RMB3.49 per 10 shares (tax inclusive) in respect of the year ended December 31, 2023 were approved in 2023 Annual General Meeting of the Group during 2024. The final dividends of RMB95,207,000 were paid on May 30, 2024.

The final dividends of RMB3.90 per 10 shares (tax inclusive) in respect of the year ended December 31, 2024 were approved in 2024 Annual General Meeting of the Group during 2025. The final dividends of RMB106,274,000 were paid on June 12, 2025.

In addition to the above dividends, the final dividends of RMB3.90 per 10 shares (tax inclusive) in respect of the year ended December 31, 2025 were subsequently approved by the Directors’ meeting on March 27, 2026 and are subject to approval in 2025 Annual General Meeting of the Group. The dividend is approximately RMB106,448,000 and to be paid during 2026.

14 EARNINGS PER SHARE (“EPS”) ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

(a) Basic EPS

Basic EPS is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period, excluding treasury shares held for share schemes as these shares are not considered outstanding for EPS calculation purposes.

The following table illustrates the earnings and share information used in the calculation of basic EPS:

	Year ended December 31,		
	2023	2024	2025
Profit attributable to owners of the Company used in calculating basic EPS (RMB'000)	461,187	527,611	519,223
Weighted average number of ordinary shares in issue (thousand shares)	273,076	272,278	272,456
Basic EPS (RMB)	1.69	1.94	1.91

(b) Diluted EPS

The share schemes granted by the Company and the subsidiaries have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding, excluding treasury shares held for share schemes, by the assumption of the conversion of all potential dilutive ordinary shares arising from share schemes (collectively forming the denominator for computing the diluted EPS).

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The convertible bonds are not included in the calculation of diluted earnings per share because they are antidilutive for the reporting periods. The convertible bonds could potentially dilute basic earnings per share in the future.

	Year ended December 31,		
	2023	2024	2025
Profit attributable to owners of the Company used in calculating diluted EPS (RMB’000)	461,187	527,611	519,223
Weighted average number of ordinary shares in issue (thousand shares)	273,076	272,278	272,456
Adjustments for potential shares arising from share schemes (thousand shares)	309	109	–
Weighted average number of ordinary shares used in calculating diluted EPS (thousand shares)	273,385	272,387	272,456
Diluted EPS (RMB)	1.69	1.94	1.91

15 PROPERTY, PLANT AND EQUIPMENT

The Group

	Properties and buildings	Leasehold improvement	Machinery	Motor Vehicles	Office equipment	Construction in progress	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
2023							
Costs							
At January 1, 2023	249,903	52,026	81,847	7,381	42,119	134	433,410
Additions	–	8,612	6,109	3,931	12,286	68,473	99,411
Transfer from construction in progress	284	–	–	–	310	(594)	–
Transfer from inventories	–	–	–	–	24,898	–	24,898
Disposals	–	–	(128)	(2)	(154)	–	(284)
Exchange realignment	–	–	792	–	105	–	897
At December 31, 2023	250,187	60,638	88,620	11,310	79,564	68,013	558,332
Accumulated depreciation and impairment							
At January 1, 2023	(4,522)	(18,365)	(16,005)	(3,500)	(12,292)	–	(54,684)
Depreciation	(11,890)	(11,361)	(17,006)	(1,948)	(14,062)	–	(56,267)
Written back on disposals	–	–	54	2	144	–	200
Exchange realignment	–	–	(428)	–	(37)	–	(465)
At December 31, 2023	(16,412)	(29,726)	(33,385)	(5,446)	(26,247)	–	(111,216)
Net carrying value							
At December 31, 2023	233,775	30,912	55,235	5,864	53,317	68,013	447,116
At January 1, 2023	245,381	33,661	65,842	3,881	29,827	134	378,726

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The Group

	Properties and buildings	Leasehold improvement	Machinery	Motor Vehicles	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2024							
Costs							
At January 1, 2024	250,187	60,638	88,620	11,310	79,564	68,013	558,332
Additions	–	9,876	4,250	2	8,631	89,409	112,168
Transfer from construction in progress	18,627	–	–	–	–	(18,627)	–
Transfer (to)/from inventories	–	–	(9,030)	–	14,801	–	5,771
Disposals	–	–	(3,773)	(4)	(909)	–	(4,686)
Exchange realignment	–	–	121	–	45	–	166
At December 31, 2024	<u>268,814</u>	<u>70,514</u>	<u>80,188</u>	<u>11,308</u>	<u>102,132</u>	<u>138,795</u>	<u>671,751</u>
Accumulated depreciation and impairment							
At January 1, 2024	(16,412)	(29,726)	(33,385)	(5,446)	(26,247)	–	(111,216)
Depreciation	(12,007)	(14,959)	(14,324)	(2,237)	(23,893)	–	(67,420)
Written back on disposals/transfer	–	–	4,518	4	138	–	4,660
Exchange realignment	–	–	(121)	–	(26)	–	(147)
At December 31, 2024	<u>(28,419)</u>	<u>(44,685)</u>	<u>(43,312)</u>	<u>(7,679)</u>	<u>(50,028)</u>	<u>–</u>	<u>(174,123)</u>
Net carrying value							
At December 31, 2024	<u>240,395</u>	<u>25,829</u>	<u>36,876</u>	<u>3,629</u>	<u>52,104</u>	<u>138,795</u>	<u>497,628</u>
At January 1, 2024	<u>233,775</u>	<u>30,912</u>	<u>55,235</u>	<u>5,864</u>	<u>53,317</u>	<u>68,013</u>	<u>447,116</u>

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The Group

	Properties and buildings	Leasehold improvement	Machinery	Motor Vehicles	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2025							
Costs							
At January 1, 2025	268,814	70,514	80,188	11,308	102,132	138,795	671,751
Additions	–	7,991	510	–	1,923	23,663	34,087
Transfer from construction in progress	147,462	–	–	–	7,076	(154,538)	–
Transfer from inventories	–	–	123	–	2,121	–	2,244
Disposals	–	–	(4,021)	(487)	(3)	–	(4,511)
Exchange realignment	–	–	(101)	–	(60)	–	(161)
At December 31, 2025	<u>416,276</u>	<u>78,505</u>	<u>76,699</u>	<u>10,821</u>	<u>113,189</u>	<u>7,920</u>	<u>703,410</u>
Accumulated depreciation and impairment							
At January 1, 2025	(28,419)	(44,685)	(43,312)	(7,679)	(50,028)	–	(174,123)
Depreciation	(15,814)	(11,591)	(13,099)	(1,691)	(24,051)	–	(66,246)
Written back on disposals	–	–	3,564	415	3	–	3,982
Exchange realignment	–	–	182	–	42	–	224
At December 31, 2025	<u>(44,233)</u>	<u>(56,276)</u>	<u>(52,665)</u>	<u>(8,955)</u>	<u>(74,034)</u>	<u>–</u>	<u>(236,163)</u>
Net carrying value							
At December 31, 2025	<u>372,043</u>	<u>22,229</u>	<u>24,034</u>	<u>1,866</u>	<u>39,155</u>	<u>7,920</u>	<u>467,247</u>
At January 1, 2025	<u>240,395</u>	<u>25,829</u>	<u>36,876</u>	<u>3,629</u>	<u>52,104</u>	<u>138,795</u>	<u>497,628</u>

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The Company

	Properties and buildings	Leasehold improvement	Machinery	Motor Vehicles	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2023							
Costs							
At January 1, 2023	126,597	33,668	58,167	6,122	34,443	134	259,131
Additions	–	7,207	43	3,464	10,286	57,762	78,762
Transfer from construction in progress	254	–	–	–	306	(560)	–
Transfer from inventories	–	–	–	–	16,606	–	16,606
Disposals	–	–	(52)	(2)	(154)	–	(208)
At December 31, 2023	<u>126,851</u>	<u>40,875</u>	<u>58,158</u>	<u>9,584</u>	<u>61,487</u>	<u>57,336</u>	<u>354,291</u>
Accumulated depreciation and impairment							
At January 1, 2023	(2,790)	(15,821)	(10,391)	(3,114)	(11,385)	–	(43,501)
Depreciation	(6,031)	(7,086)	(10,510)	(1,580)	(11,397)	–	(36,604)
Written back on disposals	–	–	48	2	144	–	194
At December 31, 2023	<u>(8,821)</u>	<u>(22,907)</u>	<u>(20,853)</u>	<u>(4,692)</u>	<u>(22,638)</u>	<u>–</u>	<u>(79,911)</u>
Net carrying value							
At December 31, 2023	<u>118,030</u>	<u>17,968</u>	<u>37,305</u>	<u>4,892</u>	<u>38,849</u>	<u>57,336</u>	<u>274,380</u>
At January 1, 2023	<u>123,807</u>	<u>17,847</u>	<u>47,776</u>	<u>3,008</u>	<u>23,058</u>	<u>134</u>	<u>215,630</u>

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The Company

	Properties and buildings	Leasehold improvement	Machinery	Motor Vehicles	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2024							
Costs							
At January 1, 2024	126,851	40,875	58,158	9,584	61,487	57,336	354,291
Additions	–	149	–	–	5,046	80,963	86,158
Transfer from construction in progress	1,611	–	–	–	–	(1,611)	–
Transfer from inventories	–	–	–	–	10,565	–	10,565
Disposals	–	–	(9,868)	(4)	(902)	–	(10,774)
At December 31, 2024	<u>128,462</u>	<u>41,024</u>	<u>48,290</u>	<u>9,580</u>	<u>76,196</u>	<u>136,688</u>	<u>440,240</u>
Accumulated depreciation and impairment							
At January 1, 2024	(8,821)	(22,907)	(20,853)	(4,692)	(22,638)	–	(79,911)
Depreciation	(6,056)	(10,042)	(8,975)	(1,828)	(17,776)	–	(44,677)
Written back on disposals	–	–	3,496	3	132	–	3,631
At December 31, 2024	<u>(14,877)</u>	<u>(32,949)</u>	<u>(26,332)</u>	<u>(6,517)</u>	<u>(40,282)</u>	<u>–</u>	<u>(120,957)</u>
Net carrying value							
At December 31, 2024	<u>113,585</u>	<u>8,075</u>	<u>21,958</u>	<u>3,063</u>	<u>35,914</u>	<u>136,688</u>	<u>319,283</u>
At January 1, 2024	<u>118,030</u>	<u>17,968</u>	<u>37,305</u>	<u>4,892</u>	<u>38,849</u>	<u>57,336</u>	<u>274,380</u>

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The Company

	Properties and buildings	Leasehold improvement	Machinery	Motor Vehicles	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2025							
Costs							
At January 1, 2025	128,462	41,024	48,290	9,580	76,196	136,688	440,240
Additions	–	5,464	–	–	1,731	24,134	31,329
Transfer from construction in progress	147,462	–	–	–	5,439	(152,901)	–
Transfer from inventories	–	–	–	–	1,288	–	1,288
Disposals	–	–	(2,735)	(487)	–	–	(3,222)
At December 31, 2025	<u>275,924</u>	<u>46,488</u>	<u>45,555</u>	<u>9,093</u>	<u>84,654</u>	<u>7,921</u>	<u>469,635</u>
Accumulated depreciation and impairment							
At January 1, 2025	(14,877)	(32,949)	(26,332)	(6,517)	(40,282)	–	(120,957)
Depreciation	(9,041)	(5,437)	(6,976)	(1,406)	(18,234)	–	(41,094)
Written back on disposals	–	–	2,599	415	–	–	3,014
At December 31, 2025	<u>(23,918)</u>	<u>(38,386)</u>	<u>(30,709)</u>	<u>(7,508)</u>	<u>(58,516)</u>	<u>–</u>	<u>(159,037)</u>
Net carrying value							
At December 31, 2025	<u>252,006</u>	<u>8,102</u>	<u>14,846</u>	<u>1,585</u>	<u>26,138</u>	<u>7,921</u>	<u>310,598</u>
At January 1, 2025	<u>113,585</u>	<u>8,075</u>	<u>21,958</u>	<u>3,063</u>	<u>35,914</u>	<u>136,688</u>	<u>319,283</u>

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16 LEASES

The Group as a lessee

The Group has lease contracts for office premises used in its operations as offices and research station. Lump sum payments were made upfront to acquire the land use rights with period of 50 years, and no ongoing payments will be made under the terms of these land use rights. Leases of office premises generally have lease terms between 5 years and 5.4 years.

(a) Right-of-use assets

The Group

The movements in the net carrying amount of the Group’s right-of-use assets are analysed as follows:

	Office premises	Land use rights	Total
	RMB’000	RMB’000	RMB’000
At January 1, 2023	10,004	31,297	41,301
Additions	–	21,012	21,012
Depreciation	(2,755)	(1,036)	(3,791)
Exchange realignment	1,416	–	1,416
At December 31, 2023 and January 1, 2024	8,665	51,273	59,938
Additions	–	254	254
Depreciation	(2,787)	(1,110)	(3,897)
Exchange realignment	(70)	–	(70)
At December 31, 2024 and January 1, 2025	5,808	50,417	56,225
Additions	1,572	29,819	31,391
Depreciation	(3,163)	(1,360)	(4,523)
Exchange realignment	682	–	682
At December 31, 2025	4,899	78,876	83,775

The Company

The movements in the net carrying amount of the Company’s right-of-use assets are analysed as follows:

	Land use rights
	RMB’000
At January 1, 2023	8,479
Additions	21,012
Depreciation	(541)
At December 31, 2023 and January 1, 2024	28,950
Additions	254
Depreciation	(615)
At December 31, 2024 and January 1, 2025	28,589
Additions	29,819
Depreciation	(865)
At December 31, 2025	57,543

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(b) *Lease liabilities*

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year	12,996	10,189	7,480
New leases	–	–	1,572
Accretion of interest recognised during the year	579	449	381
Payments	(3,352)	(3,287)	(3,942)
Exchange realignment	(34)	129	1,155
	<u>10,189</u>	<u>7,480</u>	<u>6,646</u>
Analysed into:			
Current portion	2,709	2,578	3,333
Non-current portion	<u>7,480</u>	<u>4,902</u>	<u>3,313</u>
	<u>10,189</u>	<u>7,480</u>	<u>6,646</u>

The maturity analysis of lease liabilities is disclosed in Note 41 to the Historical Financial Information.

(c) *The amounts recognised in profit or loss in relation to leases are as follows:*

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities (Note 8)	579	449	381
Short term leases	990	1,010	1,031
Depreciation charge of right-of-use assets (Note 16)	<u>3,791</u>	<u>3,897</u>	<u>4,523</u>
Total amount recognised in profit or loss	<u>5,360</u>	<u>5,356</u>	<u>5,935</u>

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets	<u>541</u>	<u>615</u>	<u>864</u>
Total amount recognised in profit or loss	<u>541</u>	<u>615</u>	<u>864</u>

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17 INTANGIBLE ASSETS

The Group

	Patent rights	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
December 31, 2023			
At January 1, 2023:			
Cost	19,429	4,018	23,447
Accumulated amortisation	(4,923)	(1,065)	(5,988)
Net carrying amount	14,506	2,953	17,459
At January 1, 2023, net of accumulated amortisation	14,506	2,953	17,459
Additions	–	792	792
Amortisation	(2,001)	(706)	(2,707)
Exchange realignment	–	52	52
At December 31, 2023, net of accumulated amortisation	12,505	3,091	15,596
At December 31, 2023:			
Cost	19,429	4,862	24,291
Accumulated amortisation	(6,924)	(1,771)	(8,695)
Net carrying amount	12,505	3,091	15,596
December 31, 2024			
At January 1, 2024:			
Cost	19,429	4,862	24,291
Accumulated amortisation	(6,924)	(1,771)	(8,695)
Net carrying amount	12,505	3,091	15,596
At January 1, 2024, net of accumulated amortisation	12,505	3,091	15,596
Additions	–	42	42
Amortisation	(2,001)	(788)	(2,789)
Exchange realignment	–	3	3
At December 31, 2024, net of accumulated amortisation	10,504	2,348	12,852
At December 31, 2024:			
Cost	19,429	4,907	24,336
Accumulated amortisation	(8,925)	(2,559)	(11,484)
Net carrying amount	10,504	2,348	12,852

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	Patent rights	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
December 31, 2025			
At January 1, 2025:			
Cost	19,429	4,907	24,336
Accumulated amortisation	(8,925)	(2,559)	(11,484)
Net carrying amount	10,504	2,348	12,852
At January 1, 2025, net of accumulated amortisation	10,504	2,348	12,852
Additions	–	382	382
Amortisation	(2,001)	(535)	(2,536)
Exchange realignment	–	3	3
At December 31, 2025, net of accumulated amortisation	8,503	2,198	10,701
At December 31, 2025:			
Cost	19,429	5,292	24,721
Accumulated amortisation	(10,926)	(3,094)	(14,020)
Net carrying amount	8,503	2,198	10,701
The Company			
	Patent rights	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
December 31, 2023			
At January 1, 2023:			
Cost	19,429	3,376	22,805
Accumulated amortisation	(4,923)	(859)	(5,782)
Net carrying amount	14,506	2,517	17,023
At January 1, 2023, net of accumulated amortisation	14,506	2,517	17,023
Additions	–	535	535
Amortisation	(2,001)	(503)	(2,504)
At December 31, 2023, net of accumulated amortisation	12,505	2,549	15,054
At December 31, 2023:			
Cost	19,429	3,911	23,340
Accumulated amortisation	(6,924)	(1,362)	(8,286)
Net carrying amount	12,505	2,549	15,054

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	Patent rights	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
December 31, 2024			
At January 1, 2024:			
Cost	19,429	3,911	23,340
Accumulated amortisation	(6,924)	(1,362)	(8,286)
Net carrying amount	12,505	2,549	15,054
At January 1, 2024, net of accumulated amortisation	12,505	2,549	15,054
Additions	–	42	42
Amortisation	(2,001)	(500)	(2,501)
At December 31, 2024, net of accumulated amortisation	10,504	2,091	12,595
At December 31, 2024:			
Cost	19,429	3,953	23,382
Accumulated amortisation	(8,925)	(1,862)	(10,787)
Net carrying amount	10,504	2,091	12,595
December 31, 2025			
At January 1, 2025:			
Cost	19,429	3,953	23,382
Accumulated amortisation	(8,925)	(1,862)	(10,787)
Net carrying amount	10,504	2,091	12,595
At January 1, 2025, net of accumulated amortisation	10,504	2,091	12,595
Additions	–	294	294
Amortisation	(2,001)	(375)	(2,376)
At December 31, 2025, net of accumulated amortisation	8,503	2,010	10,513
At December 31, 2025:			
Cost	19,429	4,247	23,676
Accumulated amortisation	(10,926)	(2,237)	(13,163)
Net carrying amount	8,503	2,010	10,513

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18 INVESTMENT IN ASSOCIATES

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Unlisted investment, share of net assets	–	6,031	23,144

The following entities have been included in the Historical Financial Information using the equity method:

Company name	Place of establishment/ incorporation and place of operation	Principal activities	Equity interests attributable to the Group and the Company		
			2023	2024	2025
Hubei Ketou Optoelectronics New Energy Venture Investment Fund Partnership Company (Limited Partnership) 湖北科技光電新能創業投資基金合夥企業(有限合夥)	PRC	Investment and asset management	–	48.75%	48.75%
Silai Semiconductor (Wuhan) Co., Ltd. 硅來半導體(武漢)有限公司	PRC	Production and sale of electronic products	–	–	28.57%

In June 2024, the Group and the Company entered into an agreement and acquired 48.75% limited partner interest in a newly-formed company named Hubei Ketou Optoelectronics New Energy Venture Investment Fund Partnership Company (Limited Partnership) (“**Hubei Ketou**”), a domestic limited partnership company with principal activities of unlisted company investments and assets management. The Group and the Company does not have control over the fund’s financial and operating activities, which are managed by the general partner. The Group and the Company is one of the members out of three of the investment committee of the fund. As such, the Group and the Company is considered to have significant influence over the fund during the Track Record Period and therefore is accounted for associates. The first capital injection of RMB6,337,000 was made in 2024, and the second capital injection of RMB4,875,000 was made in 2025.

In 2025, the Group and the Company invested in Silai Semiconductor (Wuhan) Co., Ltd. (“**硅來半導體(武漢)有限公司**”) for 28.57% equity interests. Capital injection of RMB14,000,000 was made in 2025.

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Summarised financial information

**Hubei Ketou Optoelectronics New Energy
Venture Investment Fund Partnership Company
(Limited Partnership)**

湖北科投光電新能創業投資基金合夥企業(有限合夥)

	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>
As at December 31		
Current assets	12,383	21,190
Current liabilities	11	–
Net assets (100%)	12,372	21,190
Group share of net assets (48.75%)	6,031	10,330
Year ended December 31		
Revenue	–	–
Profit and total comprehensive income	(628)	(1,182)

Silai Semiconductor (Wuhan) Co., Ltd.

硅來半導體(武漢)有限公司

	2025
	<i>RMB'000</i>
As at December 31	
Current assets	17,472
Non-current assets	1,402
Current liabilities	5,466
Net assets (100%)	13,408
Group share of net assets (28.57%)	3,831
Add : Investment premium	8,983
Carrying amount at December 31	12,814
Year ended December 31	
Revenue	1,296
Profit and total comprehensive income	(4,153)

19 INVENTORIES

The Group

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	135,423	175,798	133,711
Work in progress	328,940	253,381	170,122
Finished goods	13,240	3,819	11,540
Goods in transit*	1,439,981	1,289,998	1,253,756
	1,917,584	1,722,996	1,569,129

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The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	108,341	148,263	120,823
Work in progress	238,427	193,176	144,581
Finished goods	13,240	3,819	2,979
Goods in transit*	1,244,344	1,107,492	1,042,003
	<u>1,604,352</u>	<u>1,452,750</u>	<u>1,310,386</u>

* Goods in transit primarily consisted of equipment sent to customers for trial use and dispatched equipment for which revenue has not yet be recognised.

Write-down of inventories to net realisable value amounted to RMB2,671,000, RMB13,453,000 and RMB20,760,000 were recognised as an expenses included in costs of sales for the Track Record Period, respectively.

20 TRADE RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	845,478	1,103,313	1,374,677
Less: ECL allowance	(106,768)	(208,147)	(289,298)
	<u>738,710</u>	<u>895,166</u>	<u>1,085,379</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	695,307	972,964	1,233,456
Less: ECL allowance	(98,437)	(153,970)	(231,525)
	<u>596,870</u>	<u>818,994</u>	<u>1,001,931</u>

The sales of laser application equipment for photovoltaic cells and modules process involve high level of customisation and extended period of collaboration in equipment modification, and credit term is different among contracts. The general credit term is 90 days.

An ageing analysis of trade receivables as at December 31, 2023, 2024 and 2025, based on invoice date and net of ECL allowance, is as follows:

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The Group

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	548,106	438,956	584,268
1 to 2 years	148,636	379,693	348,163
2 to 3 years	38,105	62,602	130,700
Over 3 years	3,863	13,915	22,248
	<u>738,710</u>	<u>895,166</u>	<u>1,085,379</u>

The Company

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	417,743	412,558	524,733
1 to 2 years	137,718	335,624	331,269
2 to 3 years	37,546	56,897	113,338
Over 3 years	3,863	13,915	32,591
	<u>596,870</u>	<u>818,994</u>	<u>1,001,931</u>

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

The Group applies the simplified approach under IFRS 9 to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Details of the impairment of trade receivables and the Group’s exposure to credit risk are disclosed in Note 41(c).

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21 NOTES RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Commercial acceptance notes	–	34,579	19,815
Less: ECL allowance	–	(4,885)	(11,738)
Bank acceptance notes	489,001	496,153	472,550
	489,001	525,847	480,627

The Company

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Commercial acceptance notes	–	34,579	12,715
Less: ECL allowance	–	(4,885)	(6,058)
Bank acceptance notes	396,353	425,127	383,749
	396,353	454,821	390,406

As at December 31, 2023, 2024 and 2025, all the Group’s and the Company’s bank acceptance notes are neither past due nor impaired. The Group and the Company expect that there is no significant credit risk associated with bank acceptance notes since they are held with state-owned or reputable banks in the PRC.

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As at December 31, 2023, 2024 and 2025, the Group endorsed certain notes receivable accepted by banks in Chinese Mainland (the “**Endorsed Bills**”) to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB350,217,000, RMB137,616,000 and RMB195,691,000, respectively. The Endorsed Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Company if the bank default (the “**Continuing Involvement**”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Endorsed Bills in the absence of a default of the accepted banks is remote to the extent of RMB222,434,000, RMB88,939,000 and RMB103,317,000 as at December 31, 2023, 2024 and 2025, respectively, and the Company has transferred substantially all risks and rewards relating to such Endorsed Bills. Accordingly, it has derecognised the carrying amounts of the Endorsed Bills of RMB222,434,000, RMB88,939,000 and RMB103,317,000 (the “**Derecognised Bills**”) and the associated trade payable of the same amount. 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 equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant. Regarding the remaining balance of Endorsed Bills of RMB127,783,000, RMB48,677,000 and RMB92,374,000 as at December 31, 2023, 2024 and 2025, respectively, in the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks, and accordingly, it continued to recognise the carrying amounts of these Endorsed Bills and recognised the payables settled as payables from endorsed notes under other payables and accruals. These financial assets are measured at amortised cost in the Historical Financial Information.

As at December 31, 2023, 2024 and 2025, the Company endorsed certain notes receivable accepted by banks in Chinese Mainland to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB309,585,000, RMB94,022,000 and RMB166,097,000, respectively. The Endorsed Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Company if the bank default (the “**Continuing Involvement**”). In the opinion of the directors, the risk of the Company being claimed by the holders of the Endorsed Bills in the absence of a default of the accepted banks is remote to the extent of RMB196,640,000, RMB58,635,000 and RMB94,835,000 as at December 31, 2023, 2024 and 2025, respectively, and the Company has transferred substantially all risks and rewards relating to such Endorsed Bills. Accordingly, it has derecognised the carrying amounts of the Endorsed Bills of RMB196,640,000, RMB58,635,000 and RMB94,835,000 (the “**Derecognised Bills**”) and the associated trade payable of the same amount. The maximum exposure to loss from the Company’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Company’s Continuing Involvement in the Derecognised Bills are not significant. Regarding the remaining balance of Endorsed Bills of RMB112,945,000, RMB35,387,000 and RMB71,262,000 as at December 31, 2023, 2024 and 2025, respectively, in the opinion of the directors, the Company has retained the substantial risks and rewards, which include default risks, and accordingly, it continued to recognise the carrying amounts of these Endorsed Bills and recognised the payables settled as payables from endorsed notes under other payables and accruals. These financial assets are measured at amortised cost in the Historical Financial Information.

Certain notes receivables are endorsed to secure trade payables and banking facilities granted to the Group, details are disclosed in Note 35 to the Historical Financial Information.

22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Unlisted equity investments at fair value	50,264	90,264	100,930
Structured deposit	–	–	490,353
	50,264	90,264	591,283

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The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Unlisted equity investments at fair value	–	10,000	10,000
Structured deposit	–	–	450,291
	–	10,000	460,291

The unlisted equity investments are held for strategic purposes for the Group’s development.

23 CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets and contract liabilities arise from sales. The Group and the Company receive 10% to 30% of amount when signing sales contract, and receive another 20% to 50% of amount when production finished. The remaining amount of sales contract are received in two parts, which are at the point when customer received the product and passed verification, and usually last 10% are received one year after the product passed verification.

The Group’s and the Company’s contract assets only included the last 10% amount as stated above, and the Group’s and the Company’s contract liabilities only included the first two parts of payment as stated above. Remaining performance obligations for contract liabilities are delivery of goods, as when the first two parts of payment are received, the product is yet to pass customer verification. After products are delivered to customer, it usually takes one to two years to install, test, put into actual use, before the product passed verification. Therefore, contract liabilities usually take one to two years to fulfil the unsatisfied performance obligation, and to be recognised as revenue.

(a) Contract assets

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
Contract assets arising from:			
Retention receivables	–	19,506	2,023
Less: ECL allowance	–	(1,503)	(101)
	–	18,003	1,922
Current			
Contract assets arising from:			
Retention receivables	139,116	156,749	177,809
Less: ECL allowance	(7,157)	(8,581)	(11,172)
	131,959	148,168	166,637
	131,959	166,171	168,559

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The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
Contract assets arising from:			
Retention receivables	–	8,706	–
Less: ECL allowance	–	(435)	–
	–	8,271	–
Current			
Contract assets arising from:			
Retention receivables	116,804	132,265	158,517
Less: ECL allowance	(5,855)	(6,665)	(8,623)
	110,949	125,600	149,894
	110,949	133,871	149,894

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract assets			
At January 1	105,885	139,116	176,255
Transfers from contract assets to trade receivables during the year	(96,578)	(121,167)	(152,146)
Additions from excess of revenue recognition during the year	129,809	158,306	155,723
At December 31	139,116	176,255	179,832

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract assets			
At January 1	100,219	116,804	140,971
Transfers from contract assets to trade receivables during the year	(99,931)	(115,762)	(127,023)
Additions from excess of revenue recognition during the year	116,516	139,929	144,569
At December 31	116,804	140,971	158,517

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An ageing analysis of contract assets for the Group and the Company as at December 31, 2023, 2024 and 2025, based on date of revenue recognition and net of ECL allowance, is as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	128,334	150,163	147,557
1 to 2 years	3,625	13,016	12,554
2 to 3 years	–	2,992	8,448
	<u>131,959</u>	<u>166,171</u>	<u>168,559</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	110,690	132,932	137,340
1 to 2 years	259	939	12,554
	<u>110,949</u>	<u>133,871</u>	<u>149,894</u>

The Group applies the simplified approach to provide for expected credit losses (or provision for impairment losses) prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for contract assets do not contain a significant financing component. The Group considers the characteristics of the shared credit risk and the ageing of the contract assets to measure the expected credit losses.

For the year ended December 31, 2023, 2024 and 2025, the expected credit loss percentages provided for the Group’s contract assets ageing within one year, between one and two years, and between two to three years are 5%, 10%, and 20%.

(b) Contract liabilities

The Group

	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract liabilities			
At January 1	724,941	1,959,642	1,761,351
Amount included in contract liabilities that was recognised as revenue during the year	(724,941)	(1,130,540)	(1,236,496)
Amount included in contract liabilities that was recognised in profit or loss due to termination of a contract	–	–	(12,000)
Cash received in advance of performance and not recognised as revenue during the year	1,959,642	932,249	900,181
At December 31	<u>1,959,642</u>	<u>1,761,351</u>	<u>1,413,036</u>

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The Company

	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities			
At January 1	609,730	1,736,908	1,496,436
Amount included in contract liabilities that was recognised as revenue during the year	(609,730)	(1,023,069)	(1,082,983)
Cash received in advance of performance and not recognised as revenue during the year	<u>1,736,908</u>	<u>782,597</u>	<u>767,236</u>
At December 31	<u>1,736,908</u>	<u>1,496,436</u>	<u>1,180,689</u>

The expected timing of satisfaction of performance obligations related to contract liabilities are analysed as follows:

The Group

As at December 31, 2023

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales of equipment and goods	197,799	895,461	635,385	196,259	1,924,904
Services	<u>3,360</u>	<u>17,919</u>	<u>11,055</u>	<u>2,404</u>	<u>34,738</u>
	<u>201,159</u>	<u>913,380</u>	<u>646,440</u>	<u>198,663</u>	<u>1,959,642</u>

As at December 31, 2024

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales of equipment and goods	197,418	882,776	533,580	117,649	1,731,423
Services	<u>2,895</u>	<u>15,438</u>	<u>9,524</u>	<u>2,071</u>	<u>29,928</u>
	<u>200,313</u>	<u>898,214</u>	<u>543,104</u>	<u>119,720</u>	<u>1,761,351</u>

As at December 31, 2025

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales of equipment and goods	190,958	681,715	423,354	93,395	1,389,422
Services	<u>2,284</u>	<u>12,181</u>	<u>7,515</u>	<u>1,634</u>	<u>23,614</u>
	<u>193,242</u>	<u>693,896</u>	<u>430,869</u>	<u>95,029</u>	<u>1,413,036</u>

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The Company

As at December 31, 2023

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales of equipment and goods	164,637	878,029	541,689	117,816	1,702,171
Services	<u>3,360</u>	<u>17,919</u>	<u>11,055</u>	<u>2,403</u>	<u>34,737</u>
	<u>167,997</u>	<u>895,948</u>	<u>552,744</u>	<u>120,219</u>	<u>1,736,908</u>

As at December 31, 2024

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales of equipment and goods	141,843	756,467	466,693	101,504	1,466,507
Services	<u>2,895</u>	<u>15,438</u>	<u>9,524</u>	<u>2,072</u>	<u>29,929</u>
	<u>144,738</u>	<u>771,905</u>	<u>476,217</u>	<u>103,576</u>	<u>1,496,436</u>

As at December 31, 2025

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales of equipment and goods	111,914	596,853	368,221	80,087	1,157,075
Services	<u>2,284</u>	<u>12,181</u>	<u>7,515</u>	<u>1,634</u>	<u>23,614</u>
	<u>114,198</u>	<u>609,034</u>	<u>375,736</u>	<u>81,721</u>	<u>1,180,689</u>

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24 PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
Prepayments on construction and equipment	5,972	1,335	2,781
	5,972	1,335	2,781
Current			
Deposits	13,967	5,880	4,341
Interest receivables	95,187	86,133	77,726
Other receivables	473	409	563
Prepayments	5,727	10,037	12,608
Value-added tax paid and deductible	26,290	29,207	11,606
	141,644	131,666	106,844
Less: ECL allowance	(1,205)	(788)	(787)
	140,439	130,878	106,057
	146,411	132,213	108,838

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
Prepayments on construction and equipment	2,662	1,101	2,547
	2,662	1,101	2,547
Current			
Deposits	13,834	5,823	748
Interest receivables	94,207	84,153	76,907
Other receivables	466	399	4,168
Prepayments	5,195	4,243	6,846
Value-added tax paid and deductible	429	15,549	2,624
	114,131	110,167	91,293
Less: ECL allowance	(1,183)	(765)	(751)
	112,948	109,402	90,542
	115,610	110,503	93,089

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25 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Group

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	526,517	535,441	401,168
Transferable bank deposits	2,309,000	1,889,000	1,539,000
	2,835,517	2,424,441	1,940,168
Less: Restricted cash	(28,883)	(61,959)	(10,164)
Total cash and cash equivalents	2,806,634	2,362,482	1,930,004
Denominated in:			
RMB	2,818,530	2,374,753	1,883,082
Euro (“EUR”)	1,640	10	17
United States Dollars (“USD”)	13,249	45,675	55,663
SGD	1,939	–	1,054
ILS	159	–	352
Hong Kong Dollars (“HKD”)	–	542	–
Japanese Yen (“JPY”)	–	3,461	–
	2,835,517	2,424,441	1,940,168

The Company

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	500,246	476,028	331,701
Transferable bank deposits	2,279,000	1,859,000	1,529,000
	2,779,246	2,335,028	1,860,701
Less: Restricted cash	(26,538)	(60,255)	(8,403)
Total cash and cash equivalents	2,752,708	2,274,773	1,852,298
Denominated in:			
RMB	2,770,279	2,332,502	1,851,912
EUR	–	–	3
USD	8,967	2,526	8,786
	2,779,246	2,335,028	1,860,701

Cash at banks and transferable bank deposits earns interest based on prevailing market rates. The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated their fair values.

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The conversion of the RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government. The Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Certain restricted cash are pledged to secure performance bond and banking facilities granted to the Group, details are disclosed in Note 35 to the Historical Financial Information.

26 TRADE AND NOTES PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	608,551	243,097	185,087
Notes payables	68,614	42,162	–
	<u>677,165</u>	<u>285,259</u>	<u>185,087</u>

Information about major suppliers is analysed as follows:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000		RMB'000		RMB'000	
Supplier A	252,738	13.8%	81,241	10.4%	118,493	14.4%
Supplier B	185,905	10.1%	232,619	29.6%	290,052	35.2%
Supplier C	123,899	6.7%	–	–	–	–
Supplier D	105,451	5.7%	31,554	4.0%	–	–
Supplier E	74,385	4.1%	–	–	–	–
Supplier F	–	–	27,559	3.5%	23,355	2.8%
Supplier G	–	–	26,273	3.4%	–	–
Supplier H	–	–	–	–	73,092	8.9%
Supplier I	–	–	–	–	36,512	4.4%
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>36,512</u>	<u>4.4%</u>

An ageing analysis of the Group’s trade and notes payables as at December 31, 2023, 2024 and 2025, based on the invoice date or bank note date, is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	671,423	278,900	157,331
Over 1 year	5,742	6,359	27,756
	<u>677,165</u>	<u>285,259</u>	<u>185,087</u>

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The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	497,403	227,025	169,067
Notes payables	19,791	42,162	–
	<u>517,194</u>	<u>269,187</u>	<u>169,067</u>

An ageing analysis of the Company’s trade and notes payables as at December 31, 2023, 2024 and 2025, based on the invoice date or bank note date, is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	515,735	263,460	146,539
Over 1 year	1,459	5,727	22,528
	<u>517,194</u>	<u>269,187</u>	<u>169,067</u>

27 OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Accrued expenses and other payables	4,313	3,559	2,955
Corporate bond interest payables	3,391	5,080	8,465
Deposit received	1,141	2,111	2,061
Other tax payables	17,833	13,184	5,355
Payables from the endorsed notes*	127,783	48,677	92,374
Payroll and welfare payables	69,006	62,820	58,078
Temporary receipts	4,079	9,203	4,175
Value-added tax payable	118,050	117,640	85,088
	<u>345,596</u>	<u>262,274</u>	<u>258,551</u>

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The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Accrued expenses and other payables	4,085	3,346	2,525
Corporate bond interest payables	3,391	5,080	8,465
Deposit received	1,136	1,106	1,056
Other tax payables	15,921	12,245	4,418
Payables from the endorsed notes*	112,945	35,387	71,262
Payroll and welfare payables	58,328	50,620	47,614
Temporary receipts	4,057	9,138	4,175
Value-added tax payable	101,948	101,294	73,433
	<u>301,811</u>	<u>218,216</u>	<u>212,948</u>

* Payables from the endorsed notes are notes receivables endorsed to secure certain trade payables of the Group, but the Group may still liable to repay the related trade payables if the notes receivables failed to make payment. Details are disclosed in Note 21 to the Historical Financial Information.

28 CONVERTIBLE BONDS

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Opening balance	721,349	751,460	778,872
Interest accrued	36,655	38,153	39,366
Less:			
Increase in bond interest payable	(1,386)	(1,689)	(3,385)
Interest payment	(4,985)	(8,307)	(12,445)
Conversion	(173)	(745)	(284)
Closing balance	751,460	778,872	802,124
Reconciliation to total convertible bonds			
Convertible bonds – liability portion	<u>751,460</u>	<u>778,872</u>	<u>802,124</u>
Bond interest payable	<u>3,391</u>	<u>5,080</u>	<u>8,465</u>
Convertible bonds - equity portion	<u>145,711</u>	<u>145,570</u>	<u>145,518</u>
	<u>900,562</u>	<u>929,522</u>	<u>956,107</u>

Under approval of China Securities Regulatory Commission, the Company issued 8,400,000 convertible bonds to the public on August 5, 2021, with face value of RMB100 each, totaling RMB840,000,000. The fund raised are mainly used for research and development purposes. The convertible bonds have a term of six years from August 5, 2021 to August 4, 2027, at coupon rates of 0.4% for the first year, 0.6% for the second year, 1% for the third year, 1.5% for the fourth year, 2.5% for the fifth year and 3% for the sixth year and payable on an annual basis.

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The convertible bonds can be converted to the Company’s ordinary A shares, and the conversion period begins on February 11, 2022 until the maturity date. The initial conversion price of the convertible bonds is fixed at RMB192.70 per share. In accordance with the prospectus of the convertible bonds, the fixed conversion price will be adjusted to reflect the dilutive impact of cash dividends and increase in paid-in capital under specified circumstances, based on provided formulas. The Company may also adjust the fixed conversion price based on other circumstances such as share repurchase or change in business structure. The fixed conversion price was adjusted as follows:

Conversion price (RMB per share)	Adjustment date	Adjusting reason
192.24	November 18, 2021	Restricted share options
119.68	May 28, 2022	Dividends
119.47	December 21, 2022	Restricted share options
74.38	June 8, 2023	Dividends
74.03	May 23, 2024	Dividends
73.99	February 26, 2025	Restricted share options
73.60	June 5, 2025	Dividends
73.56	November 14, 2025	Restricted share options

If the closing market price of the Company’s ordinary A shares is lower than 85% of the current conversion price for at least 15 trading days in any 30 consecutive trading days, the Board of the Directors of the Company has the right to propose to lower the conversion price and submit the proposal to the shareholders’ meeting for approval.

The convertible bonds are subject to conditional redemptions. During the conversion period, if the closing market prices of the Company’s ordinary A shares are no less than 130% (inclusive) of the current conversion price for at least 15 trading days in 30 consecutive trading days, the Company has the right to redeem all or part of the outstanding convertible bonds at the face value plus the current accrued interest, upon approval of the relevant regulatory authorities (if required). In addition, when the total amount of the outstanding convertible bonds is less than RMB30,000,000, the Company has the right to redeem all outstanding convertible bonds at their face value plus the current accrued interest.

If the closing market prices of the Company’s ordinary A shares are less than 70% of the current conversion price in 30 consecutive trading days in the final two years, or if relevant regulatory authorities recognise there are significant changes in the use of funds which raised by convertible bonds, the convertible bond holders have rights to resell the convertible bonds back to the Company at face value plus accrued interest.

The initial fair value of the liability portion of the convertible bonds was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognised in other equity instrument, net of income tax, and not subsequently remeasured.

During the year ended December 31, 2023, 2024 and 2025, the convertible bonds with principal amount of RMB196,200, RMB805,900 and RMB295,600 were converted into 2,230, 10,820 and 4,004 ordinary A shares of the Company, respectively. As a result of the conversion, the capital reserve of RMB205,488, RMB876,596 and RMB332,100 were recognised, and the other equity instrument of RMB34,420, RMB141,381 and RMB51,858 were derecognised, respectively.

29 DEFERRED INCOME

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants	20,360	12,983	12,740

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Movement in government grants of the Group are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	28,368	20,360	12,983
Government grants received	3,980	5,952	9,023
Credited to profit or loss during the year	(11,988)	(13,329)	(9,266)
At the end of the year	20,360	12,983	12,740

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants	17,623	11,159	8,991

Movement in government grants of the Company are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	25,092	17,623	11,159
Government grants received	3,545	4,523	5,955
Credited to profit or loss during the year	(11,014)	(10,987)	(8,123)
At the end of the year	17,623	11,159	8,991

These amounts represent government grants received by the Group and the Company from government authorities in the PRC as incentives for the Group’s and the Company’s industry. The government grants are subsidies to the Group’s and the Company’s certain assets and research and development projects. The assets corresponding to government grants have already been purchased or is under construction. Upon receipt of asset related government grants, deferred income is recognised, and recognise as other income over estimated useful life of respective asset after the asset starts to be used. Government grant related to research projects will be recognised as other income, when the respective project passed acceptance. During each reporting period, there were no unmet conditions or unrecognised contingencies related to these grants.

30 DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

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The Group

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Gross deferred tax assets	27,435	45,846	64,968
Offsetting with offsetable deferred tax liabilities	(19,161)	(17,126)	(15,028)
Net deferred tax assets	<u>8,274</u>	<u>28,720</u>	<u>49,940</u>
Gross deferred tax liabilities	19,874	24,972	25,540
Offsetting with offsetable deferred tax assets	(19,161)	(17,126)	(15,028)
Net deferred tax liabilities	<u>713</u>	<u>7,846</u>	<u>10,512</u>

The Company

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Gross deferred tax assets	24,189	34,949	46,501
Offsetting with offsetable deferred tax liabilities	(16,424)	(14,035)	(12,546)
Net deferred tax assets	<u>7,765</u>	<u>20,914</u>	<u>33,955</u>
Gross deferred tax liabilities	16,424	14,035	12,546
Offsetting with offsetable deferred tax assets	(16,424)	(14,035)	(12,546)
Net deferred tax liabilities	<u>—</u>	<u>—</u>	<u>—</u>

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(a) **Deferred tax assets**

The movements in gross deferred tax assets during the year ended December 31, 2023, 2024 and 2025 are as follows:

The Group

	Impairment of assets	Provisions	Losses available for offsetting against future taxable profits	Deferred income	Unrealised gains from intra-group transactions	Amortisation and depreciation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	14,906	3,976	2,685	4,255	28	828	26,678
Deferred tax credited/(charged) to profit or loss during the year	2,880	864	(2,685)	(1,237)	480	455	757
At December 31, 2023	17,786	4,840	–	3,018	508	1,283	27,435
At January 1, 2024	17,786	4,840	–	3,018	508	1,283	27,435
Deferred tax credited/(charged) to profit or loss during the year	15,678	1,133	94	(1,093)	1,997	602	18,411
At December 31, 2024	33,464	5,973	94	1,925	2,505	1,885	45,846
At January 1, 2025	33,464	5,973	94	1,925	2,505	1,885	45,846
Deferred tax credited/(charged) to profit or loss during the year	17,562	46	(94)	(24)	2,744	(1,112)	19,122
At December 31, 2025	51,026	6,019	–	1,901	5,249	773	64,968

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The Company

	Impairment loss on financial assets	Provisions	Deferred income	Amortisation and depreciation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	14,666	3,686	3,764	828	22,944
Deferred tax credited/(charged) to the statements of profit or loss during the year	1,721	190	(1,121)	455	1,245
Gross deferred tax assets At December 31, 2023	16,387	3,876	2,643	1,283	24,189
At January 1, 2024	16,387	3,876	2,643	1,283	24,189
Deferred tax credited/(charged) to the statements of profit or loss during the year	9,610	1,518	(970)	602	10,760
Gross deferred tax assets At December 31, 2024	25,997	5,394	1,673	1,885	34,949
At January 1, 2025	25,997	5,394	1,673	1,885	34,949
Deferred tax credited/(charged) to the statements of profit or loss during the year	13,028	(39)	(325)	(1,112)	11,552
Gross deferred tax assets At December 31, 2025	39,025	5,355	1,348	773	46,501

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(b) **Deferred tax liabilities**

The movements in gross deferred tax liabilities during the year ended December 31, 2023, 2024 and 2025 are as follows:

The Group

	Unrealised gains or losses from financial assets at fair value through profit or loss	Amortisation and depreciation	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2023	6,541	5,841	12,382
Deferred tax charged/(credited) to profit or loss during the year	7,805	(313)	7,492
At December 31, 2023	14,346	5,528	19,874
At January 1, 2024	14,346	5,528	19,874
Deferred tax charged/(credited) to profit or loss during the year	5,985	(887)	5,098
At December 31, 2024	20,331	4,641	24,972
At January 1, 2025	20,331	4,641	24,972
Deferred tax charged/(credited) to profit or loss during the year	1,660	(1,092)	568
At December 31, 2025	21,991	3,549	25,540

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The Company

	Unrealised gains or losses from financial assets at fair value through profit or loss	Amortisation and depreciation	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At January 1, 2023	6,509	3,142	9,651
Deferred tax credited/(charged) to profit or loss during the year	7,421	(648)	6,773
At December 31, 2023	13,930	2,494	16,424
At January 1, 2024	13,930	2,494	16,424
Deferred tax charged to profit or loss during the year	(1,741)	(648)	(2,389)
At December 31, 2024	12,189	1,846	14,035
At January 1, 2025	12,189	1,846	14,035
Deferred tax charged to profit or loss during the year	(842)	(647)	(1,489)
At December 31, 2025	11,347	1,199	12,546

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(c) Deferred tax assets not recognised

Deferred tax assets should be recognised when it is probable that taxable profits or taxable temporary differences will be available against which the deferred tax asset can be utilised. Temporary differences will not be recognised as deferred tax assets if management estimates that they will not be recovered from taxable profits generated from continuing operations in the foreseeable future. The following table sets forth the tax losses and deductible temporary differences which were not recognised as deferred tax assets at the end of each reporting period:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax losses	18,345	16,298	43,444
Deductible temporary differences	12,606	15,505	17,124
	30,951	31,803	60,568

Unrecognised deferred tax assets from deductible tax losses will expire in the following years:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
2029	–	4	4
Indefinitely	18,345	16,294	43,440
	18,345	16,298	43,444

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31 PROVISIONS

The provisions for product quality assurance are estimated based on the warranty period of the sold products and the historical warranty costs of sold products.

The Group

	Warranty
	<i>RMB’000</i>
At January 1, 2023	26,506
Charged to profit or loss	28,985
Utilised in the year	(23,313)
	32,178
At December 31, 2023 and January 1, 2024	32,178
Charged to profit or loss	33,021
Utilised in the year	(25,140)
	40,059
At December 31, 2024 and January 1, 2025	40,059
Charged to profit or loss	20,337
Utilised in the year	(20,191)
	40,205
At December 31, 2025	40,205

The Company

	Warranty
	<i>RMB’000</i>
At January 1, 2023	24,570
Charged to profit or loss	23,255
Utilised in the year	(21,991)
	25,834
At December 31, 2023 and January 1, 2024	25,834
Charged to profit or loss	34,107
Utilised in the year	(23,988)
	35,953
At December 31, 2024 and January 1, 2025	35,953
Charged to profit or loss	19,807
Utilised in the year	(20,065)
	35,695
At December 31, 2025	35,695

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32 SHARE CAPITAL AND TREASURY SHARES

Share capital

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Issued and fully paid			
At the beginning of the year	170,672	273,078	273,088
Conversion of capital reserve to share capital ^(note a)	102,403	–	–
Exercise of share option	–	–	911
Conversion of convertible bonds ^(note b)	3	10	4
At the end of the year	273,078	273,088	274,003

	As at December 31,		
	2023	2024	2025
	Number of shares	Number of shares	Number of shares
Number of ordinary share			
At the beginning of the year	170,671,545	273,077,092	273,087,912
Conversion of capital reserve to share capital ^(note a)	102,403,317	–	–
Exercise of share option	–	–	911,146
Conversion of convertible bonds ^(note b)	2,230	10,820	4,004
At the end of the year	273,077,092	273,087,912	274,003,062

Treasury shares

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	–	–	50,042
Share repurchases ^(note c)	–	50,042	–
At the end of the year	–	50,042	50,042
Number of treasury shares (in thousands)	–	1,062	1,062

Notes:

- (a) On June 15, 2023, the company converted the capital reserve to share capital, with 6 new shares issued for every 10 existing shares held by all shareholders, resulting in a total of 102,403,317 new shares issued. The total share capital increased accordingly, and the capital reserve decreased by approximately RMB102,403,000.
- (b) On August 5, 2021, the Company publicly issued 8,400,000 convertible corporate bonds to investors, which began to be convertible on February 11, 2022. During the year ended December 31, 2023, 2024 and 2025, a total of 2,230 shares, 10,820 shares and 4,004 shares were converted from the convertible corporate bonds respectively.

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- (c) On February 23, 2024, the “Proposal on the Plan to Repurchase Company Shares” was approved by the Board of Directors that the company would use its own funds to repurchase a portion of its public shares through centralised bidding transactions, for the implementation of the Employee Stock Ownership Plan or equity incentives. As of December 31, 2024, the company’s share repurchase account had a cumulative inventory of 1,062,460 shares, accounting for 0.39% of the company’s total share capital of 273,087,912 shares. Among them, 1,062,460 shares were repurchased in 2024, with repurchase prices not higher than RMB74.29 per A share resulting a total payment of RMB50,042,000.

33 SHARE-BASED PAYMENT

Share-based payment expenses during the year ended December 31, 2023, 2024 and 2025 are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Equity-settled share-based payment	8,104	9,393	(4,786)

Restricted stock incentive plans

The “Proposal on the Initial Grant of Restricted Stocks to Incentive Objects” was approved by the Board of Directors and the Board of Supervisors on May 22, 2023. On the same date, the Company granted 1,037,720 restricted stocks to 130 eligible incentive employees at a exercise price of RMB79.92 per share. The incentive plan is designed to incentivise performance and align the interests of employees with those of the Group. According to the incentive plan, the restricted stocks granted to target employees will vest in three instalments after 12 months from the date of grant registration completion. Based on the performance assessment and individual performance evaluation of the incentive employees, the maximum vesting ratio for each instalment is 30%, 30%, and 40% respectively.

The number of restricted stocks granted to incentive employees is summarised as follows:

	As at December 31,		
	2023	2024	2025
At the beginning of the year	–	1,026,780	1,105,687
Change in number of shares	–	622,632	–
Granted	1,037,720	–	–
Exercised	–	(471,053)	(440,093)
Forfeited/expired	(10,940)	(72,672)	(78,640)
At the end of the year	1,026,780	1,105,687	586,954

On October 28, 2024, conditions of the first phase of the restricted stock incentive plan was met, and 471,053 shares were to be exercised by 119 incentive employees in 2025. In addition, the initial grant price of restricted stocks under the incentive plan was adjusted from RMB79.92 per share to RMB49.31 per share, and the initial grant quantity was adjusted from 1,037,720 shares to 1,660,352 shares.

On October 28, 2025, conditions of the second phase of the restricted stock incentive plan was met, and 440,093 shares were exercised to 114 incentive employees. In addition, the initial grant price of restricted stocks under the incentive plan was adjusted from RMB49.31 per share to RMB48.92 per share.

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share-based remuneration schemes operated by the Group:

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	As at December 31,		
	2023	2024	2025
Option pricing model used	Black-Scholes	Black-Scholes	Black-Scholes
Weighted average share price at grant date	99.03	N/A	N/A
Exercise price (in RMB)	79.92	49.31	48.92
Weighted average contractual life (days)	510	510	510
Expected volatility*	1 year: 20.17% 2 years: 23.08% 3 years: 24.22%	N/A	– – N/A
Expected dividend growth rate	1.02%	N/A	N/A
Risk-free interest rate	1 year: 1.50% 2 years: 2.10% 3 years: 2.75%	N/A	– – N/A

* Expected volatility is based on the company’s stock volatility over the three years prior to the grant date of the equity incentive.

34 RESERVES

The Group

During the Track Record Period, the amount of reserves and their changes of the Group were presented in the consolidated statements of changes in equity.

The Company

	Share capital	Capital reserve	Other reserve	Treasury shares	Statutory reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	170,672	871,907	145,746	–	85,336	1,383,020	2,656,681
Profit and total comprehensive income for the year	–	–	–	–	–	394,114	394,114
Total comprehensive income for the year	–	–	–	–	–	394,114	394,114
Appropriation of statutory reserve	–	–	–	–	39,412	(39,412)	–
Dividends paid (Note 13)	–	–	–	–	–	(80,216)	(80,216)
Equity-settled share-based payment (Note 33)	–	8,104	–	–	–	–	8,104
Conversion of convertible bonds (Note 28)	3	205	(35)	–	–	–	173
Conversion of capital reserve into share capital (Note 32)	102,403	(102,403)	–	–	–	–	–
Transactions with owners	102,406	(94,094)	(35)	–	39,412	(119,628)	(71,939)
As at December 31, 2023	273,078	777,813	145,711	–	124,748	1,657,506	2,978,856
As at January 1, 2024	273,078	777,813	145,711	–	124,748	1,657,506	2,978,856

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	Share capital	Capital reserve	Other reserve	Treasury shares	Statutory reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit and total comprehensive income for the year	–	–	–	–	–	520,265	520,265
Total comprehensive income for the year	–	–	–	–	–	520,265	520,265
Appropriation of statutory reserve	–	–	–	–	11,797	(11,797)	–
Dividends paid (Note 13)	–	–	–	–	–	(95,207)	(95,207)
Equity-settled share-based payment (Note 33)	–	9,393	–	–	–	–	9,393
Conversion of convertible bonds (Note 28)	10	876	(141)	–	–	–	745
Share repurchase (Note 32)	–	–	–	(50,042)	–	–	(50,042)
Transactions with owners	10	10,269	(141)	(50,042)	11,797	(107,004)	(135,111)
As at December 31, 2024	273,088	788,082	145,570	(50,042)	136,545	2,070,767	3,364,010
As at January 1, 2025	273,088	788,082	145,570	(50,042)	136,545	2,070,767	3,364,010
Profit for the year	–	–	–	–	–	481,128	481,128
Other comprehensive income for the year	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	481,128	481,128
Appropriation of statutory reserve	–	–	–	–	457	(457)	–
Dividend paid (Note 13)	–	–	–	–	–	(106,274)	(106,274)
Exercise of share option (Note 32)	911	43,846	–	–	–	–	44,757
Equity-settled share-based payment (Note 33)	–	(4,786)	–	–	–	–	(4,786)
Conversion of convertible bonds (Note 28)	4	332	(52)	–	–	–	284
Transactions with owners	915	39,392	(52)	–	457	(106,731)	(66,019)
As at December 31, 2025	274,003	827,474	145,518	(50,042)	137,002	2,445,164	3,779,119

(a) Capital reserve

The capital reserve represents the excess of the issuing price over the nominal value of ordinary shares and the equity-settled share-based remuneration schemes as set out in Note 33.

(b) Other reserve

The other reserve represents the convertible bond options. Details of convertible bonds are disclosed in Note 28.

(c) Exchange reserve

The exchange reserve represents the exchange differences arising from the translation of the financial statements of group entities whose the functional currencies are not RMB.

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(d) Statutory reserve

In accordance with the PRC Company Law and the articles of association of the Company and the subsidiaries established in the PRC, PRC group entities are required to appropriate 10% of their net profits after tax to the statutory reserve until the reserve balance reaches 50% of their respective registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the group entities, the statutory reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the group entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

35 PLEDGED ASSETS

For the year ended December 31, 2023 and 2024, the Group’s and the Company’s certain assets have been pledged or endorsed to secure contract bids, certain trade payables and banking facilities granted to the Group. For the year ended December 31, 2025, the Group’s and the Company’s certain assets have been pledged or endorsed to secure contract bids and certain trade payables. The Group’s and the Company’s pledged or endorsed assets at the end of each reporting period are as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Notes receivables	195,790	48,677	92,374
Restricted cash	28,883	61,959	10,164
	<u>224,673</u>	<u>110,636</u>	<u>102,538</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Notes receivables	132,944	35,387	71,262
Restricted cash	26,538	60,255	8,403
	<u>159,482</u>	<u>95,642</u>	<u>79,665</u>

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36 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities for the Track Record Period is as follows:

	Convertible bonds, liabilities	Lease liabilities
	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2023	721,349	12,996
Repayment	–	(3,352)
Interest paid	(4,985)	–
Interest expense	36,655	579
Movement of convertible bond interest payables	(1,386)	–
Other non-cash movements	(173)	(34)
As at December 31, 2023 and January 1, 2024	751,460	10,189
Repayment	–	(3,287)
Interest paid	(8,307)	–
Interest expense	38,153	449
Movement of convertible bond interest payables	(1,689)	–
Other non-cash movements	(745)	129
As at December 31, 2024 and January 1, 2025	778,872	7,480
Repayment	–	(3,942)
Interest paid	(12,425)	–
Interest expense	39,366	381
Addition of new leases	–	1,572
Movement of convertible bond interest payables	(3,385)	–
Other non-cash movements	(304)	1,155
As at December 31, 2025	802,124	6,646

(b) Non-cash transactions

Details of conversion of convertible bonds are disclosed in Note 28.

Details of exercise of share options are disclosed in Note 32.

37 COMMITMENTS

Significant capital expenditure contracted but not recognised as liabilities as at December 31, 2023, 2024 and 2025 was as follows:

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Acquisition of property, plant and equipment	66,650	12,348	13,692

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38 RELATED PARTY TRANSACTIONS

(a) Related parties

Company name	Relation with the Group
Wuhan Saineng Enterprise Management Consulting Co., Ltd. (“武漢賽能企業管理諮詢有限公司”)	Company controlled by the controlling shareholder
Wuhan Suneng Enterprise Management Partnership (Limited Partnership) (“武漢速能企業管理合夥企業(有限合伙)”)	Company controlled by the controlling shareholder
Wuhan Chuyun Yaji Catering Management Co., Ltd. (“武漢楚韻雅集餐飲管理有限公司”)	Company controlled by close family member of a key management executive

(b) Transactions with related parties

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Service fee			
Company controlled by close family member of a manager	–	276	240

39 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instrument as at December 31, 2023, 2024 and 2025 are as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets at amortised cost			
– Trade and notes receivables	1,227,711	1,421,013	1,566,006
– Deposits and other receivables	108,422	91,634	81,843
– Restricted cash	28,883	61,959	10,164
– Cash and cash equivalents	2,806,634	2,362,482	1,930,004
Financial assets at fair value through profit or loss			
– Equity investments at fair value	50,264	90,264	100,930
– Structured deposit	–	–	490,353
	4,221,914	4,027,352	4,179,300

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	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial liabilities			
Financial liabilities at amortised cost			
– Trade and notes payables	677,165	285,259	185,087
– Other payables and accruals	209,713	131,450	168,108
– Convertible bonds	751,460	778,872	802,124
– Lease liabilities	10,189	7,480	6,646
	<u>1,648,527</u>	<u>1,203,061</u>	<u>1,161,965</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets at amortised cost			
– Trade and notes receivables	993,223	1,273,815	1,392,337
– Deposits and other receivables	107,324	89,610	81,072
– Restricted cash	26,538	60,255	8,403
– Cash and cash equivalents	2,752,708	2,274,773	1,852,298
Financial assets at fair value through profit or loss			
– Equity investments at fair value	–	10,000	10,000
– Structured deposit	–	–	450,291
	<u>3,879,793</u>	<u>3,708,453</u>	<u>3,794,401</u>

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial liabilities			
Financial liabilities at amortised cost			
– Trade and notes payables	517,194	269,187	169,067
– Other payables and accruals	183,942	104,677	135,097
– Convertible bonds	751,460	778,872	802,124
	<u>1,452,596</u>	<u>1,152,736</u>	<u>1,106,288</u>

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40 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value in the consolidated statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3 : significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

(a) Fair value hierarchy

As at December 31, 2023, 2024 and 2025, the financial assets and liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at December 31, 2023			
Financial assets			
Financial assets at fair value through profit or loss			
– Equity investments at fair value	–	–	50,264
	<u>–</u>	<u>–</u>	<u>50,264</u>
As at December 31, 2024			
Financial assets			
Financial assets at fair value through profit or loss			
– Equity investments at fair value	–	–	90,264
	<u>–</u>	<u>–</u>	<u>90,264</u>
As at December 31, 2025			
Financial assets			
Financial assets at fair value through profit or loss			
– Equity investments at fair value	–	–	100,930
– Structured deposit	–	490,353	–
	<u>–</u>	<u>490,353</u>	<u>100,930</u>

During the year ended December 31, 2023, 2024 and 2025, there was no transfer between levels of fair value hierarchy.

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The following table presents the movements in Level 2 and 3 fair value hierarchy for the year ended December 31, 2023, 2024 and 2025:

	Unlisted Equity Investments At FVTPL	Structured Deposit	Total
	RMB'000	RMB'000	RMB'000
As at January 1, 2023	10,000	–	10,000
Additions	46,880	–	46,880
Disposals	(12,000)	–	(12,000)
Fair value gains, net	5,384	–	5,384
As at December 31, 2023 and January 1, 2024	50,264	–	50,264
Additions	14,000	–	14,000
Disposals	–	–	–
Fair value gains, net	26,000	–	26,000
As at December 31, 2024 and January 1, 2025	90,264	–	90,264
Additions	–	1,840,000	1,840,000
Disposals	–	(1,350,000)	(1,350,000)
Fair value gains, net	10,666	353	11,019
As at December 31, 2025	100,930	490,353	591,283

(b) Valuation techniques used to determine fair values

The fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation technique used for structured deposit is discounted cash flow method, and the main observable input is interest rate. The valuation techniques for unlisted equity investments at fair value through profit or loss mainly comprise adjusted net assets approach and recent transaction price approach. The inputs of the valuation technique mainly include financial data of target companies and recent transaction prices.

	Fair value	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	RMB'000		
Unlisted equity investment		Net asset value	The higher the net asset value, the higher the fair value
December 31, 2023	50,264		
December 31, 2024	90,264		
December 31, 2025	100,930		

As at December 31, 2023, 2024 and 2025, it is estimated that a general increase/(decrease) in net asset value of 5%, with all other variables held constant, would have increase/(decrease) the Group’s profit or loss by approximately RMB2,513,000, RMB4,513,000 and RMB5,047,000, respectively.

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41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise cash and bank balances, structured deposits and transferable bank deposits. The Group has various other financial assets and liabilities such as trade, notes and other receivables and trade, notes and other payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. The management of the Company reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by subsidiaries in currencies other than their functional currencies. In addition, the Group has currency exposures mainly from its cash and cash equivalents, trade receivables contract assets and trade and other payables. The major foreign currency giving rise to this risk is primarily United States dollars (“USD”).

As at December 31, 2023, 2024 and 2025, for the Group’s subsidiaries with RMB as the functional currency, major monetary assets and liabilities exposed to foreign currency risk are listed below:

	USD
	<i>RMB’000</i>
As at December 31, 2023	
Assets	100,694
Liabilities	(43,071)
Net exposure	<u>57,623</u>
As at December 31, 2024	
Assets	88,825
Liabilities	(41,548)
Net exposure	<u>47,277</u>
As at December 31, 2025	
Assets	110,084
Liabilities	(38,201)
Net exposure	<u>71,883</u>

Sensitivity analysis

As at December 31, 2023, 2024 and 2025, for the above various USD financial assets and liabilities, if the RMB appreciates or depreciates by 5% against the USD and other factors remain unchanged, the Group will decrease or increase its profit before income tax by RMB2,881,000, RMB2,364,000 and RMB3,594,000, respectively.

(b) Interest rate risk

The Group’s bank balances and structured deposits expose to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate. The Group’s large transferable bank deposits and issued convertible bonds are at fixed interest rates and expose to fair value interest rate risk. The management of the Company consider the Group’s exposure to interest rate risk in respect of bank balances, structured deposits, large transferable bank deposits and issued convertible bonds is not significant.

(c) Credit risk

The Group establishes relevant policies to control credit risk exposure. The Group assesses customers’ creditworthiness based on their financial conditions, the possibility of obtaining guarantees from third parties, credit history, and other factors such as current market conditions, and sets corresponding credit terms. The Group regularly monitors customers’ credit records. For customers with poor credit records, the Group may use written reminders, shorten credit terms, or cancel credit terms to ensure that the overall credit risk of the Group remains within a controllable range.

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The major financial instruments expose to credit risk are trade and other receivables, commercial acceptance notes from notes receivables and contract assets. The Group’s large transferable bank deposit and bank acceptance notes are mainly related in state-owned banks and other large and medium-sized listed banks with good reputations and high credit ratings. The Group believes that there is no significant credit risk and that it is unlikely to incur substantial losses due to bank defaults. The table below shows the Group’s estimation of expected credit loss or provision for impairment loss for the major financial instruments which expose to credit risk.

The following tables provide information about the Group’s exposure to credit risk and ECLs for trade receivables of the Group’s different customer bases:

	Expected loss rate	Gross carrying amount	Loss allowance
	<i>%</i>	<i>RMB’000</i>	<i>RMB’000</i>
December 31, 2023			
Collective assessment based on ageing	7.4%	796,872	58,874
Assessment on individual basis	98.5%	48,606	47,894
Total		845,478	106,768
December 31, 2024			
Collective assessment based on ageing	9.7%	976,729	94,359
Assessment on individual basis	89.9%	126,584	113,788
Total		1,103,313	208,147
December 31, 2025			
Collective assessment based on ageing	11.5%	1,194,162	137,088
Assessment on individual basis	84.3%	180,515	152,210
Total		1,374,677	289,298

	Within 1 year	Between 1 to 2 years	Between 2 to 3 years	More than 3 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
December 31, 2023					
– Expected loss rate	5.0%	10.0%	20.0%	93.1%	
– Gross carrying amount	576,953	165,151	47,632	55,742	845,478
– Loss allowance	28,847	16,515	9,527	51,879	106,768
December 31, 2024					
– Expected loss rate	10.2%	15.5%	24.6%	83.1%	
– Gross carrying amount	488,713	449,441	82,995	82,164	1,103,313
– Loss allowance	49,757	69,748	20,393	68,249	208,147
December 31, 2025					
– Expected loss rate	8.1%	19.4%	29.0%	81.9%	
– Gross carrying amount	636,054	431,707	184,146	122,770	1,374,677
– Loss allowance	51,786	83,544	53,446	100,522	289,298

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The loss allowances for trade receivables as of December 31 reconcile to the opening loss allowances as follows:

The Group

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Opening loss allowance	89,590	106,768	208,147
Change in the allowance recognised in profit or loss	17,673	86,085	91,234
Others	–	15,360	566
Receivables written off during the year as uncollectible	(495)	(66)	(10,649)
Closing loss allowance	<u>106,768</u>	<u>208,147</u>	<u>289,298</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Opening loss allowance	88,361	98,437	153,970
Change in the allowance recognised in profit or loss	10,571	55,599	78,795
Receivables written off during the year as uncollectible	(495)	(66)	(1,240)
Closing loss allowance	<u>98,437</u>	<u>153,970</u>	<u>231,525</u>

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 1 year past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

For other financial assets at amortised cost include notes receivables, other receivables and contract assets, the Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experiences and available forward-looking information.

The Group applies the general approach in calculating ECLs, where the Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as of the reporting date with the risk of default as of the date of initial recognition. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

If the credit risk of the asset is in line with original expectations, the Group categorises the asset as performing and recognises 12 month expected credit losses (Stage 1). If a significant credit risk of the asset has occurred compared to original expectations or the credit is impaired, the asset is categorised as underperforming or non-performing and lifetime expected credit losses are recognised (Stages 2 and 3).

As of December 31, 2023, 2024 and 2025, except for other receivables of RMB Nil, RMB Nil and RMB Nil are classified as Stage 3, other financial assets at amortised cost are classified as Stage 1. There is no change in stage during the Track Record Period.

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The loss allowances for other financial assets at amortised cost as of December 31 reconcile to the opening loss allowances as follows:

	Notes receivables	Other receivables	Contract assets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As of January 1, 2023	749	744	5,368	6,861
Change in the allowance recognised in profit or loss	(749)	461	1,789	1,501
As of December 31, 2023	–	1,205	7,157	8,362
Change in the allowance recognised in profit or loss	4,885	(417)	2,927	7,395
As of December 31, 2024	4,885	788	10,084	15,757
Change in the allowance recognised in profit or loss	6,853	(1)	1,189	8,041
As of December 31, 2025	11,738	787	11,273	23,798

(d) Liquidity risk

The Group’s policy is to ensure sufficient cash is available to repay maturing debt. Liquidity risk is centrally managed by the company’s finance department. The finance department ensures the Group has adequate funds to repay debts under all reasonably foreseeable circumstances by monitoring cash balances, marketable securities, and rolling forecasts of cash flows for the next 12 months. At the same time, it continuously monitors the Group’s compliance with convertible bonds and obtains commitments from major financial institutions to provide sufficient standby funding to meet both short-term and long-term financing needs.

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The maturity profile of the Group’s financial liabilities as at December 31, 2023, 2024 and 2025, based on the contractual undiscounted payments, is as follows:

	Within 1 year	1 to 2 years	2 to 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2023				
Trade and notes payables	677,165	–	–	677,165
Financial liabilities included in other payables and accruals	209,713	–	–	209,713
Convertible bonds	–	–	830,586	830,586
Lease liabilities	3,315	2,960	4,850	11,125
	<u>890,193</u>	<u>2,960</u>	<u>835,436</u>	<u>1,728,589</u>
Year ended December 31, 2024				
Trade and notes payables	285,259	–	–	285,259
Financial liabilities included in other payables and accruals	131,450	–	–	131,450
Convertible bonds	–	–	829,780	829,780
Lease liabilities	2,961	3,525	1,665	8,151
	<u>419,670</u>	<u>3,525</u>	<u>831,445</u>	<u>1,254,640</u>
Year ended December 31, 2025				
Trade and notes payables	185,087	–	–	185,087
Financial liabilities included in other payables and accruals	168,108	–	–	168,108
Convertible bonds	–	829,484	–	829,484
Lease liabilities	3,597	3,467	–	7,064
	<u>356,792</u>	<u>832,951</u>	<u>–</u>	<u>1,189,743</u>

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 sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the subject assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to the shareholders or return capital to the shareholders. The Group is not subject to any external capital requirements. During the year ended December 31, 2023, 2024 and 2025, there are no changes in capital management objectives, policies or procedures.

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total assets	6,869,986	6,620,776	6,653,034
Total liabilities	<u>3,798,041</u>	<u>3,156,367</u>	<u>2,734,700</u>
Asset-liability ratio	55.3%	47.7%	41.1%

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42 INVESTMENTS IN SUBSIDIARIES

The Company

Investments in subsidiaries are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
DR Laser Technology (Wuxi) Co., Ltd. (“帝爾激光科技(無錫)有限公司”)	262,000	300,000	300,000
DR Utilight Corp. Ltd.	21,132	21,132	21,132
DR Laser Singapore Pte. Ltd.	40,000	40,000	40,000
Zhuhai Haoyuan Investment Co., Ltd. (“珠海顥遠投資有限公司”)	51,000	51,000	51,000
	<u>374,132</u>	<u>412,132</u>	<u>412,132</u>

The Company has injected RMB38,000,000 in DR Laser Technology (Wuxi) Co., Ltd. (“帝爾激光科技(無錫)有限公司”) during the year ended December 31, 2024.

43 SUBSEQUENT EVENTS

There were no significant events after the end of the Track Report Period that require additional disclosure or adjustments.

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

**UNAUDITED [REDACTED]
FINANCIAL INFORMATION**

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion has no intention to cover all possible tax consequences resulting from the [REDACTED] in H Shares, nor does it take the specific circumstances of any particular [REDACTED] into account. Accordingly, you should consult your own tax adviser regarding the tax consequences of an [REDACTED] in H Shares. The discussion is based upon laws and relevant interpretations in effect as at the date of this document, which is subject to change or adjustment and may have retrospective effect.

No issues on PRC or taxation other than income tax, capital gains tax, VAT, stamp duty and estate duty were referred in the discussion. [REDACTED] are urged to consult their tax advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

TAXATION IN MAINLAND CHINA

Taxation on Dividends

Individual investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the “IIT Law”), latest amended by the SCNPC on August 31, 2018 and effective from January 1, 2019, and its implementation rules, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Unless otherwise provided by the competent financial and tax authorities of the State Council, all interest, dividends and bonuses are deemed to be derived from the PRC, regardless of whether the place of payment is within the PRC. Pursuant to the Circular on Certain Issues Concerning the Policies of Individual Income Tax (《關於個人所得稅若干政策問題的通知》) promulgated on May 13, 1994 and came into effect on the same date, overseas individuals are exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises.

Enterprise investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “EIT Law”), which was last amended on December 29, 2018 and became effective from the same date, and the Implementation Rules of the EIT Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which were last amended on December 6, 2024 and became effective from January 20, 2025, the enterprise income tax rate is 25%. A non-resident enterprise is subject to a 10% EIT on PRC-sourced income, including dividends receiving from a PRC resident enterprise, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the amount due to be paid.

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

Pursuant to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《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稅有關問題的通知》) issued by the SAT on November 6, 2008 and became effective on the same date, a PRC resident enterprise is required to withhold EIT at a unified rate of 10% on dividends paid to non-PRC resident enterprise holders of H shares which are derived out of profit generated since 2008.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 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 Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》第五議定書), which came into effect on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, after taking into account all relevant facts and conditions, are reasonably deemed to be obtaining such benefits, except when the grant of such benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the statutory requirements of PRC tax law documents, such as the Notice of the SAT on the Issues Concerning the Enforcement of the Dividend Clauses of Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Tax agreements

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC or residing in Hong Kong or Macau are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties/Arrangements with a number of countries and regions including Hong Kong, Macau, 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 in accordance with the relevant income tax treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the withholding tax in excess of the agreed tax rate.

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

TAXATION ON SHARE TRANSFER

Income Tax

Individual investor

According to the IIT Law and its implementation rules, gains derived from the sale of equity interests in the PRC resident enterprises by any individual are subject to individual income tax at a rate of 20%.

Pursuant to the Circular on Continuing to Temporarily Exempt Individual Income Tax on Income from the Transfer of Shares by Individuals (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises shall continue to be exempted from individual income tax. Pursuant to the Circular on Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Restricted Shares of Listed Company (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) jointly issued by the MOF, the SAT and CSRC on December 31, 2009, any individual's income from the transfer of listed shares on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice of the MOF, the SAT and the CSRC on Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Restricted Shares of Listed Company (《財政部、國家稅務總局、證監會關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued by the abovementioned three departments on November 10, 2010).

As at the Latest Practicable Date, no aforesaid provisions had expressly provided that whether individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise investors

Pursuant to the EIT Law and its implementation rules, a non-resident enterprise is generally subject to enterprise income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it 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. Such 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 when such payment is made or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

Value-added Tax and Local Surcharges

Pursuant to the VAT Law of the PRC (《中華人民共和國增值稅法》), which was promulgated by the Standing Committee of the National People’s Congress on December 25, 2024 and came into effect on January 1, 2026, and the Detailed Rules for the Implementation of the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was last amended by the Ministry of Finance (the “MOF”) on October 28, 2011 and came into effect on November 1, 2011, entities and individuals that sell goods, provide labour services of processing, repair or replacement, or import goods within the territory of mainland China are the VAT payers.

Pursuant to the Notice of the MOF and the SAT on the Adjustment to VAT Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》), which was promulgated by the MOF and the SAT on April 4, 2018 and came into effect on May 1, 2018, the VAT rates for the sale or import of goods are adjusted from 17% and 11% to 16% and 10%, respectively.

Pursuant to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》), which was promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and came into effect on April 1, 2019, the VAT rates for the sale or import of goods are adjusted from 16% and 10% to 13% and 9%, respectively.

Pursuant to the Announcement on the Weighted VAT Deduction Policy for Advanced Manufacturing Enterprises (《關於先進製造業企業增值稅加計抵減政策的公告》), which was promulgated by the MOF and the SAT on September 3, 2023, advanced manufacturing enterprises are allowed to deduct weighted 5% of the current deductible input tax amount from the VAT payable from January 1, 2023 to December 31, 2027.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge, which are normally 12% of the actual VAT, business tax, and consumption tax (if any) payable.

Taxation Policy of Shenzhen-Hong Kong Stock Connect

Pursuant to the Notice on the Tax Policies Related to the Pilot Programme of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) which was promulgated on November 5, 2016 and came into effect on December 5, 2016, for income from dividends and bonuses derived by a mainland individual investor from investment in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, H share companies shall apply to the CSDC for providing the register of mainland China individual investors, and individual income tax shall be withheld by H share companies at the tax rate of 20%.

Income from dividends and bonuses derived by a mainland enterprise investor from investment in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be included in the total income amount, and subject to enterprise income tax pursuant to laws. In particular, income from dividends and bonuses derived by a mainland resident enterprise for holding H shares over 12 consecutive months shall be exempted from enterprise income tax pursuant to laws. H share companies listed on Hong Kong Stock Exchange shall apply to the CSDC for providing the register of mainland enterprise investors. The H share companies shall not withhold income tax of dividends and bonuses for mainland enterprise investors and such investors shall declare and pay relevant tax themselves.

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Pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mutual Recognition of Funds between Mainland China and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》), which was promulgated on August 21, 2023 and came into effect on the same date, the transfer spread income derived by a mainland individual investor from investment in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall continue to be exempted from individual income tax until December 31, 2027.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》) issued by the SCNPC on June 10, 2021 and implemented from July 1, 2022, the PRC stamp duty applies to entities and individuals that conclude taxable documents and conduct securities transactions within the PRC and the entities and individuals that conclude taxable documents outside the PRC which are used within the PRC. Therefore, the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies does not apply to the acquisition and disposal of H shares outside the PRC by non-PRC investors.

Estate Duty

Under the PRC laws, the PRC currently does not impose any estate duty. MAJOR TAXES ON THE COMPANY IN THE PRC: Please refer to the section headed “Regulatory Overview” in this document.

TAXATION IN HONG KONG

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Trading gains from sales of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Stock Exchange realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable, and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The Renminbi is the legal currency of the PRC. Authorised by the People’s Bank of China (the “PBOC”), the State Administration of Foreign Exchange (the “SAFE”) is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations on Foreign Exchange Control (《外匯管理條例》) amended by the State Council on August 5, 2008 and became effective on the same date, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of PRC enterprises may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on June 20, 1996 and became effective on July 1, 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

According to relevant laws and regulations of the PRC, PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprises that need to distribute profits to their shareholders in foreign exchange and Chinese enterprises that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from their foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

According to the Decision of the State Council on Cancelling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council on October 23, 2014 and became effective on the same date, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been cancelled.

According to the Notice on Issues Concerning the Administration of Funds for Overseas Listing of Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》) promulgated by the People’s Bank of China and the SAFE on December 24, 2025 and effective on April 1, 2026, domestic enterprises raising funds through overseas listings are required to promptly remit the raised funds back to China. Where any portion of the funds is to be retained offshore for purposes such as overseas direct investment, overseas securities investment, or offshore lending, the relevant approval or filing documents from the competent regulatory authority must be obtained prior to the completion of the overseas listing or the exercise of any [REDACTED] option. In such cases, the retention and use of funds offshore must also comply with applicable cross-border fund management regulations.

According to the Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control 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》) promulgated by the SAFE on June 9, 2016 and last amended on December 4, 2023, domestic institutions may settle their foreign exchange receipts under the capital account (including repatriated funds raised through overseas listing) entitled to discretionary settlement according to relevant policies with banks as actually needed for business operation. Domestic institutions may, at their discretion, settle up to 100% of their foreign exchange receipts under the capital account for the time being. The SAFE may adjust the aforesaid proportion in due time in light of the balance of payment.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

This Appendix contains a summary of laws and regulations on companies and securities in the PRC, certain major differences between the PRC Company Law and Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance as well as the additional regulatory provisions of the Stock Exchange on joint stock limited companies of the PRC. The principal objective of this summary is to provide [REDACTED] with an overview of the principal laws and regulations applicable to our Company. It does not contain all the information that may be important to [REDACTED]. For a discussion of laws and regulations which specifically regulate the Company’s business, see “Regulatory Overview” in this document.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the “**Constitution**”), and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, departmental rules, local government rules, international treaties signed by the PRC government and other normative documents. Court judgements are not binding as precedents, but serve as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the “**Legislation Law**”), which was last amended by the NPC on March 13, 2023 and became effective on March 15, 2023, the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people’s congresses of provinces, autonomous regions and municipalities directly under the Central Government and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people’s congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities in autonomous regions shall be implemented after approval.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The standing committees of the people’s congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval shall be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People’s congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries and commissions of the State Council, PBOC, National Audit Office and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people’s governments of the provinces and autonomous regions is greater than that of the rules enacted by the people’s governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but contravene the Constitution and the Legislation Law. The SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and 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 Constitution and the Legislation Law; the State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments; the people’s congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees; the standing committees of the local people’s congresses have the power to annul inappropriate rules enacted by the people’s governments at the corresponding level; the people’s governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people’s governments at a lower level.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《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》) passed by the SCNPC on June 10, 1981 and becoming effective on the same date, issues related to the further clarification or supplement of laws and decrees shall be interpreted or provided by the SCNPC through decrees. Issues related to the specific application of laws and decrees in a court trial shall be interpreted by the Supreme People’s Court, issues related to the specific application of laws and decrees in the procuratorial work shall be interpreted by the Supreme People’s Procuratorate. If there are differences in principle in the interpretation of the Supreme People’s Court and the Supreme People’s Procuratorate, they shall be submitted to the SCNPC for interpretation or decision, issues related to the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be interpreted by the State Council and the competent authorities. At the regional level, the power to interpret regional regulations is vested in the regional legislative and administrative authorities which promulgate such regulations.

THE PRC JUDICIAL SYSTEM

According to the Constitution and the Law of Organisation of the People’s Courts of the PRC (《中華人民共和國人民法院組織法》) last amended by the SCNPC on October 26, 2018 and becoming effective on January 1, 2019, the people’s courts are made up of the Supreme People’s Court, the local people’s courts, and special people’s courts. The local people’s courts are divided into three levels, namely the basic people’s courts, the intermediate people’s courts and the higher people’s courts. The basic people’s courts may set up certain people’s tribunals based on the status of the region, population and cases. The Supreme People’s Court shall be the highest judicial organ. The Supreme People’s Court shall supervise the judicial work by the local people’s courts at all levels and by the special people’s courts. The people’s courts at a higher level shall supervise the judicial work of the people’s courts at lower levels.

According to the Constitution and the Law of Organisation of the People’s Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) last amended by the SCNPC on October 26, 2018 and becoming effective on January 1, 2019, the people’s procuratorates are the law supervision organs of the state. The Supreme People’s Procuratorate shall be the highest procuratorial organ. The Supreme People’s Procuratorate shall direct the work of the local people’s procuratorates at all levels and of the special people’s procuratorates; the people’s procuratorates at higher levels shall direct the work of those at lower levels.

The people’s courts employ a two-tier appellate system, and judgements or rulings of the second instance at the people’s courts are final. A party may appeal against the judgement or ruling of the first instance of a local people’s courts. The people’s procuratorate may present a protest to the people’s courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people’s procuratorate within the stipulated period, the judgements or rulings of the people’s courts are final. Judgements or rulings of the second instance of the intermediate people’s courts, the higher people’s courts and the Supreme People’s Court and those of the first instance of the Supreme People’s Court are final. However, if the Supreme People’s Court or the people’s court at the higher level finds any definite errors in a legally effective final judgement or ruling of the people’s court at a lower level, or if the chief judge of a people’s court at any level finds any definite errors in a legally effective final judgement or ruling of such court, the case can be retried according to judicial supervision procedures.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the “**Civil Procedure Law**”), last amended by the SCNPC on September 1, 2023 and becoming effective on January 1, 2024, sets forth 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 enforcement of a civil judgement or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by the written agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff’s or the defendant’s place of domicile, the place where the contract is performed or signed or the object of the action is located. However, such choice cannot be in conflict with the regulations of grade jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign enterprise and a foreign organisation that institute or respond to proceedings in a people’s court are given the same litigation rights and obligations as a PRC citizen, a legal person and other organisations. Should a foreign court limit the civil litigation rights of PRC citizens, legal persons and other organisations, the PRC courts shall apply the principle of reciprocity to the civil litigation rights of the citizens, enterprises and organisations of such foreign country. A foreign individual, a person without nationality, a foreign enterprise and a foreign organisation must engage a PRC lawyer in case he/she or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a people’s court. In accordance with the international treaties to which the PRC is a signatory or a participant or according to the principle of reciprocity, a people’s court and a foreign court may request each other to serve documents, conduct investigation, collect evidence and conduct other actions on its behalf. A people’s court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or social and public interests of the PRC.

All parties must comply with legally effective civil judgements and rulings. If any party to a civil action refuses to comply with a judgement or order made by a people’s court or an award made by an arbitration tribunal, the other party may apply to the people’s court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

When a party applies to a people’s court for enforcing an effective judgement or ruling by a people’s court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgement or ruling. A foreign judgement or ruling may also be recognised and enforced by the people’s court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgement or ruling satisfies the court’s examination according to the principle of reciprocity, unless among other exceptions, the people’s court finds that the recognition or enforcement of such judgement or ruling will result in a violation of the basic principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

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THE PRC COMPANY LAW, OVERSEAS LISTING TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company established in the PRC and seeking a listing on the Hong Kong Stock Exchange (hereinafter referred to as the “**Joint Stock Company**” or the “**Company**”) is mainly subject to the following laws and regulations of the PRC:

The Company Law was last amended by the SCNPC on December 29, 2023 and came into effect on July 1, 2024.

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》) (the “**Overseas Listing Trial Measures**”) and five supporting guidelines on February 17, 2023, which were implemented on March 31, 2023.

According to the Overseas Listing Trial Measures and its supporting guidelines, a domestic enterprise directly offering and listing overseas shall formulate its articles of association in line with the relevant provisions on corporate governance as set out in the Guidelines for Articles of Association of Listed Companies last amended by the CSRC on March 28, 2025 and became effective on the same date, to standardise corporate governance.

Set out below is a summary of the major provisions of the PRC Company Law, the Trial Measures for Overseas Listing and the Guidelines for Articles of Association of Listed Companies.

General Provisions

A joint stock limited company means a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal nominal value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A joint stock limited company shall conduct its business in accordance with laws and regulations, observe social ethics and business ethics, act in good faith, and be subject to government and public oversight. It may invest in other enterprises. Where any law provides that a company shall not become a capital contributor who has the joint liabilities associated with the debts of the invested enterprises, such provision shall prevail.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

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The promoters of a joint-stock company incorporated by subscription shall convene an inaugural meeting of the company within 30 days after the share capital has been paid-up and shall notify all subscribers the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting shall only be held with the presence of subscribers representing a majority of voting rights. The convening and voting procedures for the inaugural meeting of a joint stock limited company incorporated by promotion shall be stipulated in the agreement of the promoters. Powers to be exercised at the inaugural meeting include but not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be passed by a majority of the voting rights held by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business licence has been issued by the relevant registration authority.

SHARE CAPITAL

Company promoters may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind, intellectual property rights, land use rights, shareholding, or claims. If a capital contribution is made with non-monetary assets, a valuation and verification of the asset contributed must be carried out without any overvaluation or undervaluation.

Allotment and Issue of Shares

The issue of shares shall be in a fair and impartial manner. Each share of the same category shall have equal rights. For stocks of the same categories issued at the same time, the issue conditions and price for each share shall be the same; the same price shall be paid for each of the shares subscribed by subscribers.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with the Overseas Listing Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information.

Increase in Share Capital

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the general meeting in respect of the class and number of new shares, the issue price of new shares, the commencement date and long stop date of the issue of new shares and the class and number of new shares proposed to offer to existing shareholders, if any; and in the case of issuance of shares without par value, the proceeds from the issuance of new shares shall be included into the registered capital. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce the documents.

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Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law: (i) to prepare a balance sheet and a property list; (ii) a company makes a resolution at the general meeting to reduce its registered capital; (iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution in respect of reducing registered capital; (iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice; (v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the Articles of Association of a joint stock limited company.

Share Repurchase

Under the Company Law, a company shall not acquire its own shares, except for any following circumstances: (i) reducing the company’s registered capital; (ii) merging with other companies that hold the shares of the company; (iii) using the shares for employee stock ownership plans or equity incentives; (iv) with respect to shareholders voting against any resolution adopted at the general meeting on the merger or division of the company, the right to require the company to acquire the shares held by them; (v) using the shares for the conversion of convertible corporate bonds issued by a listed company; (vi) as required for maintenance of the corporate value and shareholders’ rights and interests of a listed company. The acquisition of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the general meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the Board meeting attended by more than two-thirds of the directors in accordance with the Articles of Association or the authorisation from the general meeting.

Following the acquisition of a company’s shares by a company in accordance with the above provisions, such shares shall be cancelled within 10 days from the date of acquisition in the case of item (i) above; such shares shall be transferred or cancelled within six months in the case of items (ii) and (iv) above; the total number of shares of the company held by a company shall not exceed 10% of the total issued shares of the company, and shall be transferred or cancelled within 3 years in the case of items (iii), (v) and (vi) above.

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Share transfers

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder of a joint stock limited company should affect a transfer of his/her shares through a legally established stock exchange or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and domicile of the transferee in the register of shareholders. No changes to the shareholder register provided in the foregoing requirement shall be affected during a period of twenty days prior to the convening of the general meeting or five days prior to the record date for a company's distribution of dividends. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail.

Under the Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of a company are listed and traded on a stock exchange. The directors, supervisors and senior management of the company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year should not exceed 25% of the total shares they hold of the company. Shares of a company held by its directors, supervisors and senior management shall not be transferred within one year from the date on which the shares of a company are listed and traded on a stock exchange. They shall not transfer the company's shares held by them within half a year after leaving the company.

Where the shares are pledged within the time limit for transfer prescribed by laws or administrative regulations, the pledgee may not exercise the pledge right within the time limit for transfer.

SHAREHOLDER

Under the Company Law, the rights of shareholders include the rights: (i) to receive dividends and other forms of distribution in accordance with the proportion of shares held or as stipulated in the Articles of Association; (ii) to attend or appoint a proxy to attend shareholders' general meetings and to exercise voting rights; (iii) to put forward proposals or raise enquiries on the company's operations; (iv) to transfer, gift or pledge the company's shares held in accordance with the laws, administrative regulations and the Articles of Association; (v) to review and copy the Articles of Association, the register of members, minutes of general meetings, resolutions of the Board meetings, resolutions of meetings of the Supervisory Committee, and financial and accounting reports; (vi) shareholders who individually or jointly hold more than 3% of the shares of a company for at least 180 consecutive days may review the accounting books and accounting vouchers of a company; (vii) in the event of the company's dissolution or liquidation, to participate in the distribution of the company's remaining assets in proportion to the shares held; (viii) to acquire the shares of shareholders who have voted against the resolutions on the merger or division of the Company at a general meeting upon their request; (ix) other rights conferred by laws, administrative regulations and the Articles of Association.

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The obligations of a shareholder include the obligation to abide by the company’s Articles of Association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the Company’s debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders’ obligation specified in the company’s Articles of Association.

General meeting

Under the Company Law, the general meeting of a joint stock limited company is made up of all shareholders. The general meeting is the organ of authority of a company, which exercises the following functions and powers: (i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors; (ii) to examine and approve reports of the Board; (iii) to examine and approve reports of the Supervisory Committee; (iv) to examine and approve a company’s profit distribution plans and loss recovery plans; (v) to resolve on the increase or reduction of a company’s registered capital; (vi) to resolve on the issuance of corporate bonds; (vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company; (viii) to amend the Articles of Association; (ix) other functions and powers specified in provision of the Articles of Association.

Under the Company Law, the annual general meetings are required to be held once every year. An extraordinary general meeting is required to be held within two months after the occurrence of any of the following circumstances: (i) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the Articles of Association; (ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital; (iii) shareholders individually or jointly holding 10% or more of the company’s shares request; (iv) the Board considers it necessary; (v) the Supervisory Committee proposes to convene the meeting; (vi) other circumstances as stipulated in the Articles of Association.

The general meeting shall be convened by the Board, and presided over by the chairman of the Board. In the event that the chairman of the Board is incapable of performing or not performing his/her duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his/her duties, a director nominated by more than half of directors shall preside over the meeting.

If the Board is incapable of performing or is not performing its duties to convene the general meeting, the Supervisory Committee should convene and preside over the general meeting in a timely manner. If the Supervisory Committee fails to convene and preside over the general meeting, shareholders individually or jointly holding 10% or more of the company’s shares for 90 days or more consecutively may unilaterally convene and preside over the general meeting.

If the shareholders who individually or jointly hold more than 10% of the shares of the company request to convene an extraordinary general meeting, the Board and the Supervisory Committee should, within 10 days after the receipt of such request, decide whether to hold an extraordinary general meeting and reply to the shareholders in writing.

Notice of general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting.

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Shareholders who individually or jointly hold more than 1% of the company’s shares may put forward interim proposals and submit them to the Board in writing 10 days before the general meeting. The Board shall notify other shareholders within 2 days after receiving the proposal, and submit the interim proposal to the general meeting for consideration.

Under the Company Law, a shareholder may entrust a proxy to attend a general meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his/her voting rights within the scope of authorisation. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a general meeting.

Under the Company Law, shareholders present at a general meeting have one vote for each share they hold, except the shareholders of classified shares. However, shares held by the company itself are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the general meeting in accordance with the provisions of the Articles of Association or the resolutions of the general meeting. Under the cumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the Company Law and the Guidelines for Articles of Association, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the general meeting. Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the Articles of Association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Board

Under the Company Law, a joint stock limited company should have a Board, which consists of more than three members. The term of office of a director shall be stipulated in the Articles of Association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Board meetings shall be convened at least twice a year. All directors and supervisors shall be notified 10 days before the meeting for every meeting. The Board exercises the following functions and powers: (i) to convene general meetings and report its work to general meetings; (ii) to implement the resolutions of the general meeting; (iii) to decide on the business and investment plans of a company; (iv) to formulate a company’s profit distribution plan and loss recovery plan; (v) to formulate proposals for the increase or reduction of a company’s registered capital and the issue of corporate bonds; (vi) to formulate plans for merger, division, dissolution or change of corporate form of a company; (vii) to decide on the internal management structure of a company; (viii) to decide on the appointment or dismissal of the manager of a company and his/her remuneration; to decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration; (ix) to formulate a company’s basic management system; (x) other functions and powers specified in the Articles of Association or granted by the general meeting.

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Board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he/she may appoint another director by a power of attorney specifying the scope of the authorisation for another director to attend the meeting on his/her behalf. If a resolution of the Board violates the laws, administrative regulations or the Articles of Association, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

Under the Company Law, a person may not serve as a director of a company: (i) a person who has no capacity or has restricted capacity for civil conduct; (ii) a person who has been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period; (iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise; (iv) persons who were legal representatives of a company or enterprise which had its business licence revoked due to violation of the law and had been closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the business licence of the company or enterprise or the order for closure; and (v) being listed as one of dishonest persons subject to enforcement by the people’s court due to his/her failure to pay off a relatively large amount of due debts.

The Board shall have one chairman of the Board, who shall be elected by more than half of all the directors. The chairman of the Board shall exercise the following functions and powers (including but not limited to): (i) to preside over general meetings and convene and preside over Board meetings; (ii) to examine the implementation of resolutions of the Board; (iii) to exercise other powers conferred by the Board.

Managers and Senior Management Members

Under the Company Law, a company should have a manager who is appointed or removed by the Board. The manager exercises his/her functions and powers according to the Articles of Association or the authorisation of the Board. The manager shall comply with other provisions of the Articles of Association concerning his/her powers.

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Under the relevant requirements of the PRC Guidelines on the Articles of Association, the manager shall exercise the following powers: (i) to be in charge of the production, operation and management of the company, to organise the implementation of the resolutions of the Board, and to report his/her works to the Board; (ii) to organise the implementation of the company's annual business plans and investment plans; (iii) to draft plans for the establishment of the company's internal management organisation; (iv) to draft the company's basic management system; (v) to formulate the specific rules and regulations of the company; (vi) to propose the appointment or dismissal of the deputy managers and financial officer of the company; (vii) to decide on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board; and (viii) other powers conferred by the Board. The manager attends the meetings of the Board. However, the manager shall have no voting rights at meetings of the Board unless he/she concurrently serves as a director.

According to the Company Law, senior management shall refer to the managers, deputy managers, financial controller, secretary of the Board (if a listed company) and other personnel as stipulated in the Articles of Association.

According to the PRC Guidelines on the Articles of Association, the Articles of Association of the company are binding on the company's manager and other management personnel. Senior management members shall perform their duties honestly, and protect the best interests of the company and all the shareholders. Senior management members shall be liable for compensation in accordance with the laws for any damage caused to the interests of the company and public shareholders as a result of their failure to perform duties honestly or violation of their fiduciary duties.

Finance and Accounting

Under the Company Law, the company shall establish its financial and accounting systems according to the laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare a financial and accounting report which shall be audited by an accounting firm in accordance with the law. The financial and accounting report shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

According to the Company Law, a joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual general meeting. A joint stock limited company issuing its shares in public must publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company can no longer withdraw statutory reserve fund if its statutory reserve fund has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the general meeting.

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A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the Articles of Association of the joint stock limited company.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company. The reserve fund of the company shall be used to make up losses of the company, expand the production and operation of the company or increase the capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve fund shall not be less than 25% of the registered capital before such conversion.

The company shall not keep accounting books other than those provided by law.

Appointment and Resignation of Accounting Firms

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by the general meeting, the Board or the Supervisory Committee in accordance with the Articles of Association. The accounting firm shall be allowed to make representations when the general meeting, the Board or the Supervisory Committee votes on the dismissal of the accounting firm. The company shall provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting materials to the engaged accounting firm, and shall not refuse, conceal or make false statements.

According to the Guidelines for the Articles of Association, the company shall guarantee to provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting materials to the engaged accounting firm, and shall not refuse, conceal or make false statements. The audit fee of the accounting firm shall be decided by the general meeting.

Profit Distributions

According to the Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

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Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons: (i) the term of business specified in the Articles of Association has expired or any other cause for dissolution specified in the Articles of Association has occurred; (ii) a resolution on dissolution is adopted by the general meeting; (iii) dissolution is necessary as a result of the merger or division of the company; (iv) the company has its business licence revoked, is ordered to close down or revoked in accordance with the laws; (v) where the company encounters serious difficulties in its operation and management, and its continued existence will cause significant losses to the interests of shareholders, and where the issue cannot be resolved through other means, shareholders holding more than 10% of the total shareholders' voting rights of the company may request the People's Court to dissolve the company.

If any of the situations as mentioned in the preceding paragraph arises, the company shall publicise the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with sub-paragraph (i) above, it may carry on its existence by amending its Articles of Association or upon a resolution of the general meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the general meeting. Where the company is dissolved pursuant to sub-paragraphs (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the Articles of Association or it is otherwise elected by the resolution of the general meeting. The liquidation obligors shall be liable for compensation if they fail to fulfil their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

If the liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the People's Court to designate relevant persons to form a liquidation group. The People's Court shall accept such request and organise a liquidation group to carry out the liquidation in a timely manner.

The liquidation group shall exercise the following functions and powers during the liquidation period: (i) to liquidate the company's property and prepare the balance sheet and the list of property; (ii) to notify creditors by sending notices or making public announcements; (iii) to deal with the outstanding business of the company involved in the liquidation; (iv) to pay all outstanding taxes and taxes arising in the course of liquidation; (v) to liquidate claims and debts; (vi) to distribute the remaining property of the company after paying off debts; (vii) to participate in civil litigation activities on behalf of the company.

The liquidation group shall notify the company's creditors within ten days from its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days from the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

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The remaining property of the company after the payment of liquidation expenses, employees’ wages, social insurance expenses and statutory compensation, outstanding taxes and the company’s debts, shall be distributed to shareholders in proportion to their shareholdings. During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company’s assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation group, having thoroughly liquidated the company’s assets and having prepared the balance sheet and the inventory of assets, discovers that the company’s assets are insufficient to pay its debts in full, it shall file an application to the People’s Court for bankruptcy liquidation. After the People’s Court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the People’s Court.

Upon completion of the liquidation, the liquidation group shall prepare the liquidation report to be submitted to the general meeting or the People’s Court for confirmation, and submit the liquidation report to the company registration authority to apply for cancellation of the company’s registration.

The members of the liquidation group performing their duties of liquidation are obliged to be loyal and diligent. Any member of the liquidation group who neglects to fulfil his/her liquidation duties and thus causes any loss to the company shall be liable for compensation, and any member of the liquidation group who causes any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Where, after three years since the business licence of the company is revoked, or the company is ordered to close down or is deregistered, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company’s deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

Overseas Listings

According to the Overseas Listing Trial Measures, the domestic enterprise shall report the application documents for issuance and listing to the CSRC for record-filing within three working days after submission of the application documents for issuance and listing overseas. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall file in accordance with the provisions of Paragraph 1, Article 16 of the Overseas Listing Trial Measures.

Loss of Share Certificates

If the share certificates in registered form are either stolen, lost or destroyed, the shareholders may, in accordance with the public notice procedures set out in the Civil Procedure Law (《民事訴訟法》), apply to the People’s Court for a declaration that such certificates will no longer be valid. After the People’s Court declared that such certificates would no longer be valid, the shareholders may apply to the Company for the issue of replacement certificates.

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Suspension and Termination of Listing

According to the Overseas Listing Trial Measures (《境外上市試行辦法》), in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

SECURITIES LAWS AND REGULATIONS

The Securities Law of the People’s Republic of China, which was promulgated by the SCNPC on December 29, 1998, latest amended on December 28, 2019 and implemented on March 1, 2020, comprehensively regulates activities in the PRC securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges and securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing and trading its securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

According to the Securities Law of the PRC (2019 Revision) and the Administrative Measures on Acquisition of Listed Companies, where the shares held by an investor (including an overseas investor) through securities transactions on a stock exchange or jointly with others through an agreement or other arrangements attain 5% of the issued voting rights shares (including A-shares and H-shares) of a listed company, the investor shall submit a written report to the CSRC and SZSE within three days, notify the listed company and make an announcement. Whenever the investor’s shares with voting rights in the said listed company are increased or reduced by 1%, the investor shall notify the listed company on the day following such occurrence, and make an announcement.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the People’s Republic of China (《中華人民共和國仲裁法》) (the “**Arbitration Law**”), last amended by the SCNPC on September 12, 2025 and effective on March 1, 2026, the Arbitration Law is applicable to economic disputes involving foreign parties where all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulates interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the Civil Procedure Law. Where both parties have agreed to settle disputes by means of arbitration, the people’s court will refuse to take legal action brought by a party in the people’s court.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party may apply to the people’s court for enforcement according to the Civil Procedure Law. If evidence demonstrates any of the following circumstances: the parties do not include an arbitration clause in the contract or subsequently fail to reach a written arbitration agreement; the respondent is not properly notified of the appointment of the arbitrator or the arbitration proceedings, or is unable to present its case due to reasons not attributable to the respondent; the composition of the arbitral tribunal or the arbitration procedure is inconsistent with the arbitration rules; the matters decided in the award fall outside the scope of the arbitration agreement or the arbitration commission lacks jurisdiction, the people’s court may rule to refuse enforcement. A party seeking to enforce an arbitral award of foreign arbitration commission against the other party who or whose property is not within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be organised and enforced by the people’s court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

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 January 24, 2000 and effective on February 1, 2000, and the Supplementary 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 November 26, 2020 and effective on November 27, 2020, awards made by PRC arbitral authorities may be applied for enforcement in Hong Kong, and Hong Kong arbitration awards may also be applied for enforcement in the PRC.

JUDICIAL JUDGEMENT AND ITS ENFORCEMENT

According to the Arrangement on Mutual Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the mainland China and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) promulgated by the Supreme People’s Court on January 25, 2024 and implemented on January 29, 2024, in the case of effective judgement of a civil and commercial case or civil damages in a criminal case made by the court of China and the court of the Hong Kong Special Administrative Region, any party concerned may apply to the People’s Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

ISSUANCE OF SHARES

The issuance of shares of the Company shall comply with the principle of openness, fairness and impartiality, and each share of the same category shall have equal rights.

Shares of the same class issued at the same time shall be issued on the same terms and at the same price per share; a same price shall be paid for each share subscribed by subscriber(s).

INCREASE, DECREASE AND REPURCHASE OF SHARES

The Company may, in accordance with the needs of its business operation and development and in accordance with the requirements of laws and regulations, increase its capital by resolutions of the general meeting in the following manners:

- (I) issuing shares to unspecified parties;
- (II) issuing shares to specific parties;
- (III) bonus issue to existing shareholders;
- (IV) capitalising its capital reserves;
- (V) other methods organised by laws, administrative regulations, the CSRC and the securities regulatory authorities of the place where the Company's shares are listed.

When the Company issues convertible corporate bonds, the issuance, conversion procedures and arrangements of the convertible corporate bonds, as well as the changes in the Company's share capital resulting from the conversion, shall be handled in accordance with the provisions of national laws, administrative regulations, departmental rules, and other documents, as well as the terms set forth in the Company's convertible corporate bond prospectus.

The Company may reduce its registered capital. If the Company reduces its registered capital, such reduction shall be made in accordance with the requirements of the Company Law and other relevant regulations, the securities regulatory rules of the place where the Company's shares are listed and the procedures stipulated in the Articles of Association.

The Company shall not acquire its own shares. However, the Company may acquire its own shares in accordance with the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association:

- (I) reducing the registered capital of the Company;
- (II) mergers with other companies holding the Company's shares;
- (III) shares are used for employee stock ownership plan or equity incentive;
- (IV) any shareholder opposes a resolution on the merger or division of the Company adopted at a general meeting and requests the Company to purchase his or her shares;

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

- (V) shares are used for conversion of corporate bonds issued by the Company that could be converted into its share certificates;
- (VI) when it is necessary for the Company to maintain corporate value and the interest of its shareholders.

The Company may acquire its own shares by means of public centralised trading or by other means as recognised by laws, administrative regulations and the securities regulatory authorities of the place where the Company’s shares are listed, including the China Securities Regulatory Commission.

If the Company acquires its own shares in the circumstances specified in the above items (III), (V) and (VI), it shall do so through public centralised trading.

Transfer of Shares

The shares of the Company may be transferred in accordance with the law. All transfers of H Shares shall be effected by an instrument of transfer in writing in the usual or common form or in any other form acceptable to the board of directors (including standard transfer format or ownership transfer form prescribed by SEHK from time to time) and such instrument of transfer may be executed by hand only or under a valid corporate seal (if the transferor or transferee is a corporation). If the transferor or transferee is a recognised clearing house as defined in the relevant ordinance in force from time to time under the laws of Hong Kong (hereinafter referred to as “**Recognised Clearing House**”) or its nominee(s), the instrument of transfer may be executed by hand or by machine imprint. All instruments of transfer shall be deposited at the legal address of the Company or at such address as the board of directors shall from time to time designate.

Register of Members

The Company shall establish a register of members in accordance with the credentials issued by the share registrar. The register of members shall be sufficient evidence of the holding of shares in the Company by the shareholders. Shareholders shall enjoy rights and assume obligations in accordance with the type of shares they hold; shareholders holding the same type of shares shall enjoy equal rights and assume equal obligations.

The original register of members of H Shares is kept in Hong Kong and is available for inspection by shareholders, but the Company may suspend the registration of shareholders in accordance with applicable laws and regulations and the securities regulations and rules of the place where the Company’s shares are listed. Any shareholder who is registered on, or any person who requests to have his or her name registered on the register of members of H Shares may, if his or her share certificates are lost, apply to the Company for a replacement share certificate in respect of such shares. Holders of H Shares who have lost their share certificates and apply for replacement may be dealt with in accordance with the laws, rules of the stock exchange or other relevant regulations of the place where the original register of members of H Shares is kept.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

SHAREHOLDERS AND GENERAL MEETINGS

Rights and Obligations of the Shareholders

Shareholders of the Company shall be entitled to the following rights:

- (I) to receive dividends and other forms of profit distributions in accordance with the proportion of the shares they hold;
- (II) to request to convene, summon, preside over, attend or appoint a proxy to attend general meetings in accordance with the law, and exercising the corresponding rights to vote;
- (III) to supervise the Company's business operations and make recommendations or queries;
- (IV) to transfer, grant or pledge shares held by them in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the provisions of these Articles of Association;
- (V) to inspect and copy the Articles of Association, the register of members, general meeting minutes, resolutions of meetings of the board of directors and financial and accounting reports; Shareholders who meet the requirements may inspect the Company's accounting books and accounting vouchers;
- (VI) to participate in the distribution of the remaining assets of the Company in the event of its termination or liquidation in accordance with the proportion of the shares they hold;
- (VII) with respect to shareholders who disagree with any resolution on the merger or division of the Company proposed at a general meeting, the right to demand the Company to repurchase the shares held by them;
- (VIII) other rights stipulated by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Shareholders requesting to review or make copies of relevant materials of the Company shall comply with the provisions of the Company Law, the Securities Law, other laws, administrative regulations, as well as the securities regulatory rules of the place where the Company's shares are listed.

Shareholders demanding inspection of the relevant information referred to in the preceding article or requesting for information shall provide to the Company the written documents certifying the class and number of shares of the Company they hold and state the purposes therefor. Upon verification of the shareholder's identity, the Company may provide access where the shareholder's request complies with the Company Law, the Securities Law and the Articles of Association.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

Any shareholder of the Company who holds, or several shareholders thereof who jointly hold, three percent or more of the Company's shares for 180 or more consecutive days may request to inspect the accounting books and accounting vouchers of the Company. Where a shareholder requests to access the accounting books or accounting vouchers of the Company, it shall make a written request and state the purposes therefor. If the Company, with justifiable reasons, considers that the shareholder's request to consult the accounting books or accounting vouchers has any improper purposes and may damage the lawful rights and interests of the Company, it may reject the request of the shareholder, and shall, within 15 days from the day when the shareholder makes the written request, give the shareholder a written reply and state the reason therefor.

The shareholders of the Company shall undertake the following obligations:

- (I) to comply with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association;
- (II) to provide share capital according to the Shares subscribed for and the subscription methods;
- (III) not to withdraw share capital unless prescribed otherwise in laws or regulations;
- (IV) not to abuse Shareholders' rights to infringe upon the interests of the Company or other Shareholders; not to abuse the independent legal person status of the Company and the limited liability of the shareholders to damage the interests of creditors;
- (V) to fulfil other obligations specified by the laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Shareholders of the Company who abuse their shareholders' rights and thereby causing damage to the Company or other shareholders shall be liable for indemnity according to the laws. Where shareholders of the Company abuse the independent legal person status of the Company and the limited liability of shareholders for the purpose 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 the General Meeting

The general meeting of the Company shall be composed of all shareholders. The general meeting is the authority of power of the Company and shall exercise the following functions and powers in accordance with the law:

- (I) to elect and replace the directors and to decide on matters relating to the remuneration of the directors;
- (II) to consider and approve the report of the board of directors;
- (III) to consider and approve the Company's projects for profit distribution and loss compensation;
- (IV) to resolve on the increase or decrease of the registered capital of the Company;

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

- (V) to decide on the issue of corporate bonds by the Company;
- (VI) to resolve on the merger, division, dissolution, liquidation or change of corporate form;
- (VII) to amend the Articles of Association of the Company;
- (VIII) to resolve on the engagement and dismissal of the accounting firm providing audit services for the Company;
- (IX) to consider and approve the transaction matters as provided in Article 46 of the Articles of Association;
- (X) to consider and approve the guarantee matters as provided in Article 47 of the Articles of Association;
- (XI) to consider the purchase or disposals of material assets by the Company within one year that exceeds 30% of the Company's latest audited total assets;
- (XII) to consider and approve matters relating to the change of use of proceeds;
- (XIII) to consider share incentive schemes and employee stock ownership plan;
- (XIV) to consider other matters prescribed by laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company's shares are listed that shall be decided by the general meeting.

The general meeting may authorise the board of directors to make resolutions on the issuance of corporate bonds. The Company may, by resolution of the general meeting, or by resolution of the board of directors as authorised by the general meeting, issue shares and corporate bonds convertible into shares. The specific implementation of such issuance shall be in compliance with laws, administrative regulations, and regulations of the CSRC and stock exchanges.

Unless otherwise provided by laws, administrative regulations, departmental rules, the CSRC, and the securities regulatory rules of the place where the Company's shares are listed, the above-mentioned functions and powers of the general meeting shall not be exercised by the board of directors or other organisations and individuals on its behalf by way of delegation.

The following transactions (excluding provision of guarantees and provision of financial assistance) of the Company shall be submitted to the general meeting for deliberation and approval:

- (I) if the total assets involved in the transaction account for more than 50% of the Company's latest audited total assets; if the total assets involved in the transaction have both book value and appraised value, the higher one shall prevail;
- (II) the business revenue related to the subject of the transaction (e.g., stock right) for the latest accounting year accounts for 50% or more of the Company's audited revenue for the most recent accounting year, with an absolute amount exceeding RMB50 million;

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

- (III) the net profit related to the subject of the transaction (e.g., stock right) for the latest accounting year accounts for 50% or more of the Company’s audited net profit for the most recent accounting year, with an absolute amount exceeding RMB5 million;
- (IV) the transaction amount of the transaction (including the debt and expenses) accounts for more than 50% of the Company’s latest audited net assets, with an absolute amount exceeding RMB50 million;
- (V) the profit derived from the transaction accounts for more than 50% of the Company’s audited net profit for the latest accounting year, with an absolute amount exceeding RMB5 million.

If the data involved in the calculation of the above indicators is negative, the absolute value of the data shall be used.

“Transactions” as mentioned in this article include:

- (I) Purchase or disposal of assets;
- (II) External investment (including entrusted wealth management, investment in subsidiaries, etc., excluding establishment or capital increase of wholly-owned subsidiaries);
- (III) Leasing in or leasing out of assets;
- (IV) Signing management contracts (including consigned operation, entrusted operation, etc.);
- (V) Granting or donated assets;
- (VI) Restructuring of creditor’s rights or debts;
- (VII) Transfer of research and development projects;
- (VIII) Signing a licence agreement;
- (IX) Waiver of rights (including waiver of preemptive rights, priority to subscribe for capital contribution, etc.);
- (X) other transactions as recognised by laws, administrative regulations, departmental rules, normative documents and the securities regulatory rules of the place where the Company’s shares are listed.

The following activities of the Company are not subject to the provisions of the preceding paragraph:

- (I) Purchase of raw materials, fuels and power related to daily operations (excluding the purchase and disposal of such assets involved in asset replacement);
- (II) Disposal of products, commodities and other assets related to daily operations (excluding the purchase and disposal of such assets involved in asset replacement);

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

- (III) Main business activities of the Company, although the transactions stipulated in the preceding paragraph are carried out.

Provided that the Company's transactions comply with the securities regulatory rules of the place where the Company's shares are listed, the Company may apply to the stock exchange for exemption from submitting the relevant transactions to the general meeting for consideration.

Transactions from which the Company unilaterally obtains benefits, such as donated cash assets or the debt relief, may be exempted from the deliberation procedures of the general meeting.

When a transaction of the Company only meets the standards as set out in the item (III) or item (V) above, and the absolute value of the earnings per share in the latest accounting year of the Company is less than RMB0.05, the Company may be exempted from fulfilling the deliberation procedures of the general meeting.

Where the subject matter of the transaction is the Company's equity and the standards set out in the first paragraph above are met, the Company shall disclose the audit report of the subject matter for the most recent year and interim period, and the audit cut-off date shall not be more than six months prior to the date of the general meeting deliberating on the matter; if the object is a non-cash asset other than equity, an valuation report shall be provided, and the appraisal base date shall not be more than one year prior to the date of the general meeting. The audit report and valuation report shall be issued by a securities service institution that complies with the Securities Law.

Except for matters otherwise stipulated for in the business rules of the stock exchange such as provision of guarantees and entrusted wealth management, where the Company conducts transactions of the same category and related to the subject within 12 months, it shall apply the principle of cumulative calculation, applicable to the above paragraph 1; obligations that have been performed in accordance with paragraph 1 under this Article shall no longer be included in the relevant cumulative calculation.

Where a guarantee is provided by the Company, it shall be disclosed after considered and approved by the board of directors. The following external guarantees given by the Company shall be submitted to the general meeting for consideration upon the consideration and approval by the board of directors:

- (I) the amount of a single guarantee exceeding 10% of the latest audited net assets of the Company;
- (II) any guarantee provided by the Company and the Company's controlling subsidiaries after the total amount of external guarantees exceeds 50% of the latest audited net assets;
- (III) guarantees provided to subjects with a debt-to-asset ratio over 70%;
- (IV) the total amount of guarantees provided by the Company exceeds 50% of the latest audited net assets of the Company within twelve (12) consecutive months and the absolute amount exceeds RMB50 million;
- (V) any guarantee provided by the Company and the Company's controlling subsidiaries after the total amount of external guarantees exceeds 30% of the latest period of audited total assets;

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

- (VI) any guarantee that will result in the total amount of guarantees provided by the Company within twelve consecutive months exceeding 30% of the latest period of audited total assets of the Company;
- (VII) guarantees provided to shareholders, de facto controllers and their related parties;
- (VIII) other circumstances provided by laws, administrative regulations, departmental rules and normative documents and the securities regulatory rules of the place where the Company's shares are listed or these Articles of Association.

When the general meeting deliberates the guarantee matters in item (VI) above, it shall be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

When the general meeting deliberates the proposal on providing guarantees for shareholders, the de facto controllers and their related parties, the shareholder or the shareholder under the control of the de facto controller shall not participate in the voting of the matter. Such matter shall be adopted by more than half of the voting rights held by other shareholders present at the meeting.

Where a guarantee is provided by the Company to a wholly-owned subsidiary or a guarantee is provided to a controlling subsidiary and other shareholders of such controlling subsidiary provided guarantees in proportion to their rights and interests, and such guarantees fall within the scope of clauses (I) to (IV) of this Article, they may be exempted from being submitted to the general meeting for consideration.

Where a guarantee is provided by the Company to the related parties, it shall be disclosed in a timely manner after being considered and approved by the board of directors and submitted to the general meeting for consideration.

Where the Company provides guarantees for the controlling shareholder, de facto controller and its related parties, the controlling shareholder, de facto controller and its related parties shall provide counter guarantees.

Where the Company provides financial assistance, it shall be submitted to the general meeting for consideration after being considered and approved by the board of directors under the following circumstances:

- (I) The audited debt-to-asset ratio of the recipient of the financial assistance in the latest period exceeds 70%;
- (II) The amount of a single financial assistance or the cumulative amount of financial assistance provided within twelve consecutive months exceeds 10% of the Company's audited net assets in the most recent period;
- (III) Other circumstances provided by laws, administrative regulations, departmental rules and normative documents and the securities regulatory rules of the place where the Company's shares are listed or these Articles of Association.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

Subject to the compliance of the securities regulatory rules of the place where the shares of the Company are listed, the target of financial assistance is a controlling subsidiary included in the consolidated financial statements of the Company and owned as to over 50% by the Company and the shareholders of such controlling subsidiary are not the controlling shareholders or the de facto controller and its related parties of the Company, thereby such financial assistance may be exempted from the review and approval procedures of the board of directors and the general meeting.

Unless otherwise provided in the securities regulatory rules of the place where the Company's shares are listed, for related transactions (save for provision of guarantee) between the Company and related parties in amount of more than RMB30 million and representing more than 5% of the absolute value of the Company's latest audited net assets, they shall be submitted for review by the general meeting.

For the related transaction relevant to the Company's daily operations, and where the Company and related parties contribute in cash and determine the equity ratio in the invested entity according to the capital contribution ratio, the assessment or audit of its subject matter may be omitted.

Unless otherwise provided in the securities regulatory rules of the place where the Company's shares are listed, the following transactions entered between the Company and related parties may be exempted from the provision of submission to the general meeting for consideration:

- (I) The Company's participation in public tenders and public auctions for unspecified targets (excluding restricted methods such as invitations to bid), but excluding circumstances where tenders, auctions, etc. are difficult to form a fair price;
- (II) Transactions where the Company unilaterally gains benefits, including receiving donated cash assets, obtaining debt relief, etc.;
- (III) The pricing of related transactions is stipulated by the State;
- (IV) Affiliates provide funds to the Company at an interest rate not higher than the Loan Prime Rate quoted by the People's Bank of China, and the Company provides no corresponding guarantee;
- (V) The Company provides products and services to director(s) or senior management member(s) on the same terms as those of transactions between the Company and non-related parties.

The Company may be exempted from fulfilling relevant obligations for related transactions when engaging in the following transactions with related parties:

- (I) Where one party subscribes in cash for the other party's shares issued to unspecified investors, corporate bonds, enterprise bonds, convertible corporate bonds, or other derivative varieties thereof;
- (II) Where one party, as a member of the [REDACTED], [REDACTED] shares, corporate bonds or enterprise bonds, convertible corporate bonds or other derivatives issued to unspecified investors by the other party;

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

- (III) Where one party receives dividends, bonuses or remuneration based on another party's general meeting resolution;
- (IV) Other transactions recognised by the stock exchanges.

The related transactions mentioned above means a transaction which involves the exchange of resources or obligation between the Company or its controlling subsidiaries and its related parties, including: 1. transaction matters stipulated in Article 46 of the Articles of Association; 2. purchase raw materials, fuel, and power; 3. sale of products and merchandise; 4. provision or receipt of labour or services; 5. entrusted or contracted sale; 6. joint investment by related parties; 7. other transfers of resources or obligations that may occur through agreements.

Convening of the General Meeting

The general meetings shall be divided into annual general meetings and extraordinary general meetings. The annual general meeting is to be held once a year and shall be held within six months after the end of the previous accounting year.

The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of the fact in any of the following cases:

- (I) when the number of directors is less than the minimum number prescribed by the Company Law or two-thirds of the number as is provided in these Articles of Association;
- (II) when the losses of the Company that have not been made up have reached one-third of its total paid-in share capital;
- (III) when requested by shareholders who individually or collectively hold 10% or more of the Company's shares;
- (IV) when deemed necessary by the board of directors;
- (V) when proposed by the audit committee;
- (VI) other circumstances provided by laws, administrative regulations and departmental rules and the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association of the Company.

The board of directors shall convene the general meeting on time within the specified period.

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

Upon the consent of more than half of all independent directors, independent directors shall have the right to propose to the board of directors the convening of an extraordinary general meeting. In response to a proposal by an independent director to convene an extraordinary general meeting, the board of directors shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the provisions of the Articles of Association of the Company, provide written feedback on whether it agrees or disagrees with the convening of an extraordinary general meeting within ten days after receiving the proposal. If the board of directors agrees to convene an extraordinary general meeting, it shall issue a notice to convene the meeting within five days after a resolution of the board of directors is made; if the board of directors does not agree to convene an extraordinary general meeting, it shall state the reasons and make an announcement.

The audit committee shall propose to the board of directors the convening of an extraordinary general meeting and shall submit the proposal in writing to the board of directors. The board of directors shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the provisions of these Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of an extraordinary general meeting within ten days after receiving the proposal.

If the board of directors agrees to convene an extraordinary general meeting, it shall issue a notice to convene the meeting within five days after a resolution of the board of directors is made, and any changes to the original proposal in the notice shall be subject to the consent of the audit committee.

If the board of directors does not agree to convene an extraordinary general meeting or failed to provide feedback within ten days after receiving the proposal, it shall be deemed that the board of directors is unable to perform or does not perform its duty to summon a meeting of the general meeting, and the audit committee may summon and preside over the meeting on its own initiative.

Shareholders who individually or collectively hold 10% or more of the Company's shares request the board of directors to convene an extraordinary general meeting and shall submit the request in writing to the board of directors. The board of directors shall, in accordance with the laws, regulations and normative documents, the listing rules of the stock exchange of the place where the Company's shares are listed and the provisions of these Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of an extraordinary general meeting within ten days after receiving the request.

If the board of directors agrees to convene an extraordinary general meeting, it shall issue a notice to convene the meeting within five days after a resolution of the board of directors is made, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the board of directors does not agree to convene an extraordinary general meeting or failed to provide feedback within ten days after receiving the request, shareholders who individually or collectively hold 10% or more of the Company's shares shall have the right to propose to the audit committee that an extraordinary general meeting be convened and shall submit their request in writing to the audit committee.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

If the audit committee agrees to convene an extraordinary general meeting, it shall issue a notice to convene the meeting within five days of receipt of the request, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the audit committee fails to issue the notice of general meeting within the prescribed period, it shall be deemed that the audit committee would not summon and preside over the general meeting, and shareholders who individually or collectively hold 10% or more of the Company’s shares for ninety or more consecutive days may summon and preside over the meeting on their own initiative.

If the audit committee or Shareholders decide to convene a general meeting on their own, they must provide written notice to the board of directors and, in accordance with the securities regulatory rules of the place where the shares of the Company are listed, make filings with the securities regulatory authority of the place where the shares of the Company are listed.

The audit committee or the shareholders convening the meeting shall submit the relevant materials for proof to the securities regulatory authorities of the place where the Company’s shares are listed, in accordance with the requirements of the securities regulatory rules of such place at the time of issuance of notice of general meeting and announcement of the resolution of the general meeting.

The shareholding ratio of the shareholders convening the meeting shall not be less than 10% before the announcement of the resolution of the general meeting.

Proposals and Notices for the General Meeting

The content of the proposals shall fall within the scope of the functions and powers of the general meeting, have clear topics and specific matters for resolution, and comply with the relevant provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

When the Company convenes a general meeting, the board of directors, the audit committee and shareholders who individually or collectively hold 1% or more of the Company’s shares shall be entitled to submit proposals to the Company.

Shareholders who individually or collectively hold 1% or more of the Company’s shares may make a provisional proposal and submit it in writing to the convener ten days before the date of the general meeting. The convener shall issue a supplementary notice of the general meeting within two days of receipt of the proposal, announcing the content of the provisional proposal, and the provisional proposal shall be submitted to the general meeting for deliberation, unless the provisional proposal is in violation of any law, administrative regulation, the securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association or fails to fall into the scope of functions of the general meeting.

If, according to the securities regulatory rules of the place where the Company’s shares are listed, the general meeting shall be postponed due to the issuance of a supplementary notice, the meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company’s shares are listed. The Company shall not increase the shareholding required for the shareholders to submit the provisional proposals.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

Except as provided for in the preceding paragraph, the convener shall not amend the proposals already specified in the notice of the general meeting or add new proposals after the notice of the general meeting has been issued.

Proposals not specified in the notice of general meeting or not in compliance with the provisions of the Articles of Association shall not be voted on and resolved by the general meeting.

The convener shall notify shareholders at least 21 days before the annual general meeting and at least 15 days before the extraordinary general meeting, in each case in writing (including by way of announcement). If laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company's shares are listed provide otherwise, such provisions shall prevail.

Calculation of the prescribed time limit of "21 days" and "15 days" above shall not include the date of the meeting, while the date of issuing the notice shall be included.

The notice of the general meeting shall include the following particulars:

- (I) the date, venue and duration of the meeting to be held;
- (II) matters and proposals submitted for consideration at the meeting;
- (III) a clear statement that: all shareholders are entitled to attend the general meeting and may appoint a proxy in writing to attend and vote at the meeting, and that such proxy need not be a shareholder of the Company;
- (IV) the shareholding record date of the shareholders entitled to attend the general meeting;
- (V) the name and telephone number of standing contact person for meeting affairs;
- (VI) the time and procedure for voting online or by other means.

Full and complete disclosure of the full particulars of all proposals, as well as all information or explanations necessary to enable shareholders to make a reasonable judgement on the matters to be discussed shall be made in the notices of the general meeting and any supplementary notices thereof.

If the general meeting adopts online voting, the notice of the general meeting shall clearly set out the voting time and voting procedures for online voting. For the general meeting, the time of voting through internet or other means shall be no earlier than 3:00 p.m. on the day before the physical general meeting and no later than 9:30 a.m. on the day of the physical general meeting, and shall be concluded no earlier than 3:00 p.m. on the day the physical general meeting ends. Where laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed provide otherwise, such provisions shall prevail.

The interval between the shareholding record date and the date of the meeting shall be no more than 7 working days. The shareholding record date shall not be changed once confirmed.

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Convening of General Meetings

All shareholders registered in the register of members on the shareholding record date or their proxies shall be entitled to attend the general meeting, and exercise the voting rights in accordance with the relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

A shareholder may attend a general meeting in person or appoint a proxy to attend and vote on his behalf.

If an individual shareholder attends the meeting in person, he/she should present his/her ID card or other valid documents or proofs that can identify him/her; a person attending the meeting as proxy for another should present his/her own valid identity document and the power of attorney of the shareholder.

A legal person shareholder shall be represented at the meeting by its legal representative or a proxy appointed by such legal representative. If a legal representative attends the meeting, he/she shall present his/her identity card and a valid certificate proving that he/she has the qualification of a legal representative; if a proxy attends the meeting, the proxy shall present his/her identity card and a written power of attorney issued in accordance with the law by the legal representative of the legal person shareholder entity.

Where such shareholder is a recognised [REDACTED] as defined under the relevant ordinances of Hong Kong from time to time or the securities regulatory rules of the place where the Company's shares are listed or its proxy(ies), such shareholder may authorise its corporate representative or such person or persons as it thinks fit to act as its representative or representatives at any general meeting or any creditors' meeting; provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person so authorised shall be entitled to exercise the same rights on behalf of the shareholder (without the need to produce a share certificate, notarised authorisation and/or further evidence of formal authorisation) as the shareholder could exercise, and shall be entitled to the same legal rights as those enjoyed by other shareholders, including the right to speak and vote, as if he/she were an individual shareholder of the Company.

When general meeting requires the directors and senior management to attend the meeting, the directors and senior management shall so attend and answer shareholders' questions. Subject to the securities regulatory rules of the place where the shares of the Company are listed, the aforementioned persons may attend or be present at the meeting via the Internet, video, telephone or other means with equivalent effects.

The general meeting shall be presided over by the chairperson of the board of directors. If the chairperson of the board of directors is unable to perform his duties or does not perform his duties, a director jointly elected by more than half of the directors shall preside.

If a general meeting is convened by the audit committee on its own, the convener of the audit committee shall preside over the meeting. Where 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 more than half of members of the audit committee.

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A general meeting convened by shareholders on their own shall be chaired by the convener or a representative elected by the convener.

When convening a general meeting, in the event that the general meeting is unable to continue due to the presiding officer's violation of the rules of procedure of the general meeting, the general meeting may, with the consent of a majority of the shareholders present at the general meeting with voting rights, elect a person to act as the presiding officer and continue with the meeting.

Voting of a General Meeting

Resolutions at the general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions of the general meeting shall be passed by over half of the voting rights represented by shareholders (including proxies) present at the meeting.

Special resolutions of the general meeting shall be passed by over two-thirds (2/3) of the voting rights represented by shareholders (including proxies) present at the meeting.

The following matters shall be adopted by an ordinary resolution of the general meeting:

- (I) work report of the board of directors;
- (II) projects in relation to profit distribution and loss recovery prepared by the board of directors;
- (III) the appointment and removal of members of the board of directors and their remuneration and payment method thereof;
- (IV) matters other than those prescribed by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association that shall be adopted by a special resolution.

The following matters shall be approved by special resolutions at a general meeting:

- (I) amendment of the Articles of Association and its appendices (including the rules of procedure of the general meeting and the rules of procedure of the board of directors);
- (II) increase or reduction of the Company's registered capital;
- (III) the division, merger, dissolution, liquidation or change of corporate form of the Company;
- (IV) spin-off of subsidiaries for listing;
- (V) the aggregate amount of the Company's purchases or disposals of material assets, or the provision of guarantees to others, within a period of 12 consecutive months exceeds 30% of the Company's latest audited total assets;
- (VI) share incentive schemes;

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- (VII) issuance of shares, convertible corporate bonds, preferred stock and other securities approved by the CSRC;
- (VIII) repurchase shares for the purpose of reducing registered capital;
- (IX) material asset restructuring;
- (X) the general meeting resolution to voluntarily delist its shares from the stock exchange, and to cease trading on the stock exchange anymore or to apply for trading or transfer on other trading venues;
- (XI) those matters determined by a general meeting via ordinary resolution as having a material impact on the Company and are required to be adopted by a special resolution;
- (XII) matters prescribed by laws, administrative regulations, securities regulatory rules of the jurisdiction where the Company's shares are listed, or the Articles of Association; as well as other matters that the general meeting determines, by ordinary resolution, will have a material impact on the Company and require adoption by a special resolution.

Adoption of the proposals mentioned in items (IV) and (X) under preceding paragraph shall be not only subject to approval by more than two-thirds voting rights represented by the shareholders present at general meeting, but also approval by more than two-thirds voting rights represented by the shareholders present at general meeting excluding the directors, senior management and any shareholder(s) holding, individually or jointly, more than 5% shares of the Company.

Board of Directors

The Company shall establish a board of directors, which shall comprise 7 Directors, including 3 independent Directors, at least 1 of whom shall be an accounting professional, and 1 employee representative Director. There shall be one chairperson of the board of directors, who shall be elected by more than half of all directors. All directors are elected at the general meeting.

The directors of the Company may include executive directors, non-executive directors, and independent directors. A non-executive director refers to a director who does not hold any operational or managerial position in the Company.

The board of directors shall exercise the following functions and powers:

- (I) to summon general meetings and report its works to the general meeting;
- (II) to implement resolutions of the general meeting;
- (III) to decide on the Company's business plan and investment project;
- (IV) to formulate the Company's projects for profit distribution and loss recovery;
- (V) to formulate projects for the increase or reduction of the registered capital of the Company, the issuance of bonds or other securities and the listing of the Company;

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- (VI) to formulate projects for major acquisitions of the Company, acquisition of the Company's own shares or mergers, division, dissolutions and changes of corporate form;
- (VII) to decide, within the scope of authorisation of the general meeting, on matters such as external investments, acquisition and disposal of assets, pledging of assets, external guarantee matters, entrusted wealth management, related transactions and external donations of the Company;
- (VIII) to decide on the establishment of the internal management structure of the Company;
- (IX) to appoint or dismiss the general manager, the secretary to the board of directors and other senior management members, and to decide on matters in relation to their remuneration, rewards and punishments; to appoint or dismiss senior management members such as deputy general manager and the person in charge of financial matters in accordance with the nominations made by the general manager, and to decide on matters in relation to their remuneration, rewards and punishments;
- (X) to formulate the basic management system of the Company;
- (XI) to formulate the amendments to the Articles of Association;
- (XII) to manage information disclosure matters of the Company;
- (XIII) to submit to the general meeting a request for the engagement or replacement of the accounting firm auditing for the Company;
- (XIV) to listen to the work report of the Company's general manager and inspect the general manager's work;
- (XV) decide on the acquisition by the Company of its own shares in the circumstances specified in items (III), (V) and (VI) of Article 25 of the Articles of Association;
- (XVI) such other duties and powers as stipulated by laws, administrative regulations and departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, or as granted by the general meeting.

Matters exceeding the scope of authority delegated by the general meeting shall be submitted to the general meeting for consideration.

The board of directors shall determine the authority for matters such as external investment, acquisition and disposal of assets, pledge of assets, external guarantee, entrusted wealth management, related transactions and external donations, and establish strict examination and decision-making procedures; for material investment projects, the relevant experts and professionals shall be organised to carry out evaluation and examination, and such projects shall be reported to the general meeting for approval.

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Unless otherwise provided by the securities regulatory rules of the place where the Company’s shares are listed, the general meeting, in accordance with the relevant laws, administrative regulations and normative documents and following the principle of prudent authorisation, hereby grants the following authorisation in respect of transactions to be approved by the board of directors (excluding the provision of guarantees and financial assistance):

- (I) where the total assets involved in the transaction account for more than 10% of the Company’s latest audited total assets; where the assets involved in the transaction have both book value and appraised value, whatever is higher shall be taken for calculation;
- (II) the operating revenue related to the subject of the transaction (for instance, equity interest) for the latest accounting year accounts for more than 10% of the Company’s audited revenue for the latest accounting year, with an absolute amount exceeding RMB10 million;
- (III) the net profit related to the subject of the transaction (for instance, equity interest) for the latest accounting year accounts for more than 10% of the Company’s audited net profit for the latest accounting year, with an absolute amount exceeding RMB1 million;
- (IV) the transaction amount of the transaction (including the debt and expenses) accounts for more than 10% of the Company’s latest audited net assets, with an absolute amount exceeding RMB10 million;
- (V) the profit derived from the transaction accounts for more than 10% of the Company’s audited net profit for the latest accounting year, with an absolute amount exceeding RMB1 million;
- (VI) transactions with affiliated natural persons with a transaction amount exceeding RMB300,000, and transactions with related legal entities where the transaction amount exceeds RMB3 million, accounting for 0.5% or more of the absolute value of the latest audited net assets of the Company.

If the data involved in the calculation of the above indicators is negative, the absolute value of the data shall be used. The above “transactions” are defined in the relevant provisions of Article 46 of the Articles of Association.

Unless otherwise required by the securities regulatory rules of the place where the Company’s shares are listed, any matter involving the Company’s external guarantees or provision of financial assistance to external parties, regardless of the amount involved, must be considered and approved by more than two-thirds of the directors present at the Board meeting; where it meets the threshold for consideration by the general meeting, it shall also be considered by the general meeting.

Meetings of the board of directors shall be convened at least four times per year. All directors shall be notified in writing 14 days prior to the convening of the regular meeting. If the chairperson of the board of directors is unable to perform his duties or does not perform his duties, such duties shall be performed by a director jointly elected by more than half of the directors.

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The shareholders representing more than 1/10 voting rights, more than 1/3 directors or the audit committee may propose extraordinary meeting to Board. The chairperson of the board of directors shall summon and preside over such meeting of the board of directors within ten days upon receipt of the proposal.

The notice of convening an extraordinary Board meeting shall be delivered by hand, by post, by fax, email or other means. A written notice on the extraordinary meeting of the board of directors shall be given to all directors five (5) days before the meeting is held; however, in the event of an emergency, notice of a meeting may be given by telephone, fax, email and other means of communication in a timely manner.

If the board of directors is expected to decide at a meeting to declare, propose, or pay dividends, or to approve any announcement on annual, semi annual, or other periodic profits or losses, an announcement must be published in accordance with the requirements of the Hong Kong Listing Rules at least seven clear business days before the meeting.

Special Committees under the Board of Directors

The board of directors shall establish special committees such as the audit committee, the strategy committee, the nomination committee, the remuneration and appraisal committee, and other related special committees. The special committees shall be accountable to the board of directors, perform duties pursuant to the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association and the authorisation of the board of directors, and submit motions that fall within the scope of the board of directors' powers to the board of directors for deliberation and decision.

All members of the special committees shall be composed of directors. Among them, independent directors shall account for more than half of the members of the audit committee, the nomination committee, and the remuneration and appraisal committee, and shall serve as the conveners. Members of the audit committee shall be directors who do not hold any senior management position in the Company, and the convener shall be an accounting professional. The board of directors shall be responsible for formulating the working rules of the special committees and regulating the operation of the special committees.

Independent Directors

Independent directors shall faithfully perform their responsibilities in accordance with laws, administrative regulations, the provisions of the CSRC, the stock exchange, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association. They shall actively participate in decision-making, perform supervisory and balancing functions, and provide professional advice within the board of directors, safeguard the overall interests of the Company, and protect the legitimate rights and interests of minority shareholders.

Independent directors shall maintain their independence. The following persons shall not serve as the independent directors:

- (I) persons working for the Company or its subsidiaries, their spouses, parents and children, and major social relations;

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- (II) natural person shareholders who directly or indirectly hold more than one (1) percent of the Company’s issued shares or who are among the Company’s top ten (10) shareholders, and their spouses, parents and children;
- (III) persons who are shareholders directly or indirectly hold more than five (5) percent of the Company’s issued shares or who work for one of the Company’s top five (5) shareholders, and their spouses, parents and children;
- (IV) persons serving in the subsidiaries of the Company’s controlling shareholders and actual controllers and their spouses, parents and children;
- (V) persons who have significant business dealings with the Company, its controlling Shareholders, actual controllers or their respective subsidiaries, or who serve in units with which they have significant business dealings and their controlling shareholders or actual controllers;
- (VI) persons providing financial, legal, consulting, sponsoring, or other services to the Company and its controlling shareholders, actual controllers, or their respective subsidiaries, including but not limited to all members of the project team, review personnel at all levels, signatories on the report, partners, directors, senior management, and primary responsible persons from the intermediary institution providing such services;
- (VII) persons who have been in the situations listed in (i) to (vi) within the last twelve (12) months;
- (VIII) any other person who, pursuant to laws, administrative regulations, provisions of the CSRC, the securities regulatory rules of the place where the Company’s shares are listed, or the Articles of Association, is deemed not to have independence.

The subsidiaries of controlling shareholders or actual controllers of the Company as referred to items (IV) to (VI) of the preceding paragraph do not include those companies which are controlled by the same state-owned assets administration institution with the Company and do not have a connected relationship with the Company in accordance with the relevant provisions.

Independent directors shall conduct an annual self-examination of independence and submit the self-examination result to the board of directors. The board of directors shall evaluate and issue a special opinion on the independence of the incumbent independent directors on an annual basis, which shall be disclosed at the same time as the annual report.

A person serving as an independent director of the Company shall meet the following conditions:

- (I) possess the qualifications to serve as a director of a listed company in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed, and other relevant provisions;
- (II) complying with the independence requirements set out in these Articles of Association;

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- (III) to have the basic knowledge of the operation of listed companies and be familiar with the relevant laws, regulations and rules;
- (IV) to have at least five (5) years of working experience in law, accounting or economics necessary for performing the duties of an independent director;
- (V) to have good personal integrity and no major breach of trust or other adverse records;
- (VI) meet other requirements as stipulated by laws, administrative regulations, the rules of the CSRC, the securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association.

The independent directors, as members of the board of directors, shall owe a duty of loyalty and diligence to the Company and all shareholders, and shall prudently perform the following duties:

- (I) to engage in board deliberations and provide clear opinions on matters under discussion;
- (II) to supervise matters that indicate potential material conflict of interest between the Company and its controlling shareholders, actual controllers, directors and senior management so as to protect legitimate rights and interests of minority shareholders;
- (III) to provide professional and objective advice on the Company’s operations and development, thereby facilitating improvement in the standard of the decision-making of the board of directors;
- (IV) other duties and responsibilities stipulated by laws, administrative regulations, the regulations of the CSRC, securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association.

Independent directors can exercise the following special functions and powers:

- (I) independently hiring an intermediary to audit, consult or verify specific matters of the Company;
- (II) propose to the board of directors the convening of an extraordinary general meeting;
- (III) propose to convene a meeting of the board of directors;
- (IV) to solicit shareholders’ rights publicly from shareholders in accordance with the laws;
- (V) to express independent opinions on matters that may harm the interests of the Company or minority shareholders;
- (VI) to exercise other functions and powers as provided by laws, administrative regulations, the regulations of the CSRC, the securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association.

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The exercise of the functions and powers listed in items (I) to (III) of the preceding paragraph by independent directors shall be subject to the consent of more than half of all independent directors.

The Company shall disclose in a timely manner any exercise of the functions and powers listed in the first paragraph by independent directors. If the aforementioned functions and powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons thereof.

The following matters shall be submitted to the board of directors for deliberation with the approval of a majority of all independent directors of the Company:

- (I) related transactions that should be disclosed;
- (II) plans for the Company and related parties to change or waive commitments;
- (III) decisions made and measures taken by the board of directors in respect of the acquisition of the Company when the Company is acquired;
- (IV) other matters prescribed by laws, administrative regulations, the regulations of the CSRC and the securities regulatory rules of the place where the Company's shares are listed.

DIRECTOR AND SENIOR MANAGEMENT

Directors

Directors of the Company shall be natural persons. A person who is applicable to any one of the following circumstances shall not become a director of the Company:

- (I) having no capacity for civil conduct or limited capacity for civil conduct;
- (II) being sentenced to criminal punishment for corruption, bribery, embezzlement of properties, misappropriation of properties or sabotaging the order of socialist market economy, or being deprived of his political rights for committing a crime, where not more than five years have elapsed since the expiration of the period of deprivation; in case of a suspended sentence, not more than two years have elapsed since the date of expiry of the probationary period;
- (III) a former director, factory principal or manager of a company or enterprise which has become insolvent and has been liquidated and who is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy liquidation of such company or enterprise;
- (IV) a person who is a former legal representative of a company or enterprise, the business licence of which was revoked or such company or enterprise was ordered to shut down due to violation of law and such person is personally liable for such consequences, where less than three years have elapsed since the date of the revocation of business licence or the order for closure of such company or enterprise;
- (V) being listed as a dishonest person subject to enforcement by the People's Court due to his/her failure to pay off a relatively large amount of debts which have fallen due;

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- (VI) those who are banned by the CSRC and whose period of the ban has not expired;
- (VII) a person who has been publicly determined by a securities exchange to be unsuitable to serve as a director or senior management of a listed company, and the period of such determination has not yet expired;
- (VIII) other circumstances as prescribed by laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company's shares are listed.

If a candidate for Director is involved in any of the following circumstances, the Company shall disclose the specific circumstances of the candidate, the reasons for appointing the candidate and whether it will affect the standardised operations of the Company and alert the relevant risks:

- (I) he/she has been subject to administrative penalty by the CSRC within the past 36 months;
- (II) he/she has been publicly censured or criticised thrice or above by the stock exchange within the past 36 months;
- (III) he/she has been investigated by the judicial authorities for suspected crimes or being investigated by the CSRC for suspected non-compliance, with no clear conclusive opinion for the time being;
- (IV) adverse records, such as serious breaches of trust.

The above period shall be calculated up to the date on which the Board, the general meeting and the employees' representative congress of the Company consider the resolution for the appointment of candidates for Directors.

Any election or appointment of directors in violation of the provisions of the first paragraph above shall be null and void. The Company shall dismiss a director from office if the circumstances specified in the first paragraph above arise during his or her term of office, and cease his or her duties.

Directors shall comply with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, and shall owe duties of loyalty to the Company and take measures to avoid the conflict between their own interests and those of the Company and shall not seek any improper interests by taking advantage of their powers.

Directors shall faithfully perform their following obligations to the Company:

- (I) not to expropriate the Company's property and misappropriate the Company's funds;
- (II) not to open accounts in which the funds of the Company are deposited in his or her personal name or in the name of other individuals;
- (III) not to use their authority to bribe or accept other illegal income;

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- (IV) not to directly or indirectly enter into contracts or engage in transactions with the Company without reporting to the board of directors or the general meeting and obtaining approval by the resolution of the board of directors or the general meeting (where the amount reaches the threshold for the general meeting) in accordance with the provisions of the Articles of Association;
- (V) not to take advantage of his/her position to obtain business opportunities that should belong to the Company for himself/herself or others, except in any of the following circumstances: It has been reported to the Board of the general meeting and approved by a resolution of the general meeting; According to laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, the Company cannot take advantage of the business opportunity;
- (VI) without reporting to the board of directors or the general meeting and obtaining an approval by resolution of the general meeting, he/she shall not engage in any business that is similar to that of the Company for himself/herself or for any other person;
- (VII) not to accept commissions in connection with the Company's transactions for his/her own benefit;
- (VIII) no unauthorised disclosure of secrets of the Company;
- (IX) not to use their connected relationship to the detriment of interests of the Company;
- (X) other duties of loyalty provided by laws, administrative regulations and departmental rules and the securities regulatory rules of the place where the Company's shares are listed and these Articles of Association.

Any directors' income obtained in violation of the above provisions shall belong to the Company; if such violation causes damage to the Company, the director shall be liable for compensation. Where any of the close relatives of the directors or senior management, or any of the enterprises directly or indirectly controlled by the directors, senior management or any of their close relatives, or any of the related parties who has any other connected relationship with the directors or senior management, enter into a contract or conducts a transaction with the Company, item (IV) of the second paragraph above shall apply.

Directors shall comply with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and these Articles of Association, and shall owe duties of diligence to the Company. When performing their duties, they shall, for the best interests of the Company, exercise the reasonable care that shall be generally possessed by a manager.

The Directors shall bear the following duties of diligence to the Company:

- (I) they shall exercise the rights granted to them by the Company with prudence, diligence, and care to ensure that the Company's business activities comply with national laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and all national economic policies, and that business operations do not exceed the scope of business specified in the business licence;

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- (II) to treat all shareholders fairly;
- (III) keep abreast of the operation and management of the Company's businesses;
- (IV) to sign a written confirmation of the Company's periodic reports to ensure that the Company discloses information promptly and fairly, and that the information disclosed shall be true, accurate and complete;
- (V) to provide relevant information and data to the audit committee in a truthfully manner, and shall not hinder the audit committee in the exercise of its powers;
- (VI) other duties of diligence provided by laws, administrative regulations and departmental rules, the securities regulatory rules of the place where the Company's shares are listed and these Articles of Association.

A director who fails to attend meetings of the board of directors in person or by proxy for two consecutive times shall be deemed failed to perform his or her duties, and the board of directors shall recommend to the general meeting for replacement of such director.

A director may resign before the expiration of his or her term of office. A director shall submit a written resignation letter to the board of directors. The resignation shall take effect on the date the Company receives such letter, and the Company shall disclose the relevant circumstances within two trading days. Where the number of members of the board of directors falls below the minimum requirement due to the resignation of any director, or the proportion of independent directors in the board of directors or its special committees does not meet the requirements of the laws and regulations as well as securities regulatory rules of the place where the Company's shares are listed or the Articles as a result of resignation of any independent director, or there is no accounting professional among independent directors, before a newly elected director takes office, the original director shall perform his/her duties as 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.

Except in the circumstances set out in the preceding paragraph, the resignation of a director shall take effect when the resignation report is served on the board of directors.

Senior Management

The Company shall have one general manager, and may appoint several deputy general managers as needed, who shall be appointed or dismissed by the board of directors.

The provisions of the Articles of Association concerning the circumstances in which a person shall not serve as a director, and the provisions of the departure management system, shall also apply to the senior management members.

The provisions of the Articles of Association concerning the duty of loyalty of directors and concerning the duties of diligence shall also apply to senior management members.

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A person who holds an administrative position other than that of a director or supervisor in the entities of the controlling shareholder of the Company shall not act as senior management members of the Company.

Senior management members of the Company shall receive their salaries only from the Company and shall not be paid by the controlling shareholder (if any) on behalf of the Company.

The general manager shall have a term of three years for each session and may be reappointed upon re-election.

The general manager shall be accountable to the board of directors and perform the following duties and powers:

- (I) to preside over the production and management works of the Company, organise the implementation of resolutions of board of directors and report his/her works to the board of directors;
- (II) to organise the implementation of the Company's annual business plan and investment projects;
- (III) to propose and draft the project of setup of internal management structure of the Company;
- (IV) to propose and draft the basic management system of the Company;
- (V) to formulate the specific regulations of the Company;
- (VI) to propose to the board of directors the appointment or dismissal of the deputy general manager and the person in charge of financial matters (financial officer) of the Company and other senior management members of the Company;
- (VII) to decide on the appointment or dismissal of management members other than those who should be appointed or dismissed by decision of the board of directors;
- (VIII) any other functions and powers granted by the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or the board of directors.

The general manager may be present at meetings of board of directors.

The Company shall have a secretary to the board of directors, who shall be in charge of matters such as the preparation of the general meeting and meetings of board of directors of the Company, the custody of documents and the management of the shareholders' information of the Company, and the handling of information disclosure matters.

The secretary to the board of directors shall comply with the relevant provisions of laws, administrative regulations and departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

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SUMMARY OF THE ARTICLES OF ASSOCIATION

Where the senior management causes damage to others in the course of performing their duties, the Company shall be liable for compensation; where the senior management is intentional or grossly negligent, he/she shall also bear the compensation liability.

A member of senior management shall be liable for compensation as regards the damages caused to the Company if he or she violates the provisions of laws, administrative regulations and departmental rules, as well as the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association in the performance of his or her duties.

Senior management members of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If the senior management of the Company has caused damage to the interests of the Company and the public shareholders due to their failure to faithfully perform their duties or breach of their fiduciary duties, they shall be liable for compensation in accordance with the law.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND INTERNAL AUDITING

Financial and Accounting System

The Company shall establish its Financial and Accounting Systems in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the provisions stipulated by the relevant national authorities.

The Company shall submit and disclose the annual report to the CSRC's dispatched institutions and the Shenzhen Stock Exchange within four months after the end of each accounting year, submit and disclose the interim report to the CSRC's dispatched institutions and the Shenzhen Stock Exchange within two months after the end of the first half of each accounting year, and disclose the quarterly reports within one month after the end of the first three months and the first nine months of each accounting year.

The above-mentioned annual report, interim report and quarterly report shall be prepared in accordance with relevant laws, administrative regulations, requirements of the CSRC, securities regulatory rules of the place where the Company's shares are listed and the requirements of the stock exchange.

The Company shall not keep separate accounting books other than the statutory accounting books. The funds of the Company shall not be deposited in any accounts under the name of any individual.

Profit Distribution

When distributing the after-tax profit of the current year, the Company shall allocate 10% of its profit to the statutory reserve fund. Where the accumulated amount of the Company's statutory reserve fund is 50% or more of the Company's registered capital, further allocation is not required.

If the Company's statutory reserve fund is not sufficient to cover losses of previous years, it shall, before withdrawing the statutory reserve fund in accordance with the preceding paragraph, make up the losses from the profits of the current year in the first place.

After the Company has withdrawn statutory reserve fund from its profit after tax, it may also withdraw discretionary reserve fund from its profit after tax by resolution of the general meeting.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

After making up losses and allocation to the reserve fund, balance of the after-tax profit shall be distributed to shareholders in proportion to their shareholdings, except for distribution not to be made on a pro rata basis pursuant to the Articles of Association.

If the general meeting distributes profits to shareholders in violation of the provisions of the Company Law or the Articles of Association, the shareholders shall return to the Company the profit distributed in violation of the requirements; the shareholders and the liable directors and senior management members shall be held liable for compensation if any loss is caused to the Company.

The Company’s own shares held by the Company shall not participate in the distribution of profits.

The Company shall appoint in Hong Kong one or more collection agents for holders of H Shares. The collection agent shall collect and hold on behalf of the relevant H Shareholders the dividends and other payments distributed by the Company in respect of the H shares, pending payment to such H Shareholders. The collection agent appointed by the Company shall comply with the requirements of laws and regulations and the securities regulatory rules of the place where the Company’s shares are listed.

The Company’s reserve fund shall be used to make up the Company’s losses, to expand the Company’s production and operations or to be converted to increase the Company’s registered capital.

Where the reserve fund of the Company is used for making up losses, the discretionary reserve fund and the statutory reserve fund shall be firstly used. If losses still cannot be made up, the capital reserve fund can be used according to the relevant provisions.

When the statutory reserve fund is converted to increase registered capital, the amount of such reserve fund retained shall be no less than 25% of the registered capital of the Company before the conversion.

Internal Audit

The Company shall implement the internal audit system that specifies the governance structure, scope of authority, staffing, funding, utilisation of audit results, and accountability mechanisms for internal audit activities.

The internal audit system shall be implemented upon approval by the board of directors and publicly disclosed.

The internal audit institution of the Company shall supervise and inspect matters relating to the Company’s business activities, risk management, internal control, and financial information.

The internal audit institution is accountable to the board of directors.

During the supervision and inspection of the Company’s business activities, risk management, internal control, and financial information, the internal audit institution shall be subject to the oversight and guidance of the audit committee. Where the internal audit institution identifies any material issues or related clues, it shall immediately report directly to the audit committee.

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

The internal audit institution shall be responsible for the specific organisation and implementation of the Company's internal control evaluation. Based on the evaluation reports and relevant data issued by the internal audit institution and reviewed by the audit committee, the Company shall work out an annual internal control evaluation report.

When the audit committee communicates with external auditing entities such as accounting firms and state auditing authorities, the internal audit institution shall actively cooperate and provide necessary support and assistance.

The audit committee shall participate in the performance assessment of the head of internal audit.

Engagement of Accounting Firm

The Company shall engage an accounting firm that complies with the Securities Law and the securities regulatory rules of the place where the Company's shares are listed to carry out businesses such as auditing of accounting statements, verification of net assets and other relevant consulting services, etc., for a term of one year, with the possibility of renewal.

The appointment and removal of an accounting firm by the Company must be decided by the general meeting, and the board of directors shall not appoint an accounting firm before the decision is made by a general meeting.

The Company undertakes to provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information to the accounting firm it engages, without refusal, concealment or misrepresentation.

The audit fees of the accounting firm shall be decided by the general meeting.

When the Company removes or does not renew the engagement of the accounting firm, the accounting firm shall be notified fifteen days in advance and allowed to present its views when the general meeting of the Company carries out voting on the removal of such accounting firm is taken. If the accounting firm resigns, it shall explain to the general meeting whether there are any improper circumstances in the Company.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION OF THE COMPANY

Merger, Division, Capital Increase and Capital Reduction

A merger of the Company may take the form of a merger by absorption or a merger by new establishment.

The absorption of one company into another is a merger by absorption and the absorbed company shall be dissolved. The merger of two or more companies to establish a new company is a merger by new establishment and the parties to the merger shall be dissolved.

If the price paid for the merger of the companies is no more than 10% of the net assets of the Company, adoption by a resolution at the general meeting is not required.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

For the merger of the Company as provided for in the preceding paragraph, a resolution of the board of directors shall be adopted instead of a resolution of the general meeting.

In the event of a merger of the Company, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the resolution for the merger is made and make an announcement in the information disclosure media designated by the Company or the National Enterprise Credit Information Publicity System within thirty days. Creditors shall have thirty days from the date of receipt of the notice, or forty-five days from the date of announcement if they have not received the notice, to demand the Company to settle the debts or provide corresponding guarantees.

In the event of a merger of the Company, creditors’ rights and liabilities of parties to the merger shall be assumed by the surviving company or the newly established company after the merger.

In the event of a division of the Company, the assets of the Company shall be split accordingly.

In the event of a division of the Company, a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within ten days from the date of the resolution on the division is made and make an announcement in the newspapers designated in the Articles of Association or the National Enterprise Credit Information Publicity System within thirty days.

The debts of the Company before division shall be borne by the companies established after division jointly and severally, unless otherwise agreed in writing between the Company and its creditors before the division in respect of debt settlement.

If the Company reduces its registered capital, a balance sheet and an inventory of assets shall be prepared.

The Company shall notify its creditors within ten days from the date of the resolution to reduce the registered capital is made at the general meeting and make an announcement in the newspaper designated in the Articles of Association or the National Enterprise Credit Information Publicity System within thirty days. Creditors shall have thirty days from the date of receipt of the notice, or forty-five days from the date of announcement if they have not received the notice, to demand the Company to settle the debts or provide corresponding guarantees.

Where the Company reduces its registered capital, it shall reduce the capital contributions or the shares in proportion to the shares held by the shareholders, unless it is otherwise prescribed by the laws, the securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association.

When the Company issues new shares to increase its registered capital, shareholders shall have no pre-emptive rights, except where the resolution at the general meeting decides that shareholders are entitled to pre-emptive rights.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

In case of merger or division of the Company, and the registered matters have changed, the registration of the changes shall be made with the company registration authority in accordance with the law; if the Company is dissolved, the registration of cancellation of the Company shall be made in accordance with the law; if a new company is established, the registration of establishment of a company shall be made in accordance with the law.

In case of increase or reduction of the Company's registered capital, the registration of the changes shall be made with the company registration authority in accordance with the law.

Dissolution and Liquidation

The Company will be dissolved for the following reasons:

- (I) other reasons for dissolution stipulated in the Articles of Association occur;
- (II) dissolution has been resolved by the general meeting;
- (III) the Company needs to be dissolved due to merger or division;
- (IV) having its business licence revoked, ordered to be shut down or be deregistered in accordance with the law;
- (V) where the Company has serious difficulties in its operation and management, and the continuation of the Company will cause significant losses to the interests of the shareholders, and the problem cannot be solved through other means, shareholders holding more than ten percent of the voting rights of the Company may request a People's Court to dissolve the Company.

If the Company encounters the cause of dissolution as stipulated in the preceding paragraph, it shall publicise the reasons of dissolution through the National Enterprise Credit Information Publicity System within ten days.

Where the Company falls under the circumstance as mentioned in Item (I) or (II) of Article 189 of the Articles of Association, and it has not distributed the assets to its shareholders yet, the Company may survive by amending these Articles of Association or upon a resolution of the general meeting.

Amendments to these Articles of Association or the adoption of a resolution at the general meeting in accordance with the preceding paragraph shall be approved by at least two-thirds (2/3) of the voting rights held by the shareholders present at a meeting of the general meeting.

Where the Company is dissolved due to the circumstances stipulated in items (I), (II), (IV), or (V) of Article 189 of the Articles of Association, it shall be liquidated. The directors shall be the obligors for the liquidation of the Company, and a liquidation committee shall be established within fifteen days from the date upon which the cause of dissolution arises, so as to initiate the liquidation process.

The liquidation committee shall be composed of directors or any other person determined by a general meeting or as stipulated in the articles of association.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

Any liquidation obligor who neglects to fulfil his/her liquidation duties, thus causing any loss to the Company or its creditors shall be liable for compensation.

During the period of liquidation, the liquidation committee shall exercise the following duties and powers:

- (I) to liquidate the Company's assets and to prepare a balance sheet and an inventory of assets respectively;
- (II) to notify and issue announcement to creditors;
- (III) to deal with the outstanding business of the Company in connection with its liquidation;
- (IV) to settle outstanding taxes and the taxes arising from the liquidation process;
- (V) to clear any claims and debts;
- (VI) to distribute the remaining property of the Company after settlement of its debts;
- (VII) to represent the Company in civil litigation activities.

The liquidation committee shall notify all creditors within 10 days after its establishment and shall make announcements in the newspapers designated by the articles of association or through National Enterprise Credit Information Publicity System within 60 days. Creditors shall file their claims with the liquidation committee within thirty days from the date of receipt of the notice or, if they have not received the notice, within forty-five days from the date of the announcement.

Creditors filing claims shall state the relevant matters of the claim and provide supporting documents. The liquidation committee shall register creditor's rights.

During the period for filing claims, the liquidation committee shall not pay off the creditors.

After the liquidation committee has examined the Company's assets and prepared a balance sheet and an inventory of assets, it shall formulate a plan of liquidation, which shall be submitted to the general meeting or to the People's Court for confirmation.

The remaining properties of the Company, after payment of liquidation expenses, salaries, social insurance costs and statutory compensation of employees, payment of outstanding taxes and settlement of the Company's debts respectively, shall be distributed by the Company in proportion to the shares held by shareholders.

During the liquidation period, the Company shall survive but shall not carry out business activities unrelated to the liquidation.

The properties of the Company shall not be distributed to its shareholders until the settlement in accordance with the provisions of the preceding paragraph.

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

Where the liquidation committee, after liquidating the Company’s assets and preparing a balance sheet and an inventory of assets, finds that the Company’s assets are insufficient to settle its debts, it shall apply to a People’s Court for bankruptcy liquidation in accordance with the laws.

After the People’s Court accepts the application for bankruptcy, the liquidation committee shall hand over the liquidation affairs to the bankruptcy administrator designed by the People’s Court.

Following completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report, submit to the general meeting or the People’s Court for confirmation and submit the same to company registration authority, apply for cancellation of the Company’s registration.

Members of the liquidation committee performing their duties of liquidation shall bear the duties of loyalty and diligence.

Any member of the liquidation committee who neglects to fulfil his/her liquidation duties, thus causing any loss to the Company shall be liable for compensation, any member of the liquidation committee who cause any losses to creditors intentionally or due to gross negligence shall be liable for compensation.

If the Company is declared bankrupt in accordance with the law, the bankruptcy liquidation shall be carried out in accordance with the law on corporate bankruptcy.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company, formerly known as Wuhan DR Laser Technology Co., Ltd.* (武漢帝爾激光科技有限公司), was established as a limited liability company in the PRC on April 25, 2008. On September 8, 2015, our Company was converted into a joint stock company with limited liability and renamed as Wuhan DR Laser Technology Corp., Ltd (武漢帝爾激光科技股份有限公司). Our registered office is located at No. 88 Jiulonghu Street, East Lake High-tech Development Zone, Wuhan, the PRC (中國武漢市東湖高新技術開發區九龍湖街88號).

Our Company has established a principal place of business in Hong Kong at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on [•]. Our Company has appointed Ms. Wong Ka Chi (王嘉慈) as its authorised representative under the Companies Ordinance for the acceptance of service of process and notices in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As our Company is incorporated in the PRC, we are subject to relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and our Articles of Association is set out in Appendix IV and Appendix V to this document, respectively.

2. Changes in the share capital of our Company

Save as disclosed below, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this document:

- (a) From July 1, 2023 to March 31, 2024, 2,138 A Shares were issued as a result of the conversion of the Convertible Bonds. Upon completion of registration, the total share capital of our Company increased to RMB273,077,919 as of May 31, 2024;
- (b) As approved by the second meeting of the fourth session of our Board on October 28, 2024, 471,053 A Shares underlying the 471,053 restricted shares granted under our previous restricted share incentive scheme were issued on February 28, 2025. From April 1, 2024 to March 31, 2025, 10,771 A Shares were issued as a result of the conversion of the Convertible Bonds. Upon completion of registration, the total share capital of our Company increased to RMB273,559,743 as of May 29, 2025;
- (c) From April 1, 2025 to June 30, 2025, 2,507 A Shares were issued as a result of the conversion of the Convertible Bonds. Upon completion of registration, the total share capital of our Company increased to RMB273,562,250 as of December 22, 2025; and
- (d) As of the Latest Practicable Date, the total share capital of our Company had been further increased to RMB274,006,971.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

3. Shareholders’ resolutions of our Company

Pursuant to the general meeting held on March 30, 2026, the following resolutions, among others, were duly passed by our Shareholders:

- (a) the [REDACTED] by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be listed on the Stock Exchange;
- (b) the number of H Shares to be [REDACTED] before the exercise of the [REDACTED] shall be not more than [REDACTED] of the enlarged share capital of our Company upon completion of the [REDACTED] and granting the [REDACTED] or its representatives the [REDACTED] of no more than [REDACTED] of the above number of H Shares to be [REDACTED];
- (c) subject to the completion of the [REDACTED], the conditional adoption of the Articles of Association, which shall become effective on the [REDACTED]; and
- (d) authorisation of our Board and its authorised persons to handle relevant matters relating to, among other things, the [REDACTED], the [REDACTED] on the Stock Exchange.

4. Changes in the registered capital of our subsidiaries

The list of our subsidiaries is set out in Note 1 to the Accountants’ Report, the text of which is set out in Appendix I to this document.

Save as disclosed below, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this document:

- (a) On January 29, 2026, Wuhan Haoyuan was established as a limited partnership in the PRC with a total registered capital of RMB100 million. Wuhan Haoyuan is an indirect wholly-owned subsidiary of our Company.

5. Restriction on share repurchases

For details of the restrictions on share repurchases by our Company, see “Summary of the Articles of Association” which is set out in Appendix V to this document.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

We have entered into the following contract (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document, which is or may be material:

- (a) [•]; and
- (b) the [REDACTED].

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

2. Our material intellectual property rights

(a) Trademarks

As of the Latest Practicable Date, our Group was the registered proprietor of the following trademarks which we considered to be material to our business:

No.	Trademark	Registered Owner	Place of Registration	Class	Registration Number	Expiry Date
1.	帝尔激光	Our Company	PRC	7	16887174	July 27, 2026
2.	DRLASER	Our Company	PRC	7	16887363	August 13, 2026
3.	DR Laser	Our Company	PRC	7	16887736	August 27, 2026
4.	帝尔激光	Our Company	PRC	35	58070563	April 27, 2032
5.	DR Laser	Our Company	Singapore	7	40202118355R	August 1, 2031
6.	DRLASER	Our Company	PRC	35	60682355	June 20, 2033
7.	DR Laser	Our Company	India	7	5073684	August 3, 2031

(b) Patents

As of the Latest Practicable Date, our Group was the registered proprietor of the following patents which we considered to be material to our business:

No.	Patent	Registered Owner	Patent Number	Patent Type	Jurisdiction	Date of Application
1.	A manufacturing method for photovoltaic cell modules (一種光伏電池組件的製造方法)	Our Company	ZL202210521315.5	Invention	PRC	May 13, 2022
2.	A laser welding device and welding method for solar cell modules (一種太陽能電池組件激光焊接設備及其焊接方法)	Our Company and DR Laser Technology (Wuxi)	ZL202010597294.6	Invention	PRC	June 28, 2020
3.	A method and apparatus for micro-hole processing (一種微孔加工的方法及設備)	DR Laser Technology (Wuxi)	ZL202111266365.5	Invention	PRC	October 28, 2021
4.	A laser beam splitting processing device (一種激光分束加工設備)	Our Company and DR Laser Technology (Wuxi)	ZL202111643750.7	Invention	PRC	December 29, 2021

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Patent	Registered Owner	Patent Number	Patent Type	Jurisdiction	Date of Application
5.	A front surface structure of a solar cell and a method for manufacturing a crystalline silicon cell (一種太陽能電池的前表面結及一種晶體硅電池的製作方法)	Our Company and DR Laser Technology (Wuxi)	ZL202210661889.2	Invention	PRC	June 13, 2022
6.	A preparation method for N-type TOPCon cells and solar cells (一種 N 型 TOPCon 電池的製備方法及太陽能電池)	DR Laser Technology (Wuxi)	ZL202410580583.3	Invention	PRC	May 11, 2024
7.	Pattern transfer printing of multi-layered features	Our Company	US17562360	Invention	U.S.	December 27, 2021
8.	A back-contact solar cell and its preparation method (一種背接觸式太陽能電池及其製備方法)	DR Laser Technology (Wuxi)	ZL202311246353.5	Invention	PRC	September 25, 2023
9.	A method for arranging ribbon in photovoltaic modules (一種光伏組件焊帶排布方法)	Our Company	ZL202510157274.X	Invention	PRC	February 12, 2025
10.	Multi-laser spot processing method and apparatus for solar cells (太陽能電池的多激光光斑加工方法及加工裝置)	DR Laser Technology (Wuxi)	ZL202111426144.X	Invention	PRC	November 26, 2021

(c) *Software copyrights*

As of the Latest Practicable Date, our Group was the registered proprietor of the following software copyrights which we considered to be material to our business:

No.	Software name
1.	DR Laser 1st Generation Laser-Induced Sintering Equipment Processing System Software V2.0.0 (帝爾激光第一代激光誘導燒結設備加工系統軟件 V2.0.0)
2.	DR Laser Solar Cell Laser Processing Equipment Control System Software V2.0.0 (帝爾激光太陽能電池激光加工設備控制系統軟件 V2.0.0)
3.	DR Laser Glass Through-Hole Laser Processing Equipment Control Software V1.0.0 (帝爾激光玻璃通孔激光加工設備控制軟件 V1.0.0)
4.	DR Laser Conductive Backsheet Interconnected Cell Module Processing Equipment Control System V1.0.0 (帝爾激光導電背板互聯電池組件加工設備控制系統 V1.0.0)
5.	DR Laser TOPCon Cell Laser Thinning Processing Equipment Control System V1.0.0 (帝爾激光 TOPCon 電池激光減薄加工設備控制系統 V1.0.0)

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Software name
6.	DR Laser 1st Generation Copper Foil Backsheet Module Line High-Speed Cell Layout Equipment Processing System Software V1.0.0 (帝爾激光第一代銅箔背板組件線高速電池排版設備加工系統軟件 V1.0.0)
7.	DR Laser XBC Cell Laser Processing Equipment Control System Software V1.0.0 (帝爾激光 XBC 電池激光加工設備控制系統軟件 V1.0.0)
8.	DR Laser 2nd Generation Cell Layout Processing Equipment Control System Software V1.0.0 (帝爾激光第二代電池排布加工設備控制系統軟件 V1.0.0)
9.	DR Laser Hidden Busbar Welding Equipment System Control Software V2.0.2 (帝爾激光隱藏匯流條焊接設備系統控制軟件 V2.0.2)
10.	TOPCon Cell Backside Polyfinger Laser Equipment Control Software V1.0.0 (TOPCon 電池背面 Polyfinger 激光設備控制軟件 V1.0.0)

(d) *Domain name*

As of the Latest Practicable Date, our Group was the registered proprietor of the following domain name which we considered to be material to our business:

No.	Domain name
(a)	www.drlaser.com.cn

C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Particulars of Directors’ contracts

Each of our Directors has entered into a service contract with our Company. The service contracts may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

Save as disclosed above, none of our Directors has or is proposed to enter into a service contract with any member of our Group, other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation).

2. Remuneration of Directors

For details of the remuneration or benefits in kind paid to our Directors during the Track Record Period, see “Directors and Senior Management” and Note 10 to the Accountants’ Report in Appendix I to this document.

During the Track Record Period, no fees were paid by our Group to any of our Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office, and there has been no arrangement under which a Director has waived or agreed to waive any emoluments.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

D. DISCLOSURE OF INTERESTS

1. Disclosure of interests of Directors and chief executive of our Company

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), the interest and/or short position (as applicable) of our Directors and chief executives of our Company 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 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 Stock Exchange, once the H Shares are [REDACTED], will be as follows:

Name of Director or chief executive of our Company	Nature of interest	Description of Shares	As of the Latest Practicable Date ^(Note 1)		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised) ^(Note 1)		
			Number of Shares	Approximate percentage of shareholding in our Company	Number of Shares	Approximate percentage of shareholding in our A Shares	Approximate percentage of shareholding in our Company
Mr. Li Zhigang (李志剛)	Beneficial interest	A Shares	109,073,070(L)	39.81%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in	A Shares	4,569,867(L)	1.67%	[REDACTED]	[REDACTED]	[REDACTED]
	controlled corporation ^(Note 2)						
	Interest in treasury Shares ^(Note 3)	A Shares	1,062,460(L)	0.39%	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Duan Xiaoting (段曉婷)	Beneficial interest	A Shares	20,919,394(L)	7.63%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Peng Xinbo (彭新波)	Beneficial interest	A Shares	11,087,365(L)	4.05%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhu Fan (朱凡)	Beneficial interest	A Shares	92,160(L)	0.03%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Liu Zhibo (劉志波)	Beneficial interest	A Shares	57,600(L)	0.02%	[REDACTED]	[REDACTED]	[REDACTED]

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

Notes:

- (1) The letter “L” denotes the entity/person’s long position (as defined under Part XV of the SFO) in such Shares.
- (2) See “Substantial Shareholders”.
- (3) See “Substantial Shareholders”.

2. Disclosure of interests of substantial shareholders

Save as disclosed in the section headed “Substantial Shareholders” in this document, our Directors are not aware of any person (other than our Director or chief executive of our Company) who will, immediately following completion of the [REDACTED] (assuming that the [REDACTED] Option is not exercised), 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 who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

3. Disclaimers

Save as disclosed in the sections headed “Business” and “Substantial Shareholders” in this document and the paragraphs headed “C. Further Information about our Directors” and “D. Disclosure of Interests” in this section:

- (a) none of our Directors or chief executive of our Company 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;
- (b) 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;
- (c) none of our Directors is interested in any business (other than the business of our Group) which competes or is likely to compete, directly or indirectly, with our business; and
- (d) without taking into account any Shares which may be taken up under the [REDACTED], none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the [REDACTED], be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at shareholders’ meetings of any member of our Group in the Shares or underlying Shares of our Company.

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E. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any member of our Group.

2. Litigation

As of the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for [REDACTED] of, and [REDACTED], our H Shares to be [REDACTED] pursuant to the [REDACTED] (including any H Shares which may be [REDACTED] pursuant to the exercise of the [REDACTED]). All necessary arrangements have been made to enable [REDACTED] to be admitted into [REDACTED].

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive a fee of US\$500,000 for acting as the sponsor for [REDACTED].

4. Preliminary expenses

Our Company did not incur any material preliminary expenses.

5. Promoters

The promoters of our Company comprised all of the six then Shareholders of our Company as of September 8, 2015 before our conversion into a joint stock company with limited liability.

Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoters in connection with the [REDACTED] and the related transactions described in this document.

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6. Qualifications of experts

The qualifications of the experts, as defined under the Listing Rules, who have given opinions in this document, are as follows:

<u>Name of expert</u>	<u>Qualifications</u>
China International Capital Corporation Hong Kong Securities Limited	A licenced corporation under the SFO to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
BDO Limited	Certified Public Accountants under Professional Accountant Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Beijing DeHeng Law Offices	Legal advisors to our Company as to the PRC law
China Insights Industry Consultancy Limited	Independent industry consultant

7. Consents of experts

Each of the parties named above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and/or letter and/or opinion and/or references to its name included herein in the form and context in which it is respectively included.

As of the Latest Practicable Date, none of the experts named above has any shareholding interests 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.

8. Taxation of holders of H Shares

(a) *Hong Kong*

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

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(b) Consultation with professional advisers

[REDACTED] of the H Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of [REDACTED], [REDACTED], [REDACTED] or [REDACTED] or [REDACTED] in the H Shares. It is emphasised that none of our Company, our Directors or the other parties involved in the [REDACTED] will accept responsibility for any tax effect on, or liabilities of, holders of H Shares resulting from their [REDACTED], [REDACTED], [REDACTED] or [REDACTED] or [REDACTED] in the H Shares or exercise of any rights attaching to them.

9. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Related party transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this document as mentioned in Note 38 to the Accountants’ Report in Appendix I to this document.

11. No material adverse change

Our Directors believe that there has been no material adverse change in the financial or trading position since December 31, 2025 (being the date to which the latest audited consolidated financial statements of the Group were prepared).

12. Miscellaneous

Save as disclosed in the sections headed “History and Corporate Structure”, “Business”, “Financial Information” and “[REDACTED]” in this document and the paragraph headed “A. Further Information about our Group” in this section:

- (a) within the two years immediately preceding the date of this document:
 - (i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be issued fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

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- (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share of our Company or any of our subsidiaries; and
- (iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of our Company;
- (b) there are no founder, management or deferred shares or any debentures in our Company or any of our subsidiaries;
- (c) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;
- (d) our Company has no outstanding convertible debt securities or debentures;
- (e) there is no arrangement under which future dividends are waived or agreed to be waived;
- (f) save for our H Shares to be [REDACTED] in connection with the [REDACTED], none of our equity and debt securities is listed or dealt with in any other stock exchange nor is any [REDACTED] or [REDACTED] being or proposed to be sought;
- (g) our Company currently does not intend to apply for the status of a sino-foreign investment joint stock limited liability company and does not expect to be subject to the Law of the PRC on Sino-foreign Equity Joint Ventures; and
- (h) all necessary arrangements have been made to enable the H Shares to be admitted into [REDACTED].

13. Bilingual document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this document, the English language version shall prevail.

APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND DOCUMENTS ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were, amongst other documents, a copy of each of the written consents referred to in “Statutory and General Information – E. Other Information – 7. Consents of experts” in Appendix VI to this document and a certified copy of each of the material contracts referred to in “Statutory and General Information – B. Further Information about our Business – 1. Summary of material contracts” in Appendix VI to this document.

DOCUMENTS ON DISPLAY

The following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.drlaser.com.cn) up to and including the date which is 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the Accountants’ Report from BDO Limited, the text of which is set out in Appendix I to this document;
- (c) the report from BDO Limited in relation to unaudited [REDACTED] financial information of our Group, the text of which is set out in Appendix II to this document;
- (d) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025;
- (e) the industry report from China Insights Industry Consultancy Limited;
- (f) the material contracts referred to in the paragraph headed “Statutory and General Information – B. Further Information about our Business – 1. Summary of material contracts” in Appendix VI to this document;
- (g) the written consents referred to in the paragraph headed “Statutory and General Information – E. Other Information – 7. Consents of experts” in Appendix VI to this document;
- (h) the legal opinion from Beijing DeHeng Law Offices, our PRC Legal Advisors, in respect of certain aspects of our Group in the PRC;
- (i) the service contracts referred to in the paragraph headed “Statutory and General Information – C. Further Information about our Directors – 1. Particulars of Directors’ contracts” in Appendix VI to this document; and
- (j) the PRC Company Law, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, together with their unofficial English translations.