OVERVIEW

Our history can be traced back to September 1998 when our Company was established in Zhengzhou, Henan. In January 2008, our Company was converted into a joint stock company. In October 2009, our A Shares have been listed on the ChiNext Board of the Shenzhen Stock Exchange (stock code: 300007), marking a major milestone in our corporate development. Our company was renamed as Hanwei Electronics Group Corporation (漢威科技集團股份有限公司) in June 2017.

Over the years, under the leadership of our founder, Mr. Ren, our Company has evolved into a sensor-centric intelligent solutions provider integrating R&D, manufacturing, sales and intelligent services, with strong expertise in gas sensing fields. Through years of in-depth investment in sensor technology and its applications, we have built a vertically integrated business ecosystem encompassing sensor material, sensor chip fabrication, sensors, intelligent instruments and integrated intelligent solutions.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following is a summary of our Group's key corporate and business development milestones:

1998	Our Company was established in Zhengzhou, Henan and launched the MQ-2, MQ-5 and MQ-7 gas sensor components.
1999	We gradually expanded the MQ series gas sensor components, and these were put into scale production.
2002	Our Preparation and Application of Nano Tin Oxide Gas-Sensitive Powder were awarded the "Third Prize for Science and Technology Progress of Henan Province" (河南省科學技術進步三等獎) issued by the People's Government of Henan Province (河南省人民政府).
	Our AT100 alcohol detectors are widely exported.
2005	Hanwei Industrial Park was completed construction.
2007	We were recognized as a "Demonstration Enterprise for Manufacturing Industry Informationization in Zhengzhou" (鄭州市製造業信息化示範企業) by Zhengzhou Science and Technology Bureau (鄭州市科學技術局).
2008	Our Company was converted into a joint stock company.
	The construction of Phase II of Hanwei Industrial Park was completed.
2009	Our Company officially listed on the ChiNext board of the Shenzhen Stock Exchange (stock code: 300007).
2013	We were recognized as a "Demonstration Enterprise for the Integration of Informationization and Industrialization in Henan Province"(河南省信息化與工業化融合示範企業) by the Department of Industry and Information Technology of Henan Province (河南省工業和信息化廳).
	The construction of Hanwei IoT Technology Industrial Park was completed.
2017	Our Company officially changed its name to Hanwei Electronics Group Corporation (漢威科技集團股份有限公司).
2020	We won the "Governor's Quality Award" (省長質量獎) issued by the People's Government of Henan Province.

2021 We were selected as a "specialized, refined, distinctive, and innovative 'Little Giant' enterprises" (專精特新"小巨人"企業) by the Ministry of Industry and Information Technology.

2022 We were recognized as an "Outstanding Private Enterprise in Henan Province" (河南省傑出民營企業) by the United Front Work Department of the CPC Henan Provincial Committee (河南省委統戰部), the Henan Provincial Department of Industry and Information Technology (河南省工業和信息化廳), the Henan Provincial Federation of Industry and Commerce (河南省工商業聯合會), and the Henan Provincial Department of Human Resources and Social Security (河南省人力資源和社會保障廳).

2024 We were awarded as a "leading enterprise in Henan's manufacturing sector" (河南省製造業頭雁企業) by the Henan Provincial Department of Industry and Information Technology (河南省工業和信息化廳).

Our Key Technologies and Application of High-Sensitivity Full-Range Laser Gas Detection were awarded the "Second Prize for Science and Technology Progress of Henan Province" (河南省科學技術進步二等獎) issued by the People's Government of Henan Province).

2026 Our flexible sensing electronic skin was selected as one of the 2025 Embodied Intelligence Innovative Products and Technologies (2025具身智能創新產品和技術) by China Electronic News.

MAJOR SUBSIDIARIES

The following table sets forth the principal activities, the date and place of establishment, and the equity interest attributable to our Group in respect of each of our major subsidiaries as of the Latest Practicable Date:

Name of subsidiary	Place of establishment	Date of establishment	Equity interest attributable to the Company	Principal business activities
Winsen Electronics Technology	PRC	April 25, 2003	100.00%	Development, production, and sales of gas-sensitive components and sensors
Hanwei Intelligent Security .	PRC	August 8, 2006	100.00%	Industrial safety monitoring, smart emergency management, and IoT solutions
Garden Environmental Protection	PRC	May 23, 1998	83.90%	Wastewater and waste gas environmental protection solutions
Changwei IoT	PRC	June, 6, 2016	100.00%	Development, production, and sales of instruments
Zhengzhou Anran Measurement and Control .	PRC	June 24, 1996	51.00%	Development, production and sales of gas meters and urban gas safety solutions

For changes in the registered capital of our subsidiaries, see "Statutory and General Information — A. Further Information about Our Group — 3. Changes in the Share Capital of Our Subsidiaries" in Appendix V to this document.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Our Early History

Our Company was established in the PRC on September 11, 1998 as a limited liability company named Henan Hanwei Electronics Co., Ltd. (河南漢威電子有限公司). with an initial registered capital of RMB1 million. At the time of establishment, our Company was owned as to 60%, 20% and 20% by Mr. Ren, Ms. Zhong(1) and Ms. Ren Hongxia (任紅霞)(2), respectively.

Conversion into Joint Stock Limited Company

On January 28, 2008, our Company was converted into a joint stock company with a registered capital of RMB41 million. The shareholding structure of our Company immediately after the completion of the conversion into a joint stock company was as follows:

Shareholder	Number of Shares held	Approximate percentage of Shareholding
Ren Hongjun(3)	15,854,290	38.67%
Zhong Chao	7,288,570	17.78%
Shang Zhongfeng(3)	1,016,390	2.48%
Zhong Kechuang (鍾克創)(4)	1,524,380	3.72%
Ren Hongxia	364,080	0.89%
Li Zhigang(3)	32,800	0.08%
Other Shareholders	14,919,490	36.39%
Total	41,000,000	100.00%

Notes:

(1) Spouse of Mr. Ren.
(2) Sister of Mr. Ren.
(3) Each of Mr. Ren, Mr. Shang Zhongfeng and Mr. Li Zhigang is an executive Director.
(4) Brother of Ms. Zhong.

Listing on the Shenzhen Stock Exchange

On October 30, 2009, we completed the listing of our A Shares on the ChiNext Board of the Shenzhen Stock Exchange (stock code: 300007), during which our Company issued an aggregate of 15,000,000 A Shares, accounting for approximately 25.42% of our Company's then share capital immediately following completion of our A Shares listing. Following the completion of our A Shares listing, the shareholding structure of our Company was as follows:

Shareholder	Number of Shares held	Approximate percentage of Shareholding
Ren Hongjun	15,854,290	26.87%
Zhong Chao	7,288,570	12.35%
Zhong Kechuang	1,524,380	2.58%
Shang Zhongfeng	1,016,390	1.72%
Ren Hongxia	364,080	0.62%
Li Zhigang	32,800	0.06%
Other Shareholders	29,919,490	50.71%
Total	59,000,000	100.00%

Share Capital Changes Subsequent to Our A Share Listing

Bonus Issue in 2010

On April 13, 2010, the Company implemented its 2009 Profit Distribution Proposal and Capital Reserve Capitalization Plan, pursuant to which 10 new A Shares were issued for every 10 A Shares held by the then A Shareholders, on the basis of the issued share capital of the Company as at December 31, 2009 and by way of capitalizing the capital reserve of the Company. Upon the completion of such share issuance, the total issued share capital of the Company increased to 118,000,000 A Shares.

Issuance and Private Placement of A Shares in 2015

As approved by the Shareholders in June 2014 and the CSRC in September 2014, the Company (i) issued certain A Shares (the "**2015 A Share Issuance**") as the share consideration for the Company's acquisition of 48.91% and 80.00% of the entire equity interest in Shenyang Jinjian (the "**Shenyang Jinjian Acquisition**") and Garden Environmental Protection (the "**Garden Environmental Protection Acquisition**"), respectively; and (ii) conducted a private placement of its A Shares (the "**2015 A Share Placement**") of no more than RMB672.40 million in order to raise funds for various initiatives, including the payment of the cash consideration of RMB120 million and RMB30 million for the Shenyang Jinjian Acquisition and Garden Environmental Protection Acquisition, respectively, payment of share issuance expenses and supplementation of working capital.

Pursuant to the 2015 A Share Issuance, a total of 20,605,280 A Shares were issued to Wuhu Huashun Real Estate Investment Co., Ltd. (蕪湖華順置業投資有限責任公司) and 14 then shareholders of Garden Environmental Protection and each of whom was an Independent Third Party at the time of the acquisition(5), as the share consideration of RMB320 million for the Garden Environmental Protection Acquisition. The acquisition of Garden Environmental Protection enabled us to expand from an environmental monitoring instruments provider into a comprehensive environmental protection solutions provider. A total of 2,215,067 A shares were issued to Shang Jianhong (尚劍紅), then shareholder of Shenyang Jinjian and senior management of the Group, as the share consideration of RMB34.4 million for the Shenyang Jinjian Acquisition. The acquisition of Shenyang Jinjian strengthened our presence in the intelligent urban management sector.

Pursuant to the 2015 A Share Placement, a total of 5,691,056 A Shares were issued in the placement to fewer than 10 investors, each of whom was an Independent Third Party. The 2015 A Share Placement raised net proceeds of approximately RMB168.0 million.

Following the completion of the 2015 A Share Issuance and the 2015 A Share Placement, the Company's total issued capital increased to 146,511,403 shares.

Bonus Issue in 2015

On August 25, 2015, the Company approved the implementation of its 2015 semi-annual plan of conversion of capital reserve into share capital, pursuant to which 10 new A Shares were issued for every 10 A Shares held by the then A Shareholders, on the basis of the issued share capital of the Company as at June 30, 2015 and by way of capitalizing the capital reserve of the Company. Upon the completion of such share issuance, the total issued share capital of the Company increased to 293,022,806 A Shares.

Note:

(5) Upon completion of the Garden Environmental Protection Acquisition, one of the then shareholders of Garden Environmental Protection, Chen Zezhi (陳澤枝), became a connected person at the subsidiary level by virtue of his minority interest in Garden Environmental Protection. See "— Our Shareholding and Corporate Structure — Shareholding and Corporate Structure Immediately Before the [**REDACTED**]" for details.

Listing of Shares Issued to Specific Parties in 2021

As approved by the Shareholders in September 2020 and the CSRC in January 2021, the Company issued 31,364,349 A Shares to 10 specific parties ("**Issuing Targets**") and such A Shares were officially listed on the ChiNext Board of the Shenzhen Stock Exchange on September 6, 2021. All of the Issuing Targets were Independent Third Parties. The total amount of funds raised was approximately 600 million. Upon the completion of such share issuance, the total issued share capital of the Company increased to 324,387,155 A Shares.

EMPLOYEE INCENTIVE SCHEME

In order to incentivize our employees, we adopted a restricted stock unit scheme on September 16, 2021 (the "**2021 RSU Scheme**"). Pursuant to the 2021 RSU Scheme, an aggregate of 5,700,000 A Shares were granted to Directors, senior management and other employees of our Company, of which 3,058,464 A Shares were vested. As of the Latest Practicable Date, the 2021 RSU Scheme was completed and all restricted stock units under the 2021 RSU Scheme were either vested, lapsed or canceled.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Disposal of Hanwei Zhiyuan

On September 30, 2025, our Company entered into an equity transfer agreement with Zhengzhou Hi-Tech Investment Holding Group Co., Ltd. (鄭州高新投資控股集團有限公司) ("**Zhengzhou Hi-Tech Investment**") to dispose 65% of the equity interests held by our Company in our then non-wholly-owned subsidiary, Zhengzhou Hanwei Zhiyuan Technology Co., Ltd. (鄭州漢威智源科技有限公司) ("**Hanwei Zhiyuan**"), at a total consideration of approximately RMB439.9 million (the "**Disposal of Hanwei Zhiyuan**").

Hanwei Zhiyuan was established on September 18, 2015 in the PRC as a limited liability company, and is primarily engaged in the development, construction and operation of urban heating facilities. Prior to the disposal, it was owned as to 65% by our Company and 35% by Zhengzhou Hi-Tech Investment. Zhengzhou Hi-Tech Investment is a state-owned enterprise ultimately controlled by the Zhengzhou Municipal People's Government and an Independent Third Party.

We decided to dispose of Hanwei Zhiyuan in light of the macroeconomic fluctuations, increasingly stringent environmental requirements, rising upstream raw material prices, and insufficient heat supply, the significant social welfare responsibilities of the heating business and the uncertainty regarding its future prospects. Through the disposal, our Company has the opportunity to divest its existing heating business assets and recover part of the funds, thereby enabling the concentration of resources on the development of our sensors, intelligent instruments and integrated intelligent solutions business. This strategic focus enhanced our Company's sustainable operating capability, optimized its asset quality, and safeguarded the interests of our Company and its shareholders as a whole.

The consideration for the disposal was determined based on an asset-based valuation of Hanwei Zhiyuan as of July 31, 2025 conducted by an independent valuer and after arm's length negotiations between the parties.

The industrial and commercial registration change in respect of the disposal of Hanwei Zhiyuan was completed on November 25, 2025. After the completion of the disposal, we no longer held any interest in Hanwei Zhiyuan and Hanwei Zhiyuan ceased to be accounted as a subsidiary of our Group. As advised by our PRC Legal Advisor, the disposal has been properly and legally completed and settled, and all relevant approvals required from the relevant authorities have been obtained.

See "Financial Information — Description of major components of our results of operations — Discontinued Operations" for further details on the financial impact of the disposal on our Group.

Save as the Disposal of Hanwei Zhiyuan, our Company did not conduct any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period, the Company acquired several subsidiaries. None of these acquisitions falls within the scope of Rule 4.05A of the Listing Rules, as all applicable ratios in respect of the acquisitions calculated in accordance with Rule 14.07 of the Listing Rules were less than 25%.

Acquisition of Jiaxing Najie

On November 20, 2023, we entered into a share purchase agreement with, among others, Jiaxing Hengbang Technology Co., Ltd. (嘉興恒邦科技有限公司) ("**Hengbang Technology**") and Zhejiang Jiaxin Technology Development Co., Ltd. (浙江嘉欣科技發展有限公司) ("**Jiaxin Technology**"), to acquire 51% equity interests in Jiaxing Najie Microelectronics Technology Co., Ltd. (嘉興市納傑微電子技術有限公司) ("**Jiaxing Najie**") from Hengbang Technology and Jiaxin Technology at a cash consideration of RMB61,500,000. The ultimate beneficial owners of Hengbang Technology and Jiaxin Technology were Mr. Zhou Jun (周駿) and Zhejiang Jiaxin Silk Co., Ltd. (浙江嘉欣絲綢股份有限公司), (a company listed on the Shenzhen Stock Exchange, stock code: 002404.SZ), respectively, and both were Independent Third Parties.

Jiaxing Najie is a high-tech enterprise operating under an IDM (Integrated Device Manufacturer) business model, with capabilities spanning the design, fabrication, and packaging and testing of MEMS chips. The consideration of the acquisition was determined with reference to an assets-based valuation prepared by an independent valuer and was fully settled on November 5, 2024.

The acquisition of Jiaxing Najie enabled us to enter the upstream MEMS wafer fabrication industry, complementing our then existing MEMS packaging and testing line. The acquisition was completed on November 27, 2023. After the completion of the acquisition, Jiaxing Najie became our non-wholly owned subsidiary and its financial results were consolidated into the financial statements of our Group. For details of the financial impact of the acquisition of Jiaxing Najie, see notes 18 and 41(a)(ii) to the Accountants' Report as set out in Appendix I.

Subsequent to the acquisition of Jiaxing Najie, we made a further capital injection of RMB38,000,000 in February 2024, increasing our equity interest in Jiaxing Najie to approximately 62.09%. In March 2024, we acquired all of the partnership interests of Heyou Enterprise Management Consulting Partnership (Limited Partnership) (嘉興禾友企業管理諮詢合夥企業(有限合夥)) ("**Heyou Enterprise Management Consulting**"), which held approximately 6.96% of the equity interests in Jiaxing Najie. As a result, our total equity interest in Jiaxing Najie increased to approximately 69.05%. In October 2024, as a result of a capital reduction by a minority shareholder of Jiaxing Najie, our aggregate equity interest in Jiaxing Najie further increased to approximately 80.60%.

As of the Latest Practicable Date, the remaining 19.4% of the equity interests in Jiaxing Najie was held by Beijing Keweihuizhong Technology Development Limited Company (北京可維匯眾科技發展有限公司) ("**Beijing Keweihuizhong**"), Shen Yueming (沈月明) and Chengdu Longxin Technology Co., Ltd. (成都隆芯科技有限公司) ("**Longxin Technology**") as to approximately 15.30%, 2.14% and 1.96%, respectively. The ultimate beneficial owners of Beijing Keweihuizhong and Longxin Technology were Xue Xiaodong (薛曉東) and Luo Ying (羅膺), respectively. Each of the remaining shareholders and their ultimate beneficial owners are Independent Third Parties as Jiaxing Najie was an insignificant subsidiary under Rule 14A.09 as of the Latest Practicable Date.

Acquisition of Zhengzhou Anran Measurement and Control

On February 5, 2024, we entered into a share purchase and capital injection agreement with Zhengzhou Ouli Electronics (Group) Co., Ltd. (鄭州歐麗電子(集團)股份有限公司) ("**Ouli Electronics**"), Shanghai Weiliba AUTOMATIC Control Equipment Co., Ltd. (上海威力巴自控設備有限公司) ("**Weiliba Automatic**"), Xizang Anzhi Technology Equity Investment Partnership (Limited Partnership) (西藏安智科技股權投資合夥企業(有限合夥)) ("**Anzhi Technology**") and Zhengzhou Anran Measurement and Control to acquire 31.15% equity interests in Zhengzhou Anran Measurement and Control from Ouli Electronics, Weiliba Automatic and Anzhi Technology at a cash consideration of RMB20,251,522 and subsequently made a capital injection into Zhengzhou Anran Measurement and Control of RMB26,330,000, increasing our equity interests in Zhengzhou Anran Measurement and Control to 51%. Weiliba Automatic and Xizang Anzhi were ultimately controlled by Liu Guozheng (劉國鄭) and Zhang Wenge (張文閣), respectively. At the time of the acquisition, the ultimate beneficial owner of Ouli Electronics was Xingyang Municipal People's Government (滎陽市人民政府). Each of Ouli Electronics, Weiliba Automatic, Anzhi Technology and their respective ultimate beneficial owners were Independent Third Parties.

Zhengzhou Anran Measurement and Control is principally engaged in development, production and sales of gas meters and urban gas safety solutions. The consideration of the acquisition and the capital injection were determined with reference to an assets-based valuation prepared by an independent valuer and were fully settled on March 8, 2024 and March 12, 2024, respectively.

The acquisition of Zhengzhou Anran Measurement and Control enabled us to enlarge our presence in the sensors and gas instruments industry. The acquisition and capital injection were completed on February 22, 2024. After the completion of the acquisition and capital injection, Zhengzhou Anran Measurement and Control became our non-wholly owned subsidiary and its financial results were consolidated into the financial statements of our Group. For details of the financial impact of the acquisition of Zhengzhou Anran Measurement and Control, see notes 18 and 41(a)(iii) to the Accountants' Report as set out in Appendix I.

As of the Latest Practicable Date, the remaining approximately 49% equity interest in Zhengzhou Anran Measurement and Control was held by Weiliba Automatic and Anzhi Technology as to approximately 27.45% and approximately 21.54%, respectively. Each of Weiliba Automatic, Anzhi Technology and their ultimate beneficial owners are Independent Third Parties as Zhengzhou Anran Measurement and Control was an insignificant subsidiary under Rule 14A.09 as of the Latest Practicable Date.

Acquisition of Xinyang Hanwei

On June 6, 2024, we entered into an agreement to acquire 100% equity interest of Xinyang Weisheng Electronic Technology Co., Ltd ("**Xinyang Hanwei**") from Ms. Zhong and Zhong Kechuang at a consideration of RMB37,016,000. Ms. Zhong is a member of the Single Largest Group of Shareholders and the spouse of Mr. Ren, our executive Director and the chairman of the Board. Zhong Kechuang is the brother of Ms. Zhong.

Xinyang Hanwei was the holding company of certain vacant land and factories located in Xinyang, Henan and did not have any other material business or assets. The consideration of the acquisition was determined with reference to an assets-based valuation prepared by an independent valuer and was settled on July 22, 2024.

The purpose of the acquisition was to meet the demand for office space and factory premises of our subsidiary, Xinyang Winsen Electronics Technology Co., Ltd. (信陽煒盛電子科技有限公司) in Xinyang, Henan, for the expansion of our sensors manufacturing business. The acquisition was completed on July 18, 2024. After the completion of the acquisition, Xinyang Hanwei became our wholly-owned subsidiary and its financial results were consolidated into the financial statements of our Group. For details of the financial impact of the acquisition of Xinyang Hanwei, see notes 18 and 41(a)(iv) to the Accountants' Report as set out in Appendix I.

Acquisition of Chongqing CST

On October 17, 2025, we entered into an equity transfer and capital injection agreement to acquire approximately 25.69% equity interest in Chongqing CST Technology Co., Ltd. ("**Chongqing CST**") from Hu Yi (胡軼), Wang Zhigang (王志剛), Chen Mingyou (陳明友), Cheng Yanzheng (程燕爭), Zhang Jun (張軍), Qingdao Shique Luwu Equity Investment Partnership (Limited Partnership) (青島石雀陸吾股權投資合夥企業(有限合夥)) ("**Qingdao Shique**"), Jiaxing Shique Qingluan Equity Investment Partnership (Limited Partnership) (嘉興石雀青鸞股權投資合夥企業(有限合夥)) ("**Jiaxing Shique**") and Zhengzhou Hanwei Sensor Venture Capital Fund Partnership (Limited Partnership) (鄭州漢威傳感創業投資基金合夥企業(有限合夥)) ("**Hanwei Fund**") at a consideration of RMB28,052,434, and made a further capital injection of RMB18,000,000 into Chongqing CST to obtain additional approximately 9.69 % equity interest. At the time of the acquisition, the ultimate beneficial owner of each of Qingdao Shique and Jiaxing Shique was Tu Xie (屠勰). Hanwei Fund was managed by Zhengzhou High Tech Industry Investment Fund Co., Ltd. (鄭州高新產業投資基金有限公司), a company ultimately controlled by Zhengzhou High-tech Industrial Development Zone Administrative Committee (鄭州高新技術產業開發區管委會) ("**Administrative Committee**"), as its general partner. Among the limited partners of Hanwei Fund, our Company and Zhengzhou Industrial Investment Equity Investment Guidance Fund Partnership (Limited Partnership) (鄭州產投股權投資引導基金合夥企業(有限合夥)), a company ultimately controlled by Administrative Committee, held approximately 59.00% and 30.00% of the partnership interests therein, respectively. Each of the transferors and their ultimate beneficial owners were Independent Third Parties.

We subsequently entered into a concerted parties agreement on October 17, 2025 with Wang Zhigang, Chen Mingyou, Cheng Yanzheng and Zhang Jun. Upon the completion of the acquisition and capital injection, we, together with our concerted parties, control in an aggregate of approximately 52.72% equity interest in Chongqing CST.

Chongqing CST is a supplier of thin-film platinum thermosensitive chips encompassing research and development, design, production, sales and after-sales services. Chongqing CST has built and brought to full capacity the first domestic production line with an annual output of 10 million thin-film platinum thermosensitive chips. Through the investment in Chongqing CST, we could enter the high-end temperature sensor segment in synergy with our existing business, thereby further strengthening our competitiveness and industry influence in the high-end market. The considerations of the acquisition and capital injection were determined with reference to an independent valuation and were fully settled on January 9, 2026 and December 30, 2025, respectively.

The acquisition and capital injection were completed on December 31, 2025. Following the completion, Chongqing CST became our non-wholly owned subsidiary, and its financial results would be consolidated into the financial statements of our Group. For details of the financial impact of the acquisition of Chongqing CST, see notes 18 and 41(a)(v) to the Accountants' Report as set out in Appendix I.

As of the Latest Practicable Date, Chongqing CST was owned as to approximately 35.39% by our Company, approximately 33.36% by Hu Yi, with none of the remaining shareholders holding more than 10% of the equity interest therein. Each of Hu Yi and the remaining shareholders of Chongqing CST and their ultimate beneficial owners are Independent Third Parties as Chongqing CST was an insignificant subsidiary under Rule 14A.09 as of the Latest Practicable Date.

For details of our acquisitions and disposals of subsidiaries during the Track Record Period, see note 41 to the Accountants' Report as set out in Appendix I.

OUR A SHARE LISTING AND REASONS FOR THE H SHARE [REDACTED]

Since 2009, our Company has been listed on the ChiNext Board of the Shenzhen Stock Exchange. During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [**REDACTED**] attention in relation to our compliance record on the Shenzhen Stock Exchange. Our PRC Legal Advisor are of the view that the confirmation of our Directors above with regard to our compliance records is accurate and reasonable. Based on the independent due diligence conducted by the Sole Sponsor and our PRC Legal Advisor's view as set out above, nothing has come to the Sole Sponsor's attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

Our Company seeks to be [**REDACTED**] on the Hong Kong Stock Exchange in order to further advance our internationalization strategy, optimize our global production capacity layout, strengthen our core competitiveness, and improve our operational and management capabilities. See "Business — Our Strategies" and "Future Plans and [**REDACTED**]" for more details.

PUBLIC FLOAT

Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules requires that there must be an open market in the securities for which listing is sought. Where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must: (a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK$3,000,000,000.

So far as our Directors are aware, assuming (i) [**REDACTED**] H Shares are issued and sold in the [**REDACTED**], and (ii) the [**REDACTED**] is not exercised, an aggregate of [**REDACTED**] H Shares will count towards the public float of our Company upon the completion of the [**REDACTED**], representing [**REDACTED**]% of the total issued Shares (excluding treasury shares) of our Company upon the completion of the [**REDACTED**]. Accordingly, the Company is expected to satisfy the public float requirement under Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules.

FREE FLOAT

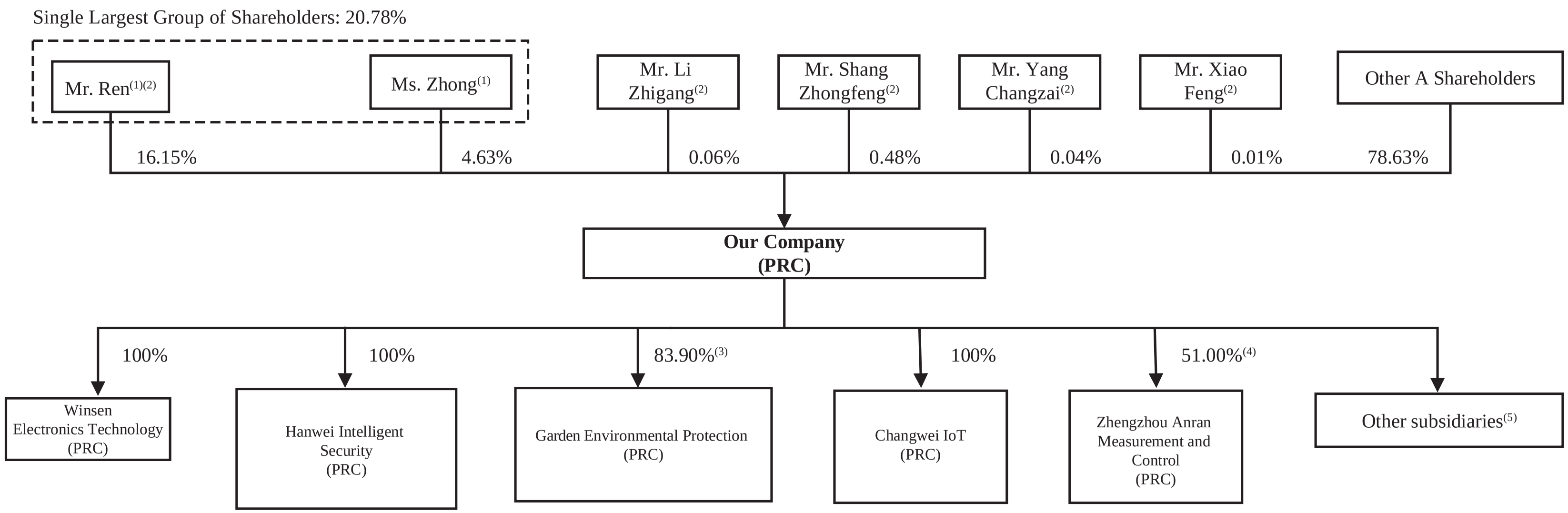
Under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules, a PRC issuer with other listed shares at the time of listing must ensure that a portion of H shares that are not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) at the time of listing (i) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000, or (ii) have a market capitalization of at least HK$600,000,000.

It is expected that immediately following completion of the [**REDACTED**], the number and the [**REDACTED**] of our H Shares [**REDACTED**] on the Hong Kong Stock Exchange that are not subject to any disposal restrictions at the time of the [**REDACTED**] is at least [**REDACTED**]% of the total issued Shares (excluding treasury shares) of our Company with an expected [**REDACTED**] at the time of [**REDACTED**] of not less than [**REDACTED**] (based on the low end of the [**REDACTED**] Range and assuming the [**REDACTED**] is not exercised). Accordingly, our Company will be able to satisfy the requirements under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately Before the [REDACTED]

The following chart illustrates our simplified shareholding and corporate structure immediately prior to the [**REDACTED**]:



Notes:

(1) Mr. Ren is an executive director and the chairman of the Board of our Company. For details of the background of Mr. Ren, please see "Directors and Senior Management." Ms. Zhong is the spouse of Mr. Ren and, together with Mr. Ren, are the Single Largest Group of Shareholders.

(2) Directors of our Company.

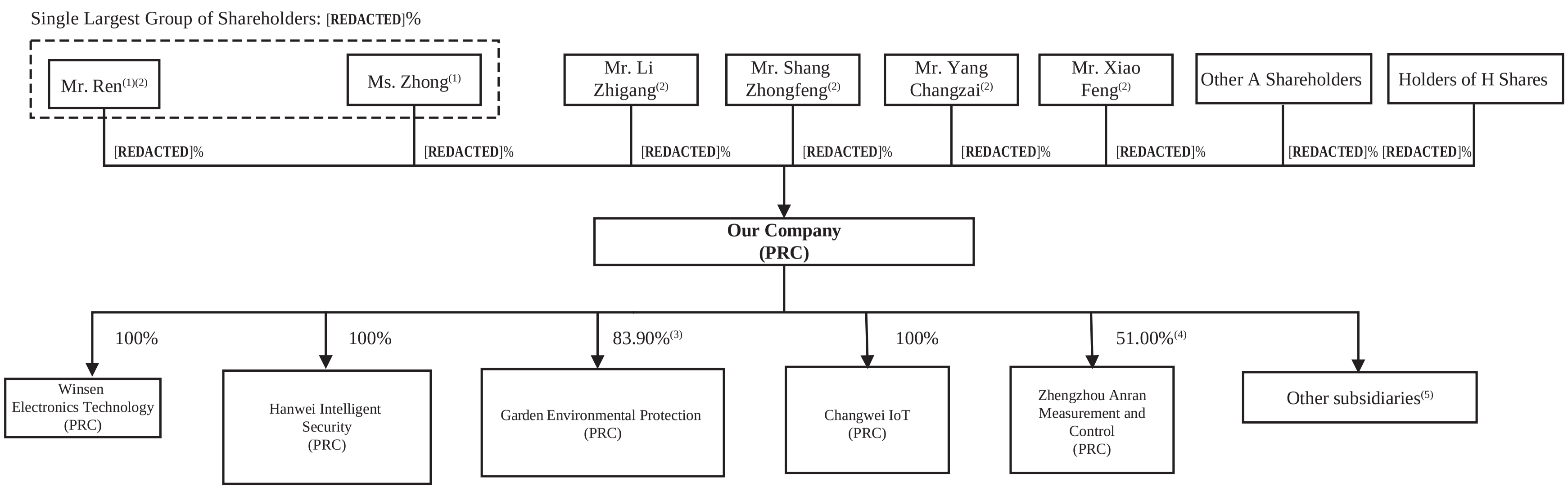
(3) As of the Latest Practicable Date, the remaining 10.58% and 5.52% interests in Garden Environmental Protection were held by Chen Zezhi (陳澤枝) and Li Zeqing (李澤清) respectively. Mr. Chen is a connected person at the subsidiary level by virtue of his minority interest in Garden Environmental Protection and Mr. Li is an Independent Third Party.

(4) As of the Latest Practicable Date, the remaining 49.00% equity interest in Zhengzhou Anran Measurement and Control was owned as to (i) 27.45% by Weiliba Automatic, which was owned as to 75% by Liu Guozheng (劉國鄭) and 25% by Li Bo (李博); and (ii) 21.54% by Anzhi Technology, which was owned as to 72.71% by Zhang Wenge (張文閣) as its general partner, and 27.29% by 27 other limited partners, each holding less than one-third of the partnership interest. All of the aforementioned individuals are Independent Third Parties as Zhengzhou Anran Measurement and Control was an insignificant subsidiary under Rule 14A.09 as of the Latest Practicable Date.

(5) As of the Latest Practicable Date, other subsidiaries include 58 subsidiaries established in the PRC (including Hong Kong), Poland, Singapore and Malaysia.

Shareholding and Corporate Structure upon Completion of the [REDACTED]

The following chart illustrates our simplified shareholding and corporate structure immediately following the completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]:



Notes (1) to (5): Please refer to the details contained in the preceding page.