(A) FURTHER INFORMATION ABOUT OUR GROUP

1 Incorporation

Our Company was established as a limited liability company under the laws of the PRC on August 13, 1998, and was converted into a joint stock limited company on August 8, 2016. Our Company completed the listing of our A Shares on the Shanghai Stock Exchange (stock code: 603256) in July 2019.

Our Company has established a place of business in Hong Kong at 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on May 7, 2026. Computershare Hong Kong Investor Services Limited has been appointed as our agent for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As the Company was incorporated in the PRC, its operations are subject to the relevant laws and regulations of the PRC. An overview of the relevant aspects of PRC laws and regulations is set out in "Regulatory Overview" of, and Appendices III and IV to, this document. A summary of the Articles of Association is set out in Appendix V to this document.

2 Changes in Share Capital of our Company

On March 4, 2026, the registered capital of our Company increased from RMB879,727,500 to RMB904,586,445.

Save as disclosed above, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this document.

3 Changes in Share Capital of our Subsidiaries

In March 2025, the registered capital of Sichuan Grace decreased from RMB30 million to RMB6 million.

In October 2025, the registered capital of Huangshi Grace increased from RMB700 million to RMB1 billion. In March 2026, the registered capital of Huangshi Grace further increased to RMB1.72 billion.

Saved as disclosed above, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

4 Resolutions Passed by Our Shareholders' General Meeting in Relation to the [REDACTED]

At the annual general meeting of the Shareholders held on April 15, 2026, the following resolutions, among other things, were duly passed:

(a) the issue by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares be **[REDACTED]** on the Hong Kong Stock Exchange;

(b) the number of H shares to be issued before the exercise of the **[REDACTED]** shall not exceed **[REDACTED]**% of the enlarged share capital of our Company upon completion of the **[REDACTED]** and granting the **[REDACTED]** the **[REDACTED]** of no more than **[REDACTED]**% of the above number of H shares to be issued;

(c) subject to the completion of the **[REDACTED]**, the Articles of Association have been approved and adopted, which shall only become effective on the **[REDACTED]**, and our Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and

(d) authorizing our Board and its authorized persons to handle all relevant matters relating to, among other things, the **[REDACTED]**, the issue of H Shares and the **[REDACTED]**.

(B) FURTHER INFORMATION ABOUT OUR BUSINESS

1 Summary of Material Contracts

The following are contracts (not being contracts entered into in the ordinary course of business) entered into by any member of our Group within the two years immediately preceding the date of this document that are or may be material:

(a) **[REDACTED]**

2 Intellectual Property Rights

Save as disclosed below, as of the Latest Practicable Date, there were no other trademarks, service marks, patents, intellectual property rights, or industrial property rights which are or may be material in relation to our business.

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Place of Registration	Class	Registration Number	Expiry Date
1.		Our Company	PRC	24	3939486	May 6, 2027
2.		Our Company	PRC	24	3939485	May 6, 2027
3.		Our Company	PRC	24	1460698	October 20, 2030
4.	PGY	Our Company	PRC	22	52601519	August 20, 2031
5.	PGF	Our Company	PRC	17	52569327	August 20, 2031
6.	PGY	Our Company	PRC	17	52601510	August 20, 2031
7.	PGY	Our Company	PRC	23	52601534	August 20, 2031
8.	PGF	Our Company	PRC	21	52574299	August 27, 2031
9.	PGY	Our Company	PRC	21	52574253	August 27, 2031
10.	HPGY	Our Company	PRC	35	52593610	August 27, 2031

(b) Patents

As of the Latest Practicable Date, we had registered the following patents in the PRC which we consider to be or may be material to our business:

No.	Patent	Registered Owner	Type	Patent Number	Expiry Date
1.	An electronic grade fiberglass opener process	Our Company	Invention patent	ZL200910056345.8	August 12, 2029
2.	A method for opening an electronic fabric and an electronic fabric obtained using the method for opening an electronic fabric	Our Company	Invention patent	ZL201010192999.6	June 3, 2030
3.	Electronic fabric flattening treatment process and the production of electronic fabric	Our Company	Invention patent	ZL201280071200.5	April 5, 2032
4.	Electronic grade fibrillation finishes and methods	Our Company	Invention patent	ZL201310424205.8	September 15, 2033
5.	Electronic grade fiberglass fabric edge sealer material	Our Company	Invention patent	ZL201310751707.1	December 30, 2033
6.	Electronic grade fibrillation finishes and methods	Our Company	Invention patent	ZL201310751708.6	December 30, 2033
7.	Ultra-thin electronic fabric thread tension control mechanism and method	Our Company	Invention patent	ZL201511026911.2	December 30, 2035
8.	Oscillating hydroentangling method and electronic fabric obtained using the method	Our Company	Invention patent	ZL201710691560.X	August 13, 2037
9.	Electronic fiberglass yarn adhesives and methods of making same	Our Company	Invention patent	ZL201811195168.7	October 14, 2038
10.	Electronic fiberglass sewer	Our Company	Invention patent	ZL201910699768.5	July 30, 2039
11.	Fabric foam removal for electronic fabric	Our Company	Invention patent	ZL201910700548.X	July 30, 2039
12.	A device for automatically cleaning glass wires on a slurry box	Huangshi Grace	Invention patent	ZL202110529015.7	May 13, 2041
13.	A device that automatically adjusts the position of a collimator	Huangshi Grace	Invention patent	ZL202110694616.3	June 21, 2041
14.	A device and method for preventing twisting	Huangshi Grace	Invention patent	ZL202110887007.X	August 2, 2041
15.	A prevention of a drawing center offset device and method of using the same	Huangshi Grace	Invention patent	ZL202111138941.8	September 26, 2041
16.	An automated device used for the cleaning of a tube cart	Huangshi Grace	Invention patent	ZL202111321653.6	November 8, 2041
17.	A glass fiber production unit	Huangshi Grace	Invention patent	ZL202210080881.7	January 23, 2042
18.	A surface treatment agent and method of surface treatment for electronic fabric for ic carriers	Our Company	Invention patent	ZL202211592399.8	December 11, 2042
19.	A treatment fluid recovery tank foam removal device	Our Company	Invention patent	ZL202211676867.X	December 25, 2042
20.	A device for rapid welding of cooling fins	Huangshi Grace	Invention patent	ZL202310661365.8	June 5, 2043
21.	A treatment section squeeze wheel waste water recovery device	Our Company	Utility Model	ZL202323205250.2	November 26, 2033
22.	A new treater drying unit	Our Company	Utility Model	ZL202323237554.7	November 28, 2033
23.	A electronic fabric treatment device	Our Company	Utility Model	ZL202323237555.1	November 28, 2033
24.	A electronic fabric treatment device	Our Company	Utility Model	ZL202323257937.0	November 29, 2033
25.	A loom shear for a cleanable woolly woven with electronic fabric	Our Company	Utility Model	ZL202323257940.2	November 29, 2033
26.	A self-cleaning chute unit for electronic fabric production	Our Company	Utility Model	ZL202323273909.8	November 30, 2033
27.	A height-adjustable cooling sheet	Huangshi Grace	Utility Model	ZL202420514012.5	March 14, 2034
28.	An oil applicator that replaces the bead alone	Huangshi Grace	Utility Model	ZL202420509749.8	March 14, 2034
29.	A quick-change slurry box coated with glue rings	Huangshi Grace	Utility Model	ZL202420509750.0	March 14, 2034

No.	Patent	Registered Owner	Type	Patent Number	Expiry Date
30.	A cleaning device for a glass wire drawer wire arranger	Huangshi Grace	Utility Model	ZL202420523291.1	March 17, 2034
31.	A variable frequency device for detecting glass fiber length	Huangshi Grace	Utility Model	ZL202420523292.6	March 17, 2034
32.	A flip-up brushed slurry box lid system	Huangshi Grace	Utility Model	ZL202420584999.8	March 24, 2034
33.	A hand-held polishing device	Huangshi Grace	Utility Model	ZL202420669587.4	April 1, 2034
34.	A glass fiber twister spindle structure	Huangshi Grace	Utility Model	ZL202420722658.2	April 8, 2034
35.	Vortex decontamination device for starch-enhanced slurry	Huangshi Grace	Utility Model	ZL202420939600.3	April 29, 2034
36.	A slotted electrode holder	Huangshi Grace	Utility Model	ZL202421578235.4	July 3, 2034
37.	A crucible electrode holder	Huangshi Grace	Utility Model	ZL202421577802.4	July 3, 2034
38.	Electronic fiberglass processor in-line auto-cleaner	Our Company	Utility Model	ZL202423135358.3	December 17, 2034
39.	Automatic alarm device for ear break in processor trim area	Our Company	Utility Model	ZL202423135348.X	December 17, 2034
40.	A treatment auto-foaming device	Our Company	Utility Model	ZL202423135335.2	December 17, 2034
41.	A hot air PU drying device for electronic grade glass trimmed edges	Our Company	Utility Model	ZL202423135319.3	December 17, 2034
42.	An electronic-grade fiberglass primary stripper	Our Company	Utility Model	ZL202423135325.9	December 17, 2034
43.	A shute shred detector for electronic grade fiberglass woven	Our Company	Utility Model	ZL202423188001.1	December 22, 2034
44.	An anti-stack take-up device for cutting in electronic fabric	Our Company	Utility Model	ZL202423188528.4	December 22, 2034
45.	A electronic fabric slurry tank auto-detection device	Our Company	Utility Model	ZL202423224491.6	December 24, 2034

(c) Domain Names

As of the Latest Practicable Date, we owned the following domain name in the PRC which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiry Date
1.	gracefabric.com	Our Company	2030.09.26

(C) FURTHER INFORMATION ABOUT OUR DIRECTORS

1 Particulars of Directors' Service Contracts and Appointment Letters

Each of the Directors [has entered into] a service contract or appointment letter with our Company. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors has or is proposed to have 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

Save as disclosed in "Directors and Senior Management" and under "Accountants' Report — Notes to the Historical Financial Information — 8 Directors' Emoluments" in Appendix I to this document, no Director received other remuneration or benefits in kind from our Company in respect of each of the years ended December 31, 2023, 2024 and 2025.

3 Disclosure of Interests

(a) Interests of our 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 Directors and chief executive of our Company) who will, immediately following the completion of the **[REDACTED]**, have interests or short positions in the Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

(b) Interests of our Directors and chief executive

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes to our issued and outstanding Shares between the Latest Practicable Date and the **[REDACTED]**), so far as our Directors are aware, the interest or short position of our Directors or chief executive in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Hong Kong Stock Exchange, will be as follows:

(i) Interests and long positions in Shares

			A Shares held as of the Latest Practicable Date		Shares held following the completion of the [REDACTED][1]		
Name of Director	**Name of associated corporation**	**Nature of interest**	**Number**	**Approximate Percentage of issued Shares**	**Number**	**Approximate Percentage of issued A Shares**	**Approximate Percentage of total issued Shares**
Mr. Mao Chia-Ming (毛嘉明)	Our Company	Beneficial owner	962,900 (long position)	0.11%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Ms. Chung Ching-Hsuan (鍾靜萱)	Our Company	Beneficial owner	30,000 (long position)	0.0033%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Note:

(1) The calculations are made assuming the **[REDACTED]** is not exercised.

(ii) Interest and long Position in shares of Associated Corporations

Name of Director	Name of associated corporation	Nature of interest	Number	Approximate Percentage of issued shares
Mr. Mao Chia-Ming (毛嘉明)	Grace THW Holding	Beneficial owner	5,000 (long position)	0.0024%

(D) OTHER INFORMATION

1 Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall upon any member of our Group.

2 Litigation

Save as disclosed in this document, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company that would have a material adverse effect on our Company's results of operations or financial condition.

3 Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the **[REDACTED]** for **[REDACTED]**, and permission to **[REDACTED]**, the H Shares of our Company. All necessary arrangements have been made to enable the H Shares 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.

Pursuant to the engagement letter entered into between our Company and the Sole Sponsor, we have agreed to pay the Sole Sponsor a fee of US$500,000 to act as the sponsor of our Company in connection with **[REDACTED]** on the Stock Exchange.

4 Consent of Experts

The qualification of the experts, as defined under the Hong Kong Listing Rules, who have given opinions in this document are as follows:

Name	Qualification
CITIC Securities (Hong Kong) Limited	Licensed corporation to conduct Type 4 (advising on securities), Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Zhong Lun Law Firm	Legal advisor to our Company as to PRC laws
KPMG	Certified Public Accountants, Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

As of the Latest Practicable Date, none of the experts named above has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Each of the experts named above have given and have not withdrawn their respective written consent to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

5 Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all 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.

6 Promoters

Please refer to the section headed "History and Corporate Structure — Major Shareholding Changes in our Company — Conversion into a Joint Stock Limited Company and Capital Increases" in this document for details of promoters of the Company.

Within the two years preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the **[REDACTED]** and the related transactions described in this document.

7 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).

8 Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

9 Compliance Advisor

Our Company has appointed Red Solar Capital Limited as our compliance advisor in compliance with Rule 3A.19 of the Listing Rules.

10 No Material Adverse Change

Our Directors confirm that, there has been no material adverse change in our business, financial condition and results of operations since December 31, 2025, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report in Appendix I to this document, and up to the date of this document.

11 Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected 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 on each of the purchaser and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

12 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 "Appendix I — Accountants' Report — Material Related Party Transactions."

13 Miscellaneous

Save as disclosed in this document:

(i) within the two years immediately preceding the date of this document:

(a). no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;

(b). no share or loan capital of our Company or any of our subsidiaries had been under option or is agreed conditionally or unconditionally to be put under option;

(c). no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries and no Directors, promoters or experts named in "— (D) Other Information — 4. Consent of Experts" in this section have received any such payment or benefit;

(d). no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries; and

(e). none of our Directors or the experts named in "— (D) Other Information — 4. Consent of Experts" in this section have any interest, direct or indirect, in the promotion of, or in any assets which have 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; and

(ii) there are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries;

(iii) none of our Directors are 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;

(iv) 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;

(v) our Company has no outstanding convertible debt securities or debentures;

(vi) there is no arrangement under which future dividends are waived or agreed to be waived;

(vii) save for the A Shares of our Company that are listed on the Shanghai Stock Exchange, and save for the H Shares to be issued in connection with the **[REDACTED]**, none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and

(viii) all necessary arrangements have been made to enable the H shares to be admitted into **[REDACTED]**.