

FURTHER INFORMATION ABOUT THE GROUP

Incorporation

The Company was established as a limited liability company under the laws of the PRC on October 28, 1998 and was converted into a joint stock company with limited liability on December 24, 2007.

The Company has established a principal place of business in Hong Kong at Room 1919, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. The Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Companies (Non-Hong Kong Companies) Regulation (Chapter 622J of the Laws of Hong Kong) on November 11, 2025, with Mr. Tsang Chun Ho appointed as the Hong Kong authorized representative of the Company for acceptance of the service of process and any notices required to be served on the 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. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in “Regulatory Overview” and “Appendix III – Summary of the Articles of Association” in this document, respectively.

Changes in the Share Capital of the Company

On August 30, 2024, the total issued share capital of the Company decreased from RMB1,709,867,327 comprising 1,709,867,327 A Shares to RMB1,705,913,710 comprising 1,705,913,710 A Shares upon the repurchase and cancelation of 3,953,617 A Shares relating to the ungranted shares under the employee incentive scheme.

On June 27, 2025, the total issued share capital of the Company increased from RMB1,705,913,710 comprising 1,705,913,710 A Shares to RMB1,831,607,532 comprising 1,831,607,532 A Shares upon the placement on June 27, 2025.

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

Resolutions of the Shareholders

At the extraordinary general meeting of the Shareholders held on November 3, 2025, the following resolutions, among other things, were duly passed:

- (i) the issue by the Company of the H Shares with a nominal value of RMB1.00 each and such H Shares be [REDACTED] on the Stock Exchange;
- (ii) the number of the H Shares to be issued shall be no more than [REDACTED] of the total issued share capital of the Company as enlarged by the [REDACTED], and the grant of the [REDACTED] in respect of no more than [REDACTED] of the number of the H Shares issued pursuant to the [REDACTED];
- (iii) authorization of the Board or its authorized individuals to handle all matters relating to, among other things, the [REDACTED], the issue and [REDACTED] of the H Shares on the Stock Exchange; and
- (iv) subject to the completion of the [REDACTED], the conditional adoption of the revised Articles of Association, which shall become effective on the [REDACTED], and the authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules.

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Subsidiaries of the Company

A summary of the corporate information and the particulars of the Company’s primary subsidiaries are set out in Note 17 to the Accountant’s Report as set out in Appendix IA.

- On July 25, 2024, the registered capital of MFLEX Yancheng increased from USD204,990,000 to USD234,990,000. On June 26, 2025, the registered capital of it further increased from USD234,990,000 to USD254,990,000.
- On November 28, 2024, the registered capital of Yancheng Dongchuang Precision Manufacturing Co., Ltd. (鹽城東創精密製造有限公司) increased from RMB300,000,000 to RMB500,000,000.

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

FURTHER INFORMATION ABOUT THE BUSINESS

Summary of Material Contracts

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



- (a) [REDACTED]

Intellectual Property

As of the Latest Practicable Date, the following intellectual property rights are material to the Group’s business:

Trademarks

As of the Latest Practicable Date, the Group had registered the following trademarks which are material to its business:

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date (yyyy-mm-dd)
1		40	The Company	The PRC	44182615	2030-10-27
2		9	The Company	The PRC	44182778	2030-10-27
3		7	The Company	The PRC	44188555	2030-10-27
4		38	The Company	The PRC	44192441	2030-10-27
5		37	The Company	The PRC	44195716	2030-11-06
6	东山精密	6	The Company	The PRC	44192559	2031-01-27
7	东山精密	7	The Company	The PRC	44188552	2031-04-20
8	东山精密	9	The Company	The PRC	44197696	2031-01-27

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Domain Names

As of the Latest Practicable Date, the Group had registered the following domain names which are material to its business:

No.	Domain Name	Registered Owner	Expiry Date (yyyy-mm-dd)
1.	sz-dsbj.com	The Company	2027-04-12
2.	dsbj.com	The Company	2029-03-25
3.	mflex.com.cn	MFLEX Suzhou	2031-05-19
4.	m-flex.com.cn	MFLEX Suzhou	2030-12-12
5.	mflex.cn	MFLEX Suzhou	2031-05-19
6.	bsjx-dsbj.com	Yancheng Dongchuang	2028-08-31
7.	www.sourcephotonics.com	Source Photonics Chengdu	2028-07-05

Patents

As of the Latest Practicable Date, the Group had registered the following patents which are material to its business:

No.	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Expiry Date (yyyy-mm-dd)
1	ONCELL Liquid Crystal Display Control Circuit and ONCELL Liquid Crystal Display Control Module (一種ONCELL液晶顯示控制電路及ONCELL液晶顯示控制模組)	Invention	The Company	The PRC	ZL201810498999.5	2038-05-22
2	Method for Improving Blind Hole Air Bubble Defects in Full-Lamination of Touchscreen Displays for Mobile Phones (一種改善盲孔類手機觸控顯示屏全貼合盲孔氣泡不良方法)	Invention	The Company	The PRC	ZL202111600132.4	2041-12-23
3	Display Panel IC Packaging Structure for Thermal Stress Resistance (一種顯示面板 IC封裝防溫衝應力結構)	Utility	The Company	The PRC	ZL202023006364.0	2030-12-14
4	Novel Polariser and Full-Screen Display (新型的偏光片及全面顯示屏)	Utility	The Company	The PRC	ZL201920239003.9	2029-02-25
5	An Ultra-Thin Flexible Touch Screen and Its Preparation Method (一種超薄柔性觸摸屏及其製備方法)	Invention	Mutto Optronics	The PRC	ZL202210327203.6	2042-03-29

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No.	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Expiry Date (yyyy-mm-dd)
6	Touchscreen Sensor Integrating FPC Flexible Circuit, Touchscreen and Method for Preparing the Same (集成FPC柔性線路的觸摸屏sensor、觸摸屏及其製備方法)	Invention	Mutto Optronics	The PRC	ZL202210298769.0	2042-03-23
7	A Touchscreen Display Without Etched Patterns and Its Manufacturing Method (一種無蝕刻紋的觸控顯示屏及其製造方法)	Invention	Mutto Optronics	The PRC	ZL202110987884.4	2041-08-25
8	A Metal Mesh Touch Display Screen and Its Manufacturing Method (一種金屬網格觸控顯示屏及其製作方法)	Invention	Mutto Optronics	The PRC	ZL202110896228.3	2041-08-04
9	Pre-curved Laminating Method for Curved Touch Screens (曲面觸摸屏的預彎曲貼合方法)	Invention	Mutto Optronics	The PRC	ZL201510144940.2	2035-03-30
10	Capacitive Touch Screen and Method for Preparing the Same (一種電容式觸摸屏及其製備方法)	Invention	Suzhou Display	The PRC	ZL201810787388.2	2038-07-17
11	Method for Detecting Copper Thickness in Holes on Flexible Printed Circuits (柔性線路板上孔銅厚度的檢測方法)	Invention	MFLEX Yancheng	The PRC	ZL202210799003.0	2042-07-05
12	Method for Fabricating Fine Outer Layer Circuits on Flexible Printed Circuits (一種柔性線路板外層細線路的製作方法)	Invention	MFLEX Yancheng	The PRC	ZL202210141512.4	2042-02-15
13	An SMT Production Line (一種SMT生產線)	Invention	MFLEX Yancheng	The PRC	ZL202210350046.0	2042-04-01
14	Repeatedly Retractable Flexible Printed Circuit Board and Method of Manufacturing the Same (可重複伸縮的柔性線路板及其製作方法)	Invention	MFLEX Yancheng	The PRC	ZL202310411595.9	2043-04-17

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No.	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Expiry Date (yyyy-mm-dd)
15	An Automatic Electrical Testing Device (一種自動電測設備)	Invention	MFLEX Yancheng	The PRC	ZL202210207390.4	2042-03-03
16	Flexible Printed Circuit Board with Gold Finger Pull Tab and Method of Manufacturing the Same (具有金手指拉環的柔板及其製作方法)	Invention	MFLEX Yancheng	The PRC	ZL202210505963.1	2042-05-09
17	Method, System, Apparatus and Storage Medium for Compensating Etched Circuits on Flexible Printed Circuits (柔性線路板蝕刻線路補償方法、系統、裝置及存儲介質)	Invention	MFLEX Suzhou, MFLEX Yancheng	The PRC	ZL202410941006.2	2044-07-14
18	Method, System, Apparatus and Storage Medium for Anomaly Detection in Flexible Printed Circuit Board Production Lines (柔板產線異常檢測方法、系統、裝置和存儲介質)	Invention	MFLEX Suzhou, MFLEX Yancheng	The PRC	ZL202410532832.1	2044-04-29
19	Gold Finger Protective Film Roll Material and Flexible Printed Circuit Board Based Thereon, and Method for Manufacturing the Same (金手指保護膜捲料和基於保護膜的柔板及其製作方法)	Invention	MFLEX Suzhou, MFLEX Yancheng	The PRC	ZL202410468376.9	2044-04-17
20	Flexible Printed Circuit Board with Pressure-Sensitive Functional Unit and Method for Its Manufacture (具有壓敏功能單元的柔性線路板及其製作方法)	Invention	MFLEX Suzhou, MFLEX Yancheng	The PRC	ZL202311408203.X	2043-10-26
21	Dual-Channel Filter Rapid Maintenance Device (雙通道過濾器快速維護裝置)	Utility	Yancheng Dongchuang	The PRC	ZL202322211859.4	2033-08-16
22	A Battery End Cap Bursting Device (一種電池端蓋爆破裝置)	Utility	Yancheng Dongchuang	The PRC	ZL202322211854.1	2033-08-16

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No.	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Expiry Date (yyyy-mm-dd)
23	A CNC Machining Fixture for High-Precision Heat Sink Die-Castings (一種高精密散熱片壓鑄件CNC加工治具)	Utility	Yancheng Dongchuang	The PRC	ZL202221239243.7	2032-05-22
24	Punching Die for Thin-Walled Die-Cast Flat Components (平板類薄壁壓鑄件衝切模具)	Utility	Yancheng Dongchuang	The PRC	ZL202122988149.3	2031-11-30
25	An Automatic Sandpaper Replacement Mechanism for an Aluminium Alloy Finished Product Polishing Bench (一種鋁合金成品打磨台的砂紙自動更換機構)	Utility	Yancheng Dongchuang	The PRC	ZL202122991279.2	2031-11-30
26	A Universal Ball Rotation Fixture (一種萬向球旋轉工装)	Utility	Suzhou Dongyue	The PRC	ZL202321709969.7	2033-07-02
27	A Flip Mechanism for the Lower Support Plate of a Vehicle Battery Cover (一種汽車電池蓋下托板翻轉機構)	Utility	Suzhou Dongyue	The PRC	ZL202320072418.8	2033-01-09
28	A Die-Cast Automotive Radiator Structure (一種壓鑄式汽車散熱器結構)	Utility	Suzhou Dongyue	The PRC	ZL202223285081.3	2032-12-07
29	An Automatic Glue Dispensing Structure for Copper Blocks (一種銅塊自動出膠結構)	Utility	Suzhou Dongyue	The PRC	ZL202223565419.0	2032-12-29
30	A Welding Induction Device (一種焊接感應裝置)	Utility	Suzhou Dongyue	The PRC	ZL202123112551.1	2031-12-12
31	Narrow-Bandwidth Beam Splitting Device for Demultiplexing, Optical Module, and Light Splitting Method (用於解複用的窄頻寬分束器件及光模組、分光方法)	Invention	Source Photonics Chengdu	The PRC	ZL202111091867.9	2041-09-16

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No.	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Expiry Date (yyyy-mm-dd)
32	An Automatic Current Control Method and System for Semiconductor Optical Amplifier (SOA) Integrated in an Optical Module (一種集成於光模組的 SOA 電流自動控制方法和系統)	Invention	Source Photonics Chengdu	The PRC	ZL202110394173.6	2041-04-12
33	A TO-Can Package Assembly, Transmitter Optical Subassembly (TOSA), and Optical Module (一種 TO 封裝模組、發射元件及光模組)	Invention	Source Photonics Chengdu	The PRC	ZL202110379478.X	2041-04-07

Copyrights

As of the Latest Practicable Date, the Group had registered the following copyrights which are material to its business:

No.	Copyright Name	Registrant	Registration Number	Date of Initial Publication (yyyy-mm-dd)
1	Mutto Optronics Curved Touch Screen Production and Processing Control System (牧東光電曲面觸摸屏生產加工管控系統)	Mutto Optronics	2020SR1833273	2019-06-25
2	Mutto Optronics Material Traceability Management System Software (牧東光電物料追溯管理系統軟件)	Mutto Optronics	2020SR1833195	2020-05-31
3	Mutto Optronics Intelligent Data Collection System Software (牧東光電智能數據採集系統軟件)	Mutto Optronics	2020SR1833194	2020-03-15
4	Mutto Optronics Curved Touch Screen R&D Progress Management System (牧東光電曲面觸摸屏研發進度管理系統)	Mutto Optronics	2020SR1833262	2019-01-20
5	Reliability Test Management System (信賴性試驗管理系統)	Suzhou Display	2024SR0511262	2024-02-01
6	Dual-Channel Leisai Board Flying Scan Code Software (雙通道雷賽板卡飛拍掃碼軟件)	MFLEX Yancheng	2025SR0384307	N/A
7	GUGAO Pulse Three-Axis Laser Software (固高脈衝三軸激光軟件)	MFLEX Yancheng	2024SR1895858	N/A
8	Flip-Over Machine Vision Recognition Software (翻盤機視覺識別軟件)	MFLEX Yancheng	2024SR1893387	N/A
9	Three-Axis Universal Laser Software (三軸通用激光軟件)	MFLEX Yancheng	2024SR1895223	N/A
10	Dual-Channel Flying Camera Decoding Software (雙通道飛拍解碼軟件)	MFLEX Yancheng	2024SR1898968	N/A
11	Manufacturing Execution System (製造執行系統)	The Company	2022SR0382745	N/A
12	Dongshan Precision Display Screen Control Playback Software (東山精密顯示屏控制製播放軟件)	The Company	2016SR002543	2015-08-12
13	A High-Reliability Dynamic APC Compensation Algorithm Software(一種高可靠性的動態APC 補償演算法軟件)	Source Photonics Chengdu	2010SR074774	N/A

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DISCLOSURE OF INTERESTS

Disclosure of Interests of Directors and Chief Executive of the Company

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), the interests and/or short positions (as applicable) of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any interests and/or short positions (as applicable) in shares, underlying shares or debentures of any of the associated corporations of the Company (within the meaning of Part XV of the SFO) which (1) will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (2) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (3) 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 the Company and the Stock Exchange, in each case once the H Shares are [REDACTED] on the Stock Exchange, will be as follows:

(i) Interests in the Company

Name of Director or chief executive	Nature of interest	Number and description of Shares or underlying Shares held	Shareholding in A Shares upon completion of the [REDACTED] ⁽¹⁾	Shareholding in total issued share capital upon completion of the [REDACTED] ⁽¹⁾
Mr. Yuan Yonggang ⁽²⁾	Beneficial interest	302,781,254 A Shares	16.53%	[REDACTED]%
Mr. Yuan Yongfeng ⁽²⁾	Beneficial interest	247,526,917 A Shares	13.51%	[REDACTED]%
Mr. Shan Jianbin	Beneficial interest	553,700 A Shares	0.03%	[REDACTED]%
Mr. Wang Xu	Beneficial interest	560,000 A Shares	0.03%	[REDACTED]%
Ms. Mao Xiaoyan	Beneficial interest	391,600 A Shares	0.02%	[REDACTED]%
Mr. Ma Liqiang	Beneficial interest	3,000 A Shares	0.0001%	[REDACTED]%

Notes:

- (1) The calculation is based on the total number of [REDACTED] Shares in issue immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised).
- (2) As of the Latest Practicable Date, Mr. Yuan Yonggang pledged 104,828,000 A Shares and Mr. Yuan Yongfeng pledged 56,883,800 A Shares to certain PRC securities companies regulated by the CSRC. For details, see “Substantial Shareholders — Share Pledges by Mr. Yuan Yonggang and Mr. Yuan Yongfeng.”

(ii) Interests in the associated corporations of the Company

So far as the Directors are aware, immediately following the completion of the [REDACTED], no Directors or the chief executive will, directly or indirectly, be interested in the Shares, underlying Shares and debentures of the Company or the shares, underlying shares or debentures of any of the associated corporations of the Company.

Disclosure of Interests of Substantial Shareholders

(i) Interests in the Company

Save as disclosed in “Substantial Shareholders” in this document and “– Disclosure of Interests of Directors and Chief Executive of the Company – (i) Interests in the Company” in this section, the Directors

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are not aware of any person who will have an interest or a short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(ii) Interests in other member of the Group

<u>Member of the Group</u>	<u>Name of substantial shareholder</u>	<u>Approximate percentage of the issued voting shares held by the substantial shareholder</u>
Suzhou Jebson Intelligent Technology Co., Ltd. (蘇州捷佈森智能科技有限公司)	Zhu Wenbing (朱文兵)	49.00%
Suzhou Dongdai Electronic Technology Co., Ltd. (蘇州東岱電子科技有限公司)	Qian Baolong (錢寶龍)	30.33%
	Chen Limin (陳利民)	18.67%
Shenzhen Qin Tao Dongchuang Investment Partnership (Limited Partnership) (深圳市勤道東創投資合夥企業 (有限合夥))	Pingxiang Qin Tao Xin Equity Investment Fund Center (Limited Partnership) (萍鄉市勤道鑫控股權投資基金中心 (有限合夥))	20.77%
Source Jiangsu	Zhuhai Hengqin Anshi Information Consulting Partnership (Limited Partnership) (珠海橫琴安實信息諮詢合夥企業(有限合夥))	10.00%
Chengdu Antong Semiconductor Co., Ltd. (成都安瞳半導體有限公司)	Zhuhai Hengqin Ancong Information Consulting Partnership (Limited Partnership) (珠海橫琴安聰信息諮詢合夥企業(有限合夥))	26.95%
	Kunshan Qi Village Investment Center (L.P) (昆山啓村投資中心(有限合夥))	13.20%

Save as disclosed above, the Directors are not aware of any person who will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group.

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Particulars of the Service Contracts

Each of the Directors [has entered] into a service contract with the Company. The principal particulars of these service contracts comprise (a) the term of the service; (b) termination provisions; and (c) dispute resolution provision. The service contracts may be renewed in accordance with the 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 entered into any service contract with any member of the Group (excluding contracts expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation).

Remuneration of Directors

For details of the remuneration of Directors, see “Directors and Senior Management – Remuneration” and Note 10 in “Appendix IA – Accountants’ Report of the Group.”

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Agency Fees or [REDACTED] Received

The [REDACTED] will receive an [REDACTED] in connection with the [REDACTED], as detailed in “[REDACTED].” Save in connection with the [REDACTED], no [REDACTED], discounts, brokerages or other special terms have been granted by the Group to any person (including the Directors, promoters and experts referred to in “– Other Information – Qualifications and Consents of Experts” below) in connection with the issue or sale of any capital or security of the Company or any member of the Group within the two years immediately preceding the date of this document.

Within the two years immediately preceding the date of this document, no [REDACTED] has been paid or is payable for [REDACTED], agreeing to [REDACTED], procuring [REDACTED] or agreeing to procure [REDACTED] for any share in or debentures of the Company.

Personal Guarantees

The Directors have not provided personal guarantees in favor of lenders in connection with banking facilities granted to the Group.

Disclaimers

- (a) None of the Directors nor any of the experts referred to in “– Other Information – Qualifications and Consents of Experts” below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (b) Save in connection with the [REDACTED], none of the Directors nor any of the experts referred to in “– Other Information – Qualifications and Consents of Experts” below, is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group.
- (c) No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this document to any promoter of the Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the [REDACTED] or related transactions as mentioned.

EMPLOYEE STOCK OWNERSHIP PLANS

2021 Employee Stock Ownership Plan

The following is a summary of the principal terms of the 2021 Employee Stock Ownership Plan. As of the Latest Practicable Date, 119 participants actually subscribed for units representing 21,914,118 Shares of the Company. There is no outstanding Share under the 2021 Employee Stock Ownership Plan as of the Latest Practicable Date. The terms of the 2021 Employee Stock Ownership Plan are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve any grant or subscription of Shares after the [REDACTED].

(i) Purpose

The purpose of the 2021 Employee Stock Ownership Plan is to establish and improve the mechanism for sharing benefits between employees and stakeholders. The 2021 Employee Stock Ownership Plan is implemented to effectively align the interests of the Shareholders, the Company and the employees, and to

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ensure all parties to jointly focus on the Company’s long-term development. The 2021 Employee Stock Ownership Plan aims to further improve corporate governance structure of the Company and to strengthen employee cohesion and enhance the Company’s competitiveness, ensuring its sustained and stable growth.

(ii) Administration

The 2021 Employee Stock Ownership Plan is subject to the approval of the Shareholders’ meeting, the administration of the Board and the supervision of the independent Directors of the Company.

(iii) Participants

The participants of the 2021 Employee Stock Ownership Plan include eligible (1) Directors (excluding independent Directors), supervisors and senior management of the Company; and (2) intermediate to senior management at director level or above and core personnels of the Company and its wholly-owned subsidiaries, who subscribes Shares of the Company under the plan.

Each eligible participant of 2021 Employee Stock Ownership Plan is entitled to the membership of the plan’s holder’s meeting (“**2021 Holder’s Meeting**”), which is the supreme authority body of 2021 Employee Stock Ownership Plan.

The management committee of 2021 Employee Stock Ownership Plan (“**2021 Management Committee**”) is in charge of routine supervision and management of the plan. The 2021 Management Committee shall consist of three members elected by the 2021 Holder’s Meeting, who shall bear fiduciary duties to participants.

(iv) Source of funds

The source of funds for the employees to participate in the 2021 Employee Stock Ownership Plan include their lawful compensations, self-raised funds and other sources permitted by laws and regulations. The company does not provide financial assistance to employees or guarantee loans for them.

The funds to be raised under the 2021 Employee Stock Ownership Plan shall not exceed RMB250 million in total, divided into “units” for subscription and each unit is equal to RMB1.00.

(v) Lock-up Period and Duration Period

The 2021 Employee Stock Ownership Plan is subject to a 12-month lock-up period (“**2021 Lock-up Period**”), which commences upon the Company announces the registration and transferral of last subscription of Shares under the plan to the asset management plan corresponding to the 2021 Employee Stock Ownership Plan. During the Lock-up Period, no shares under the plan may be sold.

The duration period of the 2021 Employee Stock Ownership Plan (“**2021 Duration Period**”) lasts for 24 months, commencing from the date on which the plan is adopted by the Shareholder’s meeting. 2021 Employee Stock Ownership Plan terminates when the 2021 Duration Period ends, or on an earlier date, provided the Lock-up Period expires and all funds under the 2021 Employee Stock Ownership Plan is cash; or on a later date, subject to the 2021 Management Committee, 2021 Holder’s Meeting and the Board’s unanimous approval. Within the 2021 Duration Period, participants may not withdraw from the plan or use their subscribed shares for mortgage, pledge, guarantee or repayment of debt. Nor shall such shares subscribed by the participants under the 2021 Employee Stock Ownership Plan be transferred to a third party without consent of the 2021 Management Committee.

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(vi) Dividend

Within the 2021 Duration Period, idle cash under the 2021 Employee Stock Ownership Plan may be distributed by the 2021 Management Committee under the authorization of 2021 Holder’s Meeting after deducting relevant expenses.

Pursuant to the 2021 Employee Stock Ownership Plan, liquidation procedure shall conclude within 20 days from the expiry of 2021 Duration Period, and the 2021 Management Committee shall distribute the remaining funds under such plan on a *pro rata* basis to each participant after deducting expenses such as management fees and custodial fees.

2022 Employee Stock Ownership Plan

The following is a summary of the principal terms of the 2022 Employee Stock Ownership Plan. As of the Latest Practicable Date, 366 participants actually subscribed for units representing 4,847,178 Shares of the Company. There is no outstanding Share under the 2022 Employee Stock Ownership Plan as of the Latest Practicable Date. The terms of the 2022 Employee Stock Ownership Plan are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve any grant or subscription of Shares after the [REDACTED].

(i) Purpose

The purpose of the 2022 Employee Stock Ownership Plan is to establish and improve the mechanism for sharing benefits between employees and stakeholders. The 2022 Employee Stock Ownership Plan is implemented to effectively align the interests of the Shareholders, the Company and the employees, and to ensure all parties to jointly focus on the Company’s long-term development. The 2022 Employee Stock Ownership Plan aims to further improve corporate governance structure of the Company and to strengthen employee cohesion and enhance the Company’s competitiveness, ensuring its sustained and stable growth.

(ii) Administration

The 2022 Employee Stock Ownership Plan is subject to the approval of the Shareholders’ meeting, the administration of the Board and the supervision of the independent Directors of the Company.

(iii) Participants

The participants of the 2022 Employee Stock Ownership Plan primarily include core management personnels and technical backbone specialists of the Company’s new energy vehicle business division, who subscribes Shares of the Company under the plan. Directors, supervisors and senior management of the Company do not participate in the plan.

Each eligible participant of 2022 Employee Stock Ownership Plan is entitled to the membership of the plan’s holder’s meeting (“**2022 Holder’s Meeting**”), which is the supreme authority body of 2022 Employee Stock Ownership Plan.

The management committee of 2022 Employee Stock Ownership Plan (“**2022 Management Committee**”) is in charge of routine supervision and management of the plan. The 2022 Management Committee shall consist of five members elected by the 2022 Holder’s Meeting, who shall bear fiduciary duties to participants.

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(iv) Source of funds

The source of funds for the employees to participate in the 2022 Employee Stock Ownership Plan include their lawful compensations, self-raised funds and other sources permitted by laws and regulations. The company does not provide financial assistance to employees or guarantee loans for them.

The funds to be raised under the 2022 Employee Stock Ownership Plan shall not exceed RMB100 million in total, divided into “units” for subscription and each unit is equal to RMB1.00.

(v) Lock-up Period and Duration Period

The 2022 Employee Stock Ownership Plan is subject to a 12-month lock-up period (“**2022 Lock-up Period**”), which commences upon the Company announces the registration and transferral of last subscription of Shares under the plan to the asset management plan corresponding to the 2022 Employee Stock Ownership Plan. During the Lock-up Period, no shares under the plan may be sold.

The duration period of the 2022 Employee Stock Ownership Plan (“**2022 Duration Period**”) lasts for 24 months, commencing from the same day as the Lock-up Period, provided that the plan is adopted by the Shareholder’s meeting. 2022 Employee Stock Ownership Plan terminates when the 2022 Duration Period ends, or on an earlier date, provided the Lock-up Period expires and all assets under the 2022 Employee Stock Ownership Plan are liquidated into monetary assets; or on a later date, subject to the 2022 Management Committee, 2022 Holder’s Meeting and the Board’s unanimous approval. Within the 2022 Duration Period, participants may not withdraw from the plan or use their subscribed shares for mortgage, pledge, guarantee or repayment of debt. Nor shall such shares subscribed by the participants under the 2022 Employee Stock Ownership Plan be transferred to a third party without consent of the 2022 Management Committee.

(vi) Dividend

Within the 2022 Duration Period, idle cash under the 2022 Employee Stock Ownership Plan may be distributed by the 2022 Management Committee under the authorization of 2022 Holder’s Meeting after deducting relevant expenses.

Pursuant to the 2022 Employee Stock Ownership Plan, liquidation procedure shall conclude within 20 days from the expiry of 2022 Duration Period, and the 2022 Management Committee shall distribute the remaining funds under such plan on a *pro rata* basis to each participant after deducting expenses such as management fees and custodial fees.

2026 Employee Stock Ownership Plan

The following is a summary of the principal terms of the 2026 Employee Stock Ownership Plan. As of the Latest Practicable Date, 150 participants actually subscribed for units representing 3,048,701 Shares of the Company. There is no outstanding Share under the 2026 Employee Stock Ownership Plan as of the Latest Practicable Date. The terms of the 2026 Employee Stock Ownership Plan are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve any grant or subscription of Shares after the [REDACTED].

(i) Purpose

The purpose of the 2026 Employee Stock Ownership Plan is to establish and improve the mechanism for sharing benefits between employees and stakeholders. The 2026 Employee Stock Ownership Plan is implemented to effectively align the interests of the Shareholders, the Company and the employees, and to ensure all parties to jointly focus on the Company’s long-term development. The 2026 Employee Stock Ownership Plan aims to further improve corporate governance structure of the Company and to strengthen employee cohesion and enhance the Company’s competitiveness, ensuring its sustained and stable growth.

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(ii) Administration

The 2026 Employee Stock Ownership Plan is subject to the approval of the Shareholders’ meeting, the administration of the Board and the supervision of the independent Directors of the Company.

(iii) Participants

The participants of the 2026 Employee Stock Ownership Plan include eligible core technology and business personnels of the Company and its subsidiaries, who subscribes Shares of the Company under the plan. Directors and members of senior management are not eligible to participate in the 2026 Employee Stock Ownership Plan.

Each eligible participant of the 2026 Employee Stock Ownership Plan is entitled to the membership of the plan’s holder’s meeting (“**2026 Holder’s Meeting**”), which is the supreme authority body of the 2026 Employee Stock Ownership Plan.

The management committee of the 2026 Employee Stock Ownership Plan (the “**2026 Management Committee**”) is in charge of routine supervision and management of the plan. The 2026 Management Committee shall consist of five members elected by the 2026 Holder’s Meeting, who shall bear fiduciary duties to participants.

(iv) Source of funds

The source of funds for the employees to participate in the 2026 Employee Stock Ownership Plan include their lawful compensations, self-raised funds and other sources permitted by laws and regulations. The company does not provide financial assistance to employees or guarantee loans for them. The funds to be raised under the 2026 Employee Stock Ownership Plan shall not exceed RMB119,661,500 in total, divided into “units” for subscription and each unit is equal to RMB1.00.

(v) Performance requirements to the Grantees

If a Participant receives a personal comprehensive assessment result lower than “competent” during the 2026 Lock-up Period as set forth in paragraph (vi) hereunder, the units scheduled to vest will automatically be held and liquidated upon expiry of 2026 Duration Period and distributed on a pro rata basis to all other eligible participants.

(vi) Lock-up Period and Duration Period

The 2026 Employee Stock Ownership Plan is subject to a 12-month lock-up period (“**2026 Lock-up Period**”), which commences upon the Company announces the registration and transferral of last subscription of Shares under the plan to the asset management plan corresponding to the 2026 Employee Stock Ownership Plan. During the Lock-up Period, no shares under the plan may be sold.

<u>Vesting Date</u>	<u>Tranche</u>
The date on which 12 months have elapsed from the date of Company’s announcement of the registration and transferral of last subscription of Shares under the plan to the asset management plan corresponding to the 2026 Employee Stock Ownership Plan	50%
The date on which 24 months have elapsed from the date of Company’s announcement of the registration and transferral of last subscription of Shares under the plan to the asset management plan corresponding to the 2026 Employee Stock Ownership Plan	50%

The duration period of the 2026 Employee Stock Ownership Plan (“**2026 Duration Period**”) is 36 months, commencing from the date on which the plan is adopted by the Shareholder’s meeting. 2026

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Employee Stock Ownership Plan terminates when the 2026 Duration Period ends, or on an earlier date, provided the 2026 Lock-up Period expires and all assets under the 2026 Employee Stock Ownership Plan are liquidated into monetary assets; or on a later date, subject to the 2026 Management Committee and the Board’s unanimous approval. Within the 2026 Duration Period, participants may not withdraw from the plan or use their subscribed shares for mortgage, pledge, guarantee or repayment of debt. Nor shall such shares subscribed by the participants under the 2026 Employee Stock Ownership Plan be transferred to a third party without consent of the 2026 Management Committee.

(vii) Dividend

Within the 2026 Duration Period, 2026 Management Committee will be in position to sell shares held by 2026 Employee Stock Ownership Plan on condition that the 2026 Lock-up Period expires.

Pursuant to the 2026 Employee Stock Ownership Plan, liquidation procedure shall conclude within 20 days from the expiry of the 2026 Duration Period, and the 2026 Management Committee shall distribute the remaining funds under such plan on a *pro rata* basis to each participant after deducting expenses such as management fees and custodial fees.

2022 RESTRICTED SHARE INCENTIVE PLAN

The following is a summary of the principal terms of the 2022 Restricted Share Incentive Plan. As of the Latest Practicable Date, the Company actually granted 1,366,120 restricted Shares to 308 participants. There is no outstanding restricted Share under the 2022 Restricted Share Incentive Plan as of the Latest Practicable Date. The terms of the 2022 Restricted Share Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve any grant of restricted Shares by the Company after the [REDACTED].

Purpose

The purpose of the 2022 Restricted Share Incentive Plan is to establish an appraisal and incentive system which is innovative, scientific, fair, reasonable, executable and durable in the mid to long run. The 2022 Restricted Share Incentive Plan is implemented to enhance employees’ satisfaction and loyalty to our Company, which guarantees the achievement of the Company’s strategic targets.

Administration

The 2022 Restricted Share Incentive Plan is subject to the approval of the Shareholders’ meeting, the administration of the Board and the supervision of the board of supervisors and independent Directors of the Company.

Participants

The participants of the 2022 Restricted Share Incentive Plan include core management personnels and technology experts of the Company and its subsidiaries. The scope of participants of the 2022 Restricted Share Incentive Plan excludes Directors, supervisors, senior management, Shareholders who hold more than 5% of the Shares or *de facto* controllers of the Company.

Source and maximum number of restricted Shares

The underlying Shares of the 2022 Restricted Share Incentive Plan are the A Shares repurchased by the Company and the maximum number of restricted Shares that can be granted under the 2022 Restricted Share Incentive Plan is 1,366,120 Shares.

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Lock-up Period, Duration Period and vesting of restricted Shares

The 2022 Restricted Share Incentive Plan is subject to a 12-month lock-up period (“**Lock-up Period**”), which commences upon the transferral of Shares to the 2022 Restricted Share Incentive Plan concludes. During the Lock-up Period, no shares under the plan may be sold.

The duration period of the 2022 Restricted Share Incentive Plan (“**Duration Period**”) lasts for 36 months, commencing from the same day as the Lock-up Period, provided that the plan is adopted by the Shareholder’s meeting.

The vesting period for the restricted Shares commences from the date on which all Shares have been transferred to the 2022 Restricted Share Incentive Plan. The restricted Shares will be vested in tranches of 50% and 50% in each of the two vesting periods that occurs after 12-month anniversary and 24-month anniversary from the commencement of Lock-up period, respectively.

OTHER INFORMATION

Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Group.

Litigation

As of the Latest Practicable Date, save as disclosed in this document, the Company was not engaged in any outstanding litigation or arbitration which may have material adverse effect on the [REDACTED] and, so far as the Directors are aware, no material litigation or claim was pending or threatened by or against the Company.

Joint Sponsors

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors will receive an aggregate fee of US\$0.75 million for acting as the sponsors for the [REDACTED].

Preliminary Expenses

The Company has not incurred any material preliminary expenses.

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Promoters

The information of our promoters when we were established as a joint stock limited company is as follows:

<u>Name of Shareholder</u>	<u>Number of Shares held upon our establishment</u>	<u>Shareholding percentage upon our establishment</u>
Yuan Yonggang	43,570,000	36.31
Yuan Yongfeng	43,570,000	36.31
Yuan Fugen	15,260,000	12.71
Suzhou Guofa	8,100,000	6.75
Shanghai Hengrui	3,000,000	2.50
Zhang Yuechun	1,050,000	0.88
Wang Xiangdi	1,000,000	0.83
Xing Xiaojuan	900,000	0.75
Zhao Lin	800,000	0.66
Wang Huai	800,000	0.66
Wang Xiaofeng	500,000	0.42
Gao Jie	400,000	0.34
Li Ding	300,000	0.25
Hu Qing	180,000	0.15
Qian Xianghua	180,000	0.15
Zhou Guihua	150,000	0.13
Chen Baohua	140,000	0.12
Wang Yingchun	100,000	0.08
Total	<u>120,000,000</u>	<u>100.00%</u>

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

Qualifications and Consents of Experts

The qualifications of the experts which have given opinions or advice which are contained in, or referred to in, this document are as follows:

<u>Name of Expert</u>	<u>Qualifications</u>
UBS Securities Hong Kong Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities as defined under the SFO
Haitong International Capital Limited	A licensed corporation to conduct Type 6 (advising on corporate finance) regulated activity as defined under the SFO
GF Capital (Hong Kong) Limited	A licensed corporation to conduct Type 6 (advising on corporate finance) regulated activity as defined under the SFO

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Name of Expert	Qualifications
CITIC Securities (Hong Kong) Limited	A licensed corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Confucius International CPA Limited	Certified Public Accountants under Professional Accountants 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)
Haiwen & Partners	PRC legal advisor
China Insights Industry Consultancy Limited	Independent industry consultant

Each of the experts listed 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 they respectively appear.

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.

Bilingual [REDACTED]

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided in Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

Save as otherwise disclosed in this document,

- (a) save as disclosed in “— Further Information about the Group” of this section, within the two years preceding the date of this document, no share or loan capital of the Company or any of its subsidiaries has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
- (b) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) no founder, management or deferred shares of the Company or any of its subsidiaries have been issued or have been agreed to be issued;
- (d) save for the A Shares that are listed on the Shenzhen Stock Exchange and the H Shares to be issued in connection with the [REDACTED], none of the equity and debt securities of the Company or its subsidiary is presently [REDACTED] or [REDACTED] in on any other stock exchange nor is any [REDACTED] or permission to [REDACTED] being or proposed to be sought;

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- (e) the Company has no outstanding convertible debt securities or debentures; and
- (f) none of the experts listed under “– Qualifications and Consents of Experts”:
 - (i) is interested beneficially or non-beneficially in any shares in any member of the Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group save in connection with the [REDACTED].