

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions have the meanings set forth below. Certain other terms are explained “Glossary of Technical Terms” in this document.

“A Share(s)”	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in Renminbi
“Accountants’ Report”	the accountants’ report of our Company for the Track Record Period, the text of which is set out in Appendix I to this document
“Acting-in-concert Agreement”	the acting-in-concert agreement entered into between Mr. Wong and Ms. Wong dated November 14, 2018, as extended on August 6, 2025
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles” or “Articles of Association”	the articles of association of our Company, as amended, which shall become effective from the [REDACTED] and a summary of which is set out in Appendix V to this document
“Asia Wealth”	Asia Wealth International Limited (遠益國際有限公司), a limited liability company established under the laws of the Hong Kong on November 2, 2007, one of the members of our Controlling Shareholders Group
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“[REDACTED]”	the [REDACTED] as named in “Directors and Parties Involved in the [REDACTED]”
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“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
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, or “the Company”	Grace Fabric Technology Co., Ltd. (宏和電子材料科技股份有限公司), established on August 13, 1998 and converted into a joint stock limited company under the laws of the PRC on August 8, 2016, the A Shares of which have been listed on the Shanghai Stock Exchange (stock code: 603256)

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“Compliance Advisor”	Red Solar Capital Limited
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders Group”	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to Asia Wealth, Mr. Wong, Grace Fabric Investment, Grace THW Holding, NextFocus Investments, Ms. Wong, Unicorn Ace, Sharp Tone, Integrity Link and Fusecrest. See “Relationship with Our Controlling Shareholders Group” for more details
“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 (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“ESG”	environmental, social and governance
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, largescale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
“F&S” or “Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent professional market research and consulting company
“F&S Report”	the report prepared by F&S
“Fusecrest”	Fusecrest Limited, a limited liability company established under the laws of the British Virgin Islands on November 27, 2015, one of the members of our Controlling Shareholders Group
“General Rules of HKSCC”	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“[REDACTED]”	the [REDACTED] and the [REDACTED]
“Governmental Authority” or “governmental authority”	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organization, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational
“Grace Fabric Investment”	Grace Fabric Investment Co., Ltd, a limited liability company established under the laws of the British Virgin Islands on July 11, 1997, one of the members of our Controlling Shareholders Group

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“Grace THW Holding”	Grace THW Holding Limited, a limited liability company established under the laws of the British Virgin Islands on February 25, 2000, one of the members of our Controlling Shareholders Group
“Group”, “our Group”, “the Group”, “we”, “us” or “our”	the Company and its subsidiaries from time to time, their predecessors (as the case may be), and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“Guide for New Listing Applicants”	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024 (as amended, supplemented or otherwise modified from time to time)
“H Share(s)”	overseas [REDACTED] foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, [REDACTED]
[REDACTED]	[REDACTED]
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

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[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Huangshi Grace”	Huangshi Grace Fabric Technology Co., Ltd. (黄石宏和電子材料科技有限公司), established on August 13, 2018, a wholly-owned subsidiary of the Company
“IFRS Accounting Standards”	IFRS Accounting Standards as issued by the International Accounting Standards Board
“Independent Third Party(ies)”	any entity or person who is not a connected person of our Company
“Integrity Link”	Integrity Link Limited, a limited liability company established under the laws of the Republic of Seychelles on 21 August 2015, one of the members of our Controlling Shareholders Group
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Latest Practicable Date”	May 8, 2026, being the latest practicable date for ascertaining certain information in this document before its publication
“Laws” or “laws”	all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, directives, requests, orders, judgments, decrees, or rulings of any Governmental Authority (including the Stock Exchange and the SFC) of all relevant jurisdictions
[REDACTED]	[REDACTED]
“Listing Committee”	the Listing Committee of the Hong Kong Stock Exchange

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[REDACTED]	[REDACTED]
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“Mr. Wong”	Wong Wen-Young (王文洋), one of the members of our Controlling Shareholders Group, and father of Ms. Wong
“Ms. Wong”	Grace Tsu Han Wong, one of the members of our Controlling Shareholders Group, and daughter of Mr. Wong
“NextFocus Investments”	NextFocus Investments Limited, a limited liability company established under the laws of the British Virgin Islands on December 3, 2004, one of the members of our Controlling Shareholders Group
“Nomination Committee”	the nomination committee of the Board
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC” or “China”	the People’s Republic of China, but for the purposes of this document only (unless otherwise indicated) excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“PRC Company Law”	the Company Law of the PRC, as amended, modified and/or otherwise supplemented from time to time
“PRC GAAP”	generally accepted accounting principles in the PRC
“PRC Legal Advisor”	Zhong Lun Law Firm, our legal advisor on PRC laws

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[REDACTED]	[REDACTED]
“R&D”	research and development
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“SAFE”	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SFC”	Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai-Hong Kong Stock Connect”	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shanghai Stock Exchange, HKSCC and CSDC for mutual market access between Hong Kong and Shanghai
“Share(s)”	shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our A Shares and our H Shares
“Sharp Tone”	Sharp Tone International Limited (銳通國際有限公司), a limited liability company established under the laws of the Republic of Seychelles on 18 September 2015, one of the members of our Controlling Shareholders Group
“Shenzhen-Hong Kong Stock Connect”	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and CSDC for mutual market access between Hong Kong and Shenzhen
“Sichuan Grace”	Sichuan Grace Fabric Electronic Materials CO., Ltd. (四川宏和電子材料有限公司), a wholly-owned subsidiary of the Company
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

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[REDACTED]	[REDACTED]
“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
“Strategy Committee”	the strategy committee of the Board
“subsidiary” or “subsidiaries”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Takeovers Codes”	the Codes on Takeovers and Mergers and Share Buy-back issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the three years ended December 31, 2023, 2024 and 2025
“U.S.”, “US” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdictions
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	United States Securities Act of 1933 and the rules and regulations promulgated thereunder
[REDACTED]	[REDACTED]
“Unicorn Ace”	Unicorn Ace Limited, a limited liability company established under the laws of the Republic of Seychelles on 18 September 2015, one of the members of our Controlling Shareholders Group
“VAT”	value-added tax
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“%”	per cent