SUMMARY

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document 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 section headed "Risk Factors" in this document. You should read that section carefully in full before you decide to* ***[REDACTED]*** *in the* ***[REDACTED]****.*

OVERVIEW

Who We Are

We are a globally leading supplier of high-end electronic-grade glass fiber fabric ("**electronic fabric**"). We specialize in the research, development, manufacturing and sale of high-end general-purpose electronic fabric — including ultra-thin and super-thin fabric — as well as special-purpose electronic fabric, such as low dielectric constant/dissipation factor ("**low Dk/Df**") fabric and low coefficient of thermal expansion ("**low CTE**") fabric. We possess vertically integrated production capabilities spanning electronic yarn and electronic fabric, and maintain a product line covering entry-level, mid-range and high-end categories, making us one of the very few manufacturers globally with such a comprehensive product offering. Leveraging our industry-leading technologies, high-quality products and robust production capabilities, we have established long-term, stable partnerships with the world's leading copper clad laminate ("**CCL")** manufacturers and IC packaging substrate manufacturers. Our products have been fully integrated into the core supply chains of leading graphics processing unit ("**GPU**"), central processing unit ("**CPU**") and high-end smartphone companies, and we have become an important partner to numerous globally prominent technology enterprises with deep collaboration in technology and business.

According to Frost & Sullivan:

- ***High-end General-purpose Electronic Fabric***: We ranked first globally in terms of total revenue from ultra-thin and super-thin fabric in 2025, with a market share of 20.5%.

- ***Special-purpose Electronic Fabric***:

  - ► We ranked seventh globally and third in China in terms of revenue from low Dk/Df fabric in 2025, with a market share of 4.0%. We are one of the only two manufacturers in China to achieve mass supply of second-generation low Dk/Df fabric.

  - ► We also ranked third globally and first in China in terms of revenue from low CTE fabric in 2025, with a market share of 5.0%. We are the only manufacturer in China with mass production capabilities for the full range of low CTE fabric.

  - ► Our quartz fabric is among the first globally to have been certified by downstream customers, and we have established mass production capabilities for quartz fabric.

Since our inception, we have been committed to technology-driven innovation and a differentiated product strategy, focusing on high-end electronic fabric with advanced technology and high margins. Our technological capabilities are globally leading: our electronic fabric can reach a minimum thickness of eight microns with a weight of only seven grams per square meter, while our electronic-grade glass fiber fabric yarn ("**electronic yarn**") can achieve a minimum diameter of three microns with a weight of only 0.77 grams per 1,000 meters (TEX), representing the world's thinnest electronic fabric and finest electronic yarn. We are one of only two manufacturers globally with the production capabilities for such specifications. In the special-purpose electronic fabric sector, we have established integrated production capabilities spanning the full process from electronic yarn to electronic fabric for ultra-thin low Dk/Df and low CTE specifications. We are one of the only two manufacturers in China capable of ensuring stable supply of low Dk/Df and low CTE fabrics.

Market Leadership	**No.1 Globally[(1)]** **20.5%** [(1)] Global market share of ultra-thin & super-thin fabric	**No.3 Globally[(1)]** **No.1 in China[(1)]** Low-CTE electronic fabric	**Among the World's First** Quartz fabric certified by downstream customers
Blue-Chip Customers	**Direct Customers** Top 10 global CCL manufacturers; Global leading IC packaging substrate manufacturers	**End Customers** Globally leading GPU, CPU, high-end smartphone companies	**Stable Collaboration** Partnerships with all top five customers for over 10 years
Leading Technological Capability	**Global Thinnest & Finest** **One of Only 2 Globally** Electronic fabric down to 8μm Electronic yarn down to 3μm	**China's 1st** **One of Only 3 Globally** Mass production capabilities for ultra-thin low CTE electronic fabric	**Among China's First** Technological breakthrough for second-generation low Dk/Df and low CTE electronic fabric
Robust Financial Performance	2025 Revenue **RMB1.171 billion** YoY growth **+40.3%**	2025 Gross Profit Margin **35.1%** YoY growth **+17.5** percentage points	2025 Net Profit **RMB202 million** YoY growth **+785.5%**

Note: (1) In terms of revenue for the year of 2025.

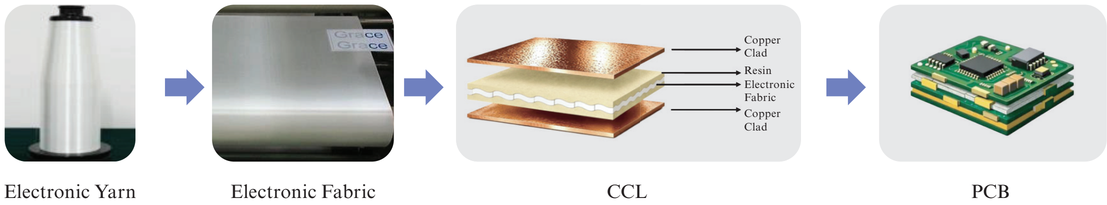
Looking ahead, we have strategically positioned ourselves in next-generation advanced materials — including ultra-low Dk/Df and ultra-low CTE fabric. These advancements will secure our readiness as a core supplier for AI and high-performance computing, high-end communications, and high-end consumer electronics applications as the industry moves toward 6G.

Our Product Portfolio

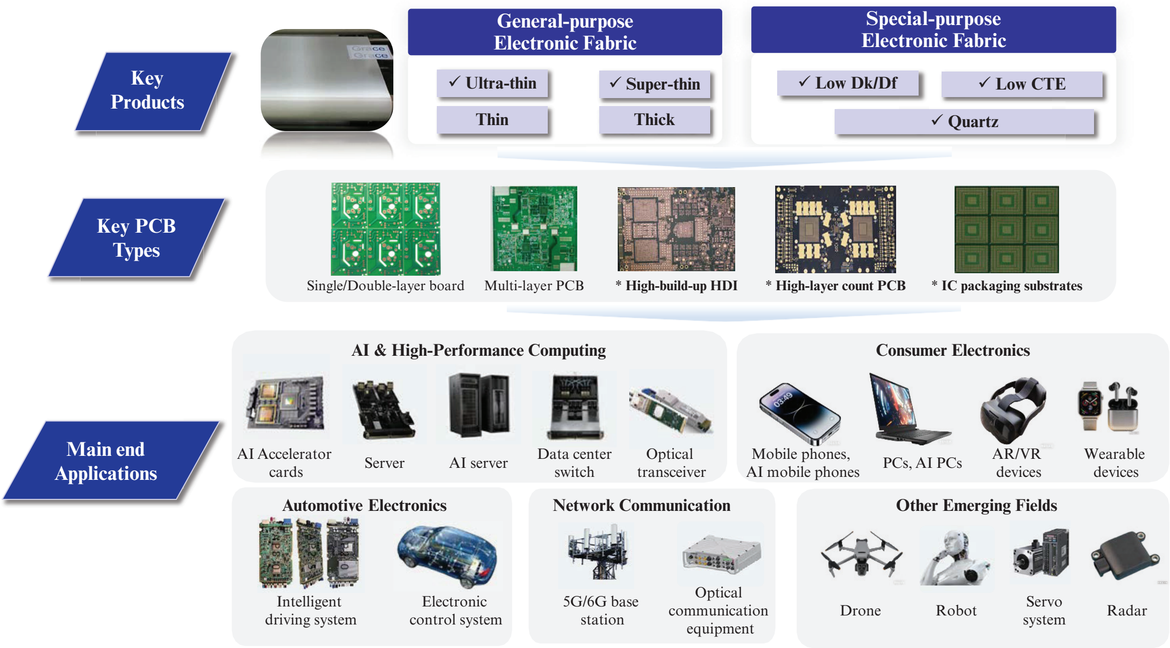
We offer a comprehensive suite of electronic fabric products and have established significant competitive advantages in the high-end electronic fabric sector. Our product portfolio primarily encompasses (i) general-purpose electronic fabric, including ultra-thin, super-thin, thin and thick fabric and (ii) special-purpose electronic fabric, including low Dk/Df, low CTE and quartz fabric. In particular, we have strategically focused on special-purpose electronic fabric and high-end general-purpose electronic fabric, including ultra-thin and super-thin fabric, building a diversified product portfolio anchored by high-end electronic fabric and spanning the comprehensive product line. In addition, we also develop and manufacture electronic yarn to mainly fulfill our own production needs. Through years of dedicated independent research and development, we have successfully achieved integrated development and production of electronic yarn and fabric.

Our high-end general-purpose electronic fabric and special-purpose electronic fabric are key materials for the production of high-value printed circuit board ("**PCBs**"). Ultra-thin and super-thin fabric are mainly used to produce high-build-up high-density interconnect ("**HDIs**"), high-layer-count PCBs and IC packaging substrates, with broad downstream applications in smartphones, tablets and other consumer electronics. Low Dk/Df fabric significantly enhances signal transmission speed and integrity and is primarily used in the production of high-layer-count PCBs and high-build-up HDIs, with applications in AI and high-performance computing and high-end communications. Low CTE fabric addresses packaging stability challenges arising from chip stacking, serving as a core material for advanced IC packaging substrates with applications spanning AI and high-performance computing, high-end consumer electronics and intelligent driving. Quartz fabric offers extremely low dielectric loss and excellent electrical properties, and primarily used in the future production of high-layer-count PCBs and high-build-up HDIs, with applications in ultra-high-speed AI and high-performance computing.

SUMMARY



The diagram below provides main end application fields that incorporate our electronic fabric products:



Notes:

(1) Items marked with "✓" denote high-end electronic fabric.

(2) Items marked with "*" denote high-value PCBs, of which our high-end electronic fabric is a key material.

Market Opportunities

Against the backdrop of the explosive growth of artificial intelligence, successive iterations in AI computing hardware are generating structural growth opportunities across the PCB industry. PCBs must now meet increasingly stringent requirements for high-frequency and high-speed performance, low signal loss, and superior stability. As one of the core raw materials for PCBs, electronic fabric will continue to evolve toward higher-functionality specifications, including low Dk/Df and low CTE. Given that the value of the PCBs and electronic fabric incorporated in a single AI server substantially exceeds that used in a traditional server, demand for high-functionality special-purpose electronic fabric — such as low Dk/Df and low CTE fabric — is expected to grow significantly as AI applications continue to expand. According to Frost & Sullivan, the global AI server shipments reached approximately 2.5 million in 2025 and are projected to grow at a CAGR of 22.2% to approximately 6.8 million by 2030.

In the high-end consumer electronics sector, smartphones, tablets, and other smart devices continue to evolve toward thinner, lighter, and more compact form factors, driving the continued development of electronic fabric toward thinner and lighter specifications. Furthermore, as AI technologies become more widely adopted, next-generation intelligent terminal devices — including AI smartphones and tablets and AR/VR devices — will require PCBs with increasingly advanced performance capabilities, sustaining demand for special-purpose electronic fabric.

Underpinned by rapid growth in demand for AI computing power and intelligent terminals, as well as the continued development of downstream applications including intelligent driving and high-speed network communications, we anticipate that demand for our products will grow rapidly.

OUR COMPETITIVE STRENGTHS

We believe the following strengths position us well to capitalize on future industry opportunities and achieve sustained growth:

- globally leading provider of high-end electronic fabric;
- proactive technology positioning underpinned by internationally advanced key technical parameters;
- vertically integrated high-end electronic yarn and fabric production capabilities with outstanding product quality;
- differentiated product strategy driving rapid and sustainable growth;
- long-term partnerships with leading global customers; and
- visionary founder and experienced management team.

OUR STRATEGIES

With the rapid development of AI and high-performance computing, high-end communications, high-end consumer electronics and other technologies, and the accelerating upgrade cycle of end-use electronic devices, performance and thinness requirements for electronic fabric are becoming increasingly demanding. We are committed to driving innovation, enhancing our technology and production capabilities, and strengthening our market leadership in the high-end electronic fabric sector. To achieve this, we plan to implement the following strategies:

- reinforcing our leadership in the high-end electronic fabric market through capacity expansion;
- deepening customer collaboration, expanding market reach and capturing market opportunities;
- continuously strengthening R&D investment and accelerating product iteration to solidify our technological leadership; and
- continuously optimizing talent development and operational management to strengthen our growth.

RESEARCH AND DEVELOPMENT

Our competitiveness significantly depends on our ability to develop innovative and advanced products and technologies that meet evolving customer demands and preferences. We are committed to continuously advancing our technologies so as to maintain our competitiveness and market share and sustain our success. As such, we place significant emphasis on strengthening our R&D capabilities. In 2023, 2024 and 2025, our research and development expenses amounted to RMB34.0 million, RMB43.6 million and RMB62.9 million, respectively, accounting for 5.1%, 5.2% and 5.4% of our total revenue in these respective periods.

We have established a R&D network, with two R&D centers in Shanghai and Huangshi, Hubei Province, China, respectively. Our R&D centers primarily focus on R&D projects for advancing key technologies of electronic yarn (such as ultra-fine yarn, super-fine yarn, low Dk/Df and low CTE yarn) and electronic fabric (such as ultra-thin fabric, super-thin fabric, low Dk/Df and low CTE fabric and quartz fabric). Our core R&D personnel have an average of 20 years of experience in our industry. We have established detailed protocols and standard operating procedures for our product design and development processes, which are essential for the success of our final products. Our product design and development processes could vary due to different product specifications and customer requirements.

SALES AND MARKETING

Our sales model is mainly based on direct sales, as supplemented by sales leveraging a limited number of distributors to effectively reach and serve a diverse range of customers. Our multiple sales channels provide us with flexibility to meet the needs of various markets while building strong customer relationships.

OUR CUSTOMERS AND SUPPLIERS

We have established long-standing business relationships with leading CCL companies whose products are applied across a wide range of industries, including AI and high-performance computing, consumer electronics, automotive electronics, communication and engineering. In each year during the Track Record Period, revenue contributed from our five largest customers in each year accounted for 59.3%, 57.2% and 62.3% of our total revenue in 2023, 2024 and 2025, respectively, while the largest customer in each year contributed 15.4%, 15.4% and 20.1% of our total revenue, respectively, for the same periods.

We have developed and maintained relationships with some leading suppliers in the electronic fabric industry. These partners provide us with high-quality materials for our production, such as electronic yarn and glass beads. Their advanced technologies and reliable production capabilities enable us to ensure consistent product quality and meet the evolving needs of our customers. In each year during the Track Record Period, our purchases from our five largest suppliers accounted for 58.6%, 63.5% and 71.2% of our total purchases in 2023, 2024 and 2025, respectively, while our purchase from the largest supplier accounted for 15.4%, 23.7% and 21.5% of our total purchases, respectively, for the same periods.

PRODUCTION

We have developed a manufacturing framework that strategically integrates global and domestic resources through in-house production. We typically utilize our in-house facilities to handle key production processes. These help ensure both quality and security by utilizing workflows designed to meet the specific requirements of major customers. As of the Latest Practicable Date, we had one production facility in Shanghai, China, and one production facility in Huangshi, Hubei Province, China with a total gross floor area of 190,923.2 square meters. The electronic fabric industry has been rapidly evolving, especially in the data-driven era, which requires us to constantly advance the technologies and automation levels of our manufacturing process. We have adopted advanced intelligent manufacturing technologies and automation equipment to enhance our manufacturing efficiency and maintain our competitiveness.

COMPETITION

We operate in a highly competitive landscape alongside established global manufacturers, contending across multiple dimensions including technological innovation, production process optimization, product performance and customer qualification requirements. Keeping pace with rapidly shifting industry dynamics and evolving downstream demands remains essential to sustaining our competitive edge. Through our continued commitment to core technology development and application-driven product innovation, we believe we are well-placed to reinforce and extend our market position. Underpinned by the substantial growth prospects of the electronic fabric products market, we believe our proven track record in high-end product segments, deep expertise in product development, established customer certification advantages, vertically integrated manufacturing capabilities and long-standing industry experience position us to capture expanding global demand and deliver sustained growth. For further details, please refer to the section headed "Industry Overview".

RISK FACTORS

Our business involves certain risks, which are set out in the section headed "Risk Factors." You should read that section in its entirety carefully before you decide to **[REDACTED]** in our H Shares. Some of the major risks we face include: (i) The markets for our products are evolving, and changing market conditions, such as introduction of new technologies, or changes in customer preferences may negatively affect demand for our products. If we fail to properly anticipate or respond to changing market conditions, our business prospects and results of operations will suffer; (ii) Failure to successfully execute our capacity expansion or upgrade plans or effectively utilize our production facilities may have a material adverse effect on our business, financial condition and results of operations; (iii) We may be unable to match production with customer demand for a variety of reasons including our inability to accurately forecast customer demand, which could adversely affect our operating results; (iv) Our growth is affected by the growth and development of the markets served by our downstream customers. If the underlying market does not develop as we expect, our business prospects may be harmed; (v) We have been investing, and intend to continue to invest in our R&D but such investments may not yield the results we expect; (vi) A fluctuation in prices of raw materials and utilities may disrupt our supply chain and affect our selling prices, and any significant disruption in the supply of raw materials could affect our business, financial condition and results of operations; (vii) If we fail to acquire new customers or retain existing customers, our business, financial condition and results of operations may be materially and adversely affected; (viii) We face competition and expect competition to increase in the future. If we fail to compete effectively, our revenue growth and results of operations will be materially and adversely affected; (ix) Our operating history may not be indicative of our prospects and future results of operations; and (x) We engaged third-party service providers and business partners, which exposes us to a number of risks, including reduced control over delivery timing and increased costs of operations, which could result in a loss of revenue or reduced profitability.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Revenue	661,155	834,633	1,171,034
Cost of sales	(612,871)	(687,544)	(760,077)
Gross profit	48,284	147,089	410,957
Other net income	23,563	31,244	12,947
Selling and marketing expenses	(5,491)	(6,353)	(8,575)
General and administrative expenses	(68,726)	(73,044)	(95,290)
Research and development expenses	(34,022)	(43,561)	(62,916)
Impairment losses on trade and other receivables	(221)	(712)	(1,412)
(Loss)/profit from operations	(36,613)	54,663	255,711
Finance costs	(31,356)	(34,850)	(31,060)
(Loss)/profit before taxation	(67,969)	19,813	224,651
Income tax	4,875	2,988	(22,738)
(Loss)/profit for the year	(63,094)	22,801	201,913
(Loss)/profit for the year attributable to:			
Equity shareholders of the Company	(63,094)	22,801	201,913
Other comprehensive income for the year (after tax):			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of an overseas subsidiary	(3)	(5)	7
Fair value change on investments in financial assets measured at fair value through other comprehensive income ("**FVOCI**")	1,784	287	(2,071)
	1,781	282	(2,064)
Total comprehensive income for the year	(61,313)	23,083	199,849
Total comprehensive income for the year attributable to:			
Equity shareholders of the Company	(61,313)	23,083	199,849

For a detailed discussion of the major components of our consolidated statements of profit or loss and other comprehensive income during the Track Record Period, see "Financial Information — Description of Major Components of Our Results of Operations."

Revenue

During the Track Record Period, our revenue was primarily derived from the sale of electronic fabric, which accounted for 94.7%, 93.5% and 95.5% of our total revenue in 2023, 2024 and 2025, respectively. The following table sets forth our revenue breakdown by type of products in absolute amounts and as a percentage of our total revenue for the periods indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
	(RMB in thousands, except percentages)					
Electronic fabric	626,156	94.7%	780,106	93.5%	1,118,907	95.5%
General-purpose electronic fabric						
— Ultra-thin fabric	100,436	15.2%	147,191	17.6%	233,818	20.0%
— Super-thin fabric	126,800	19.2%	150,118	18.0%	189,223	16.2%
— Thin fabric and above(1)	385,408	58.3%	470,291	56.4%	517,412	44.1%
Subtotal	612,644	92.7%	767,600	92.0%	940,453	80.3%
Special-purpose electronic fabric						
— Low Dk/Df fabric	13,346	2.0%	10,024	1.2%	133,084	11.4%
— Low CTE fabric	166	0.0%	2,482	0.3%	44,866	3.8%
— Quartz fabric	—	—	—	—	504	0.0%
Subtotal	13,512	2.0%	12,506	1.5%	178,454	15.2%
Electronic yarn	34,239	5.2%	53,709	6.4%	46,413	4.0%
Others(2)	760	0.1%	818	0.1%	5,714	0.5%
Total	661,155	**100.0%**	834,633	**100.0%**	1,171,034	**100.0%**

Notes:

(1) Primarily included thin and thick fabric.

(2) Primarily included revenue from sales of waste yarn and fabric generated during the production process.

Gross Profit and Gross Profit Margin

The following table sets forth our gross profit and gross profit margin breakdown by product types:

	For the year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %
	(RMB in thousands, except percentages)					
Electronic fabric	68,751	11.0%	148,857	19.1%	403,560	36.1%
General-purpose electronic fabric						
— Ultra-thin fabric	29,626	29.5%	63,459	43.1%	124,324	53.2%
— Super-thin fabric	10,778	8.5%	22,729	15.1%	57,775	30.5%
— Thin fabric and above(1)	17,464	4.5%	57,526	12.2%	114,947	22.2%
Subtotal	57,868	9.4%	143,714	18.7%	297,046	31.6%

	For the year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %
	(RMB in thousands, except percentages)					
Special-purpose electronic fabric						
— Low Dk/Df fabric	11,041	82.7%	4,316	43.1%	73,392	55.1%
— Low CTE fabric[(2)]	(158)	(95.2)%	827	33.3%	32,769	73.0%
— Quartz fabric	—	—	—	—	353	70.0%
Subtotal	10,883	80.5%	5,143	41.1%	106,514	59.7%
Electronic yarn[(3)]	(20,463)	(59.8)%	(1,804)	(3.4)%	7,121	15.3%
Others[(4)]	(4)	(0.5)%	36	4.4%	276	4.8%
Total	**48,284**	**7.3%**	**147,089**	**17.6%**	**410,957**	**35.1%**

Notes:

(1) Primarily included thin and thick fabric.

(2) We recorded negative or relatively low gross profit and profit margin for low CTE fabric in 2023 and 2024, primarily because the product was at an early R&D and commercialization stage with limited production scale and higher unit costs.

(3) Electronic yarn recorded negative gross profit and negative gross profit margin in 2023 and 2024, primarily because the yarn sold during these periods consisted mainly of sub-standard yarn that were sold at lower prices.

(4) Primarily included revenue from sales of waste yarn and fabric generated during the production process.

Summary of Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from the Accountants' Report included in Appendix I to this document.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Total current assets	870,209	942,346	1,088,474
Total non-current assets	1,661,963	1,566,373	2,194,213
Total assets	**2,532,172**	**2,508,719**	**3,282,687**
Total current liabilities	563,097	620,785	921,066
Total non-current liabilities	542,118	437,894	711,732
Total liabilities	**1,105,215**	**1,058,679**	**1,632,798**
Net current assets	**307,112**	**321,561**	**167,408**
Net assets	**1,426,957**	**1,450,040**	**1,649,889**
Share capital	882,512	879,727	879,727
Reserves	544,445	570,313	770,162
Total equity	**1,426,957**	**1,450,040**	**1,649,889**
Total liabilities and equity	**2,532,172**	**2,508,719**	**3,282,687**

Our net current assets decreased by 47.9% from RMB321.6 million as of December 31, 2024 to RMB167.4 million as of December 31, 2025, as the increase in current liabilities outweighed the increase in current assets. Current liabilities increased from RMB620.8 million to RMB921.1 million, primarily due to an increase of RMB178.5 million in trade and other payables and an increase of RMB118.8 million in interest-bearing borrowings. Current assets increased from RMB942.3 million to RMB1,088.5 million, primarily due to an increase of RMB200.7 million in trade and other receivables, partially offset by a decrease of RMB32.3 million in financial assets measured at FVOCI.

Our net current assets increased by 4.7% from RMB307.1 million as of December 31, 2023 to RMB321.6 million as of December 31, 2024, as the increase in current assets outweighed the increase in current liabilities. Current assets increased from RMB870.2 million to RMB942.3 million, primarily due to an increase of RMB112.6 million in cash and cash equivalents and an increase of RMB33.9 million in trade and other receivables, partially offset by a decrease of RMB48.9 million in inventories. Current liabilities increased from RMB563.1 million to RMB620.8 million, primarily due to an increase of RMB76.9 million in interest-bearing borrowings, partially offset by a decrease of RMB19.2 million in trade and other payables.

Summary of Consolidated Statements of Cash Flows

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

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash (used in)/generated from operating activities	(97,749)	179,480	293,786
Net cash used in investing activities	(51,973)	(1,279)	(766,273)
Net cash (used in)/generated from financing activities	(3,817)	(66,427)	425,473
Net (decrease)/increase in cash and cash equivalents	**(153,539)**	**111,774**	**(47,014)**
Cash and cash equivalents at beginning of year	300,310	148,125	260,671
Effect of foreign exchange rate changes, net	1,354	772	(1,285)
Cash and cash equivalents at end of year	**148,125**	**260,671**	**212,372**

Key Financial Ratios

The following table sets forth our key financial ratios for the periods indicated:

	As of/For the year ended December 31,		
	2023	2024	2025
Revenue growth rate(1)	N/A(5)	26.2%	40.3%
Gross profit margin(2)	7.3%	17.6%	35.1%
Net (loss)/profit margin(3)	(9.5)%	2.7%	17.2%
Gearing ratio(4)	61.3%	58.6%	74.8%

Notes:

(1) Calculated by subtracting the revenue from the previous year from the current year's revenue, then dividing by the previous year's revenue and multiplying by 100%.

(2) Calculated by dividing gross profit by revenue for the year multiplied by 100%.

(3) Calculated by dividing (loss)/profit for the year by revenue for the year multiplied by 100%.

(4) Calculated by dividing sum of interest-bearing borrowings and lease liabilities by total equity as of the end of the year multiplied by 100%.

(5) Revenue growth rate for 2023 is marked as N/A, because revenue of 2022 is not derived from the Track Record Period.

LISTING ON THE MAIN BOARD OF THE SHANGHAI STOCK EXCHANGE

In July 2019, our A Shares were listed on the Shanghai Stock Exchange (stock code: 603256) (the "**A-Share Listing**"). Pursuant to the A-Share Listing, our Company issued an aggregate of 87,800,000 A Shares at an issue price of RMB4.43 per Share. Immediately upon completion of the A-Share Listing, the total share capital of our Company increased to RMB877,800,000, divided into 877,800,000 Shares.

Our Directors confirmed that, as of the Latest Practicable Date, we had no instance of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC, 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 Shanghai Stock Exchange.

Our PRC Legal Advisor advised us that during the Track Record Period and up to the Latest Practical Date, we have not been subject to any material administrative penalties or regulatory measures imposed by PRC securities regulatory authorities and we had complied with the relevant laws and regulations on A share listings applicable to us in all material respects. Based on the independent due diligence conducted by the Sole Sponsor and the views of the PRC Legal Advisor, no material matter has come to the Sole Sponsor's attention that would cause them to disagree with the Directors' confirmation with regard to the compliance record of our Company on the Shanghai Stock Exchange.

OUR CONTROLLING SHAREHOLDERS GROUP

Asia Wealth, Grace Fabric Investment, Grace THW Holding, NextFocus Investments, Unicorn Ace, Sharp Tone, Integrity Link and Fusecrest are all controlled by Ms. Wong. Pursuant to the Acting-in-concert Agreement dated November 14, 2018, as extended on August 6, 2025, Mr. Wong and Ms. Wong have agreed to act in concert in respect of matters relating to the Company. Therefore, Asia Wealth, Mr. Wong, Grace Fabric Investment, Grace THW Holding, NextFocus Investments, Ms. Wong, Unicorn Ace, Sharp Tone, Integrity Link and Fusecrest were in aggregate entitled to exercise the voting rights attached to 739,027,163 Shares and approximately 81.70% of our Shares in issue and constituted our Controlling Shareholders Group as of the Latest Practicable Date.

We have entered into certain transactions with associates of Mr. Wong and Ms. Wong in the ordinary and usual course of business which, upon **[REDACTED]**, will constitute continuing connected transactions of our Company under the Listing Rules. For further details, see "Connected Transactions".

[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive **[REDACTED]** from the **[REDACTED]** of approximately HK$**[REDACTED]**, after deducting **[REDACTED]**, fees and estimated expenses payable by us in connection with the **[REDACTED]**, assuming no **[REDACTED]** is exercised and an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the midpoint of the indicative **[REDACTED]** stated in this document.

In line with our strategies, we intend to use the **[REDACTED]** for the following purposes:

- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the **[REDACTED]** will be allocated for expanding our production capacity of high-end electronic fabrics and special-purpose electronic yarn.
- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the **[REDACTED]** will be allocated for enhancing our technology development in high-end electronic fabrics and electronic yarn.

- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the **[REDACTED]** will be allocated for strategic acquisitions to fulfill our long-term growth objectives and further strengthen our overall competitive position.
- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the **[REDACTED]** will be allocated for partial repayment of our existing interest-bearing borrowings, which are primarily to fund our production expansion and have maturity dates ranging from 2027 to 2033 and annual interest rates ranging from 2.11% to 4.65%.
- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the **[REDACTED]** will be allocated to working capital and other general corporate purposes.

To the extent that our **[REDACTED]** are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash available on hand, bank loans and other borrowings.

If the **[REDACTED]** of the **[REDACTED]** are not immediately used for the purposes described above, to the extent permitted by the relevant laws and regulations, we will only deposit the **[REDACTED]** into short-term interest bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions, as long as it is deemed to be in the best interest of our Company. We will comply with all disclosure requirements under the Listing Rules if there is any change to the above proposed use of **[REDACTED]**.

[REDACTED]

[REDACTED] represent professional fees, **[REDACTED]** and other fees incurred in connection with the **[REDACTED]**. We estimate that our **[REDACTED]** will be approximately HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]**) and no exercise of **[REDACTED]**), representing **[REDACTED]**% of the **[REDACTED]** (based on the mid-point of our **[REDACTED]** for the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised) of the **[REDACTED]**. During the Track Record Period, we did not incur any **[REDACTED]**. We expect to incur **[REDACTED]** of HK$**[REDACTED]**, of which HK$**[REDACTED]** is expected to be recognized in the consolidated statements of profit or loss as general and administrative expenses and HK$**[REDACTED]** is expected to be recognized as a deduction in equity directly upon the **[REDACTED]**. Our Directors do not expect such expenses to materially impact our results of operations in 2025. By nature, our **[REDACTED]** are composed of (i) **[REDACTED]** of HK$**[REDACTED]**, and (ii) **[REDACTED]** related expenses of HK$**[REDACTED]**, which consist of fees and expenses of legal advisors and Reporting Accountants of HK$**[REDACTED]**.

DIVIDENDS

During the year ended December 31, 2023, the final dividend in respect of 2022 was approved by the Annual General Meeting of the Company, and a total of RMB26.3 million was paid to the Shareholders on July 18, 2023. No dividend has been paid or declared by the Company for the year ended December 31, 2024. As approved at our Shareholders' meeting held on May 15, 2026, we declared a dividend of RMB61.5 million to our existing Shareholders based on our consolidated retained profits as of December 31, 2025 (the "**Dividend**"). New shareholders after the **[REDACTED]** will not be entitled to the Dividend. The Dividend is expected to be paid prior to the **[REDACTED]**.

Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. We currently do not have any dividend policy or fixed dividend pay-out ratio. As set forth in our Articles of Association, we shall prioritize cash dividends for profit distribution. Specifically, where we achieve profitability in the current fiscal year and have positive accumulated undistributed profits, and there are distributable profits available after offsetting losses and making appropriations to various reserve funds and provisions, we shall distribute cash dividends. In the absence of any major external investment plans or significant cash expenditures, the cumulative profits distributed in cash within any three consecutive fiscal years shall be no less than 30% of the average annual distributable profits realized during such three-year period. Generally, our Board will make dividend proposals, taking into account factors including industry characteristics, stage of development, business model, profitability of relevant year/period, any significant capital expenditure plans and other factors that our Board deems to be appropriate. Our Shareholders in a general meeting may approve declaration of dividends.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Since December 31, 2025, we have continued to steadily expand our business, driven by the rapid development of AI and high-performance computing, high-end communications, high-end consumer electronics and other advanced technologies, which have continued to fuel strong demand for our high-end electronic fabric products. In particular, our special-purpose electronic fabric continued to demonstrate strong growth momentum, with sales volume increasing by 210.3% from 1.0 million meters in the first quarter of 2025 to 3.1 million meters in the first quarter of 2026.

Recently, to address potential supply shortages and ensure stable supply, four of our end customers who are leading global CPU, GPU and PCB companies entered into capacity supply agreements or term sheet with us, under which such customers agreed to pay refundable deposits to lock in our production capacity for our special-purpose electronic fabric products for a period of approximately two to three years.

As of the Latest Practicable Date, primarily funded by the proceeds from the private placement of new A Shares completed in March 2026, we were in the process of establishing new production lines for special-purpose electronic yarn in Huangshi production base with annual designed production capacity of approximately 1,254 tons, which we expect to prioritize for the in-house production of low CTE fabric. We expect to complete construction of the production lines and to ramp up such production capacity in 2027, subject to our product portfolio driven by the market demand.

In April 2026, we entered into investment agreements with the Huangshi local government. Under the agreements, we will make investment on integrated production facilities for high-end electronic yarn (which we expect to prioritize for further in-house production) and high-end electronic fabric, with a planned total investment amount of approximately RMB8.0 billion (including fixed asset investments and working capital) ("**Huangshi New Project**"). As of the Latest Practicable Date, we commenced the preparatory stage for the construction of the Huangshi New Project and, after completion, it is expected that the additional annual designed production capacity for high-end electronic fabric will be approximately 150 million meters. The final investment amount and construction period are subject to the actual implementation of the project and market demand. We intend to fund the investment through a variety of means, including **[REDACTED]** from the **[REDACTED]**, cash available on hand, bank loans and other borrowings.

In March 2026, we completed a private placement of 24,858,945 new A Shares at a price of RMB40.01 per A Share, raising net proceeds of approximately RMB981.5 million. These new A Shares have been listed on the Shanghai Stock Exchange since March 4, 2026.

No Material Adverse Change

Our Directors have confirmed that as of the date of this document, there has been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects between January 1, 2026 (being the date after the end date of our latest audited financial statements) and the date of this document, and there has been no event since December 31, 2025 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.