

The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission take no responsibility for the contents of this Application Proof, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Application Proof.

Application Proof of

Guangdong TOYA Technology Co., Ltd.

廣東同亞科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

WARNING

The publication of this Application Proof is required by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Securities and Futures Commission (the “**Commission**”) solely for the purpose of providing information to the public in Hong Kong.

This Application Proof is in draft form. The information contained in it is incomplete and is subject to change which can be material. By viewing this document, you acknowledge, accept and agree with Guangdong TOYA Technology Co., Ltd. (廣東同亞科技股份有限公司) (the “**Company**”), its sponsor, overall coordinator, advisors and members of the underwriting syndicate that:

- (a) this document is only for the purpose of providing information about the Company to the public in Hong Kong and not for any other purposes. No investment decision should be based on the information contained in this document;
- (b) the publication of this document or any supplemental, revised or replacement pages on the Stock Exchange’s website does not give rise to any obligation of the Company, its sponsor, overall coordinator, advisors or members of the underwriting syndicate to proceed with an offering in Hong Kong or any other jurisdiction. There is no assurance that the Company will proceed with any offering;
- (c) the contents of this document or any supplemental, revised or replacement pages may or may not be replicated in full or in part in the actual final listing document;
- (d) this Application Proof is not the final listing document and may be updated or revised by the Company from time to time in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
- (e) this document does not constitute a prospectus, offering circular, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it calculated to invite offers by the public to subscribe for or purchase any securities;
- (f) this document must not be regarded as an inducement to subscribe for or purchase any securities, and no such inducement is intended;
- (g) neither the Company nor any of its affiliates, sponsor, overall coordinator, advisors or members of its underwriting syndicate is offering, or is soliciting offers to buy, any securities in any jurisdiction through the publication of this document;
- (h) no application for the securities mentioned in this document should be made by any person nor would such application be accepted;
- (i) the Company has not and will not register the securities referred to in this document under the United States Securities Act of 1933, as amended, or any state securities laws of the United States;
- (j) as there may be legal restrictions on the publication of this document or dissemination of any information contained in this document, you agree to inform yourself about and observe any such restrictions applicable to you; and
- (k) the application to which this document relates has not been approved for listing and the Stock Exchange and the Commission may accept, return or reject the application for the subject public offering and/or listing.

No offer or invitation will be made to the public in Hong Kong until after a prospectus of the Company has been registered with the Registrar of Companies in Hong Kong in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). If an offer or an invitation is made to the public in Hong Kong in due course, prospective investors are reminded to make their investment decisions solely based on the Company’s prospectus registered with the Registrar of Companies in Hong Kong, copies of which will be published to the public during the offer period.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

IMPORTANT

If you are in any doubt about any of the contents in this document, you should obtain independent professional advice.

Guangdong TOYA Technology Co., Ltd.

廣東同亞科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the : [REDACTED] H Shares (subject to the
[REDACTED] [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED]
and the [REDACTED])
Maximum [REDACTED] : HK\$[REDACTED] per H share plus brokerage of
1%, SFC transaction levy of 0.0027%, AFRC
transaction levy of 0.00015% and Stock Exchange
trading fee of 0.00565% (payable in full on
application in Hong Kong dollars, subject to refund)
Nominal value : RMB1.0 per H share
[REDACTED] : [REDACTED]

*Sole Sponsor, [REDACTED], [REDACTED],
[REDACTED] and [REDACTED]*



东方证券
— D F Z Q —

國際

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

A copy of this document, having attached thereto the documents specified in “Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display” in Appendix V, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this document or any other document referred to above.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this document, including the risk factors set out in “Risk Factors.”

The [REDACTED] is expected to be fixed by agreement between the [REDACTED] (for itself and on behalf of the [REDACTED]) and us on or before [REDACTED] (Hong Kong time). If, for any reason, the [REDACTED] is not agreed by 12:00 noon on [REDACTED] (Hong Kong time), the [REDACTED] will not proceed and will lapse. The [REDACTED] will be no more than HK\$[REDACTED] per [REDACTED] and is currently expected to be no less than HK\$[REDACTED] per [REDACTED] unless otherwise announced.

The [REDACTED] (for itself and on behalf of the [REDACTED]) may, with the consent of our Company, reduce the number of [REDACTED] being [REDACTED] under the [REDACTED] and/or the indicative [REDACTED] range below that stated in this document at any time on or prior to the morning of the last day for lodging applications under the [REDACTED]. See “Structure of the [REDACTED]” and “How to apply for [REDACTED]” for further details.

Pursuant to the termination provisions contained in the [REDACTED] in respect of the [REDACTED], the Sole Sponsor and the [REDACTED], on behalf of the [REDACTED], have the right in certain circumstances, in their absolute discretion, to terminate the obligation of the [REDACTED] pursuant to the [REDACTED] at any time prior to 8:00 a.m. on the [REDACTED]. Further details of the terms of the termination provisions are set out in “[REDACTED] — [REDACTED] — [REDACTED] — Grounds for Termination” in this document. It is important that you refer to that section for further details.

The [REDACTED] have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be [REDACTED], sold, pledged or transferred within the United States, except pursuant to an available exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act. The [REDACTED] are being [REDACTED] and sold outside the United States in offshore transactions in reliance on Regulation S.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

IMPORTANT

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

IMPORTANT

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

CONTENTS

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This document is issued by us solely in connection with the [REDACTED] and does not constitute an [REDACTED] to [REDACTED] or a solicitation of an [REDACTED] to buy any security other than the [REDACTED] [REDACTED] by this document pursuant to the [REDACTED]. This document may not be used for the purpose of making, and does not constitute, an [REDACTED] or invitation in any other jurisdiction or in any other circumstance. No action has been taken to permit a [REDACTED] of the [REDACTED] in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document for purposes of a [REDACTED] and the [REDACTED] and sale of the [REDACTED] in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this document to make your investment decision. The [REDACTED] is made solely on the basis of the information contained and the representations made in this document. We have not authorized anyone to provide you with information that is different from what is contained in this document. Any information or representations not contained or made in this document must not be relied on by you as having been authorized by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of our or their respective directors, officers, employees, agents or representatives, or any other parties involved in the [REDACTED]. Information contained on our website www.dgtoya.cn does not form part of this document.

	<i>Page</i>
Expected Timetable	iii
Contents	vi
Summary	1
Definitions	12
Glossary of Technical Terms	20
Forward-looking Statements	23
Risk Factors	24
Waivers from Strict Compliance with the Listing Rules	45
Information about this Document and the [REDACTED]	49
Directors and Parties Involved in the [REDACTED]	54
Corporate Information	57
Industry Overview	59
Regulatory Overview	75
History, Development and Corporate Structure	94
Business	114
Relationship with Our Controlling Shareholders	167

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

CONTENTS

	<i>Page</i>
Share Capital	170
Substantial Shareholders	173
Directors and Senior Management	175
Financial Information	184
Future Plans and Use of [REDACTED]	219
[REDACTED]	221
Structure of the [REDACTED]	233
How to Apply for [REDACTED]	244
Appendix I — Accountants’ Report	I-1
Appendix II — Unaudited [REDACTED] Financial Information	II-1
Appendix III — Summary of the Articles of Association	III-1
Appendix IV — Statutory and General Information	IV-1
Appendix V — Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display	V-1

SUMMARY

OVERVIEW

We are a provider of high-performance precision metal connection wires, primarily focusing on the R&D, production and sales of precision cable conductors. Precision cable conductors, which are the major physical form of the high-performance precision metal connection wires, generally include regular, fine and ultra-fine cable conductors. Benefiting from their compactness, superior flexibility and high bendability, fine and ultra-fine cable conductors play a crucial role in precision connection, achieving functions such as high conductivity, high-speed signal transmission and high bendability, among other things. Leveraging our in-house techniques in respect of precision cable conductors, our product offerings have further extended into precision metal filaments and ropes such as tendon ropes and medical guidewires. During the Track Record Period, our products are widely applied in fields including smart terminals, precision medical devices, low-altitude economy and robotics, computing centers, and new energy vehicles (“NEVs”) and other equipment.

Capitalizing on over 16 years of extensive experience in in-house research and development (“R&D”) of production equipment and organic innovations in production techniques, we are able to meet the increasingly stringent requirements including miniaturization, high reliability and high customization from downstream industries for connection wires products and provide customized solutions. Our ultra-fine cable conductors products hold a prominent position in both PRC and overseas markets. According to the F&S Report, we held a 15.5% market share of the global ultra-fine cable conductors market by revenue in 2025, ranking third globally and first in China.

OUR PRODUCTS AND APPLICATIONS

Our products mainly comprise precision cable conductors and precision metal filaments and ropes. We derived substantially all of our revenue from sales of our precision cable conductors during the Track Record Period. As we commenced producing metal filaments and ropes in 2023, we are still in the ramp-up and product optimization stage for this business. Our products generally span a diameter range of 0.008 mm to 0.5 mm, broadly categorized into ultra-fine products (≤ 0.03 mm), fine products (> 0.03 mm, < 0.1 mm) and regular products (≥ 0.1 mm). The following table sets forth a breakdown of our revenue by product diameter in absolute amounts and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Fine products	109,293	63.5%	129,460	62.8%	179,132	59.0%
Ultra-fine products	44,962	26.1%	61,263	29.7%	83,744	27.6%
Regular products	11,166	6.5%	8,235	4.0%	20,778	6.8%
Others ⁽¹⁾	6,755	3.9%	7,350	3.5%	19,789	6.6%
Total	172,176	100.0%	206,308	100.0%	303,443	100.0%

Note: (1) Others primarily comprised sales of scrap materials generated during our R&D and production processes, including off-cuts, defective products and R&D-related material waste, among which scrap copper accounted for the majority.

Our products are widely adopted in the following fields:

- **Smart terminals.** Our products are designed to meet key technical requirements of smart terminal devices including miniaturization, lightweight design, high flexibility and versatility in installation. They are generally adopted in laptops, tablets, smartphones, smart wearables (such as augmented reality (“AR”)/virtual reality (“VR”) glasses) and security cameras.

SUMMARY

- **Precision medical devices.** Our products are designed to meet the requirements for miniaturization and long-term reliability of medical devices, as well as the need for high precision and stable signal transmission in high-end medical equipment (primarily ultrasound machines). Our precision cable conductors products are mainly utilized in ultrasound machines and endoscopes. We also provide metal tendon ropes that can be used in high-end medical devices such as endoscopes and surgical robots.
- **Low-altitude economy and robotics.** Our products excel in compactness, high tensile strength and high bendability capabilities and are generally applied in drones, industrial robots and humanoids.
- **Computing centers.** Based on materials that support high-frequency and high-speed transmission and technologies that ensure signal integrity, we have developed silver-plated cable conductors capable of high-frequency and high-speed transmission specifically for artificial intelligence (“AI”) data centers.
- **NEVs and other equipment.** Our products are designed to meet requirements for lightweight, high-definition display and high reliability in scenarios such as high-end smart cabin as well as automotive radars.

The following table sets forth a breakdown of our revenue by application scenario for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Smart terminals	96,446	56.1%	116,652	56.5%	166,412	54.9%
Precision medical devices	49,885	29.0%	67,923	32.9%	86,113	28.4%
Low-altitude economy and robotics	7,108	4.1%	8,828	4.3%	17,380	5.7%
Computing centers	7,784	4.5%	3,430	1.7%	10,417	3.4%
NEVs and other equipment	4,198	2.4%	2,125	1.0%	3,332	1.1%
Others ⁽¹⁾	6,755	3.9%	7,350	3.6%	19,789	6.5%
Total	172,176	100.0%	206,308	100.0%	303,443	100.0%

Note: (1) Others primarily comprised sales of scrap materials generated during our R&D and production processes, including off-cuts, defective products and R&D-related material waste, among which scrap copper accounted for the majority.

OUR MARKET OPPORTUNITIES

We operate in the high-performance precision metal connection wires market. The precision cable conductors market is increasingly evolving toward higher-performance and miniaturized applications, driven primarily by the need for lighter, more efficient components from downstream application industries such as the automotive, electronics and medical device industries. Accordingly, fine and ultra-fine cable conductors are exhibiting tremendous growth potential in light of such trend compared to regular cable conductors, benefiting from their compactness. In recent years, the rapid development of AI infrastructure and AI data centers has further driven demand for conductors products in high-speed copper cables, creating new growth opportunities for higher-performance regular cable conductors. We believe that our leading industry position and years of accumulated experience and expertise can enable us to benefit from the sustained growth in the demand from the foregoing end-use application fields, and to meet the evolving requirements from downstream markets. According to the F&S Report, the global fine and ultra-fine cable conductors market is expected to grow from USD4.8 billion in 2025 to USD11.7 billion by 2035, at a CAGR of 7.0% from 2025 to 2030 and 11.7% from 2030 to 2035, where the global ultra-fine cable

SUMMARY

conductors market is expected to grow from USD89.8 million in 2025 to USD2.3 billion by 2035, at a CAGR of 36.9% from 2025 to 2030 and 44.9% from 2030 to 2035. Going forward, the demand for ultra-fine cable conductors is expected to continually be driven by sustained demand from downstream industries such as smart terminals, high-end medical devices, the low-altitude economy and NEVs, including emerging application scenarios such as smart glasses and brain-computer interfaces (“BCI”). In addition, benefiting from the explosive growth in the computing centers sector in recent years, we have developed precision cable conductors dedicated to data transmission in AI data centers. According to the F&S Report, with respect to regular cable conductors adopted in high-speed copper cables, the size of this market is expected to grow from RMB0.7 billion in 2025 to RMB4.2 billion by 2035, at a CAGR of 24.7% from 2025 to 2030 and 14.6% from 2030 to 2035.

We compete with both PRC and overseas manufacturers on a number of factors, including but not limited to product quality, cost efficiency, manufacturing capabilities and product adaptability to serve diverse downstream applications. We have continued to invest in enhancing our R&D capabilities, production processes, supply chain management, sales and customer service functions, as well as internal management systems. We believe that our extensive industry experience and strong R&D and production capabilities enable us to compete effectively and support the long-term development of our business. See “Industry Overview” in this document for further details.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths distinguish us from our competitors:

- leading market position in ultra-fine cable conductors benefiting from market opportunities arising from rapidly growing end markets;
- self-developed core production equipment with strong R&D and innovation capabilities in production techniques;
- diversified product matrix and strong product customization capabilities to meet differentiated market demands;
- global-oriented, flexible and scalable production capabilities;
- strong market presence as evidenced by our diversified and highly sticky customer base; and
- visionary founder team with extensive industry experience and rich technical backgrounds and professional talents with rich experience in niche sectors.

See “Business — Our Competitive Strengths” in this document for further details.

OUR STRATEGIES

We will pursue the following strategies to drive further growth:

- expand and continually focus on the application fields of high-performance precision metal connection wires and continue to strive for a global leading position;
- strengthen our tripartite in-house R&D system that focuses on innovations in materials, equipment and techniques across the entire industry value chain to build a technical moat;
- expand production capacity and optimize layout based on market demand;
- promote digitization and lean management to enhance operational efficiency;
- optimize industry value chain capabilities through investment and acquisitions; and
- formulate strategies to acquire talents that match the needs of our production techniques and global layout.

SUMMARY

See “Business — Our Strategies” in this document for further details.

OUR CUSTOMERS AND SUPPLIERS

Our customers mainly include (i) manufacturers of parts and components for smart terminals and precision medical devices, (ii) manufacturers of parts and components for drones and robots, and (iii) providers of high-speed copper cables for AI data centers. In 2023, 2024 and 2025, revenue generated from our five largest customers accounted for 63.6%, 54.0% and 51.0% of our total revenue, respectively. During the same years, our single largest customer contributed to 35.1%, 17.3% and 15.8% of our total revenue, respectively. See “Business — Our Customers” in this document for further details.

Our principal raw materials are copper, silver and tin. Our direct materials costs accounted for 82.6%, 78.2% and 78.1% of our cost of sales in 2023, 2024 and 2025, respectively. Our suppliers are mainly raw material suppliers, processing service providers and logistics service providers. In 2023, 2024 and 2025, our purchases from the five largest suppliers accounted for 57.3%, 55.9% and 55.8% of our total purchases, respectively. During the same years, our single largest supplier accounted for 20.0%, 17.1% and 18.0% of our total purchases, respectively. We have established and maintain stable and sustainable relationships with our major suppliers. See “Business — Our Supply Chain — Top Five Suppliers” in this document for further details.

OUR PRODUCTION

As of the Latest Practicable Date, we operated four production bases, comprising two in Dongguan, Guangdong Province and one in Yingtan, Jiangxi Province of China, and one production base in Thailand. Utilizing our self-developed core production equipment, and leveraging our established production techniques accumulated over the years covering the entire production process including electroplating, drawing, calendering, annealing, tin plating, stranding, surface treatment and shaping, we produce high-performance precision metal connection wires products in response to customers’ stringent requirements. Our advantages in in-house R&D and mass production capabilities enable us to effectively reduce production loss and costs, and maintain stable product yield and supply. Our available equipment operating hours at all of our production bases were 10.1 million, 12.1 million and 15.8 million in 2023, 2024 and 2025 respectively, and our utilization rate of production capacity was 77.3%, 81.1% and 93.2%, respectively, during the same years. See “Business — Our Production” in this document for further details.

OUR RESEARCH AND DEVELOPMENT

We continually adhere to a tripartite R&D system that focuses on innovations in materials, equipment and techniques. Capitalizing on in-house developed core production equipment and techniques, we have been able to accomplish breakthroughs in key performance indicators such as conduction efficiency, tensile strength and fatigue resistance, while achieving improved product yield and reduction in production costs. Meanwhile, when facing high-end customization requirements from customers such as finer diameters or new alloy systems, we are able to rapidly deploy new techniques, develop new products and conduct high-precision quality inspections through modular and customized upgrading of existing production lines and techniques, without being constrained by externally sourced equipment and technology. See “Business — Research and Development” in this document for further details.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

SUMMARY

Summary of Consolidated Statements of Profit or Loss

The following table summarizes our results of operations for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Revenue	172,176	206,308	303,443
Cost of sales	<u>(121,512)</u>	<u>(143,646)</u>	<u>(227,242)</u>
Gross profit	<u>50,664</u>	<u>62,662</u>	<u>76,201</u>
Other income and gains	1,817	5,295	5,573
Selling and marketing expenses	(2,222)	(2,922)	(3,888)
Administrative expenses	(7,342)	(9,295)	(14,686)
Research and development expenses	(4,416)	(5,082)	(8,254)
Provision for impairment losses on financial assets	(10)	(18)	(50)
Other expenses	(554)	(428)	(516)
Finance costs	<u>(891)</u>	<u>(1,034)</u>	<u>(929)</u>
Profit before tax	<u>37,046</u>	<u>49,178</u>	<u>53,451</u>
Income tax expense	<u>(5,089)</u>	<u>(7,235)</u>	<u>(6,347)</u>
Profit for the year	<u>31,957</u>	<u>41,943</u>	<u>47,104</u>
Non-IFRS Measure:			
Adjusted net profit	32,375	43,436	51,052

Non-IFRS Measure

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS, we also use adjusted net profit (non-IFRS measure), which is not required by, or presented in accordance with, IFRS.

We believe that this measure provides useful information to investors and others in understanding and evaluating our consolidated statements of profit or loss in the same manner as they help our management. However, our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool and, as such, it should not be considered in isolation from, or as a substitute for analysis of, our consolidated statements of comprehensive income or financial position as reported under IFRS. In addition, the non-IFRS measure may be defined differently from similar terms used by other companies.

SUMMARY

We define adjusted net profit (non-IFRS measure) as profit for the year adjusted for items of share-based payment expenses and [REDACTED] expenses. We adjusted these items because share-based payment expenses are non-cash expenses arising from granting equity-settled award to the Directors and our employees, and [REDACTED] are expenses arising from activities in relation to the [REDACTED]. The following table reconciles our adjusted net profit (non-IFRS measure) to our profit for the year presented in accordance with IFRS, for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Profit for the year	31,957	41,943	47,104
Add: Share-based payment expenses	418	1,493	2,472
Add: [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit (non-IFRS measure)	32,375	43,436	51,052

Revenue

In 2023, 2024 and 2025, we recorded revenue of RMB172.2 million, RMB206.3 million and RMB303.4 million, respectively. See “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Revenue — Revenue by Product Diameter” in this document for further details.

Sales Volume and Average Selling Price

The table below sets forth a breakdown of the sales volume and average selling price of our products by product diameters for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	<i>(Sales volume is expressed in tons. Average selling price is expressed in RMB per kg)</i>					
Fine products	568.7	192.2	609.1	212.5	984.2	182.0
Ultra-fine products	44.9	1,001.4	62.0	988.1	100.1	836.6
Regular products	58.9	189.6	50.2	164.0	103.1	201.5

See “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Revenue — Revenue by Product Diameter” in this document for further details.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

SUMMARY

Gross Profit and Gross Profit Margin

The table below sets forth a breakdown of our gross profit and gross profit margin by product diameter for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>(RMB in thousands, except for percentages)</i>					
Before impairment losses on inventories						
Fine products	28,711	26.3%	33,597	26.0%	39,431	22.0%
Ultra-fine products	22,600	50.3%	29,286	47.8%	37,983	45.4%
Regular products	1,618	14.5%	1,314	16.0%	2,983	14.4%
Others	(2,140)	(31.7%)	(1,499)	(20.4%)	(1,688)	(8.5%)
Subtotal	50,789	29.5%	62,698	30.4%	78,709	25.9%
Less: impairment losses on inventories ⁽¹⁾	(125)		(36)		(2,508)	
Total	50,664	29.4%	62,662	30.4%	76,201	25.1%

Note:

- (1) We present impairment losses on inventories as a separate line item to provide a clearer view of our gross profit margin by product diameter. Inventories are stated at the lower of cost and net realizable value. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. Management estimates the net realizable value for such inventories based primarily on the latest invoice prices and current market conditions. The impairment losses on inventories require the use of estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying value of inventories and the write-down of inventory amount in the year in which such estimates have been changed.

See “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Gross Profit and Gross Profit Margin” in this document for further details.

Summary of Consolidated Statements of Financial Position

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Total non-current assets	63,167	108,237	107,046
Total current assets	177,579	385,622	424,938
Total current liabilities	60,492	74,719	64,152
Total non-current liabilities	5,701	4,576	2,994
Total equity	174,553	414,564	464,838

See “Financial Information — Discussion of Selected Items from Consolidated Statements of Financial Position” in this document for further details.

SUMMARY

Summary of Consolidated Statements of Cash Flows

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash flows (used in)/from operating activities	(12,903)	37,565	(38,642)
Net cash flows (used in)/from investing activities	(28,354)	(225,341)	90,753
Net cash flows from/(used in) financing activities	66,139	197,551	(28,041)
Net increase in cash and cash equivalents	24,882	9,775	24,070
Cash and cash equivalents at beginning of the year	6,376	31,262	41,066
Effects of foreign exchange rate changes	4	29	232
Cash and cash equivalents at end of year	31,262	41,066	65,368

Taking into account the financial resources available to us, including our cash flows from operating activities, available banking facilities, cash and cash equivalents balance and the estimated [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital for our present requirements, that is, for at least 12 months from the date of this document. See “Financial Information — Liquidity and Capital Resources — Cash Flows” in this document for further details.

Key Financial Ratios

	As of or for the year ended December 31,		
	2023	2024	2025
Gross profit margin	29.4%	30.4%	25.1%
Net profit margin	18.6%	20.3%	15.5%
Return on equity	24.2%	14.2%	10.7%
Current ratio	2.94x	5.16x	6.62x
Quick ratio	2.41x	4.59x	5.28x
Gearing ratio	16.5%	8.9%	4.2%

See “Financial Information — Key Financial Ratios” in this document for further details on the definition and analysis of the foregoing financial ratios.

OUR CONTROLLING SHAREHOLDERS

Our founders are Mr. Zhao and Mr. Deng. On July 31, 2023, Mr. Zhao and Mr. Deng (“**Concert Parties**”) entered into an acting-in-concert agreement (“**Acting-in-Concert Agreement**”), pursuant to which they agreed to act in concert when voting on matters relating to the Company and to procure each of TOYA Enterprise Management and Shenzhen Yamei (“**Controlled Corporations**”) to act in concert when voting on matters relating to the Company, among other things.

SUMMARY

As of the Latest Practicable Date, pursuant to the Acting-in-Concert Agreement, the Concert Parties and the Controlled Corporations, are collectively and directly interested in approximately 65.40% of the Shares, whereby: (1) Mr. Zhao and Mr. Deng were collectively and directly interested in approximately 9.96% of the Shares; (2) Mr. Zhao and Mr. Deng, through their respective interests in 100% of the equity interests in TOYA Enterprise Management, were indirectly interested in approximately 45.04% of the Shares; and (3) Mr. Zhao, as the general partner of Shenzhen Yamei, was indirectly interested in approximately 10.30% of the Shares. Accordingly, Mr. Zhao, Mr. Deng, TOYA Enterprise Management and Shenzhen Yamei are considered a group of Controlling Shareholders.

Immediately following the completion the [REDACTED], our Controlling Shareholders will in aggregate hold approximately [REDACTED] of the Shares (assuming the [REDACTED] is not exercised). See “History, Development and Corporate Structure” in this document for further details.

OUR [REDACTED] INVESTORS

Since our establishment, we have obtained several rounds of investments from our [REDACTED] Investors. We utilized the [REDACTED] from the [REDACTED] Investments for the development and operation of our principal business. For further details on our [REDACTED] Investments and the identities and backgrounds of our [REDACTED] Investors, see “History, Development and Corporate Structure — [REDACTED] Investments — Information of the [REDACTED] Investors” in this document.

RISK FACTORS

We face risks including those set out in “Risk Factors.” As different investors may have different interpretations and criteria when determining the significance of risks, you should read the “Risk Factors” section in its entirety before you decide to invest in our H Shares. Some of the major risks that we face include: (i) our business relies on market demand for our products from various downstream industries, and fluctuations, downturns or changes in these markets along with any underperformance in emerging market development relative to expectations, could materially and adversely affect our business, results of operations, financial condition and prospects; (ii) if we are unable to compete effectively, our business, results of operations and financial condition may be materially and adversely affected; (iii) our production capacity may be insufficient and our expansion efforts may not be effective as expected; (iv) fluctuations in the prices of our principal raw materials could materially and adversely affect our business, results of operations and financial condition; (v) we rely on a limited number of key suppliers, from which we procured more than half of our supplies during the Track Record Period; (vi) we incurred net operating cash outflows during the Track Record Period and there can be no assurance that we will not experience the same in the future; (vii) we are subject to inventory management risks, including impairment, shortages or excesses, which could materially and adversely affect our business, results of operations and financial condition; (viii) we are subject to credit risk in respect of our trade receivables; (ix) we may be exposed to liquidity risks as a result of a long cash conversion cycle; and (x) we may not be able to retain existing and attract new customers, and we rely on a limited number of key customers, from which we derived more than half of our revenue during the Track Record Period.

FUTURE PLANS AND [REDACTED]

Assuming that the [REDACTED] is not exercised and assuming an [REDACTED] of [REDACTED] per H Share (being the mid-point of the indicative [REDACTED] of [REDACTED] and [REDACTED]), after deducting the [REDACTED] commissions and other estimated [REDACTED] expenses in connection with the [REDACTED], we estimate that we will receive [REDACTED] of approximately [REDACTED] from the [REDACTED]. In line with our strategies, we intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below: (i) approximately [REDACTED], or [REDACTED], for expanding our production capacity in response to market demand and optimizing our production capacity layout; (ii) approximately [REDACTED] of the [REDACTED], or [REDACTED], for enhancing our R&D capabilities; (iii) approximately [REDACTED] of the [REDACTED], or [REDACTED], for

SUMMARY

potential strategic investment or acquisitions; (iv) approximately [REDACTED] of the [REDACTED], or [REDACTED], for building our overseas sales and marketing team and expanding overseas sales channels; (v) approximately [REDACTED] of the [REDACTED], or [REDACTED], for achieving comprehensive digitization of production processes; and (vi) approximately [REDACTED] of the [REDACTED], or [REDACTED], for working capital and general corporate purposes. See “Future Plans and [REDACTED]” in this document for further details.

[REDACTED]

[REDACTED]

SUMMARY

DIVIDEND

We declared a dividend of RMB10.0 million in 2023 and completed the payment. In May 2026, we declared a dividend of RMB5.0 million for the year ended December 31, 2025. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. We currently do not have a dividend policy or a pre-determined dividend payout ratio.

According to the applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: (i) recovery of accumulated losses, if any; (ii) allocations to the general risk reserve of not less than 10% of our profit after tax; (iii) allocations to the statutory reserve equivalent to 10% of our profit after tax, and, when the statutory reserve reaches and is maintained at or above 50% of our registered capital, no further allocations to this statutory reserve will be required; and (iv) allocations, if any, to a discretionary common reserve fund that are approved by our Shareholders in a Shareholders’ meeting.

Upon completion of the [REDACTED], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Since December 31, 2025 and up to the Latest Practicable Date, our business continued to expand, and our production volume and production capacity continued to increase. Particularly, in the four months ended April 30, 2026, our cable conductors business for high-speed copper cables expanded substantially compared to the same period in 2025. In addition, in the first quarter of 2026, our Machong Production Base commenced operation. For details, see “Business — Our Production — Production Bases.”

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025 (being the date of our latest audited financial statements) and there has been no event since December 31, 2025 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the following meanings. Certain technical terms are explained in “Glossary of technical terms”.

“Accountants’ Report”	the accountants’ report of our Company for the Track Record Period, as included in Appendix I to this document
“Acting-in-Concert Agreement”	the acting-in-concert agreement entered into by Mr. Zhao and Mr. Deng on July 31, 2023
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	Accounting and Financial Reporting Council of Hong Kong
“Articles of Association” or “Articles”	the articles of association of our Company, conditionally adopted on April 28, 2026 with effect from the [REDACTED], as amended, supplemented, or otherwise modified from time to time, a summary of which is set out in Appendix III to this document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors
“Business Day” or “business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“China” or “the PRC”	the People’s Republic of China, and for the purposes of this document only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time)

DEFINITIONS

“Company”, “our Company” or “the Company”	Guangdong TOYA Technology Co., Ltd. (廣東同亞科技股份有限公司), which was initially established under the laws of the PRC as a limited liability company on February 2, 2010 under the name of Dongguan TOYA Electronic Technology Co., Ltd. (東莞市同亞電子科技有限公司) and was subsequently converted into a joint stock company with limited liability on February 13, 2026
“Company Law” or “PRC Company Law”	Company Law of the People’s Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“Compliance Adviser”	has the meaning ascribed thereto under the Listing Rules
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to Mr. Zhao Gang, Mr. Deng Xiang, Shenzhen Yamei and TOYA Enterprise Management, as further detailed in “Relationship with Our Controlling Shareholders” in this document
“Conversion of Unlisted Shares into H Shares”	the conversion of [REDACTED] Unlisted Shares in aggregate held by 22 existing Shareholders into [REDACTED] H Shares upon the completion of the [REDACTED]
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code in Appendix C1 to the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
[REDACTED]	[REDACTED]
“Director(s)”	the director(s) of our Company
“EIT”	enterprise income tax
“EIT Law”	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
“Employee Share Incentive Plan”	the [REDACTED] employee incentive plan adopted by the Company, the principal terms of which are set out in the section headed “Appendix IV — Statutory and General Information — Employee Share Incentive Plan”
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“FIL”	Foreign Investment Law of the PRC (中華人民共和國外商投資法)
[REDACTED]	[REDACTED]

DEFINITIONS

“Frost & Sullivan” or “Industry Consultant”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent professional market research and consulting company
“F&S Report”	an independent market research report prepared by Frost & Sullivan, which was commissioned by our Company for the purpose of this document
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Governmental Authority(ies)”	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organization, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational
“Group”, “our Group”, “we”, “us”, or “our”	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
“Guide”	the Guide for New Listing Applicants published by the Stock Exchange effective on January 1, 2024, as amended from time to time
“H Share(s)”	overseas listed foreign Share(s) in the share capital of our Company with a nominal value of RMB1.0 each, which are to be [REDACTED] for and [REDACTED] in HK dollars and are to be [REDACTED] on the Stock Exchange
[REDACTED]	[REDACTED]
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”, “HK dollars” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
“Hong Kong TOYA”	TOYA Technology(HK)Company Limited (同亞科技(香港)有限公司), a company incorporated in Hong Kong on May 19, 2026 and a direct wholly-owned subsidiary of our Company
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Huarui Tianchen”	Dongguan Huarui Tianchen Equipment Co., Ltd. (東莞市華瑞天辰設備有限公司), a company established in the PRC on July 7, 2025 and a direct wholly-owned subsidiary of our Company
“IFRS”	International Financial Reporting Standards, as issued by the International Accounting Standards Board
“Independent Third Party(ies)”	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
“Jiangxi TOYA”	Jiangxi TOYA Technology Co., Ltd. (江西同亞科技有限公司), a company established in the PRC on March 19, 2019 and a direct wholly-owned subsidiary of our Company
“Latest Practicable Date”	June 1, 2026, being the latest practicable date for ascertaining certain information in this document before its publication
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“MIIT”	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Deng”	Mr. Deng Xiang (鄧祥), co-founder, executive Director and deputy general manager of our Company, and is one of our Controlling Shareholders
“Mr. Zhao”	Mr. Zhao Gang (趙剛), founder, executive Director, Chairman of the Board and general manager of our Company, and is one of our Controlling Shareholders
“Nomination Committee”	the nomination committee of the Board
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“PRC Legal Adviser”	Haiwen & Partners, our legal adviser as to PRC laws
“[REDACTED] Investment(s)”	the investment(s) in our Company undertaken by the [REDACTED] Investors prior to the [REDACTED], the details of which are set out in “History, Development and Corporate Structure — [REDACTED] Investments” in this document
“[REDACTED] Investor(s)”	the investor(s) who participated in our [REDACTED] Investment(s) as named in “History, Development and Corporate Structure — [REDACTED] Investments — Information of the [REDACTED] Investors” in this document
[REDACTED]	[REDACTED]
“province(s)”	for the purpose of this document and for geographical reference only the “province(s)” include(s) municipalities, autonomous regions and special administrative regions in China
“Qingdao TOYA”	Qingdao TOYA Technology Co., Ltd. (青島同亞科技有限公司), a company established in the PRC on February 28, 2025 and a direct wholly-owned subsidiary of our Company
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“SAFE”	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)

DEFINITIONS

“Securities Law” or “PRC Securities Law”	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
“SFC”	Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)” or “Ordinary Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.0 each, comprising Unlisted Shares and H Shares
“Shareholder(s)”	holder(s) of our Share(s)
“Shanghai Stock Exchange”	the Shanghai Stock Exchange (上海證券交易所)
“Shenzhen Yamei” or “Employee Shareholding Platform”	Shenzhen Yamei Enterprise Management Partnership (Limited Partnership) (深圳市亞美企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on January 4, 2022, the general partner of which is Mr. Zhao, and is one of our Controlling Shareholders
“Singapore TOYA”	TOYA TECHNOLOGY PTE. LTD. (同亞(新加坡)科技有限公司), a company incorporated in Singapore on December 6, 2023 and a direct wholly-owned subsidiary of our Company
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Sole Sponsor”	Orient Capital (Hong Kong) Limited
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“Substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Supplemental Agreement”	the supplemental agreement entered into between our Company and the Shareholders on June 5, 2026 regarding the termination of special rights

DEFINITIONS

“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Thailand TOYA”	TOYA ELECTRONICS TECHNOLOGY (THAILAND) CO., LTD. (同亞(泰國)電子科技有限公司), a company incorporated in Thailand on January 12, 2024 and an indirect wholly-owned subsidiary of our Company
“TOYA Enterprise Management”	Dongguan TOYA Enterprise Management Co., Ltd. (東莞市同亞企業管理有限公司), a limited liability company established in the PRC on December 8, 2021, which is owned as to 50.00% by Mr. Zhao and 50.00% by Mr. Deng, and is one of our Controlling Shareholders
“TOYA New Materials”	TOYA New Materials (Dongguan) Co., Ltd. (同亞新材料(東莞)有限公司), a company established in the PRC on September 3, 2025 and a direct wholly-owned subsidiary of the Company
“Track Record Period”	the three financial years ended December 31, 2023, 2024 and 2025
“U.S.”, “US” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. dollars,” “US dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Unlisted Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.0 each, which are not listed on any stock exchange
“VAT”	value-added tax
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“%”	per cent.

The English translation of PRC entities, enterprises, nationals, facilities and regulations in Chinese or another language in this document is for identification purposes only. In this document, should there be any discrepancy between the Chinese names of the entities or enterprises established in China and its English translation, the Chinese names shall prevail. English translations of company names which are marked with “” and other terms from the Chinese language are provided for identification purposes only.*

For the purpose of this document, references to “provinces” of China include provinces, municipalities under direct administration of the central government and provincial-level autonomous regions.

GLOSSARY OF TECHNICAL TERMS

In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Group and our business shall have the meanings set out below. The terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“AI”	artificial intelligence, technologies that enable machines to perform tasks that typically require human intelligence, including data processing and pattern recognition
“AI data center”	a specialized type of data center designed and optimized to handle the immense computational demands of AI workloads. It relies extensively on graphics processing units and is designed to support both the training of AI models and the execution of AI inference tasks
“AR”	augmented reality, a technology that overlays digital information, such as images, sounds and other data, onto the real-world environment in real-time, enhancing the user’s perception and interaction with the surroundings
“annealing”	a heat treatment process to eliminate the work hardening introduced by drawing and other cold-working processes, restore plasticity, reduce hardness and preserve the optimum electrical characteristics and metallic performance of metal materials
“BCI”	brain-computer interface, active medical devices that establish direct connections with the brain, the central nervous system, or the peripheral nervous system
“CAGR”	compound annual growth rate
“conductivity”	the ability of a material to conduct electricity
“consistency”	the uniformity of the physical properties of a material, such as particle size and morphology, which can affect the performance in downstream applications such as conversion efficiency and stability
“DC resistance”	direct current resistance, the opposition to direct current flow in a conductor
“diameter”	the distance from one side to the opposite side of a circular section, measured by a line passing through the center of such section
“die”	a precision-engineered tool, typically made of hardened steel, tungsten carbide or diamond, with a conical or specifically shaped aperture through which copper or copper alloy material is pulled or forced during drawing or extrusion processes to reduce cross-sectional area, achieve accurate dimensions, enhance mechanical properties and impart a superior surface finish
“DOF”	degrees of freedom, the number of independent ways a robot can move, defined by its joints, allowing for unique rotational (pitch, yaw, roll) or translational (up/down, left/right, forward/backward) motions
“drawing”	a procedure that involves pulling metal materials through a die or series of dies to reduce the diameter

GLOSSARY OF TECHNICAL TERMS

“EFLOPS”	exa floating point operations per second, a unit of measurement indicating the speed of a computer, equal to one quintillion floating point operations per second
“electroplating”	a surface treatment process that applies the principle of electrolysis to deposit a layer of metal coating on the surface of a workpiece (the cathode)
“elongation”	the extent to which a material can be stretched before breaking, expressed as a percentage of its original length
“ERP”	enterprise resource planning, a business process management software that allows an organization to use a system of integrated applications to manage the business and digitalize back-office functions relating to technology, services and human resources
“ESG”	environmental, social and governance
“eVTOL”	electric vertical take-off and landing aircraft, a type of aircraft that can take off and land vertically, like a helicopter, while also being capable of wing-borne flight, like an airplane
“fatigue resistance”	the ability of a material to withstand repeated mechanical stress, such as bending or twisting, without failure
“fine”	in the context of diameter, more than 0.03 mm but less than 0.1 mm
“high-speed copper cable”	factory-terminated cable assemblies designed to transmit data at high speeds using copper-based conductors, typically within computing centers
“humanoid”	a robot that resembles the human body in shape and size and is able to mimic human motion, expressions, interaction and movements
“IACS”	International Annealed Copper Standard, a standardized reference system for electrical conductivity established by the International Electrotechnical Commission and used to characterize the electrical conductivity of metal materials
“industrial robot”	a type of robot designed for manufacturing and warehousing processes, typically used for tasks such as welding, painting, assembly, and material handling, and automated picking and packing, sorting and distribution, palletizing and depalletizing
“IoT”	Internet of Things, referring to the collective network of physical objects embedded with sensors, software and other technologies to connect and exchange data with other devices and systems over the internet or other communication networks
“ISO”	International Organization for Standardization, an independent, non-governmental organization that develops and publishes international standards
“ISO 13485”	a set of requirements for a quality management system where an organization needs to demonstrate its ability to provide medical devices and related services that consistently meet customer and applicable regulatory requirements
“ISO 9001”	an internationally recognized quality management system standard

GLOSSARY OF TECHNICAL TERMS

“kg”	kilogram, a unit of mass
“low-altitude economy”	economic activities and industries related to the utilization of low-altitude airspace, typically involving drones, air taxis and other aerial technologies
“MES”	manufacturing execution system, which monitors, tracks and controls manufacturing processes in real-time
“mm”	millimeter, a unit of length equal to one-thousandth of a meter (10^{-3} m)
“MPa”	megapascal, a unit of pressure or stress equal to one million pascals
“NEVs”	new energy vehicles, mainly comprising of battery electric vehicles and plug-in hybrid electric vehicles
“new materials”	any new or significantly improved material that provides a distinct advantage in (physical or functional) performance when compared to conventional materials
“plating”	a process of depositing metal onto a metal surface using chemical or electrochemical methods
“QC 080000”	an international specification by International Electrotechnical Commission Quality Assessment System for Electronic Components (known as IECQ) that help enterprise implement a Hazardous Substance Process Management system
“R&D”	research and development
“regular”	in the context of diameter, no less than 0.1 mm
“resistivity”	the intrinsic property of a material that quantifies its resistance to electrical current flow
“roundness”	the degree to which a cross-section approximates a perfect circle
“sq.m.”	square meter, a unit of area
“signal integrity”	the ability of an electrical signal to travel through a circuit or printed circuit board trace without excessive loss, distortion, or interference so that data is transmitted accurately and reliably
“stranding”	a process that helically winds multiple single metal strands or ropes together in a specific direction and pitch to form metal ropes of a larger size
“tensile strength”	the maximum stress that a material can bear before breaking when it is allowed to be stretched or pulled
“UAV”	unmanned aerial vehicle
“ultra-fine”	in the context of diameter, no more than 0.03 mm
“VR”	virtual reality, a technology that creates simulated experiences by immersing users in computer-generated environment
“yield”	the percentage of products that meet quality standards through a manufacturing process, without needing rework or repairs
“ μ m”	micrometer, a unit of length equal to one-millionth of a meter (10^{-6} m)

FORWARD-LOOKING STATEMENTS

Certain statements in this document are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, future events, or performance (often, but not always, through the use of words or phrases such as “will”, “expect”, “anticipate”, “estimate”, “believe”, “going forward”, “ought to”, “may”, “seek”, “should”, “intend”, “plan”, “projection”, “could”, “vision”, “goals”, “aim”, “aspire”, “objective”, “target”, “schedules” and “outlook”) are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this document), uncertainties and other factors some of which are beyond our Company’s control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- our ability to control costs and expenses;
- our ability to identify and satisfy customer demands;
- our ability to maintain good relationships with business partners;
- the actions and developments of our competitors;
- changes to regulatory and operating conditions in the industries and geographical markets where we operate;
- relevant government policies, legislations and regulations relating to our business and industry, as well as interpretation and positions adopted by, and actions taken by, the relevant regulatory agencies; and
- all other risks and uncertainties described in “Risk Factors.”

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of, or references to, our intentions or those of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

RISK FACTORS

An investment in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, results of operations and financial condition. The [REDACTED] of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date, unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-looking Statements” in this document.

We are a provider of high-performance precision metal connection wires, primarily focusing on the R&D, production and sales of precision cable conductors. We believe there are certain risks and uncertainties involved in investing in our H Shares, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to conducting business in the jurisdictions where we operate; and (iii) risks relating to the [REDACTED].

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition and results of operation. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business relies on market demand for our products from various downstream industries, and fluctuations, downturns or changes in these markets along with any underperformance in emerging market development relative to expectations, could materially and adversely affect our business, results of operations, financial condition and prospects.

Our products comprise (i) precision cable conductors and (ii) precision metal filaments and ropes, and are designed for various downstream applications in smart terminals, precision medical devices, low-altitude economy and robotics, computing centers, and NEVs and other equipment. Accordingly, our business and results of operations have been, and are expected to continually be, affected by demand in the relevant downstream markets. Such demand is affected by many factors, including but not limited to: (i) demand for the end products of our downstream customers that deploy our products; (ii) technological requirements for better performance in downstream applications; (iii) product iteration cycles and design specifications of downstream customers; and (iv) cost sensitivity and procurement strategies of downstream customers in response to fluctuations in raw material prices and processing yields.

There can be no assurance that the demand for our products will maintain at a comparable level as we experienced during the Track Record Period or continue to increase in the future. If such demand does not increase as we have expected, it may result in under-utilization of our production capacity and in turn materially and adversely affect our business, results of operations and financial condition.

RISK FACTORS

If we are unable to compete effectively, our business, results of operations and financial condition may be materially and adversely affected.

We operate in the high-performance precision metal connection wires market, which is highly competitive and subject to rapid changes. We compete with both PRC and overseas manufacturers on a number of factors, including but not limited to product quality, performance and reliability, pricing, delivery capability, customization capability, technical expertise, production capacity, customer services and long-term customer relationships.

Some of our competitors may have greater financial, technical or operational resources, longer operating histories, broader product offerings, stronger brand recognition or closer relationships with customers than we do. In addition, existing competitors may expand their production capacity, and new competitors may enter the market, including companies from adjacent industries or customers that choose to develop in-house manufacturing capabilities, which could intensify competition.

If we fail to maintain or enhance our competitive position, we may be required to reduce prices, increase sales and marketing expenses, accelerate capital expenditures or make additional investments in technology and production capacity, any of which could adversely affect our margins and profitability and hence our business, results of operations and financial condition.

Our production capacity may be insufficient and our expansion efforts may not be effective as expected.

Our available equipment operating hours at all of our production bases were 12.3 million, 14.6 million and 19.3 million in 2023, 2024 and 2025 respectively. During the Track Record Period, our capacity utilization rate increased continuously, from 77.3% in 2023 to 81.1% in 2024 and further to 93.2% in 2025. See “Business — Our Production — Production Bases.” If our production capacity cannot meet market demand, especially if we experience increased demand for our products as we grow our business, our ability to deliver products to customers on a timely basis will be affected, thereby adversely affecting our relationships with customers.

To support our long-term growth and anticipated market demand, we plan to expand our production capacity through constructing new and expanding existing production bases. See “Business — Our Production — Production Expansion Plan.” Such expansion plans involve various operational and execution risks. In particular, construction, installation and ramp-up of new or expanded production bases may be subject to delays, cost overruns, equipment installation issues or workforce constraints. Any delay in the completion or commissioning of new production capacity may result in delayed revenue contribution and constrain our ability to meet customer demand. If we are unable to effectively integrate or scale our expanded production capacity in line with market demand, it may lead to under-utilization of capacity, increased logistics and management costs, or delays in production and delivery, which could materially and adversely affect our business, results of operations and financial condition.

We may also be required to obtain various approvals, licenses or permits in connection with the construction and operation of new and expanded production facilities, particularly in overseas jurisdictions. There can be no assurance that all such approvals, licenses or permits can be obtained in a timely manner or at all, or that future regulatory requirements will not become more stringent. As of the Latest Practicable Date, we had not experienced any material difficulties or delays in implementing our production capacity expansion plans. However, there can be no assurance that such expansion plans will proceed as scheduled. Any failure to obtain or maintain such approvals or any delay in implementing our production capacity expansion plans could materially and adversely affect our business, results of operations, financial condition and prospects.

RISK FACTORS

Furthermore, if market demand declines, we may not be able to recoup the costs incurred for constructing new and expanding existing production bases and the maintenance of expanded production capacity. Any delay in or cancellation of our expansion plans could also subject us to disputes with various counterparties, thereby materially and adversely affecting our business, results of operations, financial condition and prospects.

Fluctuations in the prices of our principal raw materials could materially and adversely affect our business, results of operations and financial condition.

Our principal raw materials are copper, silver and tin. The prices of copper, silver and tin are susceptible to fluctuations driven by a variety of factors beyond our control, including but not limited to inflation, global supply and demand, production capacity, mining and refining costs, geopolitical events, trade policies and foreign exchange movements. Fluctuations in the prices of these raw materials can directly affect our costs of sales, which may in turn materially affect our results of operations. In 2023, 2024 and 2025, our direct materials costs were RMB100.3 million, RMB112.3 million and RMB177.4 million, respectively, accounting for 82.6%, 78.2% and 78.1% of our cost of sales, respectively.

When pricing our products, we may take into account the prevailing market prices of these metals. In particular, copper prices, which represent the most significant component of our direct materials costs, are often referenced in our pricing mechanism. For certain products, pricing is determined with reference to prevailing copper market prices in individual purchase orders when our customers place them with us, while for others, pricing may be fixed upfront in the relevant sales contracts with reference to such market prices.

Market fluctuations in raw material prices can occur between our procurement of raw materials and the sale of our products. Such time lag may give rise to pricing mismatches, as changes in direct materials costs may not be fully or immediately reflected in our product pricing. Meanwhile, our product pricing may be determined in advance for specific orders or contractual arrangements, which may limit our ability to promptly reflect the changes in raw material prices. In 2025, we experienced a substantial increase in our procurement costs of raw materials, particularly copper, silver and tin, due to volatility in their market prices, which has negatively affected our gross profit margins of fine, ultra-fine and regular products in the same year. As we do not currently engage in hedging or other financial arrangements to mitigate such exposure, any adverse movements in raw material prices during this period may adversely affect our profit margins and cash flows, and could in turn materially and adversely affect our business, results of operations and financial condition.

Our product pricing may not always fluctuate in line with the changes in raw material prices. If we fail to make such adjustments in a timely manner or if such adjustments cannot fully offset the increases in direct materials costs, particularly due to competitive pressures, contractual arrangements or changes in customer demand, our business, results of operations and financial condition may be materially and adversely affected.

We rely on a limited number of key suppliers, from which we procured more than half of our supplies during the Track Record Period.

We relied on a limited number of key suppliers during the Track Record Period. In 2023, 2024 and 2025, our purchases from the five largest suppliers accounted for 57.3%, 55.9% and 55.8% of our total purchases, respectively. During the same years, our single largest supplier accounted for 20.0%, 17.1% and 18.0% of our total purchases, respectively. See “Business — Our Supply Chain — Top Five Suppliers.”

RISK FACTORS

If all or a significant number of our suppliers are unable or unwilling to meet our requirements, we could suffer shortages or cost increases of raw materials. Our suppliers may fail to meet our needs for various reasons, including but not limited to operational failures, mining and processing problems, transportation interruptions, financial distress, government regulation, natural disasters, weather, epidemics and strikes. Moreover, there can be no assurance that we will be able to maintain stable business relationships with our key suppliers or that disputes will not arise with them. Should we fail to effectively manage our relationships with key suppliers, they may decide to terminate business relationships with us and our supply chains may be disrupted. Changing suppliers or finding new suppliers may be costly and time-consuming. If we are unable to timely obtain raw materials in sufficient quantities, of satisfactory quality or at commercially acceptable prices, our production volume, quality of products and profit margins may be materially and adversely affected.

We incurred net operating cash outflows during the Track Record Period and there can be no assurance that we will not experience the same in the future.

During the Track Record Period, we recorded net operating cash outflows of RMB12.9 million in 2023 and RMB38.6 million in 2025, primarily attributable to increases in our trade and notes receivables and inventories as our business expanded, which led to higher working capital requirements. Our operating cash flows are sensitive to business conditions and our commercial arrangements with customers. Although we seek to manage our working capital, there can be no assurance that we will be able to match the timing and amounts of our cash inflows with the timing and amounts of our payment obligations and other cash outflows. As a result, there could be periods during which we experience net operating cash outflows, particularly as our customers generally settle payments after delivery and monthly reconciliation and our suppliers of raw materials may subject us to relatively short credit terms in line with industry practice, which may result in cash outflows preceding cash inflows for certain orders during certain periods. See “Financial Information — Liquidity and Capital Resources — Cash Flows.”

Our operating cash flows may fluctuate from period to period depending on, among other things, our revenue scale, changes in working capital requirements and the pace at which operating profits translate into cash inflows. There can be no assurance that we will not experience net operating cash outflows in the future. If our operating cash inflows are insufficient to cover our operating expenses and expansion needs, our liquidity, financial condition and ability to execute our business plans could be adversely affected, and there can be no assurance that we will be able to obtain adequate debt or equity financing at commercially reasonable costs, or at all, to cover such expenses or meet such needs. See “— We may be unable to secure additional financing on commercially favorable terms or in a timely manner.” If we fail to successfully manage our working capital or acquire adequate funding to finance our operations and expansion, our business, results of operations and financial condition may be materially and adversely affected.

We are subject to inventory management risks, including impairment, shortages or excesses, which could materially and adversely affect our business, results of operations and financial condition.

Maintaining optimal inventory levels is critical to the success of our business. Our inventories primarily consist of (i) raw materials, primarily copper, silver and tin, (ii) work-in-progress, mainly comprising semi-finished products at various stages of production, and (iii) finished goods of precision cable conductors and precision metal filaments and ropes that are ready for delivery to customers. As of December 31, 2023, 2024 and 2025, the balance of our inventories was RMB32.0 million, RMB42.9 million and RMB85.9 million, respectively. In 2023, 2024 and 2025, our inventory turnover days were 84.9 days, 95.1 days and 103.4 days, respectively.

RISK FACTORS

Our inventory risk primarily arises from potential fluctuations in the market supply of raw materials and the market demand for our finished goods. For raw materials, we generally maintain a safety stock and adopt a multiple sourcing approach. For finished goods of standard products, we make inventory planning decisions based on, among other things, prevailing market demand, historical order patterns from our existing customers, raw material price trends and our available production capacity. For details of our inventory management policies and measures, see “Business — Inventory Management and Warehousing.” However, our inventory management measure may not always be effective. For example, we may not be able to accurately forecast customer demand or adjust our production plans in a timely manner. Understocked inventory may cause us to lose sales opportunities, and as a result, our business and prospects may be adversely affected. In contrast, an unexpected decrease in market demand for the products we sell could lead to inventory obsolescence, decline in inventory value, increased inventory holding costs or inventory write-offs, which may in turn adversely affect our results of operations and financial condition.

We are subject to credit risk in respect of our trade and notes receivables.

Our trade and notes receivables represent amounts due from customers for products we sell to them in the ordinary course of our business. We typically require customers to settle the payment within 90 calendar days upon receipt of the invoices issued by us. Many of our customers have internal compliance requirements and must conduct periodic reconciliation checks with us before we issue the relevant invoices to them, which could result in extended payment cycles. The balance of our trade and notes receivables of RMB92.2 million, RMB108.0 million and RMB169.1 million, respectively, as of December 31, 2023, 2024 and 2025, represented our maximum exposure as of the respective dates to credit risk in relation to trade and notes receivables. However, there can be no assurance that the collection of amounts due from our customers will be timely, and they may even default on their payments to us. In 2023, 2024 and 2025, our trade and notes receivables turnover days were 140.9 days, 177.1 days and 166.6 days, respectively.

Our ability to collect all such trade and notes receivables is subject to various factors, some of which are beyond our control, including but not limited to extended payment cycles, adverse changes in customers’ operating or financial condition, or broader economic downturns affecting our downstream industries. If we are unable to manage the credit risk in respect of our trade and notes receivables effectively, we may not be able to recover the outstanding amounts of our trade and notes receivables if at all, which may lead to provisions for impairment, write-offs of trade and notes receivables, and potentially legal costs if we decide to enforce our rights through litigation, and may in turn adversely affect our cash flows, results of operations and financial condition.

We may be exposed to liquidity risks as a result of a long cash conversion cycle.

We recorded relatively long inventory turnover days and trade and notes receivables turnover days during the Track Record Period which may cause delays in the conversion of our revenue into cash flows. Our cash conversion cycle, which is a metric used to measure how efficiently we manage our working capital by tracking the number of days it takes to convert our investments in inventory and other resources into cash flows from sales, was 198.6 days, 236.1 days and 232.4 days in 2023, 2024 and 2025, respectively. The cash conversion cycle is calculated based on the sum of average inventory turnover days and average trade and notes receivables turnover days, less average trade payables turnover days. The increase in our cash conversion cycle in 2024 compared to 2023 was primarily attributable to (i) our relatively long trade and notes receivables turnover days, as certain of our large customers had relatively longer payment cycles than other customers in 2024, and (ii) our relatively long average inventory turnover days, mainly due to faster growth in our inventory levels relative to the growth in our cost of sales in 2024. For details, see “Financial Information — Discussion of Selected Items from Consolidated Statements of Financial Position.”

RISK FACTORS

While we aim to optimize our cash conversion cycle, there can be no assurance that our measures to manage our cash flows will be effective and our long cash conversion cycle can be improved in the future. A long cash conversion cycle may increase our reliance on working capital and/or external financing to support our business and results of operations in the future. If we are unable to manage our working capital efficiently or to secure adequate financing on acceptable terms, our liquidity position may be negatively impacted, which could in turn materially and adversely affect our business, results of operations and financial condition.

We may be subject to financial and reputational risks if we fail to maintain effective quality control.

As the quality of our products is critical to the success of our business, we must maintain an effective quality control system for our production, failure of which could lead to product returns, product recalls, product liability claims and order adjustments and may adversely affect our business, reputation, results of operations and financial condition. We have established a quality control system, the effectiveness of which depends on its design and the effectiveness of its implementation. During the Track Record Period and up to the Latest Practicable Date, we did not experience any product return, product recall or product liability claim that was material to our Group. Our quality control system may not always be effective, or we may not be able to identify any defects in our quality control system in a timely manner. Any product quality issues that we fail to detect or prevent or respond effectively could lead to contractual, product liability and other claims. Any such claims, regardless of their merits, could cause us to incur significant costs, harm our business and reputation and result in significant disruption to our operations. Furthermore, if any such claims were ultimately successful, we could be required to pay substantial monetary damages or penalties, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

We may not be able to retain existing and attract new customers, and we rely on a limited number of key customers, from which we derived more than half of our revenue during the Track Record Period.

Our continued success requires us to retain existing customers and develop new customers. Our ability to maintain and expand our customer base depends on, among other things, our capability to effectively and timely respond to customer requirements, identify and penetrate target application fields or geographic markets, and adapt our sales strategies to evolving industry trends and customer procurement practices. In addition, intensified competition may require us to increase marketing and sales expenditures as well as offer commercial terms more favorable to customers, any of which could adversely affect our profitability. If we fail to retain our existing or attract new customers, or expand into new application fields or geographic markets, our ability to generate sales and sustain growth may be materially and adversely affected, thereby adversely affecting our business, results of operations and financial condition.

In particular, more than 60% of our products by revenue are customized products, which are highly tailored to the specifications of the relevant application scenario and our customer requirements. To maintain our relationships with these customers, we may be required to develop new products and make modifications to our existing products that involve significant technological challenges, and participate in lengthy field trials and extensive qualification programs. Our customers may also place considerable pressure on us to meet their tight development schedules, cost-down targets and throughput yield improvements, and require extensive, localized technical support, which would require us to significantly expand our customer support capabilities. There can be no assurance that these efforts will result in future orders or long-term business relationships, and devoting substantial resources to a limited number of customization projects may delay other product initiatives and constrain our ability to pursue new opportunities. Any failure to meet customer requirements in a timely and cost-effective manner could impair our customer relationships, reduce sales of our products and limit our ability to grow.

RISK FACTORS

Moreover, during the Track Record Period, a majority of our revenue was contributed by a limited number of key customers. In 2023, 2024 and 2025, revenue generated from our five largest customers accounted for 63.6%, 54.0% and 51.0% of our total revenue, respectively. During the same years, our single largest customer contributed to 35.1%, 17.3% and 15.8% of our total revenue, respectively. See “Business — Our Customers.” There can be no assurance that we will be able to retain any of our key customers or maintain stable relationships with them. Any material delay or reduction in, or cancellation of, purchase orders from our key customers could cause our sales to decline significantly, and in any such event, our results of operations may be materially and adversely affected. Additionally, there can be no assurance that our key customers will place orders with us in the future at levels similar to prior periods. If any of the foregoing events occurs, our business, results of operations and financial condition may be materially and adversely affected.

Our brand and reputation are integral to our success, and any damage to, or failure to maintain or enhance our brand image could materially and adversely affect our business.

We rely on the strength of our brand and reputation in marketing and selling our products. Our customers generally place significant emphasis on supplier credibility, product consistency, delivery reliability and long-term technical support when selecting suppliers. Any actual or perceived deterioration in product quality, delivery performance, customer support, regulatory compliance or operational reliability could adversely affect customer confidence in our products and harm our brand and reputation. If we are unable to maintain and enhance our brand and reputation, our business, results of operations, financial condition and prospects could be materially and adversely affected.

Moreover, negative publicity involving us, whether arising from product quality issues, customer disputes, regulatory scrutiny, intellectual property disputes, workplace incidents or other matters, regardless of its merits, could damage our brand and reputation. Any such damage may result in loss of existing customers, reduced ability to attract new customers, increased price pressure and a weakened competitive position.

In addition, certain of our products are used as components in third-party end products, which are designed, assembled and sold by our customers or other downstream manufacturers. As we are not involved in the design, production or quality control of these end products, we cannot practically identify or eliminate all of the potential complexity or risk factors associated with the end-use environment. Therefore, even if our products meet the required specifications and pass all quality inspections at the time of delivery, there can be no assurance that they will perform as expected under sophisticated, dynamic or unforeseen application scenarios. Any failure or malfunction of the end products in which our products are deployed, whether or not attributable to our products, may expose us to reputational damage and potentially product liability claims, thereby adversely affecting our business, results of operations and financial condition.

We may undertake acquisitions and investments, which could prove difficult to integrate, disrupt our business or otherwise adversely affect our business, results of operations, financial condition and prospects.

As part of our business strategy, we may seek and evaluate strategic opportunities for acquisitions of or investments in businesses, products, technologies, production capacity or know-how that we believe would generate synergistic effects for our existing business. However, identifying suitable targets and consummating acquisitions and investments may be costly and time-consuming, and we may not be able to obtain relevant approvals required for the completion of such acquisitions and investments. In addition, if we finance acquisitions or investments by issuing equity or equity-linked securities, our existing Shareholders may experience dilution, which could affect the market price of our H Shares. In the event that our competitors capitalize on suitable acquisition or investment opportunities before we do, our ability to effectively compete with our competitors may be impaired and our prospects may be adversely affected.

RISK FACTORS

Moreover, even if any such acquisition or investment is successfully completed, we may fail to realize the expected benefits of such transactions or encounter difficulties in integrating the acquired businesses, operations, technologies or personnel, which could disrupt our business or otherwise adversely affect our business, results of operations, financial condition and prospects.

Our historical growth may not be indicative of our future performance, and we may be unable to sustain our growth rates or profitability.

We experienced growth in revenue and net profit during the Track Record Period. In 2023, 2024 and 2025, our revenue was RMB172.2 million, RMB206.3 million and RMB303.4 million, respectively. During the same years, our net profit was RMB32.0 million, RMB41.9 million and RMB47.1 million, respectively. However, this only reflects our historical performance and may not be indicative of our future performance. The sustainability of our growth and profitability depends on a number of factors, many of which are beyond our control, including but not limited to evolving customer requirements and demand, competition, technological advancement and changes in economic condition. If we are not able to effectively manage our business growth and further expand our operations as needed, we may not be able to successfully implement the strategies necessary to further our business prospects on schedule or within our budget, or at all. Accordingly, we may not be able to sustain the growth we achieved in the past. Any failure to manage our future growth effectively may materially and adversely affect our business operations and prospects.

We may be unable to secure additional financing on commercially favorable terms or in a timely manner.

Notwithstanding our current cash reserves and expected proceeds from ongoing financing activities, we may require additional financing to support our continued growth, production capacity expansion, and potential strategic acquisitions or investments, among other things. Our ability to obtain additional financing on commercially acceptable terms depends on factors such as market conditions, our operational performance, credit availability, and the overall financial environment. If we are unable to secure necessary funding when needed, we may face constraints in executing our expansion plans, meeting operational needs, or responding to market opportunities, thereby materially and adversely affecting our business and prospects.

Any financing through the issuance of equity or equity-linked securities could dilute our existing Shareholders’ interests. Meanwhile, debt financing may increase our interest and debt repayment obligations and impose restrictive covenants on us, which could limit our operational and financial flexibility, affect our ability to pay dividends, and heighten sensitivity to adverse economic or market conditions, and may in turn materially and adversely affect our business, results of operations and financial condition.

We face risks relating to geopolitical, regulatory and supply chain disruptions arising from our international operations.

We operate production facilities in the PRC and Thailand, and maintain business relationships with PRC and overseas customers. We intend to expand our production capacity, at our Thailand Production Base which is expected to serve as a bridgehead for implementing our globalization strategy to gradually break into overseas markets such as Southeast Asia, Europe and the United States. See “Business — Our Competitive Strengths — Global-oriented, flexible and scalable production capabilities.” Our cross-border operations and potential international expansion plans expose us to a number of risks that may adversely affect our business, including but not limited to: (i) geopolitical and trade policy developments in the jurisdictions where we operate; (ii) dependence on critical suppliers in specific regions, and the ability to execute alternative sourcing strategies in a timely manner; (iii) execution risks related to the construction and expansion of overseas production facilities, including construction progress, regulatory approvals, and local operational conditions; (iv) availability and logistics costs affecting cross-border procurement and international supply chains; (v) changes in environmental, safety, labor, tax or trade regulations in the jurisdictions where we operate or plan to expand; (vi) currency exchange rate volatility affecting procurement,

RISK FACTORS

cross-border transactions and international sales. See “— We are subject to risks associated with fluctuations in foreign exchange rates”; (vii) political or economic instability in jurisdictions where we maintain production bases, suppliers or customers.

The foregoing exposures may give rise to potential disruptions. There can be no assurance that such disruptions can be effectively managed by us, if at all, which may in turn materially and adversely affect our business, results of operations, financial condition and prospects.

We are subject to risks associated with fluctuations in foreign exchange rates.

During the Track Record Period, we generated a portion of our revenue from overseas markets, and incurred direct materials costs in purchases from overseas suppliers. Accordingly, we are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Thai Baht. As we do not hedge against any foreign exchange risk, fluctuations in exchange rates could therefore result in foreign currency exchange losses, affect the pricing of our exported products and imported raw materials, and influence the carrying value of our monetary assets and liabilities denominated in foreign currencies. As we plan to further expand our international operations, our foreign exchange risk exposures may increase as a result. If we experience significant volatility in foreign exchange rates and are unable to implement effective foreign exchange risk management measures, our results of operations and financial condition may be adversely affected.

Delivery delays, poor handling by logistics service providers, or transportation disruptions may adversely affect our business.

We rely on logistics service providers to deliver raw materials to us from our suppliers and transport our products. Because these service providers are Independent Third Parties, the quality and timeliness of their services is beyond our control, and there can be no assurance that they will fulfill their contractual obligations in a timely manner at all times. Damage to, or loss, mis-handling or delayed delivery of, our products may happen due to various factors, many of which are beyond our control, including but not limited to our or our suppliers’ disputes with logistics service providers, capacity shortfalls at or termination by the logistics service providers, transportation shortage, extreme weather or natural disasters, labor strikes, epidemics, customs or regulatory inspections, equipment failures, and traffic and port congestion. Failure to effectively manage such risks could lead to delayed production schedules, order cancellations, loss of customers or sales and reputational harm. Moreover, we may not be able to extend contracts with our existing logistics service providers or timely secure alternative service providers on commercially acceptable terms. In the event of any loss of our logistics service providers, we may incur additional costs or suffer business interruptions that could materially and adversely affect our business, results of operations and financial condition.

Failures or errors in our production processes could lead to workplace accidents and safety incidents, which could damage our reputation and adversely affect our business, results of operations and financial condition.

Our production processes are sophisticated and involve precision processing of small-diameter metallic wirerods and filaments and ropes, which require specialized equipment, strict process control and a high level of operational discipline. Certain stages of our production processes involve mechanical stress, high-speed drawing, surface treatment and handling of metallic materials and chemicals, which inherently carry workplace safety risks.

RISK FACTORS

Although we have implemented safety management systems, operational protocols and employee training programs, there can be no assurance that such measures will be effective if at all and that workplace accidents or safety incidents will not occur, particularly as we expand production capacity or commission new and expanded production bases. Any workplace accident or safety incident could result in personal injuries or fatalities, legal liabilities, property damage, production suspension, regulatory investigations or negative publicity, among other things, which may in turn adversely affect our business, results of operations, financial condition and reputation. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material liabilities, penalties or claims arising from workplace accidents or safety incidents. However, there can be no assurance that such accident or incident will not occur in the future.

We may experience operational disruptions at our production bases.

Operational disruptions at our production bases may occur beyond our control, for reasons including but not limited to fires, natural disasters, extreme weather, technical or mechanical problems, power outages, diseases, widespread illness, strikes, labor shortages, transportation or supply interruption, contractual dispute, governmental regulation and actions, cybersecurity attacks, war or terrorism. Any operational disruption at our production bases could lead to delays in our production schedule and reduced inventory levels, and hinder our ability to fulfill customer orders on time, thereby reducing customer satisfaction. In the event of such disruptions, maintaining production volume and consistency in product quality while ensuring sufficient inventory levels to meet customer demand could be challenging. Identifying and securing alternative production facilities and equipment in a timely and cost-effective manner may not always be feasible. Failure to effectively manage such operational disruptions may materially and adversely affect our business, results of operations, financial condition and reputation. During the Track Record Period and up to the Latest Practicable Date, we did not experience any operational disruption at our production bases that was material to our Group. However, there can be no assurance that such disruption will not occur in the future.

Fraudulent or illegal activities or other misconduct committed by our employees, customers, suppliers or other third parties may subject us to financial losses and adverse publicity.

We may be exposed to risks arising from fraudulent or illegal activities or other misconduct committed by our employees, customers, suppliers or other third parties, which could subject us to financial losses and penalties from governmental authorities. Although our internal control procedures are designed to monitor our operations and ensure overall compliance, our internal control procedures may be unable to identify all non-compliance, suspicious transactions, fraud, corruption, bribery or other misconduct in a timely manner, or effectively prevent or deter such instances. Our risk management systems and internal control capabilities are limited by the information and risk management tools or technologies available to us. If any such misconduct of third parties committed against our interests occurs, we may suffer from operational disruptions, negative publicity and reputational damage, or even become subject to litigation and other proceedings, as well as administrative or criminal penalties for such misconduct, thereby adversely affecting our business and results of operations.

Our R&D efforts may not achieve expected results, and our products may not achieve expected market acceptance even after successful R&D.

The downstream application industries for our products are characterized by rapid technological and product iteration and evolving market trends. To maintain our competitive edge and market share, we are required to continually innovate and introduce new products that meet the changing demands of customers. This may include new product specifications, advanced processing techniques or the introduction of alternative materials and new product lines.

RISK FACTORS

There can be no assurance that our new products will attract sufficient demand or achieve profitability. Moreover, despite our efforts to ensure high product quality, our future products may fail to continue to meet the high standards expected by customers or comply with evolving industry regulations. If any new products fail to recover the R&D, production and marketing costs, among other things, or if we are unable to achieve or maintain the desired product quality, our business, results of operations and financial condition may be materially and adversely affected.

We may not be able to adequately protect our intellectual property rights, and may be subject to infringement of intellectual property rights, or misappropriation claims, by third parties.

We believe our patents, trade secrets and other intellectual property rights are crucial to our success. We may be subject to infringement of our intellectual property rights by third parties. For instance, third parties may copy or otherwise obtain and use our intellectual property rights without our prior authorization. In particular, as our ability to differentiate ourselves from competitors and maintain our market position depends in part on the distinctiveness of our products, processes and technical know-how, if our proprietary technologies, production processes or commercial information are misused, disclosed or replicated by competitors, our competitive advantages may be undermined and our brand differentiation may be weakened.

Our measures to enforce or defend our intellectual property rights may not always be successful. We may have to initiate legal proceedings to defend the ownership of our intellectual property rights against any infringement by third parties, and the outcome may be uncertain. If we are unable to adequately protect or safeguard our intellectual property rights, our business, results of operations, financial condition and prospects may be adversely affected.

Meanwhile, we are subject to risks of intellectual property right infringement or misappropriation claims by third parties in the course of our operations. For example, a competitor that maintains extensive intellectual property portfolios may allege that our anticipated commercial use of certain technologies infringes or misappropriates their intellectual property rights, particularly during the registration process. These claims often involve patents with broad scopes, making it possible for certain aspects of our production to be alleged as falling within their coverage.

Pursuing or defending against any of the foregoing claims can be costly and time-consuming, which may lead to: (i) substantial diversion of resources, including management attention and financial expenditures, to proceed with the legal proceedings, conduct investigations and negotiate settlements; (ii) exposure to significant legal fees and other litigation-related costs; (iii) reputational harm and negative publicity, which could adversely affect customer relationships and result in termination, deferral or reduction of orders for our products; and (iv) potential impact on strategic acquisition and investment opportunities and financing activities, as ongoing disputes may deter prospective candidates and diminish investor confidence.

Adverse determination in any such legal proceedings to which we are a party may subject us to material liabilities such as damages, or injunctions prohibiting the provision and marketing of the relevant products and restricting the use of disputed technologies, and force us to obtain third-party licenses, pay royalties or redesign products or production processes, among other negative consequences, thereby impeding our product development and commercialization, disrupting our business operations, damaging our brand and reputation, and in turn adversely affecting our business, results of operations and financial condition.

RISK FACTORS

We may face risks relating to labor relations, labor disputes, labor shortage and increases in labor costs.

Our success depends in part on our ability to recruit, train, retain and motivate our employees. However, our ability to recruit, train and integrate new employees into our operations may not keep pace with the growth of our business. Failure to recruit and retain sufficient qualified employees may result in reduced productivity and adversely affect our ability to meet customer requirements, which in turn could lead to lower customer satisfaction. Prolonged labor shortage could hinder our ability to maintain or expand our business operations, which may in turn materially and adversely affect our business, results of operations and financial condition.

Furthermore, labor costs have been fluctuating historically and may rise in the future, and the trend of labor shortage, inflation, aging population or regulatory changes may further contribute to increases in labor costs. We may need to increase our total compensations to continually recruit and retain experienced personnel required to achieve our business objectives. Any material increase in our labor costs may adversely affect our profitability, results of operations and financial condition, and there can be no assurance that we will be able to pass on any such increase to our customers.

Although we strive to maintain a safe and supportive work environment for our employees in line with relevant laws and regulations, workplace accidents and safety incidents involving our employees cannot be entirely eliminated. Such workplace accident or safety incident could result in personal injuries or fatalities and labor disputes, among other things, which may in turn adversely affect our business, results of operations, financial condition and reputation. See “— Failures or errors in our production processes could lead to workplace accidents and safety incidents, which could damage our reputation and adversely affect our business, results of operations and financial condition.” Any deterioration of our labor relations could lead to labor disputes or even strikes, which could disrupt our production and operations, delay production schedules, result in loss of experience, know-how and trade secrets, and cause substantial harm to our reputation, thereby materially and adversely affecting our business, results of operations and financial condition.

Our performance depends on the continued service of our management as well as key personnel.

Our success remains dependent on the continued service of our management and key personnel such as our R&D team, as they are respectively responsible for the overall planning for our business operations and the execution of our business strategies, and key aspects of our operations such as the R&D of new products. If any of our management members and key personnel were to terminate their employment with us, we may not be able to find suitable replacements in a timely manner, at a commercially acceptable cost or at all, and our business and growth could be disrupted as a result, thereby materially and adversely affecting our business, results of operations, financial condition and prospects. Additionally, any loss of our management members or key personnel may also increase the risk of leakage of our commercially sensitive information, know-how or technical expertise to competitors, which could undermine our competitive advantages.

Moreover, as our business requires highly skilled technical and operational personnel, we may face competition for talent in recruiting and retaining qualified employees. As a result, we may be required to offer higher salaries, wages and benefits in order to attract and retain them, which may lead to increases in our labor costs and adversely affect our results of operations and financial condition. See “— We may face risks relating to labor relations, labor disputes, labor shortage and increases in labor costs.”

RISK FACTORS

We may be subject to litigation and other legal proceedings, and may not always be successful in defending ourselves against such claims or proceedings.

We may from time to time be involved in litigation and other legal proceedings during the ordinary course of our business operations relating to, among other things, product or other types of liability, labor disputes, contractual disputes or intellectual property disputes. Legal proceedings may be time-consuming, and unfavorable outcomes such as monetary damages, injunctive relief or settlements could impose significant financial obligations, increase operational costs and divert management attention from core business activities. These actions could also expose us to negative publicity, which might adversely affect our brand and reputation. Furthermore, involvement in legal disputes could trigger additional regulatory scrutiny or investigations, potentially leading to heightened compliance requirements or further penalties. Such developments may adversely affect our ability to pursue acquisition and investment opportunities and secure financing, as potential candidates and investors may reassess their willingness to engage with us. Failure to effectively manage or resolve these matters in a timely manner could disrupt our business operations, delay production and lead to loss of customers, thereby materially and adversely affecting our business, results of operations, financial condition and prospects.

We face risks relating to the inability to obtain and maintain approvals, licenses and permits required for our operations.

We are required to obtain and maintain various approvals, licenses and permits to operate our business and production bases. These include, among other things, environmental impact assessments and pollution-discharge permits, and import/export and customs registrations. See “Business — Licenses, Permits and Approvals.” Such approvals are granted upon satisfactory compliance with applicable laws and regulations. We may experience difficulties, delays or failure in obtaining or maintaining approvals, licenses and permits required for existing operations or executing production expansion plans, which could interrupt ongoing operations, delay expansion of our production capacity or introduction of new products, or require implementation of rectification measures, each of which could adversely affect our business and prospects.

We are subject to extensive and evolving regulatory requirements relating to environment, health and safety, non-compliance with which, or changes in which, may materially and adversely affect our business and prospects.

Our operations are subject to various environmental, health and safety laws and regulations relating to water, air and noise pollution, the management of hazardous materials and waste, workplace conditions and other social and ethical responsibilities. Although we have implemented measures to align our operations in accordance with the relevant laws and regulations, there can be no assurance that such measure will be always effective. Such laws and regulations may be updated or revised from time to time, and may require significant expenditures to achieve continued compliance. There can be no assurance that subsequent laws and regulations would not render our operations non-compliant or that we would always be in full compliance with applicable laws and regulations. Any actual or alleged non-compliance could expose us to, among other things, warnings, fines, suspension or revocation of approvals, licenses and permits, orders to suspend production for rectification, or other administrative penalties, which may in turn harm our business and reputation. Addressing the relevant deficiencies may require significant management attention and resources, which could materially and adversely affect our business, results of operations and financial condition.

RISK FACTORS

Failure to comply with applicable laws and regulations relating to our leased properties may subject us to fines, penalties or other liabilities.

According to applicable PRC administrative regulations, the lessor and the lessee to a lease agreement are required to file the lease agreement with relevant government authorities within 30 days after the execution of the lease agreement. As of the Latest Practicable Date, we had not filed two of our lease agreements with the local housing administration authorities within the timeframe required under the relevant PRC laws and regulations. As advised by our PRC Legal Adviser, if we and the landlords fail to register such lease agreements as required by the relevant competent authorities, we may be subject to a fine of RMB1,000 to RMB10,000 for each of the unregistered lease agreements.

Failure to fully comply with the requirements on social insurance and housing provident funds contributions may subject us to fines and other legal or administrative sanctions.

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. The requirement and implementation of employee benefit plans may vary among local governments in the PRC. The relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, and employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties. During the Track Record Period, our Company and our PRC subsidiaries did not make full contribution to social insurance and housing provident funds for all employees as required by relevant PRC laws and regulations, and our Company made contribution to social insurance and housing provident funds for certain employees of our PRC subsidiaries. As a result, we may be required to make up the outstanding contributions and may be subject to late payment surcharges, administrative penalties or enforcement actions imposed by the relevant government authorities.

There can be no assurance that the competent government authorities will not require us to settle the outstanding amount within a specified time limit or impose late payment penalties on us. If the relevant authorities order us to make full social insurance and/or housing provident funds contributions, we shall take remedial measures and make the required contributions as soon as possible within the specified period. For details on the relevant potential legal consequences, see “Regulatory Overview — Laws and Regulations Related to Our Business in the PRC — Laws and Regulations Related to Labor Protection, Social Insurance and Housing Provident Funds — Social Insurance and Housing Provident Fund” and “Business — Employees.”

Our PRC Legal Adviser has considered the following in assessing our risks relating to social insurance and housing provident fund contributions: (i) pursuant to the Notice on Implementation of the Comprehensive Plan for Reducing Social Insurance Contribution Rates (《關於貫徹落實〈降低社會保險費率綜合方案〉的通知》) promulgated on April 28, 2019 by the Ministry of Human Resources and Social Security, the MOF and the SAT and other relevant rules, administrative authorities are prohibited from collectively recovering enterprises’ historical social insurance arrears; (ii) we have obtained relevant credit reports from credit institutions authorized by the local governmental authorities with confirmation of no violation records or administrative penalties in relation to our social insurance or housing provident fund matters during the Track Record Period; (iii) we have consulted relevant local authorities to obtain confirmations; and (iv) as of the Latest Practicable Date, we had not received any notice from the relevant government authorities requiring us to settle shortfalls or imposing penalties in connection with social insurance and housing provident fund contributions; if we receive a notice from relevant authorities requiring us to rectify within a specified period, we shall promptly comply with the requirements of such notice.

RISK FACTORS

Based on the above, our PRC Legal Adviser is of the view that, as of the Latest Practicable Date, subject to no material changes to the foregoing existing regulatory policies, enforcement and supervisory requirements of the local governments or competent authorities, and in the absence of employees’ further complaints, reports, or litigation or arbitration, the risk that the foregoing competent authorities for social insurance or housing provident funds will proactively require our Company or our PRC subsidiaries to centrally make retroactive payments for historical arrears for social insurance and housing provident funds and, as a result, impose material administrative penalties on us is remote. Nevertheless, there can be no assurance that the relevant government authorities will not require us to settle any outstanding contributions within a prescribed timeframe in the future, which may adversely affect our results of operations and financial condition.

Our insurance coverage may not be sufficient.

We maintain various insurance policies with respect to our operations including employer’s liability insurance. While we believe that the scope and amount of our insurance coverage are consistent with customary industry standards and adequate for our current operations, there can be no assurance that such coverage will fully compensate us for all potential losses. Certain risks may fall outside the scope of our policies or exceed applicable coverage limits.

Any uninsured or underinsured occurrence of unforeseen events such as business interruptions, legal disputes or natural disasters could result in claims that exceed our insurance coverage. Under such circumstances, we may be required to bear substantial financial burdens, which could materially and adversely affect our business, results of operations and financial condition. Furthermore, there can be no assurance that we will be able to successfully recover losses under our existing insurance policies in a timely manner or at all. If we incur any loss that is not covered by our insurance policies or if there is any significant shortfall between compensation received and actual losses incurred, our business, results of operations, financial condition and prospects may be materially and adversely affected.

Unauthorized access, security breaches or disruption to our information technology systems could compromise sensitive data, lead to operational interruptions and expose us to legal, regulatory and reputational risks.

Our competitiveness and operational efficiency rely in part on information technology systems that support key functions such as raw material procurement, production and sales. See “Business — Information Technology.” However, such systems may be inherently susceptible to disruptions that are beyond our control. Threats may arise from cyber intrusions, malware, hacking attempts, physical sabotage, power failures or unexpected technical breakdowns. These incidents can result in prolonged downtime, loss of critical data and diminished operational efficiency. Moreover, breaches involving confidential information may trigger regulatory scrutiny, litigation and reputational harm, undermining customer trust and market confidence. Despite our efforts in upgrading our information technology infrastructure, evolving cyber threats and unforeseen failures cannot be fully eliminated, the occurrence of which could lead to transaction errors, supply chain interruptions, loss of customers and sales, thereby materially and adversely affect our business, results of operations, financial condition, reputation and prospects.

Occurrence of force majeure events, such as natural disasters, adverse weather conditions, public health and public security hazards, acts of war or terrorist attacks, may severely disrupt our business and operations.

Our business is vulnerable to force majeure events such as natural disasters and adverse weather conditions including floods, earthquakes, dust storms, snowstorms, fires and droughts, public health and public security hazards, acts of war or terrorist attacks. The occurrence of such event in the jurisdictions where we operate may create uncertainty and result in losses that cannot be accurately predicted, which may in turn materially and adversely disrupt our business and operations.

RISK FACTORS

RISKS RELATING TO CONDUCTING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Changes in the economic, political or social conditions or government policies in the jurisdictions where we operate could affect our business, results of operations and financial condition.

We conduct our business in the PRC and Thailand. Accordingly, our business, results of operations, financial condition and prospects are significantly influenced by economic, political and social conditions in such jurisdictions. Demand for our products and our ability to maintain operations are subject to the influence of macroeconomic conditions in the PRC. Changes in the Thai government’s policies, including in relation to investment promotion, industrial development or foreign business regulation, may affect the environment in which we operate. Accordingly, changes in general economic conditions, including fluctuations in economic growth trends within the jurisdictions where we operate, may affect our business, results of operations, financial condition and prospects.

Deterioration of global economic condition, geopolitical instabilities and shifts in diplomatic and trade relations could impair our business and prospects.

Our business operations are generally influenced by the global macroeconomic condition, including inflation or deflation, volatility in interest rates and foreign exchange, financial system stability, changes in monetary policy, fluctuations in international and regional trade, changes in transportation and logistics patterns, and geopolitical developments. Any severe or prolonged economic downturn, whether globally or in regional markets where we and our customers and suppliers operate, could affect our customers’ purchasing decisions, our suppliers’ ability to maintain stable operations, or our access to financing on commercial acceptable terms, which may lead to reduced demand for our products, disrupt our supply chains and increase our operating costs, or constrain our ability to execute expansion plans. This may in turn materially and adversely affect our business, results of operations, financial condition and prospects.

Meanwhile, geopolitical tensions and conflicts, trade disputes or changes in diplomatic relations may give rise to trade protectionist measures, export controls, sanctions, tariffs or energy crisis, among other things. Our production and supply chain involve cross-border sourcing of certain raw materials from overseas suppliers, and we also generate revenue from sales of our products to overseas customers. Any disruption arising from adverse political developments, changes in bilateral relations, trade policies or regulatory requirements in the jurisdictions where we and our customers and suppliers operate could affect the demand for our products, as well as the availability, costs or delivery timelines of the relevant raw materials, which may in turn materially and adversely affect our business and results of operations.

The service of legal documents or the enforcement of judgments rendered by courts outside the Chinese Mainland in respect of us or our management shall comply with the statutory procedures and requirements of the Chinese Mainland.

A majority of our assets and a majority of our Directors and senior management members are located in the Chinese Mainland. As judicial recognition and enforcement arrangements vary across jurisdictions, the recognition and enforcement in the PRC of judgments rendered by courts of other jurisdictions may be subject to applicable procedural requirements and conditions. Similarly, the service of legal process on our Directors and senior management members located outside the PRC may need to comply with relevant procedural rules, which may involve corresponding procedural steps. In addition, the recognition and enforcement of foreign judgments in the PRC may be affected by the existence and scope of mutual judicial assistance arrangements between the PRC and relevant jurisdictions. Furthermore, although we will be subject to the Listing Rules and the Takeovers Code upon the [REDACTED] of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock

RISK FACTORS

Exchange to enforce its rules. Furthermore, the Takeovers Code does not have the force of law and provides only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong.

Pursuant to the Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), effective from 29 January 2024 and promulgated by the Supreme People’s Court, a party holding an enforceable final judgment from a designated people’s court of the PRC or a designated court in Hong Kong in respect of civil and commercial cases (excluding certain specified types) may apply for recognition and enforcement of that judgment in the relevant people’s courts of the PRC or courts of Hong Kong.

Similarly, with respect to our Thailand operations, Thailand does not have treaties providing for the reciprocal recognition and enforcement of foreign court judgments as a general matter. The recognition and enforcement of a foreign judgment in Thailand is governed by Thai civil procedure law, and Thai courts retain discretion to refuse recognition on various grounds, including where enforcement would be contrary to public policy or where the originating court lacked jurisdiction as a matter of Thai law. Accordingly, investors may face practical difficulties and delays in enforcing foreign court judgments against our Thailand subsidiary, and there can be no assurance that any such judgment will be recognized or enforced by Thai courts.

Policies regarding foreign currency conversion may affect our foreign exchange transactions and our ability to pay dividends and meet other.

Conversion and remittance of foreign currencies are subject to applicable foreign exchange regulations. There can be no assurance that under a certain foreign exchange rate, we would have sufficient foreign exchange to meet our foreign exchange needs. Under the current PRC foreign exchange regulation system, payments of current account items, including payment of dividends, do not require prior approval. Foreign exchange transactions under the capital account may be subject to certain regulatory or procedural requirements under applicable laws and regulations. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to Shareholders or satisfy any other foreign exchange obligations. If we fail to complete the relevant procedures to convert Renminbi into any foreign exchange for any of the foregoing purposes, our potential offshore capital expenditure plans and overseas operations may be adversely affected. Moreover, non-compliance with any applicable foreign exchange regulations could subject us to administrative penalties and fines, and could harm our business and reputation. With respect to our Thailand operations, whilst Thailand does not maintain a prior approval regime, the remittance of funds overseas, including dividend payments and intercompany transfers, is subject to certain documentary and procedural requirements under Thai laws and the oversight of the Bank of Thailand. Any tightening of such requirements or changes in applicable regulations could affect our ability to remit funds from our Thailand operations efficiently, and non-compliance of the same could expose us to regulatory penalties.

We may be required to submit filings with the CSRC in connection with future capital raising activities.

As a company incorporated in the PRC with a majority of our operations conducted in the PRC, we are subject to PRC laws and regulations governing capital markets, securities offerings and corporate financing activities. In connection with future capital raising activities, including equity or debt financing, we may be required to submit filings with the CSRC.

The interpretation, implementation and enforcement of PRC laws and regulations relating to capital markets, securities offerings and corporate financing activities may evolve over time. Relevant laws, regulations, rules and policies may be revised or supplemented from time to time, and new regulatory requirements may be introduced. There can be no assurance that future regulatory developments will not impose additional approval, filing or compliance requirements on us.

RISK FACTORS

If we fail to obtain the necessary approvals, complete the required filings or comply with applicable regulatory requirements in a timely manner, or at all, in connection with any future financing activities, our ability to raise capital, implement our business strategies, expand our operations or pursue growth opportunities may be materially and adversely affected.

Our operations are subject to, and may be affected by, changes in tax laws and regulations in the countries and regions where we operate.

Under the EIT Law of the PRC, enterprises are generally subject to a standard income tax rate of 25%. During the Track Record Period, we were subject to a preferential enterprise income tax rate of 15% as high and new technology enterprises, and eligible R&D expenses were entitled to a 100% additional pre-tax deduction under the PRC laws and the relevant implementing rules. Additionally, the PRC government may revise its tax policies, including those related to value-added tax, business tax, resource tax, fuel and oil tax, property development tax, and other levies. As tax laws and regulations are complex and evolving, there can be no assurance that we will be able to fully comply with relevant requirements at all times. Non-compliance with applicable tax laws and regulations may lead to administrative penalties or fines imposed by the relevant tax authorities. Any such changes or penalties could adversely affect our business, financial condition and results of operations.

We also conduct business in Thailand, where our operation is subject to the Thai Revenue Code and related tax legislation. Our Thai operations are generally subject to corporate income tax at the standard rate of 20% on net profits, except where exemptions apply under Board of Investment (“BOI”) promotion privileges granted to our operations. Value added tax at current reduced rate of 7% (from the statutory rate of 10%) applied to the supply of goods and provisions of services in Thailand. Dividend payments made by our Thailand subsidiary to its shareholders are generally subject to withholding tax at the rate of 10% under Thai Revenue Code, the rate of which may be reduced under an applicable double tax treaty. However, dividends paid from BOI-promoted profits may be exempt from withholding tax.

Given the diversity and complexity of tax laws across regions, covering areas such as corporate income tax, foreign contractor tax, personal income tax, and poll tax, our international operations may be exposed to risks arising from changes in foreign tax policies. Furthermore, we may be required to exercise judgment in interpreting and applying tax rules to certain business activities, which may involve uncertainties and potential tax exposures.

Our transfer pricing practices could be challenged or adjusted by tax authorities in the jurisdictions where we operate, which may result in additional tax liabilities, penalties or assessments and could materially and adversely affect our results of operations, financial condition and prospects.

We have implemented transfer pricing arrangements for transactions between our subsidiaries incorporated in the PRC and Thailand. These arrangements are designed to comply with applicable tax laws and regulations and align with the arm’s-length principle. However, the relevant tax laws and regulations are evolving and are often interpreted differently across jurisdictions. There can be no assurance that the relevant tax laws and regulations will not change in a manner that would negatively affect our Group.

Meanwhile, the relevant tax authorities may review, challenge or seek adjustments to our transfer pricing practices. If our transfer pricing positions are challenged or adjusted, we could face additional tax liabilities, including reassessments of taxable income, along with penalties, interest charges or requirements for back payments. Such outcomes would increase our tax compliance costs, create cash flow pressures, and could lead to cross-border tax disputes. Any adverse determination could also require us to modify our existing transfer pricing policies and operational procedures, potentially disrupting intercompany transactions and affecting overall intragroup efficiency, thereby materially and adversely affect our results of operations, financial condition and business prospects.

RISK FACTORS

Non-PRC Holders of our H Shares may be subject to PRC income tax obligations.

Under the current tax laws and regulations in China, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to dividends paid to them by us and the gains realized upon the sale or other disposition of our H Shares.

Under IIT law, non-PRC resident individuals are required to pay individual income tax at a rate of 20% on interest, dividends and bonuses they obtain from China. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. Generally, in accordance with the Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 issued by the SAT (《國家稅務總局關於國稅發[1993] 045號文件廢止後有關個人所得稅徵管問題的通知》), domestic non foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends to overseas resident individuals in the jurisdiction of the tax treaty, withhold individual income tax at the rate of 10%. When a tax rate of 10% is not applicable, the withholding company shall: (i) return the excess tax amount pursuant to due procedures if the applicable tax rate is lower than 10%; (ii) withhold such foreign individual income tax at the effective tax rate agreed on if the applicable tax rate is between 10% and 20%; or (iii) withhold such foreign individual income tax at a rate of 20% if no taxation treaty is applicable.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those who have establishments or premises in China but whose income is not related to such establishments or premises under the EIT law, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of Shares are ordinarily subject to China enterprise income tax at a rate of 20%. In accordance with the Circular on Issues Relating to the Withholding of Enterprise Income Tax by Chinese Resident Enterprises on Dividends Paid to Overseas Non-Chinese Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT, such tax rate has been reduced to 10%.

If there is any development in the applicable tax laws and regulations or in the interpretation or application of such laws and regulations, the value of your investment in our H Shares may be adversely affected.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares, and an active trading market for our H Shares may not develop or be sustained.

Prior to the [REDACTED], there has not been a public market for our H Shares. While we have applied to [REDACTED] and [REDACTED] in the H Shares on the Stock Exchange, there can be no assurance that an active or liquid public market for our H Shares will develop or be sustained if developed. The [REDACTED] of the H Shares will be determined through negotiations between us and the [REDACTED] (for itself and on behalf of the [REDACTED]), and it may not necessarily be indicative of the market price of the H Shares after the [REDACTED] is complete. An investor who purchases H Shares in the [REDACTED] may not be able to resell such H Shares at or above the [REDACTED] and, as a result, may lose all or part of the investment in such H Shares.

RISK FACTORS

The price and trading volume of our H Shares may be volatile, which could materially and adversely affect the market price of our H Shares.

The [REDACTED] and [REDACTED] of our H Shares may be highly volatile. Several factors, many of which are beyond our control, could cause large and sudden changes to the market price and trading volume at which our H Shares will trade. The Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. This volatility may also materially and adversely affect the [REDACTED] of our H Shares.

Actual or perceived sale or availability for sale of substantial amounts of our Shares could adversely affect the market price of our Shares.

The [REDACTED] of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution of their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

There can be no assurance that we will declare and distribute any dividend or at all in the future.

We declared a dividend of RMB10.0 million in 2023 and completed the payment. In May 2026, we declared a dividend of RMB5.0 million for the year ended December 31, 2025. Our historical dividends may not be indicative of our dividend policy in the future. Accordingly, there can be no assurance whether, when and in what manner we will pay dividends in the future.

Under the applicable PRC laws and according to our Articles of Associations, dividends may be paid only out of distributable profits. Distributable profits means, our net profits for a period, plus the distributable profits or net of the accumulated losses, if any, at the beginning of such period, less appropriations to general risk reserve, transaction risk reserve, statutory surplus reserve (determined under PRC GAAP) and discretionary surplus reserve (as approved by our Shareholders’ meeting). As a result, we may not have sufficient profit to enable us to make future dividend distributions to our Shareholders, even if one of our financial statements prepared in accordance with PRC GAAP or IFRS indicates that our operations have been profitable.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as “anticipate,” “believe,” “could,” “going forward,” “intend,” “plan,” “project,” “seek,” “expect,” “may,” “ought to,” “should,” “would” or “will” and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend to update or otherwise revise the forward-looking statements in this document to the public, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

RISK FACTORS

Facts, forecasts and statistics in this document relating to the PRC and global economy and the industries in which we operate may not be fully reliable.

Certain facts, forecasts and statistics in this document relating to the PRC and global economy and the industries in which we operate are obtained from official government publications that we believe are reliable. However, there can be no guarantee of the quality or reliability of these sources. Neither we, the [REDACTED] nor our or their respective affiliates or adviser have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions obtained from these sources.

You should read the entire document carefully and only rely on the information included in this document to make your investment decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our H Shares or the [REDACTED].

There may be, subsequent to the date of this document but prior to the completion of the [REDACTED], press and media coverage regarding us and the [REDACTED], which contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [REDACTED]. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained this document only and should not rely on any other information.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation of the [REDACTED], our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, a new applicant applying for a primary [REDACTED] on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of the new applicant’s executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 may be waived by having regard to, among other considerations, the applicant’s arrangements for maintaining regular communication with the Stock Exchange.

Our Company’s headquarters, management, business operations and assets are primarily located in the PRC. The executive Directors are based in the PRC, as our Board believes it would be more effective and efficient for its executive Directors to be based in a location where our Company’s significant operations are located. The executive Directors are not or will not be ordinarily resident in Hong Kong upon the proposed [REDACTED]. The Directors consider that relocation of the executive Directors to Hong Kong will be burdensome and costly for our Company, and it may not be in the best interests of our Company and the Shareholders as a whole to appoint additional executive Directors who are ordinarily resident in Hong Kong.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, our Company [has] applied to the Stock Exchange for, and the Stock Exchange [has] granted our Company, a waiver from strict compliance with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules, provided that our Company implements the following arrangements:

- (a) pursuant to Rule 3.05 of the Listing Rules, our Company has appointed and will continue to maintain two authorized representatives, namely Mr. Zhu Haoyu (朱昊宇) (“**Mr. Zhu**”) and Ms. Oh Sim Yee (胡倩鋤) (“**Ms. Oh**”) (the “**Authorized Representatives**”). The Authorized Representatives are authorized to communicate on our Company’s behalf with the Stock Exchange. Each of the Authorized Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone and email. As and when the Stock Exchange wishes to contact the Directors on any matters, each of the Authorized Representatives will have means to contact all of the Directors promptly at all times. Our Company will inform the Stock Exchange promptly in respect of any change in the Authorized Representatives;
- (b) our Company has provided the contact details of each Director (such as mobile phone numbers, office phone numbers and email addresses) to each of the Authorized Representatives and to the Stock Exchange. This will ensure that the Authorized Representatives and the Stock Exchange will have the means to promptly contact any of the Directors (including the independent non-executive Directors) as and when required, as well as means to communicate with the Directors when they are travelling;
- (c) our Company confirms and will ensure that all Directors who are not ordinarily resident in Hong Kong possess, or can apply for, valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time when required; and

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (d) our Company has appointed Somerley Capital Limited as its Compliance Adviser, pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will have access at all times to the Authorized Representatives, Directors and senior management of our Company, and will act as an additional channel of communication between the Stock Exchange and our Company for the period commencing on the [REDACTED] and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the [REDACTED]. The Compliance Adviser will maintain constant contact with the Authorized Representatives, Directors and senior management of our Company through various means, including regular meetings and telephone discussions whenever necessary. The Authorized Representatives, Directors and other officers will promptly provide such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser’s duties as set forth in Chapter 3A of the Listing Rules.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, our company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

The Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and
- (c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

Note 2 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following factors in assessing the “relevant experience” of the individual:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

- (a) whether the issuer has principal business activities primarily outside Hong Kong;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (b) whether the issuer is able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 9 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 9 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and
- (c) why the directors consider the individual to be suitable to act as the issuer’s company secretary.

Further, pursuant to paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the “**Waiver Period**”) and on the following conditions:

- (a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and
- (b) the waiver will be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company has appointed Mr. Zhu as one of our joint company secretaries, with effect from the [REDACTED]. Our Group’s key operations and principal business activities are conducted outside of Hong Kong. We believe that it would be in the best interests of our Company and the corporate governance of our Group to have Mr. Zhu as a joint company secretary. Mr. Zhu has extensive experience and expertise in investment and financial management, financial analysis and the audit of listed companies and corporate groups, is deeply familiar with our operations, and is well positioned to maintain effective communication and working relationships with the Board and the management. Since Mr. Zhu does not possess the requisite qualifications required by Rule 3.28 of the Listing Rules, our Company has appointed Ms. Oh, who possesses such qualification, to be a joint company secretary to assist Mr. Zhu in the compliance matters for the [REDACTED] as well as other Hong Kong regulatory requirements for a period of three years commencing from the [REDACTED]. For the biographies of our joint company secretaries, see “Directors and Senior Management” in this document.

Over the initial period of three years from the [REDACTED], we will implement the following measures to assist Mr. Zhu to satisfy the requisite qualifications as prescribed in Rules 3.28 and 8.17 of the Listing Rules:

- (a) Ms. Oh will assist Mr. Zhu so as to enable him to discharge his duties and responsibilities as a joint company secretary of our Company. Given Ms. Oh’s relevant experience, she will be able to advise both Mr. Zhu and us on the relevant requirements of the Listing Rules as well as other applicable laws and regulations of Hong Kong;
- (b) Mr. Zhu will be assisted by Ms. Oh for an initial period of three years commencing from the [REDACTED], which should be sufficient for him to acquire the requisite knowledge and experience under Rule 3.28 of the Listing Rules;
- (c) we will ensure that Mr. Zhu has access to the relevant trainings and support to enable him to familiarize himself with the Listing Rules and the duties required of a company secretary of a Hong Kong listed company, and Mr. Zhu has undertaken to attend such trainings;
- (d) Ms. Oh will communicate with Mr. Zhu on a regular basis regarding matters in relation to corporate governance, the Listing Rules as well as other applicable laws and regulations of Hong Kong which are relevant to our operations and affairs. Ms. Oh will work closely with, and provide assistance to Mr. Zhu with a view to discharging his duties and responsibilities as a company secretary, including but not limited to organizing the Board meetings and Shareholders’ meetings; and

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (e) pursuant to Rule 3.29 of the Listing Rules, Mr. Zhu and Ms. Oh will also attend in each financial year no less than 15 hours of relevant professional training courses to familiarize themselves with the requirements of the Listing Rules and other legal and regulatory requirements of Hong Kong. Both Mr. Zhu and Ms. Oh will be advised by our legal adviser as to Hong Kong law and our Compliance Adviser as and when appropriate and required.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules, for an initial period of three years from the [REDACTED], in accordance with Chapter 3.10 of the Guide for New Listing Applicants, on the condition that (i) Ms. Oh is engaged as a joint company secretary and provides assistance to Mr. Zhu during this period; and (ii) the waiver will be revoked if Ms. Oh, during the three-year waiver period, ceases to provide assistance to Mr. Zhu, or if there are material breaches of the Listing Rules by our Company. Prior to the expiry of the initial three-year period, we will conduct a further evaluation of the qualification and experience of Mr. Zhu to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied, and we will liaise with the Stock Exchange to assess whether Mr. Zhu, having had the benefit of Ms. Oh’s assistance for three years, will have acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
Executive Directors		
Mr. Zhao Gang (趙剛)	Flat 0504, Block 19 Yangguang Hai'an Phase 3 Dongguan Guangdong Province, PRC	Chinese
Mr. Deng Xiang (鄧祥)	No. 22, Group 7 Shuitou Village, Jinshi Town Xinning County Hunan Province, PRC	Chinese
Mr. Wu Jianhua (吳建華)	No. 77, Jinzhushan Village Biwu Village Committee Yao'an Yao Ethnic Township Lianzhou Guangdong Province, PRC	Chinese
Mr. Zhu Haoyu (朱昊宇)	Room 2201, No. 1, Lane 558 Tianbao Road, Hongkou District Shanghai, PRC	Chinese
Mr. Long Xiongwei (龍雄偉)	No. 200 Xiehu Road, Zhuru Street Caidian District, Wuhan Hubei Province, PRC	Chinese
Independent non-executive Directors		
Mr. Ren Zhaohui (任召輝)	Room 1702, Unit 2 Building 13, Zijin Xiyuan Xihu District, Hangzhou Zhejiang Province, PRC	Chinese
Mr. Chen Youchen (陳佑晨)	Room 1102, Block 80 No. 80 Kennedy Road Wanchai, Hong Kong	Chinese
Ms. Bai Rui (白蕊)	No. 8 Mingde Road Chaoyang District, Changchun Jilin Province, PRC	Chinese

Further information is set out in “Directors and Senior Management” in this document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	Orient Capital (Hong Kong) Limited 28/F-29/F 100 Queen’s Road Central Central Hong Kong

[REDACTED]	[REDACTED]

Legal Advisers to our Company	<i>As to Hong Kong and U.S. laws</i>

Haiwen & Partners LLP
 Suites 601–602 & 610–616
 6/F, One International Finance Centre
 1 Harbour View Street
 Central, Hong Kong

As to PRC law

Haiwen & Partners
 20/F, Fortune Financial Centre
 5 Dong San Huan Central Road
 Chaoyang District
 Beijing, PRC

Legal Advisers to the Sole Sponsor and the [REDACTED]	<i>As to Hong Kong law</i>

**Eric Chow & Co. in Association with
Commerce & Finance Law Offices**
 3401, Alexandra House
 18 Chater Road
 Central
 Hong Kong

As to PRC law

Commerce & Finance Law Offices
 12–15th Floor, China World Office 2
 No.1 Jianguomenwai Avenue
 Beijing 100004, China

Auditor and Reporting Accountants

Ernst & Young
*Certified Public Accountants and Registered Public
Interest Entity Auditor under the Accounting and
Financial Reporting Council Ordinance*
 27/F, One Taikoo Place
 979 King’s Road
 Quarry Bay
 Hong Kong

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Industry Consultant

**Frost & Sullivan (Beijing) Inc., Shanghai
Branch Co.**

Room 2504–2505, Wheelock Square
1717 West Nanjing Road
Jing’an District
Shanghai, PRC

Compliance Adviser

Somerley Capital Limited

20/F, China Building, 29 Queen’s Road
Central
Hong Kong

[REDACTED]

[REDACTED]

CORPORATE INFORMATION

Registered Office and Principal Place of Business in the PRC	Building 10, No. 51 Xincun Xinhe Road Wanjiang Sub-district, Dongguan Guangdong Province, PRC
Principal Place of Business in Hong Kong	40/F, Dah Sing Financial Centre No. 248 Queen’s Road East Wanchai, Hong Kong
Company’s Website	<u>www.dgtoya.cn</u> <i>(The information contained in this website does not form part of this document)</i>
Joint Company Secretaries	Mr. Zhu Haoyu (朱昊宇) Room 2201, No. 1, Lane 558 Tianbao Road, Hongkou District Shanghai, PRC Ms. Oh Sim Yee (胡倩鏢) <i>(ACG)</i> 40/F, Dah Sing Financial Centre No. 248 Queen’s Road East Wanchai, Hong Kong
Authorized Representatives	Mr. Zhu Haoyu (朱昊宇) Room 2201, No. 1, Lane 558 Tianbao Road, Hongkou District Shanghai, PRC Ms. Oh Sim Yee (胡倩鏢) 40/F, Dah Sing Financial Centre No. 248 Queen’s Road East Wanchai, Hong Kong
Audit Committee	Mr. Chen Youchen (陳佑晨) <i>(Chairperson)</i> Ms. Bai Rui (白蕊) Mr. Ren Zhaohui (任召輝)
Remuneration Committee	Ms. Bai Rui (白蕊) <i>(Chairperson)</i> Mr. Zhao Gang (趙剛) Mr. Chen Youchen (陳佑晨)
Nomination Committee	Mr. Zhao Gang (趙剛) <i>(Chairperson)</i> Mr. Chen Youchen (陳佑晨) Ms. Bai Rui (白蕊)
[REDACTED]	[REDACTED]
Compliance Adviser	Somerley Capital Limited 20/F, China Building, 29 Queen’s Road Central, Hong Kong

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

CORPORATE INFORMATION

Principal Bank

Agricultural Bank of China
Dongguan Wanjiang Branch
South China Mall, Adjacent to Sanyuan Yinghui Building
Wanjiang District, Dongguan
Guangdong Province, PRC

INDUSTRY OVERVIEW

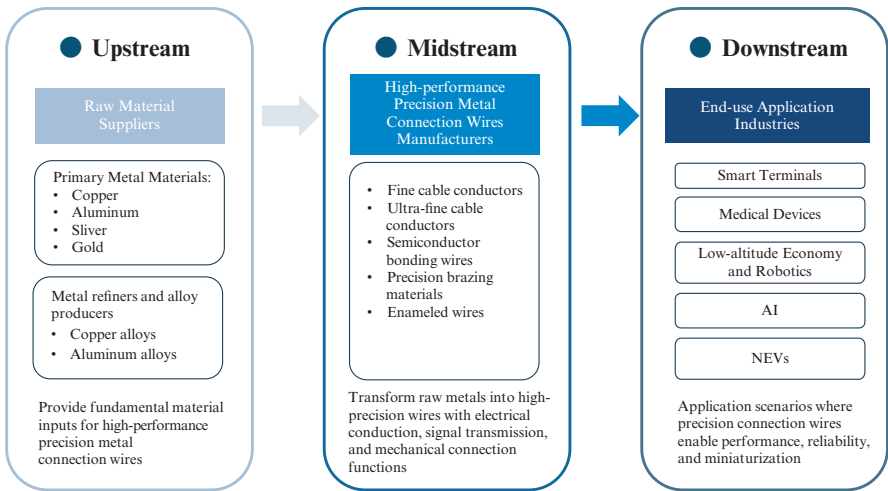
This section and elsewhere in this document contain certain information, statistics and data which are derived from various official government publications and other publicly available publications, and a report commissioned by us and prepared by Frost & Sullivan (“F&S”), our industry consultant (the “F&S Report”). We believe that the sources of the information in this section and elsewhere in this document are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Sole Sponsor, [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their respective directors or advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy. Accordingly, such information should not be unduly relied upon.

THE GLOBAL HIGH-PERFORMANCE PRECISION METAL CONNECTION WIRES MARKET

Wire is one of the most commonly used forms of connection materials. High-performance precision metal connection wires refer to high-end metal wires that demand stringent standards for dimensional accuracy, material purity, surface quality and comprehensive mechanical properties, with a remarkably higher overall added value than ordinary wires. They serve to enable critical interconnection functions such as electrical conduction, signal transmission, mechanical fastening and structural support, and are manufactured through high-end processing techniques including precision metallurgy, precision forming, and precision rolling, drawing, etching and welding modification.

The global market for high-performance precision metal connection wire is large and structurally complex, driven by diverse application requirements across advanced industries. The size of this market was USD52.8 billion in 2025, and is expected to reach USD80.5 billion in 2030 and USD97.6 billion in 2035, at a CAGR of 8.8% from 2025 to 2030 and 3.9% from 2030 to 2035.

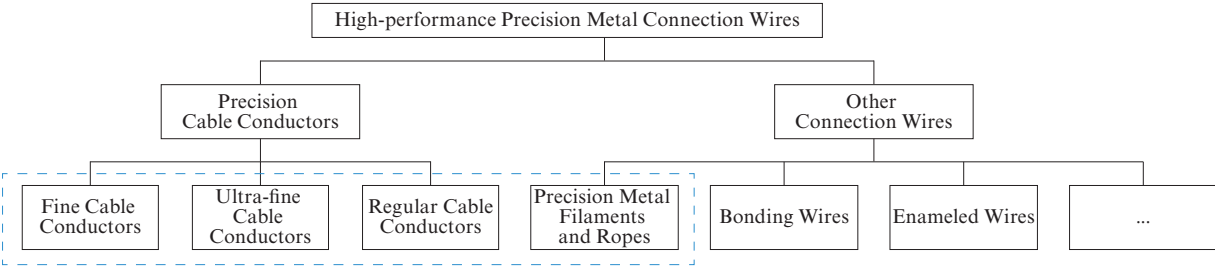
The industry value chain of the high-performance precision metal connection wires market includes (i) upstream raw material suppliers that provide pure metals and metal alloys, (ii) midstream manufacturers that process the raw materials into high-performance precision metal connection wires that serve as essential building blocks that enable electrical conduction, signal transmission and mechanical connection in downstream applications, and (iii) downstream end-use application industries, details of which are illustrated in the below diagram:



Source: the F&S Report

INDUSTRY OVERVIEW

High-performance precision metal connection wires can be divided into (i) precision cable conductors, designed for electrical conduction and signal transmission, details of which are set forth in “— The Global Precision Cable Conductors Market,” and (ii) other connection wires, such as precision metal filaments and ropes, which provide mechanical strength and structural support, details of which are set forth in “— The Global Precision Metal Filaments and Ropes Market,” bonding wires and enameled wires, among other things, as illustrated below:



Source: the F&S Report

Note: products provided by the Group

THE GLOBAL PRECISION CABLE CONDUCTORS MARKET

Overview

Precision cable conductors are long strip-shaped cylindrical conductive metal with relatively uniform cross-sections, often in rolls and spools and usually produced bare or without insulation coating. They are the essential raw material and conductive core of products like wires, cables and wiring harnesses that are used to transmit electrical current or signals, serving as the building blocks for various critical downstream applications.

Copper or copper alloy are the most widely used raw materials to produce precision cable conductors, due to their high electrical conductivity, decent ductility and cost-effectiveness. Copper’s electrical conductivity is second only to silver among all metals, while its price is less than 1% of that of silver. Other metal alternatives include aluminum and gold. The following table sets forth a comparison between the different types of raw materials used to produce precision cable conductors:

Material type	Advantages	Disadvantages	Main applications
Copper	Has good electrical conductivity, excellent flexibility and ductility, strong chemical stability and oxidation resistance	Has a high density and is relatively more expensive compared to other options on the market	All fields of electricity and electronics, including power transmission, electronic devices, communication systems, and residential electrical wiring
Silver	Has the best electrical and thermal conductivity in the nature and excellent ductility and workability, and suits high-frequency scenarios	Has low strength and a high density which restricts large-scale applications, and is extremely costly	High value-added fields such as ultra-high-speed interconnection, high-end components for new energy and aerospace

INDUSTRY OVERVIEW

Material type	Advantages	Disadvantages	Main applications
Aluminum	Has low density and costs, abundant resources, corrosion resistance via dense oxide film formation through surface energy	Has poor electrical conductivity (and therefore needs larger cross-sections for the same current compared to many alternatives), and weaker strength, ductility and fatigue resistance than copper	High-voltage lines, medium-voltage cables and building busbars
Gold	Has good electrical conductivity with excellent resistance to oxidation, which ensures stable and reliable signal transmission	Is extremely costly which limits its use in large-scale power transmission applications	High-reliability electronic interconnections, including connectors, bonding wires, and precision contact components

Source: the F&S Report

Accordingly, precision cable conductors made from copper or copper alloys are the dominant form among the different types of raw materials, and therefore they are defined as “precision cable conductors” and their relevant market is referred to as the “precision cable conductors market,” for purpose of this document.

By diameter, precision cable conductors can be categorized into three groups: (i) regular cable conductors, with a diameter of no less than 0.1 mm; (ii) fine cable conductors, with a diameter of more than 0.03 mm but less than 0.1 mm; and (iii) ultra-fine cable conductors, with a diameter of no more than 0.03 mm. The following table sets forth a comparison between the different diameters of precision cable conductors:

Diameter	Features	Main applications
Regular (≥ 0.1 mm)	Relatively low technical requirements and intense market competition, except for regular cable conductors in high-speed copper cables of AI applications, which have relatively high technical requirements	Power transmission, building wiring, industrial control, transportation infrastructure, electronic device power connections and AI data centers
Fine (> 0.03, < 0.1 mm)	Relatively high requirements for processing precision and surface quality, the production of which demands the adoption of precision wire drawing and surface treatment processes	Consumer electronics, small motors, precision instruments, low-altitude economy and robotics
Ultra-fine (≤ 0.03 mm)	Relatively higher current density and lower resistance loss, resulting in remarkable improvement in energy efficiency and representing the highest level of conductor manufacturing technology (currently possessed by only a handful of enterprises worldwide)	High-precision medical devices, NEVs, microelectronic components, low-altitude economy and robotics

Source: the F&S Report

INDUSTRY OVERVIEW

The precision cable conductors market is increasingly evolving toward higher-performance and miniaturized applications, driven primarily by the need for lighter, more efficient components from downstream application industries such as the automotive, electronics and medical device industries. Accordingly, fine and ultra-fine cable conductors are exhibiting tremendous growth potential in light of such trend compared to regular cable conductors, benefiting from their compactness. In recent years, the rapid development of AI infrastructure and AI data centers has further driven demand for conductors products in high-speed copper cables, creating new growth opportunities for higher-performance regular cable conductors. For details, see “— Key End Markets of Precision Cable Conductors and Precision Metal Filaments and Ropes — The AI Industry.”

The following table sets forth some details on the major application fields of fine and ultra-fine cable conductors:

Application field	Industry challenges	Advantages of fine and ultra-fine cable conductors
Smart terminals	As electronic devices continue to become thinner and embedded with more features, the requirements for miniaturization and precision on conductors are also increasing.	Provide greater space-saving efficiency and more stable connections
Medical devices	Medical instruments are required to be more miniaturized and flexible, while also demanding higher stability and biocompatibility.	Provide device flexible design and stable interconnection performance
NEVs	As NEVs become increasingly intelligent, miniaturization and low power consumption of electrical components are conducive to vehicle design and driving range optimization.	Provide greater flexibility, lightweight characteristics and space optimization capability
Robotics	Conventional twisted conductors have insufficient resistance to ultra-high cycle bending fatigue and limited electromagnetic signal transmission capability.	Provide greater bendability, significantly reduce cable harness weight, while enabling space optimization.
Low-altitude economy and aerospace	The performance and scenario requirements of this application field cannot be satisfied if regular cable conductors are used.	Enable weight reduction while maintaining high-strength characteristics to be better adapted to tasks in harsh environments

Source: the F&S Report

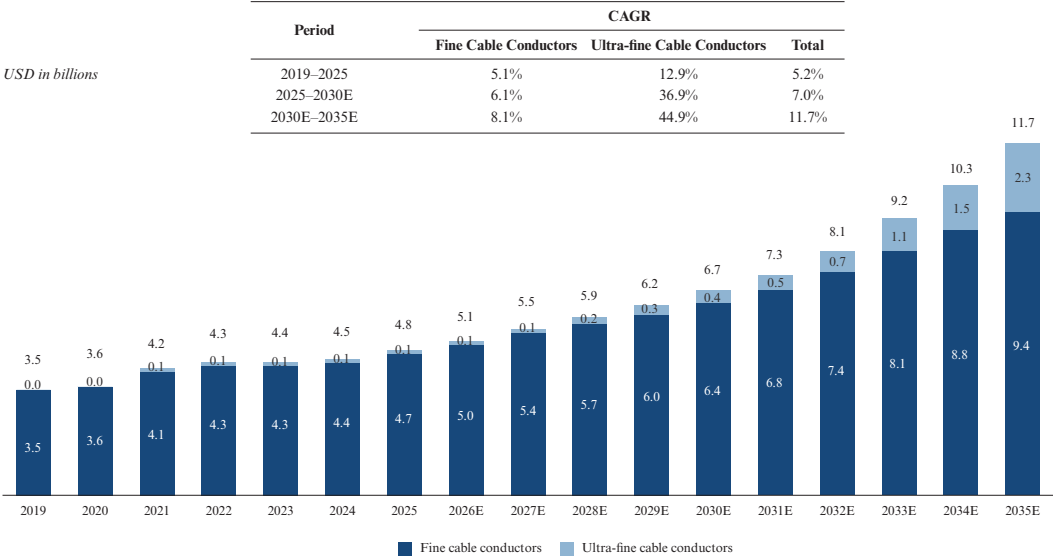
For details on the application of fine and ultra-fine cable conductors in each key end market, see “— Key End Markets of Precision Cable Conductors and Precision Metal Filaments and Ropes.”

Market Size

The global fine and ultra-fine cable conductors market has experienced notable growth in recent years, driven by increasing demand for miniaturization, high transmission efficiency and enhanced reliability across downstream industries. This market increased from USD3.5 billion in 2019 to USD4.8 billion in 2025, at a CAGR of 5.2%, and is expected to reach USD6.7 billion by

INDUSTRY OVERVIEW

2030 and USD11.7 billion by 2035, at a CAGR of 7.0% from 2025 to 2030, and 11.7% from 2030 to 2035. The following diagram sets forth the historical and projected size of this market from 2019 to 2035:



Source: companies’ annual reports, expert interview, the F&S Report

Note: The market size estimation here for fine and ultra-fine cable conductors excludes enameled wires, binding wires, and communication cables, but considers cable conductor diameters of below 0.03 mm (ultra-fine) and 0.03 mm to 0.1 mm (fine), and only includes the in-house R&D and manufacturing portion.

In particular, the global fine cable conductors market increased from USD3.5 billion in 2019 to USD4.7 billion in 2025, at a CAGR of 5.1%, and is expected to reach USD6.4 billion by 2030 and USD9.4 billion by 2035, at a CAGR of 6.1% from 2025 to 2030 and 8.1% from 2030 to 2035. The fine cable conductors market largely benefits from broad downstream applications in smart terminals, communication systems, medical devices and intelligent equipment.

The global ultra-fine cable conductors market increased from USD36.3 million in 2019 to USD89.8 million in 2025, at a CAGR of 16.3%, and is expected to reach USD0.4 billion by 2030 and USD2.3 billion by 2035, at a CAGR of 36.9% from 2025 to 2030 and 44.9% from 2030 to 2035. The ultra-fine cable conductors market is characterized by higher technical barriers and superior performance requirements compared to the fine cable conductors market, and is mainly applied in high-precision and high-density interconnection scenarios, including medical devices, robots, and low-altitude economy applications.

In addition, regular cable conductors have historically been widely applied across traditional power transmission, industrial equipment and various cable-related applications, with new growth drivers in higher-performance regular cable conductors in recent years, resulting in a market size by revenue of over hundreds of billions of US dollars globally. With respect to regular cable conductors adopted in high-speed copper cables, the size of this market increased from RMB0.1 billion in 2019 to RMB0.7 billion in 2025, at a CAGR of 36.0%, and is expected to reach RMB2.1 billion by 2030 and RMB4.2 billion by 2035, at a CAGR of 24.7% from 2025 to 2030 and 14.6% from 2030 to 2035.

INDUSTRY OVERVIEW

Competitive Landscape

Manufacturers of precision cable conductors products with similar materials composition and diameter specifications represent the most direct competitors of the Group. The market players in the fine and ultra-fine cable conductors markets typically compete with respect to product quality, cost efficiency, manufacturing capabilities and product adaptability to serve diverse downstream applications, among other things.

The global fine cable conductors market features a pyramid-shaped tiered competitive landscape with obvious divergence and involves a relatively large number of participants among which there are more than a hundred manufacturers worldwide with scaled mass production capabilities. Within this market, some enterprises focus on production scale and mainly produce relatively thicker-diameter products, while others prioritize finer-diameter products or products that require stricter production processes. The top five players of the global fine cable conductors market collectively accounted for approximately 20% of the market share by revenue in 2025, dominated by Chinese and Japanese companies. The remaining share of this market is largely fragmented.

Meanwhile, the global ultra-fine cable conductors market is generally characterized by higher concentration due to greater technical requirements, as its superior performance requirements entail higher entry barriers, which limits its participation to a smaller number of capable players. Accordingly, this market has fewer market participants compared to the global fine cable conductors market. To establish and maintain competitive positions in this market, participants need to be equipped with advanced manufacturing technologies, production stability, stringent quality controls and relatively high qualification for certification, among other things. In 2025, the top three players of the global ultra-fine cable conductors market accounted for a total of approximately 79.5% by total revenue scale, details of which are set forth below:

Ranking ⁽¹⁾	Company name ⁽²⁾	Brief introduction	Listing status as of the Latest Practicable Date	Market share of the global ultra-fine cable conductors market
1	Company A	A global technology and manufacturing group with operations spanning automotive systems, info-communications, electronics, energy infrastructure and industrial materials founded in 1897 and headquartered in Osaka, Japan, which has developed extensive expertise in advanced materials, wire and cable technologies, optical fiber, semiconductor materials and precision electronic components, serving industries such as automotive, telecommunications and data centers	Listed on Tokyo Stock Exchange, Nagoya Stock Exchange and Fukuoka Stock Exchange	~47%
2	Company B	A materials manufacturer with competitive core technologies for highly functional metal materials founded in 1910 and headquartered in Tokyo, Japan, which operates across a broad range of businesses related to industrial infrastructure, automobiles and electronics with globally recognized brands in its portfolio	Unlisted	~17%
3	The Group		Unlisted	15.5%
	Total			~79.5%

Source: public information, expert interview, the F&S Report

Notes: (1) The ranking estimation here excludes enameled wires, binding wires and communication cables, but considers cable conductor diameters of below 0.03 mm (ultra-fine), and only includes the in-house R&D and manufacturing portion.

(2) The identities of peer companies are presented in code names, as we had not acquired consent from these companies as of the Latest Practicable Date, and unauthorized disclosure may cause potential disputes.

INDUSTRY OVERVIEW

Furthermore, the global regular cable conductors market is highly fragmented and complex, among which the regular cable conductors market for high-speed copper cables used in AI data centers is relatively concentrated, with fewer than ten major leading market participants globally, primarily due to high technical barriers associated with material performance, signal transmission stability and precision manufacturing.

Growth Drivers and Future Trends

The global fine and ultra-fine cable conductors markets have demonstrated the following growth drivers and future trends:

Consistent demand from downstream applications with increasing performance requirements. Demand for fine and ultra-fine cable conductors is supported by the continuing evolution of downstream applications toward smaller size, higher functional density and more reliable power and signal transmission. Fine cable conductors have been widely adopted in mature application fields such as smart terminals, small motors and precision instruments, where stable demand for compact electrical components supports a broad market base. The ultra-fine cable conductor industry is primarily driven by the rapid development of sectors with advanced application scenarios such as smart terminals, high-end medical devices, the low-altitude economy and NEVs, which raise stricter requirements for miniaturization, lightweight design and interconnection density. Furthermore, as downstream applications are continually evolving, they are imposing increasingly stringent requirements on upstream materials, which continues to drive the demand for improved conductor performance.

Continual technological advancement. The development of fine and ultra-fine cable conductors is supported by ongoing innovations in materials and manufacturing processes. Continuous improvements in precision wire drawing, surface treatment technologies, electroplating and related manufacturing processes enhance dimensional accuracy, surface quality and product consistency, while also improving conductivity and mechanical performance of fine and ultra-fine cable conductors. In addition, the application of digitalization and intelligent manufacturing has positively contributed to the improved performance and production efficiency of these products.

The global fine cable conductors market has demonstrated the following additional growth driver and future trend:

Industry shift toward value-added segments. The fine cable conductors market is gradually transitioning from standardized, volume-driven products to higher value-added and application-specific segments. Manufacturers are increasingly focusing on precision processing, quality control and customized solutions, rather than competing primarily on price. This shift is driving industry consolidation and technological upgrading.

The global ultra-fine cable conductors market has demonstrated the following additional growth drivers and future trends:

Expanding application scenarios. The range of applications of ultra-fine cable conductors is expanding to emerging high-tech end markets such as AR devices, BCI and advanced sensing equipment, in addition to traditional electronics and medical applications. Such expansion is expected to create additional demand for ultra-fine cable conductors.

INDUSTRY OVERVIEW

Increased competitiveness of PRC manufacturers. China’s position as both the world’s largest producer and consumer of refined copper has provided PRC manufacturers of ultra-fine cable conductors with a favorable industry value chain advantage. In light of continued improvements in technologies, manufacturing capabilities and product quality, PRC manufacturers of this market have gradually gained recognition in the global market.

The global regular cable conductors market has demonstrated the following growth drivers and future trends:

Stable conventional demands. Regular cable conductors continue to support broad and stable demand across conventional applications. A significant portion of the regular cable conductors products are relatively mature and volume-driven, with comparatively lower value-added characteristics.

Expansion toward higher-performance applications. Regular cable conductors have historically been widely used in conventional applications such as power transmission, electrical wiring and industrial equipment. In recent years, the rapid development of AI infrastructure, next-generation communication technologies and AI data centers has driven increasing demand for higher-performance regular cable conductor applications such as conductors products for high-speed copper cables.

Entry Barriers

New market entrants to the global fine and ultra-fine cable conductors markets are confronted with the following barriers:

Process know-how. Both markets rely on accumulated process know-how, operational experience, experienced engineers and technical personnel with expertise in precision manufacturing and materials science. Achieving high yield, consistent product quality and efficient cost control requires long-term process refinement, sustained R&D capabilities and the accumulation of long-term technical know-how, forming a significant barrier for new entrants.

Techniques and manufacturing capabilities. The production of fine and ultra-fine cable conductors requires advanced precision manufacturing capabilities and relatively high standards in processing precision and surface quality. Manufacturers must achieve precise dimensional control, smooth surface finish and stable electrical performance through multi-stage wire drawing and surface treatment processes, while maintaining consistent product quality, performance and reliability in continuous manufacturing.

Customer onboarding. Fine and ultra-fine cable conductors are widely used in sectors where downstream customers place strong emphasis on product consistency, delivery reliability and supplier qualifications. Established suppliers of fine and ultra-fine cable conductors benefit from long-term relationships and proven supply capabilities and certification records, making it difficult for new entrants to access existing supply chains.

Capital investment. Manufacturing of fine and ultra-fine cable conductors requires substantial and continuous investment in production equipment and R&D. The number of pieces of equipment for procurement for producing ultra-fine cable conductors are considerably larger than those for producing fine cable conductors, given more precise production technology and techniques are involved. Accordingly, with respect to ultra-fine cable conductors, established market players with solid equipment R&D capabilities are able to scale their production more easily than those without such R&D capabilities. Additionally, extended payment cycles by customers are common in these markets, which may create relatively higher working capital requirements on the market players, and new entrants may not have the resource and the ability to satisfy such requirements.

INDUSTRY OVERVIEW

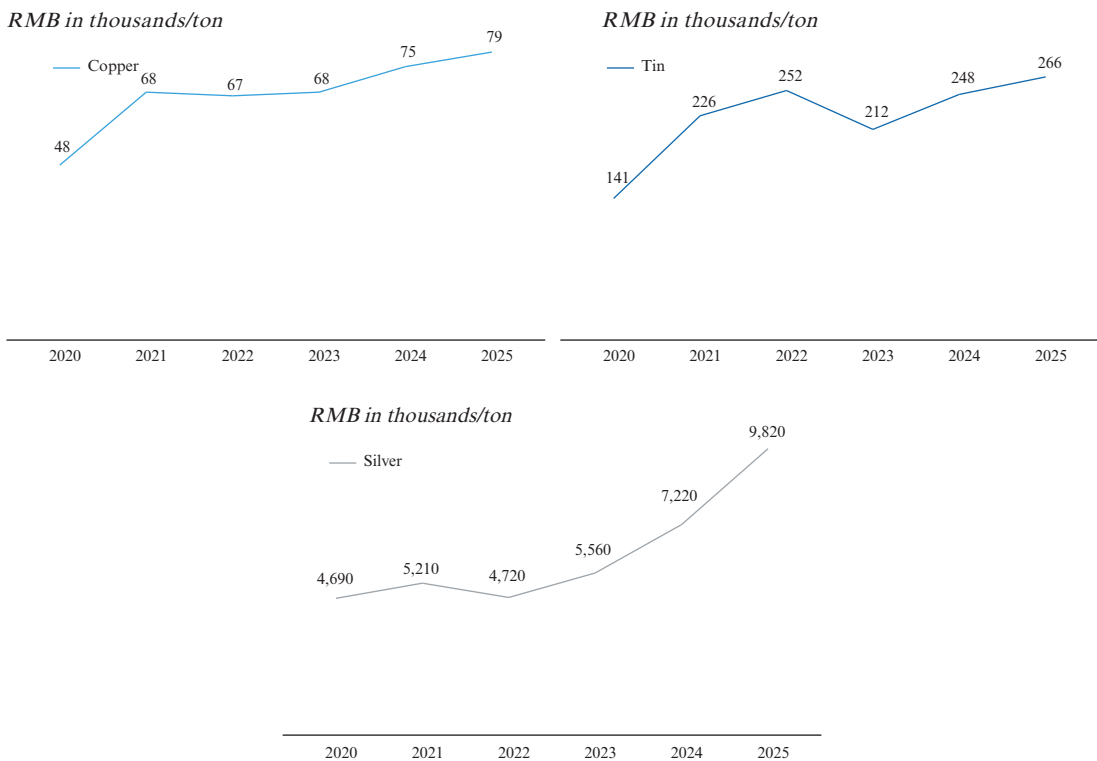
New market entrants to the global ultra-fine cable conductors market are confronted with the additional following barrier:

Scale barriers. The production of ultra-fine cable conductors requires sophisticated manufacturing techniques. Challenges relating to process and production stability hinder the stable mass production of such products. Mature market players with established economies of scale have advantages in cost efficiency, which is hard to achieve by new entrants.

New market entrants to the high-speed copper conductors segment of the global regular cable conductors market are confronted with the following barriers: (i) high capital investment, where new entrants are faced with massive upfront capital expenditures for producing high-speed copper cable conductors; (ii) technical barriers, where new entrants are required to achieve stringent precision requirements during production, which demands meticulous inspections or even real-time testing of conductor dimensions, plating thickness and other parameters as well to ensure the uniformity and stability of products; and (iii) end-user cost sensitivity, where downstream customers are relatively price-sensitive and established players can reduce costs through economies of scale, making it difficult for new entrants to match their pricing strategies.

Major Raw Material Analysis

The major raw materials for manufacturers of fine and ultra-fine cable conductors are copper, silver and tin, where silver and tin are typically used for plating. The following graphs set forth the historical market prices of copper, silver and tin from 2020 to 2025:



Source: government websites, Shanghai gold exchange, the F&S Report

INDUSTRY OVERVIEW

Copper prices generally showed a stable upward trend with relatively mild fluctuations in recent years, supported by recovering industrial demand, accelerating electrification trends, expanding demand from electric vehicles, AI data centers and precision manufacturing applications. Going forward, copper prices are expected to remain relatively stable with moderate fluctuations.

Silver prices generally exhibited an upward trend with fluctuations in recent years, supported by recovering industrial activities, rising demand from electronics, semiconductors, photovoltaics, AI-related applications and precision manufacturing industries. As a relatively scarce precious metal, the prices of silver were also influenced by investment demand, supply tightness and geopolitical uncertainties, and are expected to remain volatile at relatively high levels.

Tin prices generally experienced an upward trend with relatively high volatility in recent years, driven by semiconductor demand, consumer electronics recovery, supply chain disruptions, geopolitical tensions and tightening supply conditions. Growing demand from emerging electronics and precision manufacturing applications is expected to continue supporting tin prices at relatively high but fluctuating levels.

THE GLOBAL PRECISION METAL FILAMENTS AND ROPES MARKET

Overview

Precision metal filaments generally refer to high-performance load-bearing materials produced through precision manufacturing with a diameter of less than 0.1 mm, which are not limited to conductive applications and are characterized by high tensile strength, fatigue resistance and flexibility. In contrast, a precision metal rope is typically formed by twisting or bundling multiple precision metal filaments together to enhance strength, flexibility and durability. These products may be manufactured from materials such as steel, stainless steel, tungsten, and precious metals such as gold, silver and platinum, depending on the specific performance requirements. The following table sets forth a comparison between precision metal filaments and ropes:

	Precision metal filaments	Precision metal ropes
Flexibility and fatigue resistance	They can achieve a small bending radius, not prone to plastic deformation or fracture, with slower fatigue crack initiation and propagation under high-frequency loads.	Sliding between filaments enhances flexibility and adaptability to complex curved surfaces, and their braided structures absorb vibration energy and improve fatigue resistance for dynamic applications.
Tensile strength	During wire drawing, grain refinement and work hardening occur inside the metal, microdefects are greatly reduced, and the material achieves higher strength.	When stressed, load is more evenly distributed, with lower elongation at break. Failure of a single strand does not lead to overall failure, which improves overall reliability.
Space adaptability	A smaller diameter results in lighter weight and smaller volume, with larger specific surface area and higher efficiency in applications such as heat exchange.	Although metal ropes may have higher volume and weight than filaments, they have better performance with respect to flexibility, fatigue resistance and tensile strength. Their braided structures prevent twisting and provide a higher safety margin for transmission.

Source: the F&S Report

INDUSTRY OVERVIEW

Precision metal filaments and ropes are widely used as precision structural or functional mechanical components in various industrial applications. Major downstream applications include medical devices, robotics and other advanced manufacturing industries that require high strength, flexibility and reliability. The following tables set forth some details on the major application fields of precision metal filaments and ropes:

	Application field	Application scenarios
Precision metal filaments	Medical industry	Cardiovascular and cerebrovascular interventional devices, such as medical guidewires and heart stents; electrical stimulation interface, such as BCI and electrosurgery devices; stents or fixation devices, such as orthopedic implants and orthodontics
	Electrical industry	Sensor, such as thermocouples, strain gauges and micro contacts; aerospace equipment, such as precise sensing and connection
	Wire mesh	Electromagnetic shielding net, commonly found in medical imaging rooms, communication base station and nuclear industry protection; mesh screen, widely used in scenarios such as screening, filtration and isolation; screen printing, which can be used in the production of PCB boards, photovoltaic products and electronic components
Precision metal ropes	Robotics	Transmission architecture of humanoids, especially dexterous hands
	Automobile industry	Automotive safety systems, transmission systems, electronic control systems and various cable systems
	Medical industry	Surgical robot systems; minimally invasive surgical instruments, such as endoscopes
	Aerospace industry	Precision transmission systems and control systems, such as the deployment mechanism of solar panels and the pointing system of antennas
	Industrial automation	Transmission and control of precision machinery, such as positioning system, feed system and tool control system

Source: the F&S Report

Market Size

Driven by the development of advanced manufacturing, automation technologies, medical devices and other emerging industries, demand for precision metal filaments and ropes products has continued to increase in recent years. For example, metal tendon ropes used in humanoids are expected to experience significant long-term growth potential. As humanoids and precision motion-control systems continue to develop, demand for high-strength, high-flexibility and high-precision transmission materials is expected to increase accordingly.

Currently, due to the relatively broad product scope and diversified downstream applications of precision metal filaments and ropes, it remains difficult to accurately assess the overall size of this market. Market analysis is therefore more commonly conducted on specific product segments and application scenarios, such as metal tendon ropes and precision medical guidewire products.

INDUSTRY OVERVIEW

KEY END MARKETS OF PRECISION CABLE CONDUCTORS AND PRECISION METAL FILAMENTS AND ROPES

The Smart Terminals Industry

Smart terminals refer to electronic devices capable of data processing, connectivity and intelligent interaction. In light of the rapid development of AI and digital technologies, smart terminals are evolving toward AI-native terminals with enhanced computing and interaction capabilities. Substantial growth potential lies in five major sectors of the smart terminals industry, namely smartphones, personal computers and tablets, smart wearables, security cameras and smart glasses, thereby creating great demand for high-performance electronic components, such as ultra-fine cable conductors. The following table sets forth some details on the development of selected sectors in the smart terminals industry:

Sector	Current status	Development expectations
Smartphones	As the largest sector of the smart terminals industry, global shipments exceeded 1,200 million units in 2025.	The driving force behind market growth is shifting from mere hardware upgrades to value enhancement driven by AI functions. AI phones have become the core growth driver in the market
Personal computers and tablets	Global personal computer shipments reached about 280 million units in 2025, while tablet shipments reached about 162 million units in the same year.	Affected by the supply shortages triggered by the surging demand from AI data centers, PC shipments are expected to maintain the strong growth momentum witnessed at the end of 2025 in the short term. However, in the long run, growth will remain steady.
Smart wearables	The global shipment volume of smart wearable devices was over 200 million units in 2025.	The continuous increase in consumers' demand for personal health monitoring and the continuous penetration of wearable devices in the medical and health fields have both driven the growth of the global smart wearable device market.
Security cameras	The global shipment volume of security cameras is expected to reach 140 million units in 2025.	Supported by technologies such as AI, AIoT, cloud computing and imaging, security cameras are gradually evolving from merely fulfilling basic security needs to providing comprehensive smart security solutions.
Smart glasses	The global smart glasses shipments reached about 15 million units in 2025.	As an excellent carrier for AI, smart glasses are expected to see continuous growth in application penetration across scenarios such as travel, entertainment, learning, and office work in the future, with a CAGR exceeding 80% over the next five years.

Source: companies' annual reports, expert interview, the F&S Report

Illustrative Example: Taking smart glasses as an example, the global shipment volume of smart glasses increased from approximately 1.5 million in 2024 to 14.7 million units in 2025, and is expected to exceed 70 million units by 2030. Each pair of smart glasses typically requires around six to twelve ultra-fine cable conductors, where the total length of ultra-fine cable conductors used per pair is approximately 9 cm to 17 cm, and the total weight of ultra-fine cable conductors used per pair is approximately 5.5 mg to 11.0 mg. Based on the projected shipment volume, the smart glasses sector alone is expected to generate demand for approximately 400 million to 800 million ultra-fine cable conductors by 2030, which corresponds to approximately 370 kg to 735 kg in total shipment weight.

INDUSTRY OVERVIEW

The Medical Device Industry

Medical devices refer to highly accurate, advanced instruments, equipment and related products designed for high-performance healthcare applications. In light of the continual advancement of medical technologies and increasing healthcare demand, the medical device industry has experienced steady growth globally. In particular, the development of minimally invasive procedures, high-end medical devices and intelligent healthcare technologies has accelerated the adoption of high-precision components in medical devices.

Most medical devices still generally adopt conventional conductor solutions. However, along with the development trends of medical devices toward intelligence, miniaturization and precision, conventional conductors may not be able to satisfy the stringent requirements in high-end medical device fields. Meanwhile, traditional filaments and ropes may not be able to meet the strength, flexibility, fatigue resistance and biocompatibility requirements for high-end medical devices.

Demand for Fine and Ultra-fine Cable Conductors: Fine and ultra-fine cable conductors show advantages in their small diameter, high flexibility and stable electrical conductivity. These characteristics support the development of miniaturized and precision medical devices and are particularly suitable for applications requiring compact internal structures and reliable signal transmission, such as minimally invasive medical devices and precision diagnostic equipment, especially in fields such as ultrasound, endoscopy and brain-computer interfaces.

Demand for Precision Metal Filaments and Ropes: Precision metal filaments and ropes provide high strength, flexibility and durability, making them suitable for use in precision structural components in medical devices. Their mechanical performance and reliability support applications such as surgical instruments, minimally invasive medical devices and other medical equipment that require precise control and stable mechanical performance. In particular, precision metal filaments are mainly used in scenarios such as radiation protection, cardiac stents, brain-computer interface, and precision metal ropes are often used in disposable endoscopes and surgical robots.

Illustrative Example: Disposable endoscopes are widely used in minimally invasive diagnosis and treatment due to their advantages in reducing cross-infection risks and improving clinical efficiency. Global shipments of disposable endoscopes increased significantly in recent years and are expected to continue growing as healthcare institutions increasingly adopt single-use medical devices. As each disposable endoscope typically incorporates (i) multiple ultra-fine cable conductors for signal transmission and device control and (ii) precision metal filaments and ropes, the expansion of this segment is expected to generate increasing demand for fine and ultra-fine cable conductors and precision metal filaments and ropes.

The AI Industry

AI refers to technologies that enable machines to perform tasks that typically require human intelligence, including data processing and pattern recognition. AI applications rely heavily on computing power infrastructure, where high-speed interconnection supports large-scale data exchange and distributed computing. High-speed copper cables that are made from regular cable conductors enable high-bandwidth and low-latency transmission, and are key components of high-speed interconnection systems. Therefore, the development of AI has significantly increased demand for advanced computing power, driving the evolution of computing infrastructure from traditional data centers to specialized computing power centers with enhanced capabilities in high-performance and parallel computing, and has accordingly fueled the demand for regular cable conductors.

INDUSTRY OVERVIEW

Demand for Conductors in High-speed Copper Cables: The rapid expansion of computing power centers is expected to drive increasing demand for high-speed interconnection solutions. In AI computing scenarios, high-speed copper cables have gained widespread adoption for short-range interconnections, with products such as NVIDIA’s GB200 and GB300 servers and Google’s TPU systems adopting customized copper cables or DAC and AEC solutions. Driven by the rapid growth of AI applications, intelligent computing power in China increased from 75 exa floating point operations per second (“EFLOPS”) in 2020 to 1,037 EFLOPS in 2025, representing a CAGR of 69.1%, significantly outpacing the growth of general computing power. As the scale of intelligent computing centers expands, demand for high-speed copper cables continues to increase, where high-speed precision cable conductors account for approximately 35% to 40% of the total cable cost.

The Low-altitude Economy Industry

Low-altitude economy refers to economic activities conducted in low-altitude airspace using aerial transport equipment. It encompasses the manufacturing and operation of aerial vehicles as well as related service applications. With the advancement of unmanned aerial vehicle technologies and supportive policy developments, the low-altitude economy has experienced rapid growth in recent years. Typical transport equipment includes unmanned aerial vehicles (“UAVs”), electric vertical take-off and landing aircraft (“eVTOL”) and helicopters, which are widely used in logistics and distribution, aerial inspection, emergency rescue and tourism. Equipment for the low-altitude economy imposes stringent technical requirements on conductive materials, which are mainly reflected in multiple dimensions including energy consumption performance, lightweight, mechanical properties and safety. Conventional conductors may not be able to meet such requirements.

Demand for Fine and Ultra-fine Cable Conductors: The small diameter, high conductivity and lightweight characteristics of fine and ultra-fine cable conductors can support compact and lightweight aerial equipment. In addition, their flexibility and reliability enable integration into complex electrical systems in aerial platforms such as UAVs and eVTOL aircraft, supporting efficient power transmission and signal connectivity. In 2025, the Company ranked first globally in the low-altitude economy applications of ultra-fine cable conductors by revenue.

Illustrative Example: According to the Civil Aviation Administration of China data, registered UAVs in China reached 2.2 million units in 2024 and 3.3 million units in 2025, representing year-on-year growth of 69.2% and 50.0%, respectively. The number is expected to exceed 5 million units in China and 10 million units globally by 2030. UAVs are widely used in logistics and distribution, aerial inspection, agricultural operations and emergency rescue, and global shipment volumes have continued to grow in recent years. Ultra-fine cable conductors are used for signal transmission and electrical connections in flight control systems, sensors and other onboard electronic components, particularly for video and image signal transmission in micro and light unmanned aerial vehicles (“UAVs”). China is currently a leading market for ultra-fine cable conductor applications in UAVs. As UAV shipments and onboard electronic integration increase, demand for ultra-fine cable conductors in UAV applications is expected to grow correspondingly.

The Robotics Industry

Robots are intelligent equipment integrating mechanical engineering, automation, sensors, AI and computer technologies. The global robotics industry has developed a relatively mature product ecosystem, with industrial robots representing the most commercialized segment, and humanoids emerging as a key future growth area. Additional segments of the robotics industry include service robots and special-purpose robots, which also keep expanding. These categories jointly drive the global intelligent transformation.

INDUSTRY OVERVIEW

Among them, humanoids are robots designed with human-like structures and motion capabilities, enabling them to perform tasks in environments originally designed for human operation. As the robotics industry evolves driven by advancements in AI and computing power, the integration of physical form and intelligent capabilities has become an important development trend, where humanoids serves as a natural physical carrier for embodied intelligence. Driven by advances in AI, robotics technology and intelligent manufacturing, transition from prototyping to commercial deployment of humanoids has become an important trend in the robotics industry. According to the F&S Report, the global humanoids market size was approximately US\$14.9 billion in 2025 and is expected to reach US\$101.1 billion by 2030, at a CAGR of 46.7%, which reflects strong growth potential as driven by continual technological advancements and increasing commercial applications. The corresponding market demand for tendon rope products used in humanoids is also expected to increase significantly. Based on current industry estimates, the related tendon rope market size is projected to reach approximately US\$2.5 billion by 2030.

Demand for Precision Metal Filaments and Ropes: Many humanoids adopt tendon-driven transmission structures, in which motors transmit force to finger joints and other articulation systems through tendon ropes to achieve flexible and precise motion control. Metal tendon ropes are typically manufactured from high-strength precision metal filaments or composite metal wires, providing the tensile strength, flexibility and durability required for repetitive mechanical motion. Each degree of freedom (“**DOF**,” referring to the number of independent, movable joints or axes a robot possesses) generally requires two antagonistic tendon ropes, and high-end humanoids can feature seven or more DOFs.

Illustrative Example: High-end humanoids typically adopt dual dexterous hands with approximately 11 to 22 DOFs, resulting in approximately 22 to 44 tendon ropes for a single robot, respectively. Based on current industry estimates, the price of a single tendon rope is approximately RMB40, corresponding to a tendon rope value of approximately RMB1,760 to RMB3,520 per robot depending on system configuration. As humanoids commercialization continues to accelerate, demand for precision metal filaments and ropes used in tendon-driven transmission systems is expected to increase accordingly.

The NEVs Industry

NEVs generally refer to vehicles powered by alternative energy sources such as battery electric vehicles, plug-in hybrid electric vehicles and fuel cell vehicles. The NEV industry has experienced rapid growth in recent years. In 2025, China’s automobile production and sales reached approximately 34.5 million units and 34.3 million units, respectively. Among them, China’s NEV production and sales reached 16.6 million units and 16.5 million units, respectively representing year-on-year growth of 34.4% and 35.5%, respectively. Globally, the NEV sales approached approximately 22 million units in 2025, where China accounted for approximately 75%. The increasingly wider adoption of NEVs is expected to further drive the demand for electrical and electronic components used in their power and control systems.

Demand for Fine and Ultra-fine Cable Conductors: Fine and ultra-fine cable conductors offer advantages in flexibility and high conductivity, which can support their use in components such as cameras, LiDARs sensors, central control systems and intelligent cockpits, enabling driver assistance and even autonomous driving functions. The development of intelligent cockpits also increase demand for miniaturized and high-precision interconnection solutions, creating additional application opportunities for fine and ultra-fine conductors.

Demand for Precision Metal Ropes: Precision metal ropes have relatively high strength, flexibility and fatigue resistance, and are commonly used in components such as skeleton reinforcement structures, vehicle transmission systems and window regulators, supporting reliable mechanical transmission and contributing to vehicle weight reduction and greater layout flexibility.

INDUSTRY OVERVIEW

SOURCE OF INFORMATION

We commissioned F&S to conduct an independent market research analysis on global and China markets for (i) high-performance precision metal connection wires, and (ii) selected downstream application industries including smart terminals, medical devices, AI, low-altitude economy, robotics and NEV industries, and to prepare the F&S Report. F&S is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay RMB580,000 to F&S for compiling the F&S Report.

In preparing the F&S Report, F&S conducted detailed primary research, which involved interviews with industry experts and leading market participants across the relevant industry value chain. F&S also conducted secondary research, which involved reviewing publicly available sources, including company reports, industry publications, government statistics, and data from its proprietary research database. Market size estimates were derived from historical data analysis, combined with macroeconomic indicators and industry-specific drivers. The forecasting methodology integrates expert interviews, analysis of market drivers and restraints, assessment of industry challenges, market engineering measurement models, and econometric analysis.

The F&S Report is compiled based on the following assumptions: (i) the social, economic and political environment in the PRC and globally will remain stable during the forecast period; and (ii) the key industry drivers identified will continue to support the development of the relevant markets during the forecast period.

REGULATORY OVERVIEW

LAWS AND REGULATIONS RELATED TO OUR RELATED BUSINESS IN THE PRC

Regulations Related to the Industry Development

According to the Guiding Catalogue for Industrial Structure Adjustment (2024 Version) (《產業結構調整指導目錄(2024年本)》) promulgated by the National Development and Reform Commission (國家發展和改革委員會) (the “NDRC”) on December 27, 2023 and effective on February 1, 2024, non-ferrous metal new materials for high-end manufacturing applications across aerospace, rail transit, advanced medical equipment and other fields, intelligent infrastructure such as high-performance computing infrastructure and medical robots are of the state-encouraged industries.

Laws and Regulations Relating to Work Safety, Environmental Protection and Fire Safety

Work Safety

The PRC Work Safety Law (《中華人民共和國安全生產法》) was promulgated by the National People’s Congress of the PRC (全國人民代表大會常務委員會) (the “SCNPC”) on June 29, 2002, most recently amended on June 10, 2021 and became effective on September 1, 2021. The Work Safety Law applies to all entities engaging in production and business activities in the PRC. Such entities shall, according to the PRC Work Safety Law, strengthen work safety management, establish and improve the all-staff work safety responsibility system and internal rules and regulations in relation to work safety, increase investment in funds, materials, technologies and staff for work safety, improve working conditions, strengthen the development of a standardized and information technology enabled work safety system, establish a dual prevention mechanism of graded management and control of safety risks and the screening and handling of hidden dangers, improve the risk prevention and resolution mechanism so as to ensure work safety. Violations of the PRC Work Safety Law may result in administrative penalties such as fine, suspension of operation and revocation of license.

On January 26, 2002, the State Council promulgated the Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》) (the “**Hazardous Chemicals Regulations**”), which was last amended and effective on December 7, 2013. The Hazardous Chemicals Regulations set out supervision and administration provisions on the safe production, storage, use, operation and transport of hazardous chemicals. An enterprise that has obtained, in accordance with law, a license for safe production of hazardous chemicals, a license for safe use of hazardous chemicals or a license for operation of hazardous chemicals shall purchase highly toxic chemicals and hazardous chemicals liable to produce explosives based on the relevant licenses. The units other than those stipulated in the preceding clause, for the purpose of purchasing highly toxic chemicals, shall apply to the public security authorities of the county-level government where they are located for the licenses for purchasing highly toxic chemicals.

Environmental Protection

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (last amended on April 24, 2014, and effective on January 1, 2015) sets out the powers and responsibilities of various environmental protection regulatory agencies. The Environmental Protection Department is authorized to issue national standards for environmental quality and emissions and supervise the environmental protection plans in China. Meanwhile, local environmental protection departments may formulate local standards that are stricter than national standards. In such cases, relevant enterprises must comply with both national and local standards simultaneously.

REGULATORY OVERVIEW

Pursuant to the Administration Rules on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) (the “**Construction Projects Environmental Protection Rules**”) promulgated by the State Council on November 29, 1998, and amended on July 16, 2017, and other relevant environmental laws and regulations, construction enterprises shall, before the commencement of construction, prepare or submit an environmental impact report, environmental impact statement, or environmental impact registration form with relevant environmental protection administrative authority for approval or filing. Construction enterprises may entrust a technical entity to conduct an environmental impact assessment of their construction projects and prepare environmental impact reports and environmental impact statements on construction projects. If a construction entity has the technical capability of environmental impact assessment, it may carry out the above activities itself.

Pursuant to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), which was promulgated by the SCNPC on October 28, 2002, and amended on July 2, 2016, and December 29, 2018, respectively, for any construction projects that have an impact on the environment, an entity is required to produce either a report, or a statement, or a registration form of such environmental impacts depending on the seriousness of effect that may be exerted on the environment.

Pursuant to the Construction Projects Environmental Protection Rules upon the completion of a construction project for which an environmental impact report or environmental impact statement is formulated, the construction entity shall conduct an acceptance inspection of the environmental protection facilities under the standards and procedures stipulated by the environmental protection administrative authorities of the State Council, formulate the acceptance inspection report, and announce the acceptance inspection report according to the law except for circumstances where there is a need to keep confidentiality under the provisions of the State. For a construction project for which an environmental impact report or environmental impact statement is formulated, where its supporting environmental protection facilities have not undergone acceptance inspection or do not pass acceptance inspection, such construction project shall not be put into production or use.

The Interim Measures for Acceptance of Environmental Protection upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) was promulgated and implemented by the former Ministry of Environmental Protection (now the Ministry of Ecology and Environment) on November 20, 2017. The Measures regulate the procedures and standards for independent environmental protection acceptance by construction entities upon the completion of construction projects.

Pollutant Discharge

According to the Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), which was promulgated by the SCNPC on October 30, 1995, and last amended on April 29, 2020 and came into effect on September 1, 2020, any entity or individual that generates, collects, stores, transports, utilizes or disposes of solid waste shall take measures to prevent or reduce the pollution of solid waste to the environment, and shall be responsible for the environmental pollution caused in accordance with the law. Where hazardous waste exists in solid waste, it shall be managed in accordance with hazardous waste management.

According to the Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), which was promulgated by the SCNPC on May 11, 1984, and last amended on June 27, 2017 and came into effect on January 1, 2018, the enterprises, institutions and other production and operation units directly or indirectly discharging industrial waste water and medical sewage to water bodies, and the enterprises, institutions and other production and operation units required to obtain pollutant discharging permit before discharging waste water and sewage must obtain the pollutant discharging permit. Furthermore, environmental impact assessment must be carried out in accordance with the law for newly-formed projects and reconstruction, or extension

REGULATORY OVERVIEW

projects that directly or indirectly discharge pollutants to water bodies and other installations on water. Water pollution prevention and control facilities should be designed, constructed and put into use at the same time as the main construction of the projects.

According to the Regulations on the Administration of Pollution Discharge Permits (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and took effect on March 1, 2021, enterprises, institutions and other production and operation units subject to administration of pollution discharge permits shall discharge pollutants in accordance with such regulation, and shall not discharge pollutants without obtaining a pollutant discharging permit. The administration on pollutant discharge units is divided into key management and simplified management pursuant to the amount of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment. Environmental protection authorities impose various administrative penalties, such as fines, an order to correct, restriction or suspension of production for rectification, and an order to cease operation, etc., on individuals or enterprises that violate the Environmental Protection Law. According to the Administrative Measures for Pollutant Discharge Licensing (《排污許可管理辦法》) promulgated by the Ministry of Ecology and Environment on April 1, 2024 and scheduled to be implemented on July 1, 2024, enterprises, public institutions and other producers and operators under the administration of discharge permits shall apply for and obtain a pollutant discharge license and discharge pollutants in accordance with the provisions of the discharge permit. Any enterprise that fails to obtain a pollutant discharge license as required shall not discharge pollutants. According to the Catalog of Classified Administration of Pollutant Discharge License for Stationary Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》) issued by the Ministry of Ecology and Environment on December 20, 2019, key management, simplified management and registration management of pollutant discharge permits are implemented according to factors such as the amount of pollutants generated, the amount of emissions, the degree of impact on the environment, etc., and only pollutant discharge entities that implement registration management do not need to apply for a pollutant discharge permit.

Fire Safety

The PRC Fire Prevention Law (《中華人民共和國消防法》) was promulgated by the SCNPC on April 29, 1998, and was most recently amended and became effective on April 29, 2021. According to the PRC Fire Prevention Law, enterprises are required to perform the following duties in relation to fire prevention: (i) implement fire safety accountability system prepare fire safety system and fire safety operational procedures for their organization, and prepare fire extinguishment and emergency evacuation plans; (ii) prepare and install firefighting facilities and equipment pursuant to applicable laws and industry standards, install fire safety signs, and organize inspection and maintenance on a regular basis to ensure that the facilities and equipment are in good working conditions; (iii) conduct comprehensive inspection of firefighting facilities in the buildings they are in at least once a year to ensure that they are in good working conditions, the inspection records shall be complete and accurate and be well kept for reference and regulatory inspection; (iv) ensure that evacuation access, safety exits and fire engine access roads are unblocked, and ensure that the fire and smoke bay and firebreak distance comply with relevant technical standards; (v) organize fire prevention checks to promptly eliminate hidden fire hazards; (vi) organize and carry out targeted fire drills; and (vii) perform any other fire safety duties stipulated by applicable laws and regulations. Failure to perform those duties and other violations of the PRC Fire Prevention Law may result in a fine or an order of suspension of business.

Laws and Regulations Related to Product Quality

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020 and becoming effective on January 1, 2021, in the event of damages caused to others due to the defects in a product, the infringed party may seek compensation from the manufacturer or the seller of such product and shall have the right to request the manufacturer and the seller to bear tortious liabilities, such as cessation of infringement, removal of obstruction, elimination of danger, etc.

REGULATORY OVERVIEW

The PRC Product Quality Law (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993 and most recently amended on December 29, 2018 is the principal governing law related to the supervision and administration of product quality. According to the PRC Product Quality Law, manufacturers shall be liable for the quality of products produced by them and sellers shall take measures to ensure the quality of the products sold by them. A manufacturer shall be liable to compensate for any physical injuries or damage to property other than the defective product itself resulting from the defects in the product, unless the manufacturer is able to prove that: (i) the product has not been put into circulation; (ii) the defects causing injuries or damage did not exist at the time when the product was put into circulation; or (iii) the science and technology at the time when the product was put into circulation were at a level incapable of detecting the existence of the defect. A seller shall be liable to compensate for any physical injuries or damage to property of others caused by the defects in the product. Where a product is defective due to a mistake made by the seller and such defect causes physical injury or damage to the property of others, the seller shall bear liability for compensation. Where a seller cannot specify the producer of a defective product nor the supplier of such defective product, the seller shall be liable for compensation. Where a defect in a product causes physical injuries to others or damages to the property of others, the victim may claim compensation from the producer of the product or from the seller of the product.

Laws and Regulations Related to Importation and Exportation of Goods

The PRC Foreign Trade Law (《中華人民共和國對外貿易法》) promulgated by the SCNPC on May 12, 1994 which came into effect on July 1, 1994 and most recently amended on December 27, 2025 and effective since March 1, 2026 and the PRC Regulations on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on December 10, 2001, most recently amended on March 10, 2024, and came into effect on May 1, 2024, both stipulated that the import and export of goods and technologies to and from the PRC are free, unless otherwise in relevant laws or administrative regulations, and all entities engaging in the business of importation and exportation of goods shall comply with applicable laws and regulations. The PRC Customs Law (《中華人民共和國海關法》) promulgated on January 22, 1987, as most recently amended on April 29, 2021, stipulates that, among other things, the consignee or consignor of import or export goods or a customs agent shall file for record with relevant customs authority before going through any customs declaration procedures. Provisions on the Administration of Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC on November 19, 2021, and effective from January 1, 2022, further gives detailed requirement on the documents needed for the filing and the requirement on reporting certain changes of the filed information to the relevant customs authority.

Laws and Regulations Related to Land or Property Use

In June 1986, the SCNPC promulgated the Land Administration Law of the PRC (《中華人民共和國土地管理法》), which was last amended on August 26, 2019 and became effective on January 1, 2020. In January 1991, the State Council published Rules for Implementation of the Land Administration Law of the PRC (《中華人民共和國土地管理法實施條例》) which was last amended on July 2, 2021 and came into effect on September 1, 2021. According to the regulations, enterprises and individuals shall use land strictly in accordance with the purpose stipulated in the land use master plan. Changes to the purpose of the use of land in accordance with laws must be supported by approval documents, and an application for the change of registration must be submitted to the land administration department of the people’s government above county level in which the land is situated. The change registration shall be carried out by the original land registration administrative authority in accordance with law. If the enterprises or individuals do not use state-owned land in accordance with the approved land use purpose, the natural resources administrative department of the people’s government at county level and above shall order the party concerned to hand over the land.

REGULATORY OVERVIEW

Laws and Regulations Related to Property Leasing

Pursuant to the PRC Civil Code, a lessee may, upon the lessor’s consent, sublease the leased object to a third person. The lease contract between the lessee and the lessor shall continue to be valid despite the sublease by the lessee, and if the third person causes loss to the leased object, the lessee shall bear the liability for compensation. A change in the ownership of a leased object during the period that a lessee possesses the leased object in accordance with the lease contract shall not affect the validity of the lease contract. Pursuant to the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》), which was promulgated by the SCNPC on July 5, 1994 and was latest amended on August 26, 2019, and the Management Measures for the Lease of Commercial Housing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010, and effective on February 1, 2011, the parties to a housing lease shall enter into a lease contract in accordance with the law. Within 30 days after the conclusion of the housing lease contract, the parties to the lease shall go to the competent department of construction (real estate) of the people’s government of the municipality, city or county where the leased housing is located to register and file the housing lease. In violation of the foregoing provisions, the competent construction (real estate) departments of the people’s governments of the municipalities directly under the central government, cities and counties shall order rectification within a time limit. If rectification is not made by an individual within the time limit, a fine of less than RMB1,000 shall be imposed. If rectification is not made by an entity within the time limit, a fine of more than RMB1,000 but less than RMB10,000 shall be imposed. According to the PRC Civil Code, the parties’ failure to register the lease contract in accordance with the provisions of laws and administrative regulations does not affect the validity of the contract.

Laws and Regulations Related to Labor Protection, Social Insurance and Housing Provident Funds

General Labor Contract Rules

Labor contracts must be concluded in writing if labor relationships are to be or have been established between enterprises, individual economic organizations, private non-enterprise entities, etc. and the employees under the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》), promulgated on June 29, 2007 and last amended on December 28, 2012. Employers are forbidden to force employees to work overtime or to do so in a disguised manner and employers must pay employees overtime wages in accordance with national regulations. In addition, wages may not be lower than local standards on minimum wages and must be paid to the employees timely. According to the Labor Law of the People’s Republic of China (《中華人民共和國勞動法》), promulgated on July 5, 1994 and last amended on December 29, 2018, employers shall establish and improve a system of labor safety and sanitation and shall strictly abide by national rules and standards on labor safety and sanitation and educate employees on labor safety and sanitation so as to prevent accidents during work and reduce occupational hazards. Labor safety and sanitation facilities shall comply with national standards. The employers must also provide employees with labor safety and sanitation conditions that are in compliance with national standards and necessary articles for labor protection.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》) passed by the SCNPC on October 28, 2010 and amended on December 29, 2018, each employer and individual in the PRC shall make social insurance contributions, including basic pension insurance, basic medical insurance, work injury insurance, unemployment insurance and maternity insurance. Employer who fails to promptly pay social insurance contributions in full amount shall be ordered to pay or supplement within a prescribed period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

REGULATORY OVERVIEW

Pursuant to the Interpretation II of the Supreme People’s Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), promulgated on February 17, 2025 and effective since September 1, 2025, any agreement between an employer and an employee or any commitment made by an employee to the employer stating that social insurance premiums need not be paid shall be deemed invalid by the people’s court. If an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to terminate the labor contract and claims economic compensation pursuant to Article 38(3) of the Labor Contract Law of the People’s Republic of China, the people’s court shall support such claims in accordance with the law. In the circumstances described in the preceding paragraph, if the employer subsequently pays the social insurance premiums in accordance with the law and requests the employee to return the compensation already paid for the social insurance premiums, the people’s court shall support such requests in accordance with the law.

According to the Administrative Regulations on the Housing Provident Fund (《住房公積金管理條例》) passed by the State Council on April 3, 1999 and last amended on March 24, 2019, each employer and individual in the PRC shall make housing provident fund contributions. Where, in violation of the provisions of the regulations, an employer is overdue in the contribution of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the contribution within a prescribed time limit; where the contribution has not been made after the expiration of the time limit, an application may be made to a people’s court for compulsory enforcement.

Laws and Regulations Related to Foreign Investment

Company Law of the PRC

The Company Law of the PRC (《中華人民共和國公司法》), promulgated by the Standing Committee of the SCNPC on December 29, 1993, last amended on December 29, 2023 and came into effect on July 1, 2024, governs the establishment, operation and management of companies in the PRC, including foreign-invested companies. Unless foreign investment laws provide otherwise, foreign-invested companies shall abide by the Company Law of the PRC.

Foreign Investment Law of the PRC and Regulations on the Implementation of the Foreign Investment Law of the PRC

Foreign investment in the PRC is subject to the Catalogue of Industries for Encouraging Foreign Investment (2025 Version) (《鼓勵外商投資產業目錄(2025年版)》) (the “**Catalogue**”), amended on December 15, 2025 and effective since February 1, 2026 and the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “**Negative List**”), promulgated on September 6, 2024 and effective since November 1, 2024, both of which issued by the NDRC and the Ministry of Commerce of the PRC (中華人民共和國商務部) (the “**MOFCOM**”). The Catalogue and the Negative List lay out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: “encouraged”, “restricted”, and “prohibited”. Industries not listed in the Catalogue or the Negative List are generally deemed as falling into a fourth category, “permitted”, unless specifically restricted by other PRC laws and regulations.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**FIL**”), promulgated by the National People’s Congress (全國人民代表大會) (the “**NPC**”) on March 15, 2019, effective since January 1, 2020, and the Implementation Regulations for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the “**Implementation Regulations for FIL**”), promulgated by the State Council (國務院) on December 26, 2019, effective since January 1, 2020, are the principal existing law and regulation governing foreign investment in the PRC. The FIL and the Implementation Regulations for FIL are enacted to further expand opening-up, actively promote foreign investment, protect legitimate rights and interests in foreign investment, and standardize foreign investment management. Pursuant to the FIL and the Implementation Regulations for FIL, the PRC adopts a system of national treatment plus the

REGULATORY OVERVIEW

Negative List with respect to foreign investment administration. Foreign investment and domestic investment in industries outside the scope of the Negative List issued or released upon approval by the State Council would be treated equally.

On December 30, 2019, the Ministry of Commerce and the SAMR, jointly promulgated the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which became effective on January 1, 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign investor carries out investment activities in China directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department.

On December 19, 2020, the NDRC and the MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. Foreign investor or relevant parties in China must declare the security review prior to (i) the investments in the military industry, military industrial supporting and other fields relating to the security of national defense, and investments in areas surrounding military facilities and military industry facilities; and (ii) investments in important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies and other important fields relating to national security; and obtaining control in the target enterprise.

Laws and Regulations Related to Overseas Investment

The Administrative Measures on Overseas Investment (《境外投資管理辦法》) was promulgated by the MOFCOM on September 6, 2014 and came into effect on October 6, 2014. According to these measures, overseas investment shall refer to the obtaining of ownership of an overseas non-financial enterprise by means of incorporation, merger, acquisition or any other method by an enterprise incorporated in the PRC. Any overseas investments involving sensitive countries and regions or sensitive industries shall be subject to the approval of the MOFCOM or its provincial counterpart; overseas investments that do not fall into the aforementioned category shall be subject to a filing to the relevant provincial counterpart of the MOFCOM. Enterprises that obtained approval or completed the filing process will receive an Overseas Investment Certificate for Enterprise (《企業境外投資證書》) issued by MOFCOM or its provincial counterpart.

The Administrative Measures for Overseas Investment by Enterprises (《企業境外投資管理辦法》) was promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018. As defined therein, overseas investment refers to investment activities to obtain proprietary right, right of control, right of business management, and other related rights and interests outside of the PRC, by an enterprise incorporated in the PRC, either directly or via an overseas enterprise under its control, by way of contributing asset and/or interest or providing financing and/or guarantee. Prior to investing overseas, the investment project shall be approved by the NDRC, if it involves sensitive countries and regions or sensitive industries; if the investment project is considered not sensitive as it does not involve sensitive countries and regions or sensitive industries, the entity intending to complement the project shall file relevant information with the NDRC or its provincial counterparts. The Catalogue of Sensitive Industries for Overseas Investment (2018 Edition) (《境外投資敏感行業目錄(2018版)》), which was promulgated by the NDRC on January 31, 2018 and came into effect on March 1, 2018, sets out a detailed list for the aforementioned sensitive industries.

REGULATORY OVERVIEW

Laws and Regulations Related to Foreign Exchange

Under the PRC Foreign Currency Administration Rules (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, and last amended on August 5, 2008 and various regulations issued by the SAFE and other relevant PRC government authorities, Renminbi is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments, payment of interest and dividends. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside China for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from the SAFE or its local branches. Payments for transactions that take place within China must be made in Renminbi. Unless otherwise provided by laws and regulations, PRC companies may repatriate foreign currency payments received from abroad or retain the same abroad. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaging in settlement and sale of foreign exchange pursuant to relevant PRC rules and regulations. For foreign exchange proceeds under the capital accounts, approval from the SAFE is required for its retention or sale to a financial institution engaging in settlement and sale of foreign exchange, except where such approval is not required under the relevant PRC rules and regulations.

According to the Notice on Relevant Issue Concerning the Administration of Funds for Overseas Listing by Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》) issued by the SAFE and the People’s Bank of China on December 24, 2025, which became effective on April 1, 2026, the domestic companies shall register the overseas listing with the foreign exchange control bureau located at its registered address in 30 working days and the bank responsible for registration.

According to the Guidelines for the Foreign Exchange Business under the Capital Account (2024) (《資本項目外匯業務指引(2024年版)》) issued by SAFE on April 3, 2024, in principle, the funds raised by overseas listings of domestic companies should be repatriated to China in a timely manner, and can be repatriated in RMB or foreign currency. The use of funds shall be consistent with the relevant contents listed in the publicly disclosed documents. Domestic companies using the funds raised from overseas listings to carry out overseas direct investment, overseas securities investment, overseas lending and other businesses shall comply with the relevant foreign exchange management regulations.

The Notice on Further Simplifying and Improving Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued by SAFE on February 13, 2015 and was amended on December 30, 2019, allowing entities and individuals to apply for foreign exchange registrations through qualified banks. Under SAFE’s supervision, these banks can directly review applications. On March 30, 2015, SAFE released the Circular on Reforming Settlement Management of Foreign Capital in Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》). This circular mandates Discretionary Foreign Exchange Settlement for foreign-invested enterprises, enabling them to settle foreign exchange capital based on operational needs, subject to document verification. The circular emphasizes authentic and self-use principles within the enterprise’s scope, barring use for payments beyond business scope, securities investment (unless specified), Renminbi entrust loans, inter-enterprise borrowings, or real estate expenses (except for self-use by foreign-invested real estate enterprises).

The Circular of Further Improving and Adjusting the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步改進和調整直接投資外匯管理政策的通知》) (the “SAFE Circular 13”), which became effective on December 17, 2012 and was last amended on December 30, 2019, cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment and simplifies the procedure of foreign exchange-related registration. Pursuant to SAFE Circular 13, investors should register with banks for direct domestic investment and direct overseas investment.

REGULATORY OVERVIEW

The Circular on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《關於改革和規範資本項目結匯管理政策的通知》) (the “SAFE Circular 16”), was promulgated by SAFE on June 9, 2016 and was amended on December 4, 2023. Pursuant to the SAFE Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. The SAFE Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC Laws, while such converted Renminbi shall not be provided as loans to its non-affiliated entities.

On January 26, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《關於進一步推進外匯管理改革完善真實合規性審核的通知》), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including: (i) banks should check board resolutions regarding profit distribution, the original version of tax filing records, and audited financial statements pursuant to the principle of genuine transactions; and (ii) domestic entities should hold income to account for previous years’ losses before remitting the profits. Moreover, pursuant to this circular, domestic entities should make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts, and other proof when completing the registration procedures in connection with an outbound investment.

The Notice for Further Advancing the Facilitation of Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》), which was promulgated by the SAFE on October 23, 2019, and was amended on December 4, 2023. Among other things, it allows all FIEs to use Renminbi converted from foreign currency denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment.

According to the Circular of the State Administration for Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) promulgated with effect from April 10, 2020 by the SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

Laws and Regulations Related to Intellectual Property

Trademarks

The Trademark Law of the People’s Republic of China (《中華人民共和國商標法》) (the “Trademark Law”) became effective on March 1, 1983 and was last amended on April 23, 2019, and the Implementation Rules of the Trademark Law of the People’s Republic of China (《中華人民共和國商標法實施條例》) became effective on September 15, 2002 and was last amended on April 29, 2014. The Trademark Law and its implementation rules provide the basic legal framework for the regulation of trademarks in the PRC, covering registered trademarks, including commodity trademarks, service trademarks, collective marks and certificate marks. Registered trademarks are protected under the Trademark Law and related rules and regulations. Trademarks are registered with the Trademark Office of the National Intellectual Property Administration of the PRC (中華人民共和國國家知識產權局). Where registration is sought for a trademark that is identical or similar to another trademark that has already been registered or given preliminary examination and approved for use on the same or similar commodities or services, the application for registration of such trademark may be rejected. Trademark registrations are effective for a renewable ten-year period, unless otherwise revoked.

REGULATORY OVERVIEW

Patents

The Patent Law of the PRC (《中華人民共和國專利法》) and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) govern patent activities in China. Enacted on March 12, 1984, and last amended on October 17, 2020, the Patent Law became effective on June 1, 2021. The Patent Office of the National Intellectual Property Administration of the PRC (中華人民共和國國家知識產權局) oversees national patent work. Provincial, autonomous region, or municipal patent administration departments handle local jurisdictions.

The Patent Law and its Implementation Rules recognize three patent types: “invention,” “utility model” and “design.” Invention patents cover new technical solutions for products, methods, or their improvements. Utility model patents apply to practical technical solutions for product shapes, structures, or combinations. Design patents protect new esthetic designs for products, including shape, pattern, and color combinations. Invention patents are valid for twenty years, design patents for fifteen years, and utility model patents for ten years from the application date.

China follows the “first to file” principle, granting patents to the earliest applicant for the same invention. Patentable inventions or utility models must be novel, inventive, and practical. Patent holders’ rights are legally protected, allowing others to use the patent only with proper authorization. Unauthorized use constitutes patent infringement unless specified by law.

Domain Names

Internet domain name registration and related matters are regulated by the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and taking into effect on November 1, 2017, and the Implementation Rules for the Registration of National Top-level Domain Names (《國家頂級域名註冊實施細則》) promulgated by China Internet Network Information Center and taking into effect on June 18, 2019. Domain name owners are required to register their domain names and the MIIT is in charge of the administration of PRC internet domain names. The domain name services follow a “first come, first file” principle. The applicants will become the holders of such domain names upon the completion of the registration procedure.

Laws and Regulations Related to the Protection of Cybersecurity and Data Protection

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) promulgated by the SCNPC on November 7, 2016 and came into effect on June 1, 2017, last revised on October 28, 2025 and became effective on January 1, 2026, the PRC has implemented a hierarchical network security protection system, and network operators shall comply with laws and regulations and fulfill the obligations to safeguard the security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures in accordance with the mandatory requirements of laws, regulations and national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. Network operators shall not collect the personal information irrelevant to the services provided, or collect or use the personal information in violation of the provisions of laws or agreements between both parties.

On June 10, 2021, the SCNPC promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》) (the “**Data Security Law**”), effective from September 1, 2021. The Data Security Law mainly sets forth specific provisions regarding the establishment of basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency response system. In addition, the Data Security Law clarifies the data security protection obligations of organizations and individuals carrying out data activities and implements data security protection responsibilities. On December 8, 2022, the MIIT promulgated the Measures for the Administration of Data Security in the Field of Industry and Information Technology (Trial) (《工業和信息化領域數據安全管理辦法(試行)》), which

REGULATORY OVERVIEW

came into effect on January 1, 2023. Pursuant to the Measures, data in the field of industry and information includes industrial data, that is data generated and collected by various industries and fields within the industrial sector during processes. Data processors in the field of industry and information technology shall take the main responsibility for the security of data processing activities, implement hierarchical protection for various types of data, and where different levels of data are being processed at the same time and it is difficult to take separate protection measures, the protection shall be implemented in accordance with the requirements of the highest levels, to ensure that the data continues to be effectively protected and legally utilized. The Measures provide for the classification of data in the field of industry and information technology as general, important, or core data, and provide specific requirements for the management of data classifications and data protection measures. Data processors processing important data and core data are required to complete filing with relevant authorities for the catalogue of important data and core data.

On September 24, 2024, the State Council promulgated the Administrative Regulations for Cyber Data Security (《網絡數據安全管理條例》) (the “**Cyber Data Security Regulations**”), which came into effect on January 1, 2025. The Cyber Data Security Regulations is to implement general requirements on data security management from the Cybersecurity Law, the Data Security Law, as well as the Personal Information Protection Law, reiterating the general regulations for data processing activities and rules of personal information protection, important data security protection, network data cross-border transfer management, and network platform service providers’ obligations. The Cyber Data Security Regulations do not include detailed content related to cybersecurity review standards for listing in Hong Kong, as mentioned previously in the Administration Governing the Cyber Data Security (Draft for Comments), published on November 14, 2021.

On December 28, 2021, the Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室), the NDRC, the MIIT and several other PRC governmental authorities jointly promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》), these Measures took effect on February 15, 2022. Pursuant to the Cybersecurity Review Measures, a critical information infrastructure operator that purchases network products and services, or an network platform operator that conducts data processing activities, which affect or may affect national security, shall be subject to a cybersecurity review according to the Measures. In addition, the network platform operator which handles the personal information of more than one million users and intends to seek listing abroad (國外上市) must be subject to a cybersecurity review.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the “**Personal Information Protection Law**”), which took effect from November 1, 2021. The Personal Information Protection Law stipulates, among other things, the circumstances under which a personal information processor could process personal information, including: (i) with the consent of individual; (ii) if necessary for the execution or performance of a contract to which the individual is a party, or for the implementation of human resources management in accordance with the labor rules and regulations formulated in accordance with the law and the collective contract concluded in accordance with the law; (iii) if necessary to fulfil statutory duties and statutory obligations; (iv) in order to respond to public health emergencies or protect natural persons’ life, health and property safety under emergency circumstances; (v) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision, and other activities in the public interest; (vi) such information that has been made public is processed within a reasonable scope in accordance with this law; or (vii) under any other circumstance as provided by any law or regulation.

REGULATORY OVERVIEW

Laws and Regulations Related to Taxation

PRC EIT Law

According to the PRC EIT Law (《中華人民共和國企業所得稅法》) promulgated by the NPC on March 16, 2007, and most recently amended on December 29, 2018 and effective from the same date and the Enterprise Income Tax Implementation Regulations (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007, and most recently amended on December 6, 2024 and effective on January 20, 2025, enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises are enterprises which are set up in China in accordance with law, or which are set up in accordance with the law of a foreign country (region) but which are actually under the administration of institutions in China. Non-resident enterprises are enterprises which are set up in accordance with the law of a foreign country (region) and whose actual administrative institution is not in China, but which have institutions or establishments in China, or which have no such institutions or establishments but have income generated from inside China. Resident enterprises are subject to a uniform 25% enterprise income tax rate on their worldwide income. The enterprise income tax rate is reduced by 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC’s government will enjoy a 15% tax rate reduction for EIT.

Value-Added Tax

According to the Value-Added Tax Law of the People’s Republic of China (《中華人民共和國增值稅法》), which was promulgated by the NPC on December 25, 2024 and became effective on January 1, 2026, and the Detailed Rules for the Implementation of the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the Ministry of Finance (the “MOF”) on December 18, 2008, last amended on October 28, 2011 and came into effect on November 1, 2011, all entities and individuals engaged in sale of goods, the provision of processing, repair and maintenance services, sales of services, intangible assets and real estate, and the importation of goods in mainland China are subject to value-added tax (“VAT”). The standard VAT rates are generally simplified to 17%, 11%, and 6%, while small-scale taxpayers are subject to a VAT rate of 3%.

According to the Notice of the MOF and the SAT on the Adjustment to VAT Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》), promulgated by the MOF and the SAT on April 4, 2018, and became effective as of May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively. According to the Announcement on Relevant Policies for Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》), promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

Laws and Regulations Related to Dividend Distribution

Pursuant to the Administrative Measures on Entitlement of Non-resident Taxpayers to Preferential Treatment under Tax Treaties (《非居民納稅人享受協定待遇管理辦法》), which was promulgated by the SAT on October 14, 2019, came into effect on January 1, 2020, non resident taxpayers are entitled to preferential treatment under tax treaties through self determination, self-declaration and keeping and documenting relevant information for inspection. Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through a withholding agent, simultaneously gather and retain the relevant materials pursuant to the regulations for future inspection, and subject to subsequent administration by tax authorities.

REGULATORY OVERVIEW

Regulations Related to Overseas Listing

Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies

The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five relevant guidelines (the “**Overseas Listing Trial Measures**”) were promulgated by the CSRC on February 17, 2023, and came into effect on March 31, 2023. According to the Overseas Listing Trial Measures, issuers seeking an initial public offering or listing abroad must file with the CSRC within three working days following the submission of their application documents for issuance and listing abroad.

Pursuant to the aforementioned regulations, issuers are prohibited from overseas offering and listing if they fall under one of the following circumstances: (1) where such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (2) where the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (3) where the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (4) where the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law, and no conclusion has yet been made thereof; (5) where there are material ownership disputes over equity held by the domestic company’s controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller.

Where a domestic company seeks to directly offer and list securities in overseas markets, the issuer shall file with the CSRC, submit a filing report legal opinion, and other relevant materials and provide truthful, accurate and complete information on the shareholders, among other details.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Provision on Confidentiality**”), which took effect on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State.

Guidelines for the Application of “Full Circulation” of Domestic Unlisted Shares of H-share Companies (2023 Revision)

The Guidelines for the Application of “Full Circulation” of Domestic Unlisted Shares of H-share Companies (2023 Revision) (《H股公司境內未上市股份申請“全流通”業務指引(2023修訂)》) were issued and implemented by the CSRC on August 10, 2023. According to these guidelines, domestic unlisted joint stock companies may file with the CSRC for “full circulation” simultaneously with their initial public offerings or listings in overseas markets.

REGULATORY OVERVIEW

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THAILAND

Foreign Business Act (“FBA”)

Thai law restricts the ability of foreigners to engage in certain business activities in Thailand. The principal legislation governing foreign participation in business activities is the Foreign Business Act B.E. 2542 (1999) (the “FBA”). Under the FBA, a “foreigner” is defined as:

- (a) a non-Thai natural person;
- (b) a legal entity not incorporated in Thailand;
- (c) a juristic entity incorporated in Thailand in which at least 50% (fifty percent) of its share capital is held by foreign individuals or foreign entities; and
- (d) a limited partnership or registered ordinary partnership in which a non-Thai natural person is the managing partner or manager.

The FBA categorizes restricted business activities into three lists: List 1 (absolutely prohibited for foreigners), List 2 (permitted with Cabinet approval and a Foreign Business Certificate), and List 3 (permitted with approval from the Director-General of the Department of Business Development and issuance of a Foreign Business Certificate). Foreigners are generally permitted to hold less than 50% of the registered share capital of a company engaging in any restricted business unless an applicable specific law or treaty otherwise provides.

Non-compliance with the FBA may result in criminal penalties, including fines and/or imprisonment, and the imposition of an order to cease the restricted business operations.

Investment Promotion Act (“Investment Act”) and the Board of Investment (“BOI”)

The Board of Investment of Thailand (“BOI”) was established under the Investment Promotion Act B.E. 2520 (1977), as amended (the “Investment Act”), with the principal objective of encouraging and promoting investment in Thailand through incentives and support measures for eligible business activities. The Thai Government has, as a matter of policy, granted full foreign ownership rights to foreign investors who commit to making substantial investments and transferring technology to Thailand through the BOI promotion scheme.

BOI promotion privileges are generally available for manufacturing activities and certain qualifying non-manufacturing activities, in each case falling within the eligible categories published by the BOI from time to time. To qualify for and maintain BOI privileges, an investment promoted company is required to, among other things:

- bring into Thailand the required registered capital, specified technology, and machinery within the timeframe stipulated by the BOI;
- comply strictly with the conditions set out in the relevant BOI promotion certificate; and
- comply with applicable reporting obligations and obtain prior BOI approval for any material changes to the promoted project.

Failure to comply with BOI conditions may result in revocation of the promotion certificate and loss of the associated privileges. BOI-promoted companies may also be subject to restrictions on the import, sale, and use of machinery and raw materials, as well as requirements in relation to export ratios and environmental compliance.

REGULATORY OVERVIEW

Land Code

The Land Code B.E. 2497 (1954), as amended, governs the ownership, use, and transfer of land in Thailand. As a general rule, foreigners (as defined under applicable Thai law) are not permitted to own land in Thailand. Foreigners may, however, acquire land in limited circumstances, including:

- (a) by virtue of the provisions of a treaty affording the right to own immovable property, subject to the conditions and procedures prescribed in the Land Code; or
- (b) for purposes of residence, commerce, industry, agriculture, burial, public charity, or religion, subject to the conditions and procedures prescribed in ministerial regulations and with the approval of the Minister of Interior.

Foreign-owned or foreign-controlled companies may be eligible to own land under certain other specific statutory regimes, including the Industrial Estate Authority of Thailand Act and the Investment Promotion Act, subject to fulfillment of the applicable conditions. A company may also acquire rights to use land through lease arrangements under the Civil and Commercial Code.

Laws and Regulations on Taxation: The Revenue Code of Thailand (“RC”)

The principal legislation governing taxation in Thailand is the Revenue Code (the “RC”), administered by the Revenue Department under the Ministry of Finance.

Corporate Income Tax (“CIT”)

Under the RC, a company or juristic partnership incorporated under Thai law, or a foreign company carrying on business in Thailand, is generally subject to CIT at a rate of 20% on its net profit. Preferential CIT rates apply to small and medium enterprises (“SMEs”). A company whose paid-up registered capital does not exceed THB 5 million at the end of the accounting period and whose annual revenue from business operations does not exceed THB 30 million per annum is entitled to the following reduced CIT rates:

- exempt from CIT on net profit not exceeding THB 300,000;
- CIT at 15% on net profit in the range of THB 300,001 to THB 3,000,000; and
- CIT at 20% on net profit exceeding THB 3,000,000.

Value Added Tax (“VAT”)

VAT is an indirect consumption tax levied on the supply of goods and the provision of services in Thailand, and on the importation of goods into Thailand. Any person (whether an individual or a juristic entity) who conducts business in Thailand and whose annual revenue exceeds THB 1.8 million is required to register as a VAT operator with the Revenue Department. The standard VAT rate is currently 7% (reduced from the statutory rate of 10% pursuant to a series of ministerial notifications). Only a registered VAT operator is entitled to claim input tax credits or VAT refunds.

Other Applicable Taxes

In addition to CIT and VAT, a company conducting business in Thailand may also be subject to other taxes under the RC and related legislation, including excise tax, withholding tax (“WHT”), specific business tax (“SBT”), land and building tax, and stamp duty. A company is required to file tax returns and make tax payments to the Revenue Department on a regular basis, including on a monthly, semi-annual, and annual basis, as applicable.

REGULATORY OVERVIEW

Laws and Regulations Relating to Dividend Distribution

The declaration and distribution of dividends by a Thai limited company is governed by the Civil and Commercial Code of Thailand (“CCC”). Under the CCC, a resolution of the shareholders’ meeting is generally required to declare and distribute dividends; provided that, where the board of directors forms the view that the company’s financial position is profitable, the board of directors may, by a majority vote, resolve to declare and distribute an interim dividend without a shareholders’ resolution.

At each distribution of dividends, a company is required to appropriate at least 5% of its annual net profit to a statutory reserve fund until such reserve fund reaches an amount not less than 10% of the company’s registered capital.

Dividend payments to shareholders are subject to Thai withholding tax. Dividends paid by a Thai company to a foreign corporate shareholder are generally subject to WHT at the rate of 10%. A lower WHT rate may apply where a double taxation agreement (“DTA”) between Thailand and the jurisdiction of the foreign shareholder is applicable and provides for a reduced rate.

Personal Data Protection Act B.E. 2562 (2019) (“PDPA”)

The PDPA constitutes Thailand’s primary legislation on personal data protection and came into full effect on 1 June 2022. The PDPA regulates the collection, use, and disclosure (collectively referred to as “**processing**”) of personal data of individuals (“**data subjects**”) by data controllers and data processors.

“Personal data” is defined under the PDPA as any information relating to a person which enables the identification of such person, whether directly or indirectly, but excludes information of deceased persons. A “data controller” is a person or juristic entity having the authority and duty to make decisions regarding the processing of personal data. A “data processor” is a person or juristic entity that processes personal data on behalf of, or pursuant to the instructions of, a data controller.

Under the PDPA, data controllers are generally prohibited from collecting, using, or disclosing personal data without the prior explicit consent of the data subject, unless another lawful basis provided under the PDPA applies. Data controllers and data processors are also subject to various additional obligations, including:

- notifying data subjects of the purposes and lawful basis for processing their personal data;
- implementing appropriate technical and organisational measures to ensure the security of personal data;
- maintaining records of data processing activities; and
- ensuring that cross-border transfers of personal data are made only to countries or international organisations that have adequate data protection standards, or where a lawful exemption under the PDPA applies.

Regulation on Industrial Product Standards

The Industrial Product Standards Act B.E. 2511 (1968) (“IPS Act”), and its subsequent amendments, governs the regulation of industrial product standards in Thailand. The IPS Act is administered by the Thai Industrial Standards Institute (“TISI”) under the Ministry of Industry. The TISI is authorized to establish and enforce Thailand Industrial Standards (“TIS”), which encompass both mandatory and voluntary product standards designed to ensure the safety, quality, and performance of industrial products in Thailand.

REGULATORY OVERVIEW

Under the IPS Act, standards are classified into two categories:

- (c) **Mandatory TIS:** These standards apply to products that are subject to a Royal Decree issued under the authority of the IPS Act. Products falling within this category must comply with the relevant TIS and obtain a mandatory TIS mark prior to being manufactured, imported, or sold in Thailand. Manufacturers and importers of such products are required to obtain a licence from TISI before commencing production or importation of these products; and
- (d) **Voluntary TIS:** These standards apply to products that are not subject to a Royal Decree. Manufacturers may voluntarily elect to comply with a voluntary TIS and apply to TISI for a voluntary TIS mark.

Regulation on Product Liability

The Product Liability Act B.E. 2551 (2008) (“**Product Liability Act**”) is intended to protect consumers’ rights in respect of damages arising from unsafe products. Under the Product Liability Act, the following categories of persons are considered potentially liable parties (“**PLPs**”) for damages caused by unsafe products: manufacturers, hirers of work, importers, and sellers (in particular where the manufacturer, hirer of work, or importer cannot be identified).

An “unsafe product” is defined as a product that causes harm or injury by reason of a defect in manufacturing, a defect in design, or an insufficiency in instructions for use, storage methods, warnings, or product information, or where such instructions or warnings are incorrect or unclear, taking into account the condition of the product and the manner in which it is normally and foreseeably used and stored.

All PLPs in relation to an unsafe product are jointly and severally liable to the consumer for any damage caused by that product, irrespective of whether the harm was caused by an intentional act or negligence on the part of the relevant PLP. To establish liability of a PLP, a consumer is required only to demonstrate that the consumer suffered harm caused by an unsafe product and that the consumer used and maintained the product as intended.

Regulation of Factory Operations

Factory operations in Thailand are regulated by the Factory Act B.E. 2535 (1992) (“**FA**”) and its amendments. Under the FA, a “factory” is defined as a building, premises, or vehicle that either: (i) uses machinery with an aggregate capacity of 50 horsepower or more (or its equivalent); or (ii) employs 50 or more workers, regardless of whether machinery is used.

The FA classifies factories into three types based on their operational characteristics and regulatory requirements:

- (e) **Type 1 Factory:** A factory that may commence operations without prior notification to, or approval from, any government authority;
- (f) **Type 2 Factory:** A factory that must notify the relevant authority prior to commencement of operations, but is not required to obtain a factory licence; and
- (g) **Type 3 Factory:** A factory that is required to obtain a factory licence from the Department of Industrial Works (“**DIW**”) prior to commencing or expanding operations.

In addition to the classification-specific requirements under the FA, factory operators are required to comply with regulations and notifications issued by the Ministry of Industry or the DIW. The specific requirements vary depending on the industry type and scale of operations, and may include provisions relating to the location and surrounding environment of the factory, the types and specifications of machinery, the qualifications of workers and responsible persons, and standards and procedures for waste management, wastewater treatment, and environmental protection.

REGULATORY OVERVIEW

Non-compliance with the FA or its subordinate regulations may result in administrative and criminal penalties, including fines and/or imprisonment, depending on the nature and type of factory involved.

Laws and Regulations Relating to Foreign Exchange

Foreign exchange controls in Thailand are administered by the Bank of Thailand (“**BOT**”) on behalf of the Ministry of Finance under the Exchange Control Act B.E. 2485 (1942) (“**ECA**”), as amended, together with the regulations, notifications, and guidelines issued thereunder (collectively, “Exchange Control Regulations”). The BOT has authorised commercial banks and certain other entities to act as authorised agents for the purposes of foreign exchange transactions.

The BOT has implemented measures to restrict certain categories of foreign exchange transactions involving the Thai Baht by domestic financial institutions and non-residents, with the objective of preventing instability and excessive speculation in the currency market. Exceptions may be granted in specific circumstances on a case-by-case basis.

With respect to outward remittances from Thailand, authorised agents are required to be informed of, and may require the presentation of supporting documentation in relation to, remittances in respect of, among other things: (i) dividend payments following deduction of applicable withholding tax; (ii) interest payments on overseas loans; and (iii) repayments of principal on such loans.

Laws and Regulations Relating to Employment and Labour

Employment and labour relations in Thailand are governed primarily by Sections 575 to 586 of the Civil and Commercial Code (“**CCC**”), the Labour Protection Act B.E. 2541 (1998) (“**LPA**”), the Labour Relations Act B.E. 2518 (1975) (“**LRA**”), the Social Security Act B.E. 2533 (1990) (“**SSA**”), and the Workmen’s Compensation Act B.E. 2537 (1994) (“**WCA**”), together with their respective amendments.

The CCC and the LPA serve as the principal legislative frameworks for the protection of employees’ working conditions and the regulation of employment terms and employment agencies. Notably, an employment contract is not required to be in written form under Thai law; however, written contracts are strongly advisable in practice.

The LPA confers upon employees certain minimum rights and entitlements, including:

- advance notice prior to termination of employment;
- minimum leave entitlements (including annual leave, sick leave, and other statutory leave);
- severance pay upon termination without cause; and
- prescribed public holidays.

The SSA and the WCA establish mandatory contribution schemes to provide financial compensation for employees in cases of illness, injury, disability, or death arising in the course of their employment. Employers are obligated to contribute to both the Social Security Fund (in respect of insured employees) and the Workmen’s Compensation Fund. Failure to comply with these contribution obligations constitutes a criminal offence and may subject the employer to fines, imprisonment, or both.

REGULATORY OVERVIEW

In addition to the foregoing, employers of foreign workers in Thailand are required to comply with the Foreign Workers’ Employment Management Act B.E. 2560 (2017) (“**FWEMA**”) and the Working of Alien Act B.E. 2551 (2008), as amended. Foreign employees are generally required to obtain appropriate non-immigrant visas and work permits prior to commencing employment in Thailand, and are permitted to perform only the specific occupations listed in their respective work permits.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are a provider of high-performance precision metal connection wires, primarily focusing on the R&D, production and sales of precision cable conductors. The history of our Company traces back to 2010, when our Company was established as a limited liability company under the laws of the PRC under the name of Dongguan TOYA Electronic Technology Co., Ltd. (東莞市同亞電子科技有限公司). On February 13, 2026, our Company was converted into a joint stock company with limited liability and renamed as Guangdong TOYA Technology Co., Ltd. (廣東同亞科技股份有限公司). See “— Major Shareholding Changes of Our Company — Conversion into a Joint Stock Limited Company and Capital Increases” below for details.

MILESTONES

The following table sets forth the key milestones in our corporate and business development.

Year	Milestone
2010	Our predecessor, Dongguan TOYA Electronic Technology Co., Ltd. (東莞市同亞電子科技有限公司), was established in Dongguan, Guangdong Province, specializing in the production of high-performance precision metal connection wires. Our core production base commenced operations in Dongguan, Guangdong Province.
2019	We commenced operations in Yingtan, Jiangxi Province with the establishment of our subsidiary Jiangxi TOYA We successfully developed ultra-fine cable conductors with a diameter of 0.008 mm.
2022	We completed our first round of financing.
2023	We were recognized as a Technically Advanced Small and Medium Enterprise (專精特新中小企業) by the Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳). We were recognized as a Technically Advanced “Little Giant” Enterprise (專精特新“小巨人”企業) by MIIT.
2024	We commenced operations in Thailand with the establishment of our subsidiary Thailand TOYA. We were recognized as the Guangdong Provincial Single Champion Manufacturing Enterprise (廣東省製造業單項冠軍企業) by the Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳). We were recognized as an Engineering Technology Research Center (工程技術研究中心) by the Dongguan Science and Technology Bureau (東莞市科學技術局).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

<u>Year</u>	<u>Milestone</u>
2025	Our participation in the project on Single-Crystal High-Purity Copper Atom Manufacturing Technology and Industrial Applications (單晶高純銅原子製造技術及產業應用) was awarded First Prize by China Nonferrous Metals Industry Association (中國有色金屬工業協會) and Non-ferrous Metals Society of China (中國有色金屬學會) in the Nonferrous Metals Industry Science and Technology Award (有色金屬工業科學技術獎) category.
2026	We launched our silver plating operations at the Machong Production Base with the establishment of our subsidiary TOYA New Materials (Dongguan) Co., Ltd. (同亞新材料(東莞)有限公司). Our research collaboration with renowned academic institutions were recognized by the Department of Science and Technology of Guangdong Province (廣東省科學技術廳) as a key research and development program. We were recognized as a Guangdong Provincial Doctoral Workstation (廣東省博士工作站) by the Human Resources and Social Security Bureau of Dongguan (東莞市人力資源和社會保障局). Our Company was converted into a joint stock limited company and renamed as Guangdong TOYA Technology Co., Ltd. (廣東同亞科技股份有限公司).

OUR SUBSIDIARIES

The following sets out the principal business activities, place of establishment and date of establishment of our principal subsidiaries that made a material contribution to our results of operations during the Track Record Period:

<u>Name of subsidiary</u>	<u>Place of establishment</u>	<u>Date of establishment</u>	<u>Shareholding attributable to our Group</u>	<u>Principal business activities</u>
Jiangxi TOYA	PRC	March 15, 2019	100%	Production and sales of precision cable conductors and precision metal filaments and ropes.
Thailand TOYA	Thailand	January 12, 2024	100% ⁽¹⁾	Production and sales of precision cable conductors.

Note:

- (1) Our Company directly holds 0.0001% in Thailand TOYA. The remaining 99.9999% shareholding is held by Singapore TOYA, a wholly-owned subsidiary of our Company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

For details of our subsidiaries, see “— Our Shareholding and Corporate Structure” in this section and Note 1 of the Accountants’ Report set out in Appendix I to this document. For changes in the registered capital of our subsidiaries, see “Statutory and General Information — 1. Further Information about Our Group — C. Changes in the Share Capital of our Subsidiaries” in Appendix IV to this document.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

1. Establishment of Our Company in February, 2010

The predecessor of our Company, namely Dongguan TOYA Electronic Technology Co., Ltd. (東莞市同亞電子科技有限公司), was established in the PRC in February 2010, with an initial registered capital of RMB500,000. The shareholding of our Company upon establishment was as follows:

<u>Shareholder</u>	<u>Registered capital subscribed for</u> (RMB)	<u>Percentage of equity interest</u> (%)
Mr. Zhao	262,500	52.50
Mr. Deng	237,500	47.50
Total	500,000	100

2. Major Equity Transfers and Capital Increases before Conversion into a Joint Stock Company

(a) Nominee Arrangement with Mr. Li (“First Nominee Arrangement”)

On May 10, 2011, Mr. Zeng Qiuping (曾秋平) (“**Mr. Zeng**”) and Mr. Zhang Shunxiong (張順雄) (“**Mr. Zhang**”), both being Independent Third Parties, became beneficially interested as to 35.00% and 25.00% respectively in the equity interests, of our Company, at a total consideration of RMB300,000 after an equity transfer with Mr. Zhao and Mr. Deng was conducted. Following the equity transfer, the beneficial ownership of our Company was as follows:

<u>Equity owner</u>	<u>Registered capital subscribed for</u> (RMB)	<u>Percentage of equity interest</u> (%)
Mr. Zhao	100,000	20.00
Mr. Deng	100,000	20.00
Mr. Zeng ⁽¹⁾	175,000	35.00
Mr. Zhang ⁽¹⁾	125,000	25.00
Total	500,000	100.00

Notes:

- (1) At the time, as Mr. Zeng and Mr. Zhang (both being residents of Taiwan, China) needed to return to Taiwan, China frequently, they entrusted Mr. Li Daheng (李大亨) (“**Mr. Li**”) (a resident of Mainland China) to hold equity interests in our Company on their behalf as a transitional arrangement under the First Nominee Arrangement.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(b) Nominee Arrangement with Mr. Zhao and Mr. Deng (“Second Nominee Arrangement”)

After certain equity transfers and increases in registered capital between 2012 and 2015, on February 14, 2017, to streamline and optimize our Company’s shareholding structure, Mr. Li transferred 60.00% of the equity interests in our Company, held by him as nominee, to Mr. Zhao at a total consideration of RMB1,200,000, which was determined by the corresponding amount of our Company’s registered capital at the time of transfer. Upon completion of the said equity transfer, the First Nominee Arrangement was terminated and Mr. Li ceased to be a registered shareholder of the Company.⁽¹⁾ On the same day, the registered capital of our Company was increased to RMB5,000,000, which was subscribed by the equity owners in proportion to their equity interests. Following the aforementioned changes, the beneficial ownership of our Company was as follows:

<u>Equity owner</u>	<u>Registered capital subscribed for (RMB)</u>	<u>Percentage of equity interest (%)</u>
Mr. Zhao	1,500,000	30.00
Mr. Deng	1,500,000	30.00
Mr. Zeng	1,000,000 ⁽²⁾	20.00
Mr. Zhang	900,000 ⁽²⁾	18.00
Mr. Chen ⁽³⁾	100,000	2.00
Total	5,000,000	100.00

Notes:

- (1) Aside from Mr. Chen’s equity interests, the equity interests previously held by Mr. Li on behalf of Mr. Zeng, Mr. Zhang, Mr. Zhao and Mr. Deng were then held by Mr. Zhao and Mr. Deng for themselves and as nominees respectively under the Second Nominee Arrangement (together with the First Nominee Arrangement, the “Nominee Arrangements”).
- (2) As confirmed by the relevant parties and pursuant to the Second Nominee Arrangement, 20.00% (corresponding to RMB1,000,000 of our Company’s registered capital at the time) and 18.00% (corresponding to RMB900,000 of our Company’s registered capital at the time) of Mr. Zeng and Mr. Zhang’s equity interests respectively were held jointly by Mr. Zhao and Mr. Deng on their behalf.
- (3) On December 31, 2012, for the purpose of bringing in Mr. Chen Rui (陳銳) (“Mr. Chen”) as a core management team member of our Company, he became beneficially interested as to 2.00% of the equity interests of our Company, at a total consideration of RMB50,000. Considering the practicalities of business registration procedures, Mr. Chen’s equity interests were also held by Mr. Li as nominee on behalf of Mr. Chen until the equity transfer on February 14, 2017 and completion of the corresponding SAMR filing.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Between 2017 and 2020, further rounds of equity transfers were conducted. During this period, Mr. Zeng and Mr. Zhang gradually decreased their beneficial ownership in the equity interests of Company and a greater proportion of our Company’s equity interests became beneficially owned by core employees of our Company. On October 26, 2021, each of Mr. Zeng and Mr. Zhang transferred 15.00% respectively of the equity interests in our Company to Mr. Deng and Mr. Zhao at a total consideration of RMB7,200,000⁽¹⁾, which was determined according to arms’ length negotiations between the parties in consideration of the net assets of the Company at the time. Upon completion of the present equity transfer, Mr. Zeng and Mr. Zhang ceased to be beneficial equity owners in our Company. Following the equity transfer, the beneficial ownership of our Company was as follows:

<u>Equity owner</u>	<u>Registered capital subscribed for</u> (RMB)	<u>Percentage of equity interest</u> (%)
Mr. Zhao	2,400,000	48.00
Mr. Deng	2,400,000	48.00
Mr. Chen	100,000	2.00
Mr. Zeng Zhanping ⁽²⁾	100,000	2.00
Total	5,000,000	100.00

Note:

- (1) As confirmed by the parties to the equity transfer, an additional RMB78,214 and RMB70,258 was also paid to Mr. Zeng and Mr. Zhang as interest due to payment in installments.
- (2) On June 11, 2020, for the purpose providing share incentives to our employees, Mr. Zeng Zhanping (曾展平) (“**Mr. Zeng Zhanping**”), an employee of our Company, became beneficially interested as to 2.00% of the equity interests of our Company, at a total consideration of RMB580,000. Mr. Zeng Zhanping equity interests were held by Mr. Zhao and Mr. Deng jointly as nominees on behalf of Mr. Zeng Zhanping until the equity transfers conducted in January, 2022 and completion of the corresponding SAMR filings.

(c) Establishment of Employee Shareholding Platform

Between November 2021 and January 2022, certain equity transfers and registered capital increases were conducted, following which the equity interests previously held by Mr. Zhao and Mr. Deng on behalf of core employees of our Company under the Second Nominee Arrangement were transferred to and held through Shenzhen Yamei as the Employee Shareholding Platform.⁽¹⁾ As such, all nominee arrangements were unwound and terminated, and the ownership of our Company was as follows:

<u>Equity owner</u>	<u>Registered capital subscribed for</u> (RMB)	<u>Percentage of equity interest</u> (%)
TOYA Enterprise Management ⁽²⁾	8,450,060	65.00
Shenzhen Yamei	1,950,000	15.00
Mr. Zhao	1,169,970	9.00
Mr. Deng	1,169,940	9.00
Mr. Chen	260,030	2.00
Total	13,000,000	100.00

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) On January 4, 2022, Shenzhen Yamei was established as an Employee Shareholding Platform to streamline equity management and optimize the shareholding structure of our Company.
- (2) TOYA Enterprise Management, a PRC limited liability company, was held as to 50.00% by Mr. Zhao and 50.00% by Mr. Deng at the time of transfer and as of the Latest Practicable Date.

3. Conversion into a Joint Stock Limited Company and Capital Increases

(a) Series A Financing

On August 5, 2022, we resolved to enter into the Series A Financing through the capital increase detailed below. Upon completion of the Series A Financing, the registered capital of our Company was increased to RMB13,676,000. Details of the Series A Financing are set out in the table as follows:

<u>Subscriber</u>	<u>Registered capital subscribed for</u> (RMB)	<u>Consideration</u> (RMB)	<u>Approximate percentage of equity interest in our Company</u> (%)
Kechuang Wanjia Industry Investment Partnership (Limited Partnership)* (東莞科創萬江產業投資合夥企業(有限合夥)) (“Kechuang Wanjia”)	676,000	13,000,000	4.94
Total	676,000	13,000,000	4.94

(b) Series B Financing

On October 8, 2023, we resolved to enter into the Series B Financing through the capital increase detailed below. Upon completion of the Series B Financing, the registered capital of our Company was increased to RMB15,323,250. Details of the Series B Financing are set out in the table as follows:

<u>Subscriber</u>	<u>Registered capital subscribed for</u> (RMB)	<u>Consideration</u> (RMB)	<u>Approximate percentage of equity interest in our Company</u> (%)
Qingdao Yinshan Venture Capital Fund Partnership (Limited Partnership)* (青島隱山創業投資基金合夥企業(有限合夥)) (“Yinshan Jijin”)	536,314	28,000,000	3.50
Nanjing Chengwei Venture Capital Partnership Enterprise (Limited Partnership) (南京成為創業投資合夥企業(有限合夥))* (“Nanjing Chengwei”)	536,314	28,000,000	3.50
Nanjing Xiangzhong Venture Capital Partnership Enterprise (Limited Partnership)* (南京祥仲創業投資合夥企業(有限合夥)) (“Nanjing Xiangzhong”)	95,770	5,000,000	0.62
Suzhou Xiangzhong Venture Capital Partnership (L.P.) (蘇州祥仲創業投資合夥企業(有限合夥)) (“Suzhou Xiangzhong”)	383,082	20,000,000	2.50

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

<u>Subscriber</u>	<u>Registered capital subscribed for</u> (RMB)	<u>Consideration</u> (RMB)	<u>Approximate percentage of equity interest in our Company</u> (%)
Kechuang Wanjiang	95,770	5,000,000	5.04
Total	1,647,250	86,000,000	15.16

(c) Series C Financing

On November 27, 2024, we resolved to conduct certain equity transfers⁽¹⁾ and to enter into the Series C Financing through the capital increase detailed below. Upon completion of the Series C Financing, the registered capital of our Company was increased to RMB17,900,994. Details of the Series C Financing are set out in the table as follows:

<u>Subscriber</u>	<u>Registered capital subscribed for</u> (RMB)	<u>Consideration</u> (RMB)	<u>Approximate percentage of equity interest in our Company</u> (%)
Xiamen Jingheli No.1 Equity Investment Partnership (Limited Partnership)* (廈門經禾裡一號股權投資合夥企業(有限合夥)) (“ Xiamen Jingheli ”)	458,266	32,000,000	3.32
Nanjing Jingwei Chuang No.1 Investment Partnership (Limited Partnership)* (南京經緯創壹號投資合夥企業(有限合夥)) (“ Chuang No. 1 ”)	529,487	36,973,280	3.84
Nanjing Matrix Partners III Investment Partnership (Limited Partnership) (南京經緯創叁號投資合夥(有限合夥)) (formerly known as 南京經緯創為投資合夥企業(有限合夥)) (“ Chuang No. 3 ”)	157,911	11,026,720	1.14
Qingdao Hongping Investment Partnership (Limited Partnership)* (青島弘平投資合夥企業(有限合夥)) (“ Qingdao Hongping ”)	644,436	45,000,000	4.65
Qingdao Hongshen Investment Partnership (Limited Partnership)* (青島弘深投資合夥企業(有限合夥)) (“ Qingdao Hongshen ”)	501,228	35,000,000	2.80
Kunshan Gezhi Yiqi Venture Capital Partnership Enterprise (Limited Partnership)* (崑山格致一期創業投資合夥企業(有限合夥)) (“ Gezhi Yiqi ”)	143,208	10,000,000	2.38
Yinshan Jijin	143,208	10,000,000	3.80
Total	2,577,744	180,000,000	21.93

Note:

- (1) Pursuant to the aforementioned equity transfers, Kechuang Wanjiang agreed to transfer RMB136,388, RMB157,585, RMB46,998 of its equity interests in our Company to Xiamen Jingheli, Chuang No. 1 and Chuang No. 3 at a consideration of RMB8,000,000, RMB9,243,320 and RMB2,756,680 respectively.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(d) Conversion into a Joint Stock Limited Company

On February 13, 2026, our Company (then known as Dongguan TOYA Electronic Technology Co., Ltd. (東莞市同亞電子科技有限公司)) was converted into a joint stock company with limited liability and renamed as Guangdong TOYA Technology Co., Ltd. (廣東同亞科技股份有限公司) with a share capital of RMB20,000,000 divided into 20,000,000 Shares, which were subscribed by all of the then holders of equity interests in proportion to their respective equity interests in our Company. The shareholding structure of our Company immediately following our conversion into a joint stock limited company was as follows:

<u>Shareholders</u>	<u>Shares subscribed</u>	<u>Percentage of shareholding (%)</u>
TOYA Enterprise Management ⁽¹⁾	9,440,884	47.20
Shenzhen Yamei ⁽¹⁾	2,178,650	10.89
Mr. Zhao ⁽¹⁾	1,043,998	5.22
Mr. Deng ⁽¹⁾	1,043,965	5.22
Subtotal	13,707,497	68.53
Other Shareholders ⁽²⁾	6,292,503	31.47
Total	20,000,000	100.00

Notes:

- (1) Mr. Zhao, Mr. Deng, TOYA Enterprise Management and Shenzhen Yamei are our Controlling Shareholders.
- (2) The other shareholders represent 12 Shareholders at the time of our conversion into a joint stock limited company, each of whom held no more than 5.00% individually of our issued share capital. Aside from Mr. Chen, who was a director in our Company in the last 12 months, all other shareholders are Independent Third Parties as of the Latest Practicable Date.

(e) Series D Financing

On March 25, 2026, we resolved to enter into the Series D Financing through the capital increase detailed below. Upon completion of the Series D Financing, the registered capital of the Company was increased to RMB20,960,000. Details of the Series D Financing are set out in the table as follows:

<u>Subscriber</u>	<u>Registered capital subscribed for (RMB)</u>	<u>Consideration (RMB)</u>	<u>Approximate percentage of shareholding in the Company (%)</u>
Jiaxing Nanhu Rongmai Venture Capital Partnership (Limited Partnership)* (嘉興南湖容 邁創業投資合夥企業(有限合夥)) (“Nanhu Rongmai”)	320,000	30,000,000	1.53
Jiaxing Jiaguo No. 2 Equity Investment Partnership (Limited Partnership)* (嘉興嘉國 貳號股權投資合夥企業(有限合夥)) (“Jiaguo No. 2”)	213,333	20,000,000	1.02

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Subscriber	Registered capital subscribed for (RMB)	Consideration (RMB)	Approximate percentage of shareholding in the Company (%)
Dongguan Jinwan Qinghe Intelligent Manufacturing Upgrade Industry Investment Fund Partnership Enterprise (Limited Partnership)* (東莞市金萬青禾智造升級產業投資基金合夥企業(有限合夥)) (“Jinwan Qinghe”)	213,333	20,000,000	1.02
Shenzhen HTI Venture Capital Co., Ltd. (深圳市高新投創業投資有限公司) (“Shenzhen HTI Venture Capital”)	106,667	10,000,000	0.51
Shenzhen High Tech Investment Yihua Rongjun Phase II Private Equity Investment Fund Partnership Enterprise (Limited Partnership)* (深圳市高新投怡化融鈞二期私募股權投資基金合夥企業(有限合夥)) (“Yihua Phase II”)	100,800	9,450,000	0.48
Shenzhen Hejun Growth Venture Capital Partnership (Limited Partnership)* (深圳合鈞成長創業投資合夥企業(有限合夥)) (“Hejun Growth”)	5,867	550,000	0.03
Total	960,000	90,000,000	4.59

(f) Capital Increase in May, 2026

On May 18, 2026, we resolved to increase the registered share capital of our Company to RMB100,000,000, which was subscribed by all the then Shareholders in proportion to their respective shareholding in our Company.

Confirmation from PRC Legal Adviser

As advised by our PRC Legal Adviser: (i) in connection with the Nominee Arrangements involving the investors, being residents of Taiwan, China, being Mr. Zeng and Mr. Zhang, relevant regulatory procedures required under the then applicable foreign investment laws and regulations had not been duly completed, resulting in procedural omission against applicable requirements for foreign investment; (ii) however, taking into account that the principal business of the Company did not involve any scope where foreign investment is or was historically prohibited or restricted, the Nominee Arrangements and its termination were legally binding upon the parties’ mutual acknowledgment thereof, and such underlying arrangements shall not be held invalid or ineffective solely by reason of the absence of approval by or registration with competent PRC regulatory authorities; and (iii) based on the consultations with Dongguan Municipal Bureau of Commerce and Dongguan Branch of SAFE, (a) the Nominee Arrangements and the omission to effect corresponding foreign investment procedures by the Company and the relevant parties based on the then prevailing regulatory requirements does not constitute a material non-compliance under the regulatory regimes for foreign investment and foreign exchange, and (b) the said authorities had not and will not impose any administrative penalties on the Company, and the Company is not required to retrospectively complete or rectify the relevant foreign investment procedures or foreign exchange registration procedures in respect of the Nominee Arrangements.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Subject to the above, our PRC Legal Adviser is of the view that, our Company has obtained all material regulatory approvals in respect of the transfers, capital increases and issuances of Shares set out above, and such transfers, capital increases and issuances of Shares had been conducted, duly completed and settled in compliance with the applicable PRC laws and regulations in the material respects.

EMPLOYEE SHAREHOLDING PLATFORM

In recognition of the contributions of our employees and to enhance our Group’s long-term incentive mechanism, our Group has adopted the Employee Share Incentive Plan in 2023, as amended from time to time. See “— Establishment of Employee Shareholding Platform” for further details.

In connection with the above, Shenzhen Yamei, one of our Controlling Shareholders, was established on January 4, 2022 under the laws of the PRC and has served as the employee shareholding platform of our Company. As of the Latest Practicable Date, the equity interests of Shenzhen Yamei were held by the limited partners as set out below, and in which Mr. Zhao, our executive Director, acts as the general partner.

<u>Employee Shareholding Platform</u>	<u>Date of Establishment</u>	<u>Limited Partners</u>
Shenzhen Yamei	January 4, 2022	Our executive Directors, being Mr. Deng, Mr. Long Xiongwei, Mr. Wu Jianhua, Mr. Zhu Haoyu, and 20 current employees of the Group.

The Employee Share Incentive Plan is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of share options or awards or any issuance of new Shares by our Company after [REDACTED]. For further details of our Employee Shareholding Platform and the Employee Share Incentive Plan, see “Appendix IV — Statutory and General Information — 4. Employee Share Incentive Plan”.

CONCERT PARTY GROUP

On July 31, 2023, Mr. Zhao and Mr. Deng (“**Concert Parties**”) entered into an acting-in-concert agreement (“**Acting-in-Concert Agreement**”), pursuant to which the Concert Parties agreed: (i) to act in concert when voting on matters relating to the Company; (ii) to procure each of TOYA Enterprise Management and Shenzhen Yamei to act in concert when voting on matters relating to the Company; and (iii) that the Acting-in-Concert Agreement, unless terminated by mutual consent, shall remain effective for so long as the parties thereto remain shareholders of the Company. In addition, each of TOYA Enterprise Management and Shenzhen Yamei, as entities which are controlled by Mr. Zhao and Mr. Deng there are no disputes, disagreements, or potential conflicts among the parties regarding the Acting-in-Concert Agreement, and that, has been acting in concert with the Concert Parties. As confirmed by the parties thereto, the Acting-in-Concert Agreement has not been terminated as of the Latest Practicable Date. Based on the foregoing, our PRC Legal Advisers are of the view that, the Acting-in-Concert Agreement remains legally binding, valid, and enforceable.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any acquisitions, mergers or disposals that we consider to be material to us.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PREVIOUS LISTING PLAN

On June 12, 2025, our Company engaged a qualified sponsor for A-share listings for the purpose of receiving guidance in relation to a proposed initial public offering in the A-share market. (“**Proposed A-share Listing**”), and our Directors confirm that: (i) since the said engagement and up to the Latest Practicable Date, our Company has not submitted any application in connection with the Proposed A-share Listing; and (ii) the Company has not received any comments or inquiries from any stock exchange or other relevant competent authorities in the PRC in relation to the Proposed A-share Listing as of the Latest Practicable Date. To the best of our Directors’ knowledge and belief, our Directors are not aware of any disagreements or disputes between the Company and the then relevant professional parties involved in the Proposed A-share Listing nor any material matter in relation to the Proposed A-share Listing that needs to be brought to the attention of the Stock Exchange or our Shareholders. Based on the due diligence works conducted by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would reasonably cause it to cast doubt on the reasonableness of our Directors’ view stated above.

REASONS FOR THE [REDACTED]

Our Company is seeking a [REDACTED] of its H Shares on the Stock Exchange in order to provide further capital for the development and expansion of our Group’s business, to strengthen our Company’s working capital and to further raise our business profile and global presence. Taking into account, among others, the aforementioned factors, our Directors consider the Stock Exchange to be a more suitable venue for access to international equity markets, and that the [REDACTED] will be in the best interest of our Company and our Shareholders as a whole. For further details, see “Business” and “Future Plans and Use of [REDACTED]” in this document.

PUBLIC FLOAT

Rule 8.08 of the Listing Rules requires that there must be an open market in the securities for which listing is sought. For the listing of a new class of securities, this will mean that at least a minimum prescribed percentage of that class of securities must be held by the public at the time of listing. Pursuant to Rule 19A.13A(1) of the Listing Rules, where the expected market value of the class of securities at the time of listing is not exceeding HK\$6,000,000,000, the minimum prescribed percentage is 25.00%.

Based on (i) the indicative [REDACTED] range of HK\$[REDACTED], HK\$[REDACTED] and HK\$[REDACTED] per Share (being the low end, mid-point and high end of the [REDACTED] range, respectively), and (ii) [REDACTED] Shares are expected to be in issue immediately upon completion of [REDACTED], and assuming the [REDACTED] is not exercised, it is expected that the [REDACTED] of our total issued Shares immediately upon [REDACTED] will be HK\$[REDACTED] million, HK\$[REDACTED] million, and HK\$[REDACTED] million, respectively.

The [REDACTED] Shares held by Mr. Zhao, Mr. Deng, TOYA Enterprise Management and Shenzhen Yamei, our core connected persons, are Unlisted Shares which will be converted into H Shares upon completion of the [REDACTED], and will not be counted towards the public float for the purpose of Rule 19A.13A(1) of the Listing Rules after [REDACTED], representing [REDACTED]% of our total issued Shares as of the Latest Practicable Date, or [REDACTED]% of our total issued share capital upon [REDACTED] (assuming the [REDACTED] is not exercised) or [REDACTED]% of our total issued share capital upon [REDACTED] (assuming the [REDACTED] is exercised in full).

Immediately upon completion of the [REDACTED], assuming that the [REDACTED] is not exercised, [REDACTED] Shares will be counted towards the public float for the purpose of Rule 19A.13A(1) of the Listing Rules, representing [REDACTED]% of our total issued Shares, which complies with the prescribed percentage of H Shares required to be held in public hands under Rule 19A.13A(1) of the Listing Rules.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

FREE FLOAT

To the best knowledge of our Directors, upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised) and Conversion of Unlisted Shares into H Shares, the Shares constituting our Company’s free float are expected to be [REDACTED] Shares, representing approximately [REDACTED]% of our Company’s total issued Shares, with an expected [REDACTED] of HK\$[REDACTED] million (calculated based on the low-end of the indicative [REDACTED] range at HK\$[REDACTED] per Share). Accordingly, our Company will satisfy the free float requirements under Rule 19A.13C(1) of the Listing Rules.

PRE-[REDACTED] INVESTMENTS

Overview

Our Company obtained several rounds of investments, including Series A Financing, Series B Financing, Series C Financing, and Series D Financing, from the Pre-[REDACTED] Investors through subscriptions for increased registered capital of our Company and equity transfers. See “— Major Shareholding Changes of Our Company” for details.

Principal Terms of the Pre-[REDACTED] Investments

The following table summarizes the key terms of the Pre-[REDACTED] Investments⁽¹⁾:

	<u>Series A Financing</u>	<u>Series B Financing</u>	<u>Series C Financing</u>	<u>Series D Financing</u>
Date of agreements	August 5, 2022	September 22, 2023	November 27, 2024	March 25, 2026
Date of full settlement of consideration⁽²⁾	August 24, 2022	January 29, 2024	December 25, 2024	April 24, 2026
Amount of registered capital subscribed for (RMB)	676,000	1,647,250	2,577,744	960,000
Consideration received by the Group (RMB)	13,000,000	86,000,000	180,000,000	90,000,000
Approximate post-money valuation of our Company⁽³⁾ (RMB)	263,000,000	800,000,000	1,250,000,000	1,965,000,000
Cost per Share⁽⁴⁾ (RMB)	3.61	9.79	13.10	19.65
Basis of consideration	The consideration for the Pre-[REDACTED] Investments which involved increase of our registered capital and in which the Company was a party was determined based on arm’s length negotiation between our Company and the relevant Pre-[REDACTED] Investors, after taking into consideration the timing of the investments, the development of our pipeline products and our business prospects.			
Discount to the [REDACTED]⁽⁵⁾	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

	<u>Series A Financing</u>	<u>Series B Financing</u>	<u>Series C Financing</u>	<u>Series D Financing</u>
Lock-up period	All existing Shareholders (including the Pre-[REDACTED] Investors) are subject to a lock-up period of 12 months following the [REDACTED] according to the applicable PRC law.			
Use of proceeds	The gross proceeds received by our Company from the Pre-[REDACTED] Investments involving increase of our registered capital amounted to RMB369 million, of which approximately 90.51% of such funds raised had been utilized as of the Latest Practicable Date. Such proceeds had been primarily utilized for the development and operation of the principal business of our Group, including but not limited to expansion of our production capacity and our working capital. We will continue to utilize such proceeds for our operations and further development of our Group’s principal business as a supplement to the intended uses of net [REDACTED] from the [REDACTED].			
Strategic benefits	Our Directors are of the view that: (i) our Group would benefit from the additional capital provided by the Pre-[REDACTED] Investors for our business expansion and daily operations; (ii) our Group could benefit from the Pre-[REDACTED] Investors’ knowledge and experience and take advantage of their industry resources and networks, while at the same time broaden our shareholder base; and (iii) Pre-[REDACTED] Investors’ investment demonstrated their confidence in our Group and served as an endorsement of our performance, strengths and prospects.			

Notes:

- (1) The Pre-[REDACTED] Investments consist of both (i) subscription of additional registered capital of the Company by the Pre-[REDACTED] Investors, for which the Company was a party to such Pre-[REDACTED] Investments and received proceeds from such Pre-[REDACTED] Investors, the details of which are set out in this table; and (ii) transfer of existing registered capital or Shares to the Pre-[REDACTED] Investors, for which the Company was not a party to such Pre-[REDACTED] Investments and received no proceeds from such Pre-[REDACTED] Investors, the details of which are set out in the paragraphs headed “— 1. Establishment of Our Company” and “— 2. Major Equity Transfers and Capital Increases before Conversion into a Joint Stock Company” above.
- (2) This refers to the timing of last payment made by the relevant Pre-[REDACTED] Investor(s) in the relevant series of Pre-[REDACTED] Investments.
- (3) The post-money valuation refers to the cost per additional registered capital paid to our Company in the corresponding series of Pre-[REDACTED] Investment, multiplied by the amount of registered capital of our Company immediately after the completion of the corresponding series of Pre-[REDACTED] Investment.
- (4) The cost per Share of each series of Pre-[REDACTED] Investment is calculated by dividing the total amount of consideration by the amount of increased registered capital subscribed by the relevant Pre-[REDACTED] Investors in the corresponding series of Pre-[REDACTED] Investment and taking into account the effect of the conversion into a joint stock company with limited liability and the capital increase in May 2026.
- (5) The discount to the [REDACTED] is calculated based on the exchange rate as set out in this document and assuming the [REDACTED] is HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Special Rights of the Pre-[REDACTED] Investors

The Pre-[REDACTED] Investors had been granted certain special rights (“**Special Rights**”), including, among others, redemption rights and right to priority at liquidation. Pursuant to a supplemental agreement entered into between our Company and the Shareholders (including the Pre-[REDACTED] Investors) dated June 5, 2026 (“**Supplemental Agreement**”):

- (1) the Company’s obligations under the redemption rights and the right to priority at liquidation have been irrevocably terminated, and shall be void *ab initio*, with effect from the day preceding the submission of the application for the [REDACTED] to the Stock Exchange (“[REDACTED]”);
- (2) the duties of the Controlling Shareholders and Mr. Chen under the redemption rights have been terminated with effect from the day preceding the submission of the [REDACTED], and shall be automatically restored upon the occurrence of the following events (whichever is the earliest): (i) the [REDACTED] is not completed within 15 months from the date of first submission of the [REDACTED]; (ii) the [REDACTED] is withdrawn, not accepted or deemed to have lapsed for any reason (excluding circumstances where the [REDACTED] is resubmitted after having lapsed or where the application is returned by CSRC for supplementary materials); (iii) the [REDACTED] is withdrawn voluntarily by the Company; (iv) the [REDACTED] is not completed by December 31, 2028; or (v) the [REDACTED] is not completed within the timeframe specified in the CSRC filing notification. For avoidance of doubt, our Controlling Shareholders and Mr. Chen were not granted any redemption rights in relation to the equity interest in our Company and our Company will not assume any repurchase obligation if the redemption rights are restored;
- (3) all other Special Rights shall be automatically and irrevocably terminated upon the [REDACTED].

Confirmation from Sole Sponsor

On the basis that (i) the considerations for the Pre-[REDACTED] Investments were irrevocably settled no less than 120 clear days before the [REDACTED]; and (ii) the special rights granted to the Pre-[REDACTED] Investors shall cease to be effective and be discontinued upon [REDACTED], the Sole Sponsor confirms that the Pre-[REDACTED] Investments are in compliance with the guidance under Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange.

Information About Our Pre-[REDACTED] Investors

Set out below is a detailed description of our Pre-[REDACTED] Investors. As of the Latest Practicable Date, to the best of the Company’s knowledge, information and belief, except for their respective shareholdings in the Company and save as disclosed below, all the Pre-[REDACTED] Investors and their respective ultimate beneficial owners are Independent Third Parties.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Qingdao Hongping and Qingdao Hongshen (“Honghui Jijin Entities”)

Qingdao Hongping is a limited partnership established under the laws of the PRC on September 7, 2022, primarily engaged in investment activities using proprietary funds. The general partner of Qingdao Hongping is Shanghai Hehongjinghui Private Equity Management Company (上海合弘景暉股權投資管理有限公司) (“**Shanghai Hehongjinghui**”), which is ultimately controlled by Wang Hui (王暉). Qingdao Hongping is held as to 0.28% by Shanghai Hehongjinghui, and the remaining 52.84% and 46.87% is held by its limited partners Zhuhai Shenghong Jinghui Equity Investment Partnership (Limited Partnership) (珠海盛弘景暉股權投資合夥企業(有限合夥)) (“**Zhuhai Shenghong**”) and Wuxi Shenghong Jinghui Equity Investment Partnership Enterprise (Limited Partnership) (無錫盛弘景暉股權投資合夥企業(有限合夥)) (“**Wuxi Shenghong**”) respectively. Zhuhai Shenghong and Wuxi Shenghong are ultimately controlled by Wang Hui (王暉).

Qingdao Hongshen is a limited partnership established under the laws of the PRC on November 13, 2023, primarily engaged in investment activities using proprietary funds. The general partner of Qingdao Hongshen is Jiangsu Highlight Equity Investment Management Co., Ltd. (江蘇弘暉股權投資管理有限公司) (“**Jiangsu Highlight**”). Qingdao Hongshen is held as to 0.13% by Jiangsu Highlight, and the remaining 99.87% is held by its limited partner Wuxi Qiyu Equity Investment Partnership Enterprise (Limited Partnership) (無錫啟鈺股權投資合夥(有限合夥)) (“**Wuxi Qiyu**”). Jiangsu Highlight and Wuxi Qiyu are ultimately controlled by Wang Hui (王暉).

Chuang No. 1 and Chuang No. 3 (“NanJing Jingwei”)

Chuang No. 1 is a limited partnership established under the laws of the PRC on March 29, 2021, primarily engaged in equity investment. The general partner of Chuang No. 1 is Nanjing Jingwei Jiangchuang Investment Management Partnership Enterprise (Limited Partnership) (南京經緯江創投資管理合夥企業(有限合夥)) (“**Jingwei Jiangchuang**”). Chuang No. 1 is held as to 1.34% by Jingwei Jiangchuang, and as to 98.66% by the remaining 31 limited partners, none of which holds more than 30% partnership interest therein. Jingwei Jiangchuang is held as to 46.34% by Xiao Ping (肖萍) and the remaining 53.66% by Nanjing Jingwei Jingbei Investment Management Co., Ltd. (南京經緯旌北投資管理有限公司) (“**Jingwei Jingbei**”), in which Wang Huadong (王華東), Xiao Ping (肖萍) and Xu Li (徐莉) each hold 49.00%, 26.00% and 25.00% respectively.

Chuang No. 3 is a limited partnership established under the laws of the PRC on February 10, 2021, primarily engaged in equity investment. The general partner of Chuang No. 3 is Jingwei Jiangchuang. Chuang No. 3 is held as to 0.12% by Jingwei Jiangchuang and as to 99.88% by the remaining 7 limited partners, none of which holds more than 30% partnership interest therein. As disclosed above, Jingwei Jiangchuang is held as to 46.34% by Xiao Ping (肖萍) and the remaining 53.66% by Jingwei Jingbei, in which Wang Huadong (王華東), Xiao Ping (肖萍) and Xu Li (徐莉) each hold 49.00%, 26.00% and 25.00% respectively.

Xiamen Jingheli

Xiamen Jingheli is a limited partnership established under the laws of the PRC on January 7, 2022, primarily engaged in equity investment. The general partner of Xiamen Jingheli is Xiamen Jingwei Luchuang Investment Partnership (Limited Partnership) (廈門經緯鸞創投資合夥企業(有限合夥)) (“**Xiamen Jingwei Luchuang**”). Xiamen Jingheli is held as to 0.0083% by Xiamen Jingwei Luchuang and as to 83.33% and 16.66% by its limited partners, Jingwei (Xiamen) SME Development Fund Investment Partnership (Limited Partnership) (經緯(廈門)中小企業發展基金投資合夥(有限合夥)) (“**Jingwei SME**”) and Nanjing Jingwei Chuanghua Investment Partnership (Limited Partnership) (南京經緯創華投資合夥(有限合夥)) (“**Jingwei Chuanghua**”) respectively. The general partner of Xiamen Jingwei Luchuang is Xiamen Jinglu Investment Co., Ltd. (廈門旌陸投資有限公司) (“**Xiamen Jinglu**”), which is owned as to 49%, 26% and 25% by Zuo Lingye (左凌燁), Xiao Ping (肖萍) and Xu Li (徐莉) respectively. The general partner of both Jingwei SME and Jingwei Chuanghua is Nanjing Jingwei Huichuang Investment Management Partnership (Limited Partnership) (南京經緯匯創投資管理合夥企業(有限合夥)) (“**Jingwei Huichuang**”), and the general partner of Jingwei Huichuang is Xiamen Jinglu.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Yinshan Jijin

Yinshan Jijin is a limited partnership established under the laws of the PRC on August 5, 2021, primarily engaged in equity investment. The general partner of Yinshan Jijin is Qingdao Yinqing Investment Consulting Co., Ltd.* (青島隱青投資諮詢有限公司) (“**Qingdao Yinqing**”). Yinshan Jijin is held as to 1.16% by Qingdao Yinqing and has 9 limited partners, none of which holds more than 30% partnership interest therein. Qingdao Yinqing is ultimately controlled by GLP Holdings Limited, of which no shareholder holds more than 30.00% equity interest therein.

Nanjing Chengwei

Nanjing Chengwei is a limited partnership established under the laws of the PRC on May 11, 2021, primarily engaged in equity investment and the provision of corporate management services. The general partner of Nanjing Chengwei is Nanjing Chengwei Huxin Enterprise Management Center (Limited Partnership) (南京成為滬新企業管理中心(有限合夥)) (“**Chengwei Huxin**”), which holds 1.07% in Nanjing Chengwei and is ultimately controlled by Lu Yihao (陸怡皓). The remaining equity interest in Nanjing Chengwei are held by 14 limited partners, none of which holds more than 30.00% partnership interest therein.

Kechuang Wanjiang

Kechuang Wanjiang is a limited partnership established under the laws of the PRC on November 19, 2021, primarily engaged in venture capital investment and corporate management consultancy services. The general partner of Kechuang Wanjiang is Dongguan Science and Technology Innovation Capital Investment Management Co., Ltd. (東莞市科創資本投資管理有限公司) (“**Dongguan Science and Technology**”). Kechuang Wanjiang is held as to 1.00% by Dongguan Science and Technology and as to 69.00% and 30.00% by its limited partners Dongguan Technology Innovation Investment Group Co., Ltd. (東莞科技創新投資集團有限公司) (“**Dongguan Innovation Investment**”) and Dongguan Wanjiang Xilong Investment Co., Ltd. (東莞市萬江曦龍投資有限公司) (“**Dongguan Wanjiang Xilong**”) respectively. Dongguan Science and Technology is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Dongguan Municipal People’s Government (東莞市人民政府國營資產監督管理委員會) (“**Dongguan SASAC**”), and the ultimate controllers of Dongguan Innovation Investment and Dongguan Wanjiang Xilong are Dongguan SASAC and Wanjiang Subdistrict Office of Dongguan City (東莞市萬江街道辦事處) respectively.

Gezhi Yiqi

Gezhi Yiqi is a limited partnership established under the laws of the PRC on November 23, 2023, primarily engaged in venture capital investment and equity investment. The general partner of Gezhi Yiqi is Kunshan Linglong Investment Management Center (Limited Partnership) (崑山凌龍投資管理中心(有限合夥)) (“**Kunshan Linglong**”). Gezhi Yiqi is held as to 0.16% by Kunshan Linglong and as to 81.97% by Yangshengtang Co., Ltd. (養生堂有限公司) (“**Yangshengtang**”), with the remaining 17.87% held by 5 limited partners, none of which holds more than 30% partnership interest therein. Kunshan Linglong is ultimately controlled by Wang Yiran (王一然).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Suzhou Xiangzhong and Nanjing Xiangzhong (“Jiayu Ziben Entities”)

Suzhou Xiangzhong is a limited partnership established under the laws of the PRC on November 11, 2020, primarily engaged in equity investment. The general partner of Suzhou Xiangzhong is Taicang Weizhong Investment Management Co., Ltd. (太倉維仲投資管理有限公司) (“**Taicang Weizhong**”). Suzhou Xiangzhong is held as to 2.19% by Taicang Weizhong and as to 97.81% by the other 35 limited partners, none of which holds more than 30% partnership interest therein. Suzhou Xiangzhong is managed by Suzhou Weitelixin Venture Capital Management Co., Ltd., which is ultimately controlled by Mr. Wei Zhe, an Independent Third Party.

Nanjing Xiangzhong is a limited partnership established under the laws of the PRC on November 27, 2020, primarily engaged in equity investment. The general partner of Nanjing Xiangzhong is Taicang Weizhong. Nanjing Xiangzhong is held as to 4.11% by Taicang Weizhong and as to 95.89% by the other 12 limited partners, none of which holds more than 30% partnership interest therein. Nanjing Xiangzhong is managed by Suzhou Weitelixin Venture Capital Management Co., Ltd., which is ultimately controlled by Mr. Wei Zhe, an Independent Third Party.

Mr. Chen

Mr. Chen was previously a director of our Company in the past 12 months and currently remains as an employee in our Company. As such, he is a connected person of our Company.

Nanhu Rongmai

Nanhu Rongmai is a limited partnership established under the laws of the PRC on December 27, 2024, primarily engaged in venture capital and equity investment. The general partner of Nanhu Rongmai is ZheJiang Rong Yi Investment Management Co., Ltd. (浙江容億投資管理有限公司) (“**ZheJiang Rong Yi**”). Nanhu Rongmai is held as to: (i) 1.00% by ZheJiang Rong Yi; (ii) 40.00% by Jiaxing Science & Technology City Industrial Investment Fund Co., Ltd. (嘉興科技城產業投資基金有限公司) (“**Jiaxing Science & Technology**”); (iii) 40.00% by Zhejiang Xingnan Equity Investment Co., Ltd (浙江理南股權投資有限公司) (“**Zhejiang Xingnan**”); and (iv) 19.00% by Jiaxing Creative Investment Development Co., Ltd. (嘉興創意投資開發有限公司) (“**Jiaxing Creative**”). ZheJiang Rong Yi is ultimately controlled by Huang Jinping (黃金平) and Jiaxing Rongzhi Investment Partnership Enterprise (Limited Partnership) (嘉興容智投資合夥企業(有限合夥)), in which Huang Jinping (黃金平) also holds 50.00% equity interest and serves as general partner therein. Jiaxing Science & Technology, Zhejiang Xingnan and Jiaxing Creative are all ultimately controlled by the State-owned Assets Supervision and Administration Commission of Jiaxing Municipal People’s Government (嘉興市人民政府國有資產監督管理委員會) (“**Jiaxing SASAC**”).

Jiaguo No. 2

Jiaguo No. 2 is a limited partnership established under the laws of the PRC on November 3, 2023, primarily engaged in venture capital and equity investment. The general partner of Jiaguo No. 2 is Jiaxing Jiarui Investment Management Co., Ltd. (嘉興市嘉睿投資管理有限公司) (“**Jiaxing Jiarui**”). Jiaguo No. 2 is held as to 1.00% by Jiaxing Jiarui, and as to 59.00% and 40.00% by its limited partners Zhejiang Jiaxing Jiaguo Heqi Investment Co., Ltd. (浙江嘉興嘉國禾祺投資有限公司) (“**Jiaguo Heqi**”) and Jiaxing Jiaguo Financial Investment Holding Group Co., Ltd. (嘉興市嘉國金投控股集團有限公司) (“**Jiaguo Financial**”) respectively. Jiaxing Jiarui, Jiaguo Heqi and Jiaguo Financial are all ultimately controlled by Jiaxing SASAC.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Jinwan Qinghe

Jinwan Qinghe is a limited partnership established under the laws of the PRC on December 27, 2024, primarily engaged in equity investment and other private equity related activities. The general partner of Jinwan Qinghe is Dongguan Kechuang Private Equity Fund Management Co., Ltd. (東莞市科創私募基金管理有限公司) (“**Dongguan Kechuang**”). Jinwan Qinghe is held as to: (i) 0.99% by Dongguan Kechuang; (ii) 49.50% by Dongguan Wanjiang Xilong; (iii) 39.60% by Dongguan Industrial Investment Master Fund Co., Ltd. (東莞市產投發展母基金合夥企業(有限合夥)) (“**Dongguan Industrial**”); (iv) 8.91% by Guangdong Zhiji High-tech Industry Investment Co., Ltd. (廣東智機高新技術產業投資有限公司) (“**Guangdong Zhiji**”); and (v) 0.99% by Guangdong Qinghe Venture Capital Partnership (Limited Partnership) (廣東青禾創業投資合夥企業(有限合夥)) (“**Guangdong Qinghe**”). The ultimate controllers of each of the partners are as follows: (i) Dongguan Kechuang by Dongguan SASAC; (ii) Dongguan Wanjiang Xilong by the Wanjiang Subdistrict Office of Dongguan City (東莞市萬江街道辦事處); (iii) Dongguan Industrial by Dongguan SASAC; (iv) Guangdong Zhiji by Guangdong Intelligent Robotics Institute (廣東省智能機器人研究院); and (v) Guangdong Qinghe by Yuan Chunshen (袁春申).

Shenzhen HTI Venture Capital, Yihua Phase II and Hejun Growth (“Gaoxintou Entities”)

Shenzhen HTI Venture Capital is a limited liability company established under the laws of the PRC on June 29, 2010, primarily engaged in equity investment. Shenzhen HTI Venture Capital is wholly owned by Shenzhen HTI Group Co., Ltd. (深圳市高新投集團有限公司) (“**Shenzhen HTI Group**”), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People’s Government (深圳市人民政府國有資產監督管理委員會) (“**Shenzhen SASAC**”).

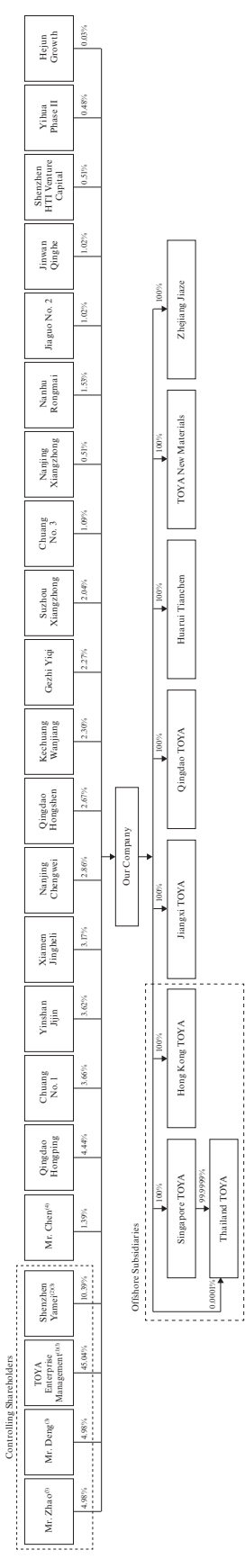
Yihua Phase II is a limited partnership established under the laws of the PRC on September 8, 2021, primarily engaged in equity investment and other private equity related activities. The general partner of Yihua Phase II is Shenzhen High Tech Investment Yihua Equity Investment Fund Management Co., Ltd. (深圳市高新投怡化股權投資基金管理有限公司) (“**Yihua Equity**”). Yihua Phase II is held as to 0.99% by Yihua Equity, and as to 64.36% and 24.75% by Shenzhen Yihua Investment Holding Co., Ltd. (深圳怡化投資控股有限公司) (“**Yihua Investment Holding**”) and Shenzhen HTI Group, with the remaining equity interest held by the other limited partners, none of which holds more than 30% partnership interest therein. Yihua Equity and Shenzhen HTI Group are both ultimately controlled by Shenzhen SASAC, and Yihua Investment Holding is ultimately controlled by Peng Tong (彭彤).

Hejun Growth is a limited partnership established under the laws of the PRC on September 20, 2019, primarily engaged in equity investment and other private equity related activities. The general partner of Hejun Growth is Chen Xu (陳旭). Hejun Growth is held as to: (i) 40.00% by Chen Xu (陳旭); (ii) 20.00% by Chen Xing (陳星); (iii) 20.00% by Peng Tong (彭彤); and (iv) 20.00% by Li Yubing (李玉冰).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR SHAREHOLDING AND CORPORATE STRUCTURE
Immediately Prior to the [REDACTED] and as of the Latest Practicable Date

The following chart illustrates the simplified shareholding structure of our Group immediately before the completion of the [REDACTED] and as of the Latest Practicable Date:



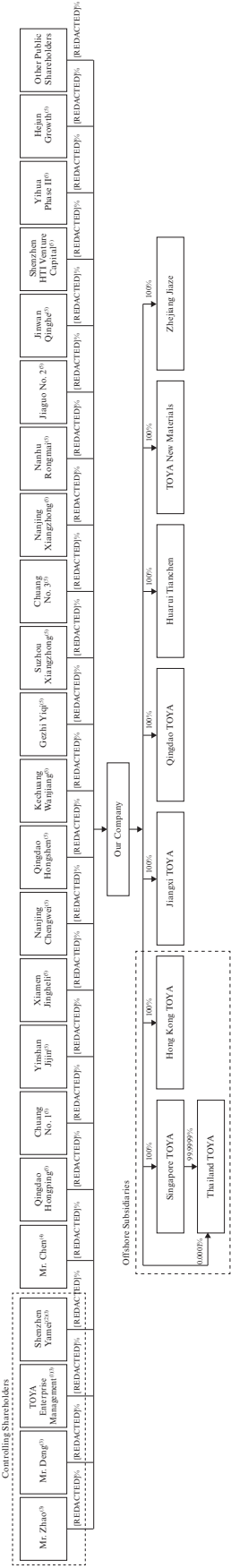
Notes:

- (1) TOYA Enterprise Management is primarily engaged in corporate management and corporate management consulting. As of the Latest Practicable Date, TOYA Enterprise Management was owned as to 50.00% by Mr. Zhao and as to 50.00% by Mr. Deng.
- (2) Shenzhen Yamei is an Employee Shareholding Platform. As of the Latest Practicable Date, the equity interest of Shenzhen Yamei was held as to approximately 23.26% and 23.26% by Mr. Zhao and Mr. Deng respectively, whereby Mr. Zhao also serves as the general partner of Shenzhen Yamei, and the remaining 53.47% was held by current employees of the Company. See “— Employee Shareholding Platform” in this section for further details.
- (3) Each of Mr. Zhao, Mr. Deng, TOYA Enterprise Management and Shenzhen Yamei is a Controlling Shareholder. For further details, see “Relationship with Our Controlling Shareholders” in this document.
- (4) Mr. Chen was previously a director of our Company in the past 12 months and currently remains as an employee in our Company. See “— Information About Our Pre-[REDACTED] Investors” in this section for further details.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Immediately Following the [REDACTED]

The following chart illustrates the simplified shareholding structure of our Group immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised):



Note: See the notes in “ — Immediately Prior to the [REDACTED] and as of the Latest Practicable Date” above.

BUSINESS

OVERVIEW

Who We Are

We are a provider of high-performance precision metal connection wires, primarily focusing on the R&D, production and sales of precision cable conductors. Precision cable conductors, which are the major physical form of the high-performance precision metal connection wires, generally include regular, fine and ultra-fine cable conductors. Benefiting from their compactness, superior flexibility and high bendability, fine and ultra-fine cable conductors play a crucial role in precision connection, achieving functions such as high conductivity, high-speed signal transmission and high bendability, among other things. Leveraging our in-house techniques in respect of precision cable conductors, our product offerings have further extended into precision metal filaments and ropes such as tendon ropes and medical guidewires. During the Track Record Period, our products are widely applied in fields including smart terminals, precision medical devices, low-altitude economy and robotics, computing centers, and NEVs and other equipment.

Capitalizing on over 16 years of extensive experience in in-house R&D of production equipment and organic innovations in production techniques, we are able to meet the increasingly stringent requirements including miniaturization, high reliability and high customization from downstream industries for connection wires products and provide customized solutions. Our ultra-fine cable conductors products hold a prominent position in both PRC and overseas markets. According to the F&S Report, we held a 15.5% market share of the global ultra-fine cable conductors market by revenue in 2025, ranking third globally and first in China. According to the same source, in 2025, our ultra-fine cable conductors ranked first globally in the low-altitude economy applications by revenue.

Our key achievements are as follows:

 Market Leadership in Ultra-fine Cable Conductors	 Industry Leading in R&D and Innovation Capabilities	 Strategic Footprints in Production Bases and Overseas Market
No. 1 in China ⁽¹⁾⁽²⁾ No. 3 Globally ⁽¹⁾⁽²⁾ No. 1 Globally in the low-altitude economy applications ⁽¹⁾⁽²⁾	One of the very few enterprises globally capable of mass production of ultra-fine cable conductors with a diameter of 0.008 mm⁽¹⁾ 49 patents in the PRC ⁽³⁾	Four production bases , with three located in the PRC and one located in Thailand Expanding customer reach from China to Southeast Asian countries
 Rich Product Offerings with Customization Capabilities	 Self-developed Core Production Equipment	 Steady Growth in Financial Performance
Product design proposals for over 4,500 models with customers' validation ⁽⁴⁾ Wide applications in 5 cutting-edge fields ⁽⁵⁾	60%+ of our total production equipment are developed in-house ⁽³⁾ Core equipment ⁽⁶⁾ is self-developed and can be customized to suit the special production technique requirements	~32.8% Revenue CAGR ⁽⁷⁾ 25%+ Steady gross profit margin ⁽⁴⁾ ~25.6% Adjusted net profit ⁽⁷⁾⁽⁸⁾ CAGR

Notes:

- (1) According to the F&S Report
- (2) By revenue in 2025
- (3) As of the Latest Practicable Date
- (4) During the Track Record Period
- (5) The five cutting-edge fields include (i) smart terminals, (ii) precision medical devices, (iii) low-altitude economy and robotics, (iv) computing centers, and (v) NEVs and other equipment.
- (6) Core equipment includes drawing, stranding, tin-plating and shaping equipment.
- (7) From 2023 to 2025
- (8) Non-IFRS measure, details of which are set forth in “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Non-IFRS Measure”

BUSINESS

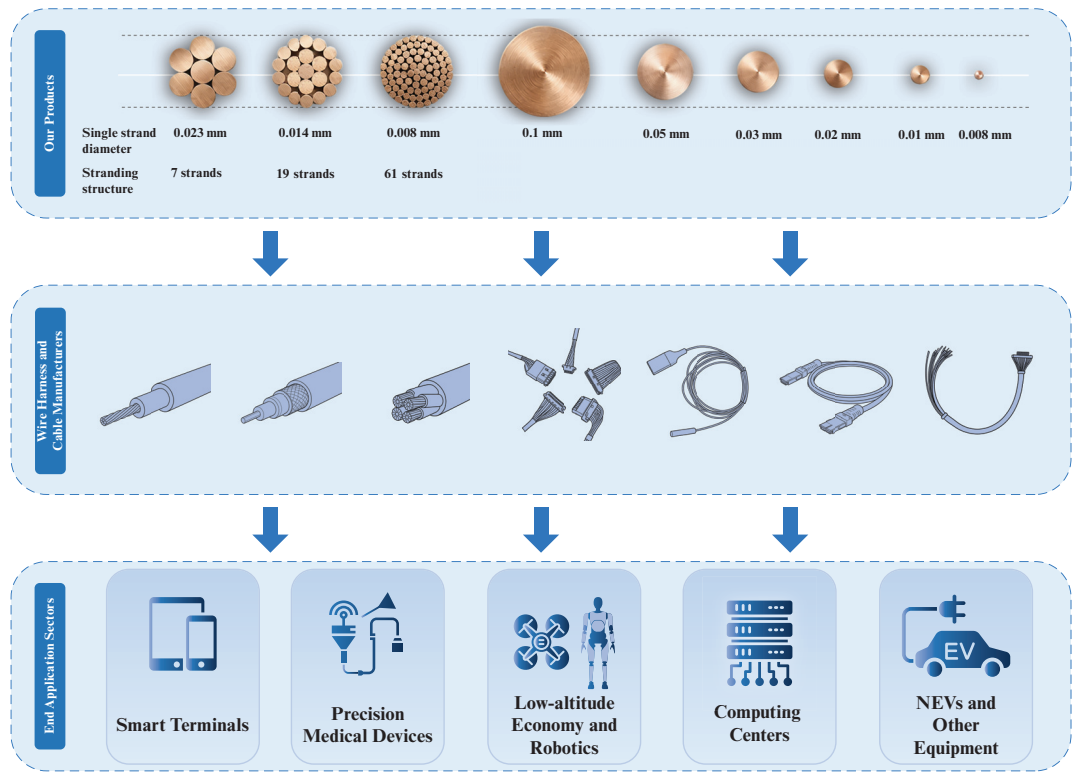
Our Products and Applications

Our products mainly comprise precision cable conductors and precision metal filaments and ropes, which are widely adopted in the following fields:

- ***Smart terminals.*** Our products are designed to meet key technical requirements of smart terminal devices including miniaturization, lightweight design, high flexibility and versatility in installation. They are generally adopted in laptops, tablets, smartphones, smart wearables (such as AR/VR glasses) and security cameras.
- ***Precision medical devices.*** Our products are designed to meet the requirements for miniaturization and long-term reliability of medical devices, as well as the need for high precision and stable signal transmission in high-end medical equipment (primarily ultrasound machines). Our precision cable conductors products are mainly utilized in ultrasound machines and endoscopes. We also provide metal tendon ropes that can be used in high-end medical devices such as endoscopes and surgical robots.
- ***Low-altitude economy and robotics.*** Our products excel in compactness, high tensile strength and high bendability capabilities and are generally applied in drones, industrial robots and humanoids.
- ***Computing centers.*** Based on materials that support high-frequency and high-speed transmission and technologies that ensure signal integrity, we have developed silver-plated cable conductors capable of high-frequency and high-speed transmission specifically for AI data centers.
- ***NEVs and other equipment.*** Our products are designed to meet requirements for lightweight, high-definition display and high reliability in scenarios such as high-end smart cabin as well as automotive radars.

BUSINESS

The following diagram illustrates the key segments of our industry value chain and the application fields of our products.



Our Production

As of the Latest Practicable Date, we operated four production bases, comprising two in Dongguan, Guangdong Province and one in Yingtan, Jiangxi Province of China, and one production base in Thailand. Utilizing our self-developed core production equipment, and leveraging our established production techniques accumulated over the years covering the entire production process including electroplating, drawing, calendering, annealing, tin plating, stranding, surface treatment and shaping, we produce high-performance precision metal connection wires products in response to customers’ stringent requirements. Our advantages in in-house R&D and mass production capabilities enable us to effectively reduce production loss and costs, and maintain stable product yield and supply. We plan to further increase our production capacity in response to rapidly growing demand from downstream markets through continually expanding our existing and establishing new production bases, broadening the types of production lines, and implementing intelligent manufacturing throughout our production processes. Meanwhile, we utilize our Thailand Production Base as a bridgehead for our expansion into overseas markets in line with our global expansion strategy.

Our Research and Development

We continually adhere to a tripartite R&D system that focuses on innovations in materials, equipment and techniques. Capitalizing on in-house developed core production equipment and techniques, we have been able to accomplish breakthroughs in key performance indicators such as conduction efficiency, tensile strength and fatigue resistance, while achieving improved product yield and reduction in production costs.

BUSINESS

Based on our robust understanding of varied downstream application fields, we collaborate with customers who are well-known in their respective downstream industries to jointly develop new high-performance connection wires, and respond to their customized needs and promote product development and iteration. We also proactively carry out industry-university-research cooperation with a top academic institution globally and a national laboratory to collectively advance technological innovations and iterations along the industry value chain of high-performance precision metal connection wires.

Our Customers

Relying on our outstanding R&D capabilities, rapid demand response capabilities and consistently stable product quality, we have established stable long-term relationships with well-known customers in downstream industries through joint product development. Our customers mainly include (i) manufacturers of parts and components for smart terminals and precision medical devices, (ii) manufacturers of parts and components for drones and robots, and (iii) providers of high-speed copper cables for AI data centers. We have strong customization servicing capabilities, which have enabled us to provide product design proposals for over 4,500 models to customers for validation during the Track Record Period.

Our Financial Performance

During the Track Record Period, we achieved rapid financial growth. In 2023, 2024 and 2025, our revenue was RMB172.2 million, RMB206.3 million and RMB303.4 million, respectively, representing a CAGR of 32.8%. During the same years, our net profit was RMB32.0 million, RMB41.9 million and RMB47.1 million, respectively, representing a CAGR of 21.4%, and our adjusted net profit (non-IFRS measure) was RMB32.4 million, RMB43.4 million and RMB51.1 million, respectively, representing a CAGR of 25.6%.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths distinguish us from our competitors:

Leading market position in ultra-fine cable conductors benefiting from market opportunities arising from rapidly growing end markets

We are a provider of high-performance precision metal connection wires. Guided by our mission of “breaking the limits, intelligently connecting with the future” (“突破極限，智連未來”), we have long focused on the R&D, production and sales of fine and ultra-fine cable conductors, and are committed to meeting the requirements of different downstream application fields for miniaturization, high reliability and high customization for connection wires. Our products are widely used in fields including smart terminals, precision medical devices, low-altitude economy and robotics, computing centers, and NEVs and other equipment. As these fields evolve towards greater precision and intelligence in recent years, market demand for upstream high-performance precision cable conductors products has surged, while imposing more stringent requirements on such connection wires, particularly in terms of precision and miniaturization, reliability and customization.

We believe that our leading industry position and years of accumulated experience and expertise can enable us to benefit from the sustained growth in the demand from the foregoing end-use application fields, and to meet the evolving requirements from downstream markets. We have maintained a leading market position in ultra-fine cable conductors globally; according to the F&S Report, in 2025, we held a share of 15.5% by revenue in the global ultra-fine cable conductors market, ranking third globally and first in China. According to the same source, in 2025, our ultra-fine cable conductors ranked first globally in the low-altitude economy applications by revenue. We are also one of the very few enterprises globally industry to have mastered the technology for mass production of ultra-fine cable conductors with a diameter of 0.008 mm.

BUSINESS

Meanwhile, benefiting from the explosive growth in the computing centers sector in recent years, we have developed precision cable conductors dedicated to data transmission in AI data centers. We have achieved advantages in product dimensional stability, coating density and surface defect control, which ensures the stable transmission of data and signals at high frequencies and speeds. Our cable conductors products have been validated by several leading customers in China and overseas and supplied to such customers in batches.

In addition, leveraging our in-house techniques in respect of precision cable conductors, our product offerings have further extended into precision metal filaments and ropes such as tendon ropes and medical guidewires, which demonstrate solid performance in tensile strength, bendability and force transmission, among other things. They are intended for applications in fields such as humanoids, surgical robots and high-end medical procedures. As of the Latest Practicable Date, multiple types of our precision metal filaments and ropes products utilized in disposable endoscopes had realized mass production, and we had already delivered samples and undertaken small batch production for a number of industry leading surgical robotics companies and suppliers of humanoid enterprises.

Self-developed core production equipment with strong R&D and innovation capabilities in production techniques

We have over 16 years of experience in the R&D and production of high-performance precision metal connection wires and have accumulated profound technical capabilities. We have established a professional R&D team and are dedicated to a tripartite R&D system that based on innovations in materials, equipment and techniques, so as to build a differentiated technical barrier that is difficult to replicate.

Differing from many competitors in our industry, our core competitive advantage lies in in-house R&D of our core production equipment. As of the Latest Practicable Date, self-developed production equipment accounted for over 60% of our total production equipment. Our core production equipment such as drawing, stranding, tin-plating and shaping equipment are self-developed and can be customized to suit the special production technique requirements in the manufacturing of our products, including: (i) split-tower pulley-type wire drawing equipment, which is capable of preventing wire breakage caused by negative slip and achieving stable production of ultra-fine cable conductors with a diameter of 0.008 mm; (ii) ultra-fine stranding equipment, which can effectively reduce product processing stress, control product wire feeding tension stably within 0.5 grams, and achieve length continuity of ultra-fine strands; (iii) drawing and annealing equipment designed for cable products in high-speed copper cables, which features independent drawing capstans, adjustable cross-sectional area reduction per pass, no spark damage during annealing, and highly consistent appearance of finished products. Meanwhile, our self-developed equipment is characterized by low costs, small footprint, low production energy consumption and high production yield.

Recently, we jointly established a Guangdong Provincial Doctoral Workstation (廣東省博士工作站) with the Human Resources and Social Security Bureau of Dongguan (東莞市人力資源和社會保障局), and actively participated in the 2025 Guangdong Provincial Key Field R&D Program Project (2025年廣東省重點領域研發計劃項目). Through industry-research collaboration with national and provincial research institutions and materials laboratories, our R&D primarily covers key technologies for preparation and microstructure control of high-purity copper materials and relevant industrial application demonstrations, among other things.

BUSINESS

During the Track Record Period, we were honored with a number of awards and recognitions, including (i) National Technically Advanced “Little Giant” Enterprise (專精特新“小巨人”企業) granted by the MIIT, (ii) First Prize of the Nonferrous Metals Industry Science and Technology Award (有色金屬工業科學技術獎一等獎) presented by the China Nonferrous Metals Industry Association (中國有色金屬工業協會) and the Non-ferrous Metals Society of China (中國有色金屬學會), (iii) Guangdong Provincial Single Champion Manufacturing Enterprise (廣東省製造業單項冠軍企業) and Guangdong Province Technically Advanced Small and Medium Enterprise (專精特新中小企業) awarded by the Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳), and (iv) 2025 Guangdong Provincial Key Field R&D Program Project (2025年廣東省重點領域研發計劃項目) accredited by the Department of Science and Technology of Guangdong Province (廣東省科學技術廳), Department of Finance of Guangdong Province (廣東省財政廳) and Guangdong Provincial Tax Service, State Taxation Administration (國家稅務總局廣東省稅務局). We have established a comprehensive intellectual property management system and patent protection framework. As of the Latest Practicable Date, we had registered a total of 49 patents in the PRC, comprising 12 invention patents, 36 utility model patents and one design patent. As of the same date, we were invited to participate in the of five group standards in relation to precision cable conductors, which demonstrates our leading technical position within the industry.

Diversified product matrix and strong product customization capabilities to meet differentiated market demands

Leveraging our technical advantages in equipment and techniques, we are committed to creating a diversified and comprehensive product matrix that provides quality high-performance precision metal connection wires products. Our products are widely applied in fields including smart terminals, precision medical devices, low-altitude economy and robotics, and NEVs and other equipment. Our diverse product specifications, capability to manufacture products with demanding specifications and diversified self-developed equipment models have enabled us to rapidly respond to the continual upgrades and iterations of our downstream customers’ products and offer suitable product plans:

- In terms of diameter, we are one of the very few enterprises globally to have mastered the technology for mass production of ultra-fine cable conductors with a diameter of 0.008 mm, according to the F&S Report. This enables us to better satisfy the requirements for granularity and intensification of leading customers in the downstream precision medical devices, high-end smart terminals and humanoids sectors.
- In terms of plating, capitalizing on our self-developed electroplating equipment and unique techniques, we are able to achieve advantages such as uniform coating, high density and oxidation resistance in our products.
- In terms of materials, we have established a materials database covering a variety of metals and alloys including copper and copper alloys, steel and tungsten, which enables us to adopt different processing equipment and techniques tailored to the characteristics of different materials, and adjust product properties such as strength, bendability and electrical conductivity to serve the various downstream applications.
- In terms of stranding structure, benefitting from our diverse types of self-developed high-precision stranding techniques and equipment, we are able to produce various complex customized and special stranding shapes at ultra-fine diameters to enhance the structural compactness, flexibility and bendability of our products, among other things.

BUSINESS

We also possess strong customization capabilities that enable us to respond swiftly to customer needs. When facing high-end customization requirements from customers such as finer diameters or new alloy systems, we are able to rapidly deploy new techniques, develop new products and conduct high-precision quality inspections through modular and customized upgrading of existing production lines and techniques, without being constrained by externally sourced equipment and technology. As a result, we are able to complete sample trial production and small-batch deliveries at relatively lower costs, and significantly shorten the R&D cycle of new products and efficiently respond to customers’ customization needs.

During the Track Record Period, we provided product design proposals for over 4,500 models to customers for validation, which presents an ample pool of product plans that prepares us for potential mass production opportunities in the future. Meanwhile, we have achieved breakthroughs in the R&D of emerging product categories such as AI high-speed interconnect materials, precision cable conductors for robots and ultra-fine metal filaments and ropes, which is expected to further enhance our product matrix. The diversity of our product specifications and our strong customization capabilities can allow us to successfully attract cooperation opportunities from leading customers in downstream industries and steadily increase our market share.

Global-oriented, flexible and scalable production capabilities

We attach great importance to supply chain and production capacity construction and layout. Our self-developed equipment and proprietary production techniques have enabled us to reduce various capital expenditures and achieve rapid, stable and scaled delivery of our products.

- ***Flexible and scalable production capacity.*** As of the Latest Practicable Date, we operated four production bases in China and Thailand with a total of more than 2,500 pieces of production equipment, and were capable of achieving large-scale expansion in production capacity at relatively lower costs. During the Track Record Period, our capacity utilization rate increased continuously, reaching 93.2% in 2025. As of the Latest Practicable Date, we had been proactively executing our production capacity expansion plans in the PRC, and we were in the process of establishing a new production base in the Yangtze River Delta. Meanwhile, our Thailand Production Base is expected to serve as a bridgehead for implementing our globalization strategy to gradually break into overseas markets such as Southeast Asia, Europe and the United States, and continually strengthening our competitiveness in the overseas markets.
- ***Establishment of a full-process production chain.*** We are one of the few enterprises in the industry to achieve in-house R&D of core production equipment, according to the F&S Report. As of the Latest Practicable Date, self-developed production equipment accounted for over 60% of our total production equipment, including core production equipment such as drawing, stranding, tin-plating and shaping equipment and core production equipment accessories such as molds, drawing lubrication system, wire feeder, stripping devices, surface cleaning, water removal devices and tension measuring devices. We have established a comprehensive production chain covering the entire production process, including electroplating, drawing, calendaring, annealing, tin plating, stranding, surface treatment and shaping, and are continually expanding our production capacity and types of production lines with reference to downstream market demand in a targeted manner. Our full-process independent production capabilities enable us to significantly reduce third-party transaction costs at each stage and achieve cost optimization, while allowing us to exercise end-to-end control over the production quality and progress at each production stage, thereby ensuring timely delivery, stability and consistency of our products.

BUSINESS

- ***Global supply chain layout and notable quality control capabilities.*** We maintain business relationships with multiple PRC and overseas suppliers for each type of our key raw materials. We have established a quality management system spanning the full production processes of our products to precisely control product yield and ensure product quality. During the Track Record Period, we have completed authoritative certifications and technical certifications covering multiple aspects such as ISO 9001 Quality Management System certification, ISO 13485 Medical Devices Quality Management System certification, IECQ QC 080000 Hazardous Substance Process Management certification, IATF 16949 Automotive Quality Management Systems certification and the 100% Recycled Copper Content for Post-consumer Copper Wirerod Products certification accredited by SCS Global Services. During the Track Record Period, we had built a robust customer complaint handling system, responding to customer service requests in real time and compile and analyze relevant information on a monthly basis to enhance customer satisfaction. For new customers and new products, we have established intra-departmental special service groups (involving business, technology, quality and production departments) to rapidly respond to new demands from customers.
- ***Digitization of the production process.*** We have made substantial investments in digitization to promote the informatization upgrades of our entire production process. This enables end-to-end data connectivity from the input of raw materials to the inspection of finished products, allowing for optimization of production scheduling and improving the operational efficiency of our production activities.

Strong market presence as evidenced by our diversified and highly sticky customer base

Leveraging years of committed business operations and accumulated knowhow within the industry, we have successfully entered the supply chain of leading end customers in industries including smart terminals, high-end medical equipment and low-altitude economy. Relying on our R&D and innovation capabilities, we are deeply involved in customers’ new product development processes, thereby establishing a deep and long-term relationship with customers. For example, we have maintained a stable cooperative relationship with a world-leading smart terminals enterprise through downstream fabricators, and participate in the R&D of its products. The disposable endoscope products of a well-known medical device enterprise, which are the end-products that adopt our ultra-fine metal ropes tailored for medical devices, have been included in the scope of centralized procurement, which is expected to stimulate rapid growth in our orders by virtue of demand increases from centralized procurement for such end-products.

We rapidly complete product iterations and formulate market strategies based on our existing core technology platforms. In particular, our conductors products for high-speed copper cables have been validated by customers for use in AI data centers of world-leading AI enterprises, which we have supplied in batches. During the Track Record Period, we also obtained orders from an upstream manufacturer of a world-famous robotics enterprise for precision cable conductors. The foregoing applications of new products are expected to drive the rapid growth of our business in the future.

Our in-depth cooperation with established and industry leading customers explicitly demonstrates our R&D strength, production capabilities and comprehensive competitiveness, and we believe that we are able to accurately ascertain our R&D focuses, continually optimize the composition of our product portfolio and production techniques, and improve supply chain response efficiency, thereby firmly seizing the potential unleashed by downstream emerging industries and achieving sustained business growth in the future. During the Track Record Period, our business was conducted primarily through direct sales, while our customer base was dispersed, and we did not rely on any single major customer. We had relatively high customer stickiness, as demonstrated by: (i) our annual customer repurchase rate (which equals the number of repeat customers in the relevant

BUSINESS

year divided by the total number of customers in the same year multiplied by 100%) was 80.5%, 74.5% and 86.2% in 2023, 2024 and 2025, respectively, the average of which exceeded 80.4%; and (ii) we had served over 58 customers for more than five years as of the Latest Practicable Date.

Visionary founder team with extensive industry experience and rich technical backgrounds and professional talents with rich experience in niche sectors

Our founders, Mr. Zhao Gang and Mr. Deng Xiang, have years of work experience in the precision cable conductors industry, and have accumulated extensive industry experience in R&D, production, management and sales, along with rich technical backgrounds and holistic strategic thinking. In 2010, our two founders realized the vast potential for high-performance precision metal connection wires produced in the PRC that they decided to establish the Company on their own. Since then, they have led our Company to continuously conduct R&D and achieve breakthroughs in respect of high-performance precision metal connection wires, providing domestically produced alternatives to international supplies of ultra-fine metal conductors that have achieved internationally leading quality. Our two founders keenly recognized market opportunities in emerging industries such as AI and robotics, and led our Company to expand into new sectors and new product categories such as conductors for high-speed copper cables, and precision metal filaments and ropes such as tendon ropes and medical guidewires, and successfully break through the technical barriers and obtain certifications from downstream global leading enterprises, thereby forming new performance growth drivers for our Company.

Our smooth business operations are highly dependent on the service of systematically trained and experienced professional talents. Taking the production of our high-precision products with a diameter of 0.008 mm as an example, only a small number of production professionals that possess the practical experience and technical knowledge are capable of operating the relevant equipment. We have cultivated a team of skilled craftsman-type professionals capable of handling various complex issues in the course of our operations and effectively enhancing our overall operational efficiency and market competitiveness.

OUR STRATEGIES

We plan to pursue the following strategies to drive further growth:

Expand and continually focus on the application fields of high-performance precision metal connection wires and continue to strive for a global leading position

We are expected to continually enhance our technical capabilities and innovate our techniques, so as to continually reduce overall production costs and realize product iterations. We shall continually focus on five major application fields, namely smart terminals, precision medical devices, low-altitude economy and robotics, computing centers, and NEVs and other equipment, and by leveraging our existing technical barriers, mass production capabilities and advantages in market shares, further increase our penetration rates, so as to maintain our global leading position in high-performance precision metal connection wires.

We shall also keep pace with global technological trends and continually devote resources to sectors such as robotics, low-altitude economy and computing centers. In particular, in response to the demand for ultra-fine, highly flexible and durable wirerods and tendon ropes for actuators in humanoids, we will accumulate technical knowhow and perform validation with customers in advance to cultivate our medium- to long-term growth trajectory. In response to demand from low-altitude economy sector, we shall continually develop connection wire products suitable for drones and low-altitude aircraft, which is expected to be an important revenue growth driver in the future. In respect of the computing centers sector, we shall increase our R&D investment in high-speed precision cable conductors of higher transmission rates, and strive to achieve a remarkable increase in the proportion of such products in our product mix.

BUSINESS

We shall also develop and expand product lines of connection wires of high biocompatibility, high conductivity and ultra-fine flexibility, so as to accurately match the needs from emerging technology fields such as BCI, minimally invasive medical devices and 6G.

Strengthen our tripartite in-house R&D system that focuses on innovations in materials, equipment and techniques across the entire industry value chain to build a technical moat

We shall continue to increase our R&D investment in aspects such as commercialization of R&D results and optimization of our product mix, build a competitive advantage in product differentiation through technological leadership, increase the proportion of high value-added products, and achieve sustained revenue and profit growth.

The crucial foundations of our core market competitiveness are our tripartite R&D system that focuses on innovations in materials, equipment and techniques, and strong customized R&D capabilities for new products. We shall adhere to the strategy of in-house R&D in production equipment and further enhance the automation and intelligence of our production lines.

Our planned measures for advancing our R&D and innovation capabilities are as follows:

- With respect to adoption of new materials in our product matrix, we plan to accelerate R&D and breakthroughs in techniques with respect to new materials such as gold, platinum and aluminum on top of our current core materials such as copper, silver, tin, stainless steel and tungsten, so as to satisfy needs from advanced fields such as robotics, low-altitude economy, computing centers and precision equipment in advanced semiconductor manufacturing.
- With respect to equipment R&D, we intend to continually promote the automation and intelligence upgrades of our core production equipment, with a view to achieving notable improvement in production yield, while concurrently reducing unit energy consumption and labor costs to strengthen our cost advantages in the production process. We are expected to continually invest in the iteration of the next-generation high-speed, low-consumption and high-yield equipment to ensure our production efficiency and cost controls at an industry-leading level.
- With respect to optimization of production techniques:
 - In terms of product diameter, we plan to solidify our industry leading position with respect to ultra-fine cable conductors, continually push the physical limits to achieve a product diameter of 0.005 mm, and maintain and bolster our leading advantages in precision cable conductors products with a diameter of 0.03 mm and less.
 - In terms of product length continuity, we shall continually focus on optimizing product performance of precision cable conductors, overcome the challenges in controlling the uniformity of microstructure and composition in high-purity copper and micro-alloyed copper-based alloy wirerods, thereby achieving stable production of precision cable conductors in ultra-long continuous length.

In the future, we will continue our cooperation model with top academic institutions globally and national laboratories, and plan to establish additional industry-academia-research projects to enhance our R&D capabilities and attract quality talents and modern R&D centers.

BUSINESS

Expand production capacity and optimize layout based on market demand

In response to the continual growth in market demand from downstream industries and to align with our overall business expansion strategy, we plan to build new production bases to further expand our production capacity and optimize our strategic production layout. In particular, we plan to increase the production capacity of our core products such as cable conductors. Meanwhile, we plan to expand high-standard electroplating production lines in Thailand to realize high control over core production equipment and techniques and optimize regional capacity allocation. For details, see “— Our Production — Production Bases.” By achieving timely delivery for customers in regions outside the PRC, the costs of cross-border logistics and customs duties are expected to be significantly reduced, while diversifying operational risks arising from geopolitics and trade barriers.

Promote digitization and lean management to enhance operational efficiency

As our business continues to expand, we shall systematically improve our digital operational efficiency in the following aspects to drive growth in our revenue and profitability:

- ***Digital factories and precision production.*** We are expected to continually promote the construction of digital factories, covering the entire process including R&D, production, supply chains, sales and quality control. We intend to enhance per capita efficiency, yield rate and on-time delivery rate while reducing the manufacturing costs per unit through manufacturing execution system (“MES”), enterprise resource planning (“ERP”), intelligent warehousing and upgrades to automated production lines. We shall further introduce digital production and inspection systems in the production stage to improve automated and information-based management and control of the production process. In the supply chain and quality control stages, we will establish a data tracking system to achieve traceability across various stages such as raw material procurement, production and processing, quality inspection and delivery of finished products.
- ***Independent control over industry value chain and supply chain cost management.*** Through centralized procurement and strategic inventory management mechanisms, we expect our procurement costs of raw materials to be continually optimized as our procurement volume increases. We also plan to utilize financial instruments to effectively manage price volatility risks of raw materials, thereby achieving dual control over supply chain costs and risks.
- ***Intelligent transformation.*** We plan to introduce AI technology to methodically optimize relevant production processes and parameters, product design and iteration, and cost accounting accuracy, among other things, so as to achieve closed-loop intelligent management of the end-to-end processes from receipt of orders to delivery of products. In particular, we expect to (i) leverage AI-assisted tools to accelerate product development cycles in the product design phase, (ii) employ machine vision and AI algorithms to improve inspection accuracy and efficiency in the course of our production, (iii) introduce intelligent cost analysis models to improve pricing accuracy and profit forecasting capabilities in terms of operations and management, and (iv) utilize AI tools to enhance digital marketing capabilities and increase customer acquisition with respect to sales and marketing.

BUSINESS

Optimize industry value chain capabilities through investment and acquisitions

To further integrate upstream and downstream resources, strengthen our control over key stages in our production, and optimize our presence within the industry value chain, we plan to acquire high-quality resources at an appropriate time through targeted strategic investments and acquisitions of equity interests, among other things. Our potential investment or acquisition targets include the following:

- ***Candidates whose businesses can generate synergistic effects:*** enterprises in the PRC or overseas with solid R&D and technical accumulation, stable production and delivery capabilities and an established customer base, whose business can generate synergistic effects in relation to our existing operations; and
- ***Candidates with unique technologies:*** enterprises in the PRC or overseas that possess unique technologies in fields such as special metal processing, surface treatment and polymer materials, so that we are able to enhance our technical capabilities and broaden our product lines through mergers, acquisitions and integration of these enterprises.

We believe that by leveraging integration along the industry value chain, we can effectively expand our R&D capabilities and enhance our professional technical capabilities, and foster our influence across the industry value chain to better satisfy the diversified needs from downstream application scenarios. As of the Latest Practicable Date, we had not identified any specific investment or acquisition targets, nor had we entered into any letters of intent, agreements or other binding documents in respect of such matters.

Formulate strategies to acquire talents that match the needs of our production techniques and global layout

Our talent strategies are expected to continually improve the mechanism for attracting and cultivating core technical talents, and establish an incentive system that matches our development stage, to ensure sufficient talent supply for realizing our strategic goals.

We shall adhere to core principles based on professionalism, international vision and multi-disciplinary expertise to build a high-quality talent pool and human capital system that supports our long-term strategic development. We have established a systematic training and development framework for talents in respect of production and techniques, operations and management, and sales management. In response to projected rapid expansion and global layout of our business going forward, we will focus on introducing senior professionals with respect to R&D and innovation, precision manufacturing, digitized operations, global supply chains and overseas market expansion, and on the long-term cultivation of highly skilled craftsman-type professionals to build an advanced technique team compatible with our self-developed core production equipment, materials and high-end production processes, thereby consolidating our technical and manufacturing barriers.

Meanwhile, we shall integrate PRC and overseas recruitment channels and talent attraction resources to build a cross-regional, multi-disciplinary and multi-level composite talent system, to provide stable and efficient talent support for the scaled expansion of our business and implementation of our global strategy. We plan to continue to deepen our strategic cooperation with top PRC and overseas academic institutions and research institutions, relying on platforms such as doctoral workstations, R&D centers and special technical breakthrough projects to cultivate high-end technical talents in fields such as materials, production equipment, mold R&D, precision processing and automation, so as to continually strengthen the depth and competitiveness of our talent system. Through a systematic cultivation mechanism combining organized training, on-the-job practical training and closed-loop competency assessments, coupled with a market-oriented, high-incentive and long-term performance driven incentive system, we are

BUSINESS

expected to continually enhance the professional capabilities, group cohesion and innovation vitality of our team, which lays a solid human resource foundation for our quality and sustainable development in the long term.

OUR PRODUCTS

We are a provider of high-performance precision metal connection wires. Since our inception in 2010, we have been focusing on the R&D, production and sales of precision cable conductors that address customized demands of various downstream application fields. Capitalizing on our established in-house developed techniques and equipment, we have been continually pushing the boundaries of miniaturization of high-performance precision metal connection wires, and become one of the very few companies around the globe that can mass produce ultra-fine cable conductors with a diameter of 0.008 mm, according to the F&S Report. According to the same source, we ranked third by revenue in the global ultra-fine cable conductors market in 2025, with a market share of approximately 15.5%. Meanwhile, leveraging our expertise in precision cable conductors, we have extended our product offerings in recent years to include metal filaments and ropes such as metal tendon ropes and medical guidewires.

By major functional property, our products can be broadly categorized into the following:

- **Precision cable conductors.** Our precision cable conductors are based on copper or copper alloys and play a crucial role in precision connection, achieving functions such as high conductivity, high-speed signal transmission and high bendability, among other things.
- **Precision metal filaments and ropes.** Our precision metal filaments and ropes utilize toughness of steel and tungsten to hold mechanical loads while ensuring durability.

We derived substantially all of our revenue from sales of our precision cable conductors during the Track Record Period. As we commenced producing metal filaments and ropes in 2023, we are still in the ramp-up and product optimization stage for this business. The table below sets forth a breakdown of our revenue by major functional property of products for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	<i>(RMB in thousands, except for percentages)</i>					
Precision cable conductors	165,043	95.9%	197,718	95.8%	282,387	93.1%
Precision metal filaments and ropes	378	0.2%	1,240	0.6%	1,267	0.4%
Others ⁽¹⁾	6,755	3.9%	7,350	3.6%	19,789	6.5%
Total	172,176	100.0%	206,308	100.0%	303,443	100.0%

Note: (1) Others primarily comprised sales of scrap materials generated during our R&D and production processes, including off-cuts, defective products and R&D-related material waste, among which scrap copper accounted for the majority.

BUSINESS

Our products are generally deployed across a broad spectrum of application scenarios, details of which are set forth below:

Application fields	Application scenarios	Our products					
		Typical diameter range (mm)	Key features				Biocompatibility
			Stable signal transmission	Light weight	Small volume	Resistance to repeated bending	High- and low-temperature resistance
Smart terminals	Laptops, tablets, smartphones, smart wearables (such as AR/VR glasses), and security cameras	0.008–0.07	✓		✓	✓	✓
Precision medical devices	Ultrasound machines, endoscopes and surgical robots	0.01–0.05	✓		✓	✓	✓
Low-altitude economy and robotics	Drones, industrial robots and humanoids	0.01–0.09	✓	✓	✓	✓	✓
	AI data centers		✓				✓
Computing centers	Intelligent cabin electronics and automotive radars	0.02–0.20	✓	✓	✓	✓	✓

BUSINESS

The following table sets forth a breakdown of our revenue by application scenario of our products for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	<i>(RMB in thousands, except for percentages)</i>					
Smart terminals	96,446	56.1%	116,652	56.5%	166,412	54.9%
Precision medical devices	49,885	29.0%	67,923	32.9%	86,113	28.4%
Low-altitude economy and robotics	7,108	4.1%	8,828	4.3%	17,380	5.7%
Computing centers	7,784	4.5%	3,430	1.7%	10,417	3.4%
NEVs and other equipment	4,198	2.4%	2,125	1.0%	3,332	1.1%
Others ⁽¹⁾	6,755	3.9%	7,350	3.6%	19,789	6.5%
Total	172,176	100.0%	206,308	100.0%	303,443	100.0%

Note: (1) Others primarily comprised sales of scrap materials generated during our R&D and production processes, including off-cuts, defective products and R&D-related material waste, among which scrap copper accounted for the majority.

During the Track Record Period, the primary contributor to our revenue was the smart terminals sector, which accounted for 56.1%, 56.5% and 54.9% of our revenue in 2023, 2024 and 2025, respectively, followed by the precision medical devices sector, which accounted for 29.0%, 32.9% and 28.4% of our revenue in 2023, 2024 and 2025, respectively. The growth in our revenue across different application scenarios was primarily driven by expanding downstream demand.

Diameter

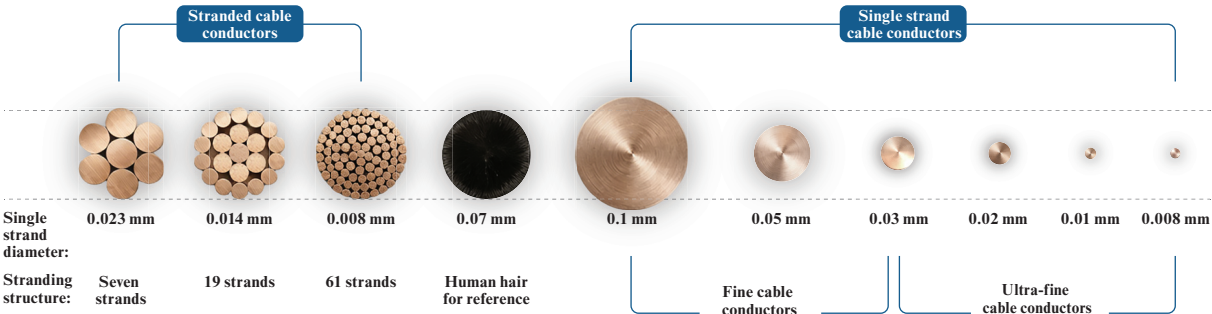
Our products are drawn to the diameter necessary to meet the requirements of our customers. The diameter of the single strand in our products typically ranges from 0.008 mm to 0.5 mm. Benefitting from our in-house developed equipment and techniques, we are able to produce micro-diameter products at relatively low loss rates during the production process. For details on our R&D achievements, see “— Research and Development — Key R&D Achievements.” The table below sets forth a breakdown of our revenue by product diameter for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	<i>(RMB in thousands, except for percentages)</i>					
Fine (>0.03 mm, <0.1 mm)	109,293	63.5%	129,460	62.8%	179,132	59.0%
Ultra-fine (≤0.03 mm)	44,962	26.1%	61,263	29.7%	83,744	27.6%
Regular (≥0.1 mm)	11,166	6.5%	8,235	4.0%	20,778	6.8%
Others ⁽¹⁾	6,755	3.9%	7,350	3.5%	19,789	6.6%
Total	172,176	100.0%	206,308	100.0%	303,443	100.0%

Note: (1) Others primarily comprised sales of scrap materials generated during our R&D and production processes, including off-cuts, defective products and R&D-related material waste, among which scrap copper accounted for the majority.

BUSINESS

The following illustration compares certain of our representative products with a single strand of human hair in terms of size:



Note: The above illustration is scaled at 1:150. Human hair is typically about 0.06 mm to 0.10 mm in diameter. The human hair presented in the above illustration is 0.07 mm in diameter.

During the Track Record Period, the price range of our products varied by diameter as follows: for fine products typically priced from RMB130 to RMB6,000 per kg; for ultra-fine products were typically priced from RMB180 to RMB15,000 per kg; and regular products were typically priced from RMB80 to RMB1,000 per kg. The price range of our products depends on functional property, diameters, stranding structure, material composition and prevailing non-ferrous metal prices, among other things.

Product Specifications

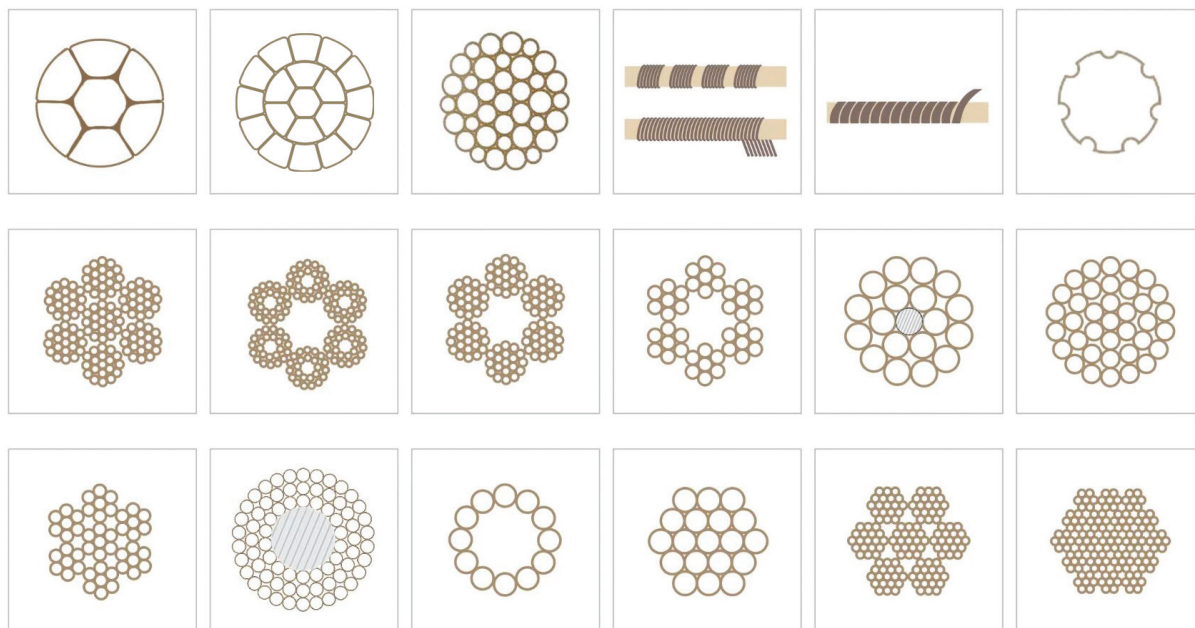
Our products are differentiated by stranding structure, plating and other performance specifications, each of which is tailored to the functional requirements of the relevant downstream application.

Stranding Structure

Depending on the intended use, our products offered are single strands, concentric-lay strands, bunch-lay strands, compound-lay strands, compressed strands, and spirally-wound strands. The stranded structure generally helps improve the flexibility, bendability, reliability and ease of processing of our products. The maximum number of strands that we produce can reach 3,000.

BUSINESS

The following illustrations set out some representative structures of our products:



Plating

We apply customized plating to our products as part of the product specification process, tailored to the functional requirements of the relevant downstream application. Our plating options include silver, tin, gold, nickel or copper plating, and the applicable plating type is agreed with customers on an order-by-order basis.

Different types of plating have distinct properties and are applied in different application scenarios, including but not limited to:

- **Silver plating:** is primarily applied to enhance electrical conductivity, signal transmission performance, solderability and corrosion resistance, and is commonly used for precision cable conductors deployed in precision medical devices, smart terminals and high-speed data transmission. For our precision cable conductors for high-speed data transmission, silver plating thickness is configurable to customer specification. For example, a conductor with an outer diameter of 0.28 mm may be configured with a silver-plating thickness of 0.8 μm , 1.0 μm , 1.2 μm or 1.5 μm , or any other thickness specified by the customer.
- **Tin plating:** is primarily applied to improve solderability, corrosion resistance and oxidation resistance. Our hot-dip tin plating technique supports stable, high-speed plating on ultra-fine cable conductors with a single-wire diameter of 0.016 mm and above, forming a uniform and dense tin layer over the substrate.

Other Performance Specifications

In addition to the performance specifications disclosed above, other specifications may be considered by our customers on a case-by-case basis, such as electrical properties, mechanical properties and fatigue life.

- **Electrical properties.** Electrical properties are primarily applicable to our precision cable conductors and include direct current resistance (“**DC resistance**”) of the finished product, together with electrical conductivity and electrical resistivity of the underlying material. Conductivity is commonly expressed as a percentage of the International Annealed

BUSINESS

Copper Standard (“IACS”). Different products achieve different conductivity levels. For example, pure copper products, generally achieve a conductivity of $\geq 100\%$ IACS, and high-conductivity alloy products generally achieve a conductivity of greater than 70%, 80% or 90% IACS, depending on the alloy material used.

- ***Mechanical properties.*** Tensile strength and elongation are key mechanical specifications of our products. For our precision cable conductors, post-processing tensile strength of high-strength alloy variants may reach approximately 1,300 MPa. For our precision metal filaments and ropes, tensile strength may reach up to 5,000 MPa, depending on configuration.
- ***Fatigue life.*** Fatigue life refers to the number of motion cycles a product can sustain, and is a key performance specification for products subject to repetitive mechanical stress. Our precision cable conductors, precision metal filaments and ropes deliver fatigue-life performance adjusted to the requirements of the downstream application scenarios in which they are deployed by our customers. For example, approximately three million to five million cycles for use in conventional drag-chain and robotic cables, approximately five million to ten million cycles for use in mid- to high-grade flexible cables, approximately ten million to twenty million cycles for use in highly flexible and servo cables, and approximately twenty million to fifty million cycles or more for use in top-grade highly flexible cables.

Products by Business Model

Our products include both standard products and customized products. Standard products are manufactured according to established industry standards and supplied to multiple customers. Customized products are tailored to the relevant application scenario and the exact specifications of individual customers and are typically dedicated to a single customer.

Typically, after a customer approaches us with product specification requirements, we evaluate the complexity and feasibility of such specifications and provide either recommendations of on-the-shelf standard products or proposals to develop customized products. We classify a product specification as standard if it has been ordered by three or more different customers during the Track Record Period, and as customized if otherwise. During the Track Record Period, customized products accounted for more than 60% of our total revenue.

We develop the majority of our customized products jointly with our customers on an individual basis. The development process generally comprises three phases: (i) the design phase, in which we work with the customer to formulate the target product specifications and issue a specification sheet for the customer’s confirmation; (ii) the validation phase, in which we produce and deliver product samples to the customer for testing and charge the customer a sample fee; and (iii) the mass production phase, in which, following successful sample validation, we commence mass production pursuant to the customer’s orders.

In product development, we start by understanding the customers’ intended end-use environment and critical performance metrics (such as miniaturization, durability under repeated bending, signal integrity and electromagnetic compatibility and corrosion resistance) for the relevant application. For details on product development, see “— Research and Development — R&D Team and Processes.” We then translate such requirements into a defined set of customizable parameters, and monitor and control them throughout our production phases including materials selection, process design, in-process inspection and quality assurance.

BUSINESS

Below sets forth some major customization options we offer:

Single strand diameter	0.008 mm to 0.5 mm
Plating	Silver, tin, nickel, gold or copper plating
Material selection	Copper and copper alloys, iron-based alloys, nickel-based alloys, tungsten-based materials, precious metals, and other materials specified by customers
Cross-section shape	Round, flat or customized cross-sectional designs
Stranding structure	Concentric-lay, bunch-lay, compound-lay, compressed, spirally-wound, or other structure specified by customers

Meanwhile, we offer standard products that primarily consist of general-purpose precision cable conductors of common diameter and material specifications, ranging from approximately 0.01 mm to 0.08 mm and usually in the form of single strands or stranded products. These products are produced according to established industry standards and may be supplied to multiple customers across general-purpose application scenarios such as smart terminals and ultrasound medical. We make production planning decisions for our standard products based on, among other things, prevailing market demand, historical order patterns from our existing customers, raw material price trends and our available production capacity. We manage standard product inventory in accordance with our inventory management policies, with safety stock levels calibrated to recent production volume and customers demand. For details on our inventory management, see “— Inventory Management and Warehousing.”

Other Business

We sell scrap materials generated during our R&D and production processes, including off-cuts, defective products and R&D-related material waste. Such scrap materials primarily consist of scrap copper. According to the F&S Report, the volume of scrap copper generated during our production process is broadly in line with industry norms, considering our production scale and product mix. Our scrap materials purchasers vary from transaction to transaction. We dispose of our scrap copper through direct sales to Independent Third Parties, by reference to the prevailing market price of copper quoted on the Shanghai Metals Market around the time of sale. Revenue from our other business accounted for 3.9%, 3.6% and 6.5% of our total revenue in 2023, 2024 and 2025, respectively.

RESEARCH AND DEVELOPMENT

We adhere to a tripartite R&D system that focuses on materials, equipment and techniques, based on which we organize our R&D activities. Capitalizing on over 16 years of experience in developing and producing high-performance precision metal connection wires, we have accumulated extensive knowledge in various materials and developed in-house equipment and techniques that enable us to fully leverage the underlying materials’ properties while ensuring product durability, low material loss and consistent product quality. This has further allowed us to efficiently meet continually rising and high-performance demands and varied customization requirements from customers.

To support our R&D and validation activities, we have established multiple R&D and testing facilities at our production bases. In 2023, 2024 and 2025, our total R&D expenses amounted to RMB4.4 million, RMB5.1 million and RMB8.3 million, respectively.

BUSINESS

Key R&D Achievements

Leveraging our expertise and knowhow in materials, we design and develop our in-house production equipment and iterate and optimize our production processes based on the characteristics of each type of materials. We have also integrated equipment design with process parameter optimization to enhance process stability, dimensional consistency and production efficiency across our production lines and phases. Our R&D achievements in both production equipment and techniques have enhanced our product differentiation and competitiveness and allowed us to meet customer requirements across various high precision application scenarios. Some of our key R&D achievements are as follows:

Production Equipment

We have developed and deployed self-designed equipment across key production processes, details of which are set forth below:

- *Ultra-fine and precision drawing.* Our in-house ultra-fine and precision drawing equipment can process conductors across a wide diameter range, including ultra-fine specifications. Such equipment incorporates straight-entry die structures, adaptive speed control and controlled lubrication systems to reduce slip, minimize surface defects and prevent breakage during high-precision drawing. Certain equipment includes online dimensional monitoring and adjustment functions to maintain stable diameter tolerance and support consistent process capability performance during long-length production.
- *Multi-head drawing.* We have developed multi-head ultra-fine drawing equipment that enables higher production efficiency without compromising surface quality or mechanical stability. Such equipment is designed to maintain controlled elongation and tensile characteristics during high-speed processing, thereby supporting both productivity and quality consistency.
- *Laser-guided winding.* Our proprietary laser-guided alignment and multi-axis positioning systems can enhance strand arrangement precision and operational stability during high-speed winding and return-winding processes. Such systems can reduce strand breakage and clamping incidents and improve structural uniformity for downstream processing steps.
- *Ultra-fine stranding.* We have developed ultra-fine stranding equipment and low-tension pay-off systems capable of maintaining stable tension control at ultra-low levels, which allows us to prevent deformation, twisting or stress accumulation during stranding, thereby improving strand roundness, structural integrity and surface quality. The integration of tension control with standardized process management further contributes to improved material utilization and reduced reliance on manual adjustments. The feeding tension can be effectively controlled within 0.5g stably.

Production Techniques

Our robust experience in production has enabled us to develop proprietary production techniques to achieve consistent micro-diameters, stable mechanical and electrical performance, high manufacturing yield and cost efficiency. Below sets forth some of our key technologies:

- *Silver electroplating technique.* Our silver electroplating technique can enhance conductivity, signal transmission performance, solderability and corrosion resistance of precision cable conductors. The current density can reach 10 amperes per square decimeter, if the silver used is pure. If special pretreatment is applied, the surface roughness of the underlying copper can reduce by 71%. This technique supports high-reliability applications such as precision medical devices.

BUSINESS

- *Hot-dip tin plating technique.* Our hot-dip tin plating technique enables stable, high-speed hot-dip tin plating of precision cable conductors with a diameter of 0.016 mm or above. It helps form a uniform and dense layer of tin over the precision cable conductors, which improves their corrosion resistance and oxidation resistance.
- *Ultra-fine stranding technique.* We apply proprietary ultra-fine stranding technique to realize customized configurations with controlled tension and stable stranding structure, which enhances the fatigue resistance and reliability of our products under repeated motion. Our ultra-fine stranding technique enables stranding of up to 3,000 strands with a diameter of 0.008 mm each, which can achieve a tensile strength of up to 1,200 megapascals while maintaining long continuous spool length, uniform circular cross-section and high surface quality — attributes that are critical for downstream precision applications.
- *Stress-relief technique.* Through optimized stress-relief technique, we are able to balance the tensile strength and flexibility of ultra-fine cable conductors, improving bending endurance and reducing failure risks during downstream use. This technique eliminates residual processing stress accumulated during fabrication, enabling straight, minimal torsion conductors and improving downstream cabling quality.
- *High-speed copper cable conductor production technique.* Our high-speed copper cable conductor production technique enables production of conductors with a consistent diameter (within an error tolerance of 0.0005 mm) and few surface defects at a high plating density, thereby satisfying the high-frequency electrical performance requirements of high-speed transmission cables.
- *Ultra-fine metal rope production technique.* Our ultra-fine metal rope production technique enables production to achieve a tensile strength of up to 5,000 megapascals and high bending endurance.

R&D Team and Processes

Under the guidance of our founders, we have designated an R&D team that focuses on the continual innovation in materials, equipment and techniques in relation to high-performance precision metal connection wires. As of December 31, 2025, there were 20 professionals in our R&D team, including 17 with more than five years of relevant R&D experience. Our founders have profound technical and industry experience in the production and development of high-performance precision metal connection wires. For details on the biographies of our founders, see “Directors and Senior Management — Board of Directors — Executive Directors.”

Our R&D team is generally responsible for: (i) setting R&D priorities and technical roadmaps; (ii) conducting materials and process research, including study on copper alloy materials, optimization of production processes for ultra-fine cable conductors, and new product development; (iii) designing, developing and iterating production equipment and tooling; and (iv) responding to customized requirements from customers and supporting product verification and delivery.

We have established comprehensive processes consisting of the following four stages for new R&D projects:

- *Project initiation and approval.* The project initiation phase typically begins with the identification of R&D opportunities driven by market demand, industry trends, internal strategic assessments or customer requirements. We conduct preliminary analyses to evaluate technical feasibility, potential economic benefits and alignment with our business development strategies. Formal proposals will be prepared by the R&D team and submitted to our management team for review and approval.

BUSINESS

- **Resource allocation and planning.** Upon receipt of approval from our management team, we allocate necessary resources, including funding, personnel and equipment, and coordinate with quality assurance and production teams in planning timelines and milestones. We may also collaborate with external parties such as academic and research institutions for input based on their expertise in materials science or metallurgy.
- **Development and testing.** We proceed to the development stage and carry out iterative design refinement and rigorous testing utilizing in-house testing facilities and production lines. This process involves functional evaluations, performance simulations and reliability assessments under real-world conditions to address technical challenges and validate enhancements, such as improved production efficiency or material durability. We closely coordinate with internal teams and external collaborators to ensure adherence to project goals, maintain ongoing documentation of findings, make intellectual property filings and perform adjustments based on real-time insights for optimization.
- **Validation and commercialization.** The final validation phase focuses on pilot production, process optimization and market readiness to confirm manufacturing scalability and compliance with industry standards. We conduct comprehensive verifications to ensure products meet design specifications and customer needs. Successful outcomes may lead to full commercialization of products, thereby converting R&D efforts into tangible value-added solutions that enhance our competitive edge and support long-term growth.

Key R&D Projects

Our current and ongoing R&D efforts primarily focus on: (i) advancing our core technologies and proprietary manufacturing processes, including our in-house equipment and techniques; (ii) developing customized precision cable conductors’ solutions to address evolving industry and customer-specific performance requirements; and (iii) continually optimizing and iterating our products and processes to maintain sustainable technical leadership.

As of the Latest Practicable Date, we had the following ongoing key R&D projects: (i) development of silver-copper and high-purity copper materials for producing precision cable conductors, including high-reliability and high-speed transmission applications; (ii) development of materials for producing precision cable conductors and precision metal filaments and ropes for precision medical devices applications, such as tungsten alloy materials, composite materials and high-purity stainless steel materials; and (iii) development of materials and techniques to enhance our capabilities in the drawing, plating and stranding processes, including lubrication fluids, flux, silver-plated surface hardening and wear-resistance techniques and surface finishing techniques.

Collaboration with Academic and Research Institutions

We actively engage in strategic collaborations with a top academic institution globally and a national research laboratory to enhance our R&D capabilities and accelerate technological innovation in high-performance precision metal connection wires. These collaborations provide us with access to extensive expertise in materials science, metallurgy and related fields from universities and research institutions. By leveraging external resources, we gain valuable insights into advanced research methodologies, specialized talent pools and state-of-the-art facilities that complement our proprietary R&D infrastructure. Recently, we jointly established a Guangdong Provincial Doctoral Workstation (廣東省博士工作站) with the Human Resources and Social Security Bureau of Dongguan (東莞市人力資源和社會保障局), and actively participated in the 2025 Guangdong Provincial Key Field R&D Program Project (2025年廣東省重點領域研發計劃項目).

BUSINESS

SALES, MARKETING AND CUSTOMER SERVICE

As our customers primarily focus on product quality, value proposition and on-time delivery in making their procurement decisions, we adopt a direct sales model that enables us to engage closely with our customers throughout the production cycle and consistently deliver high-quality products at competitive pricing and within agreed timelines. We believe this approach has been instrumental in establishing and maintaining long-term relationships with our customers. During the Track Record Period, almost all of our sales were conducted through direct sales, and we only cooperated with one distributor in the medical device sector in 2025, whose revenue contribution accounted for less than 0.01% of our total revenue in that year.

Our sales efforts mainly focus on serving customers in smart terminals, precision medical devices and computing centers sectors through direct engagement by our sales and marketing team, where we also acquire customers through participation in industry exhibitions and referrals from existing customers. We maintain close contact with customers throughout the product lifecycle, from initial requirement assessment and sample validation to mass production and order fulfilment. The table below sets forth our revenue by geographic region for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	<i>(RMB in thousands, except for percentages)</i>					
Chinese Mainland	167,127	97.1%	192,559	93.3%	260,765	85.9%
Thailand	—	—	5,352	2.6%	34,209	11.3%
Others ⁽¹⁾	5,049	2.9%	8,397	4.1%	8,469	2.8%
Total	172,176	100.0%	206,308	100.0%	303,443	100.0%

Note: (1) Others mainly included Vietnam.

Marketing and Branding

Our customer acquisition primarily includes participation in industry exhibitions and customer referrals, among other things. We typically participate in large-scale industry exhibitions across our major application fields on an annual basis, which serve as a key channel for identifying new customers, capturing new demands as well as strengthening existing customer relationships. Meanwhile, our commitment to quality and innovation has enabled us to maintain stable relationships with existing customers, and based on our market position and customer satisfaction, our existing customers may refer new business opportunities to us. In addition, we engage in targeted marketing activities through industry forums to enhance brand visibility. In 2023, 2024 and 2025, our selling and marketing expenses were RMB2.2 million, RMB2.9 million and RMB3.9 million, respectively.

After-sales Services

We maintain ongoing communication with our customers through our sales and technical teams to address quality matters in a timely manner. In the event of any reported quality issue, it will be promptly recorded in our internal system and our sales and marketing team will coordinate with our quality control and production teams for investigation and resolution. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product returns or material compensation claims.

BUSINESS

OUR CUSTOMERS

Our customers mainly include (i) manufacturers of parts and components for smart terminals and precision medical devices, (ii) manufacturers of parts and components for drones and robots, and (iii) providers of high-speed copper cables for AI data centers. In 2023, 2024 and 2025, revenue generated from our five largest customers accounted for 63.6%, 54.0% and 51.0% of our total revenue, respectively. During the same years, our single largest customer contributed to 35.1%, 17.3% and 15.8% of our total revenue, respectively.

The following table set forth some details on our five largest customers by revenue in each year during the Track Record Period:

<u>Customer</u>	<u>Revenue</u> (RMB in thousands)	<u>Percentage of total revenue</u> (%)	<u>Commencement of business relationship</u>	<u>Credit term</u>
Year Ended December 31, 2025				
Customer A ⁽¹⁾	47,829	15.8	2022	60 days
Customer B ⁽²⁾	40,087	13.2	2017	90 days
Customer C ⁽³⁾	30,482	10.0	2024	60 days
Customer D ⁽⁴⁾	18,404	6.1	2019	90 days
Customer E ⁽⁵⁾	17,862	5.9	2011	90 days
Total	154,664	51.0		
Year Ended December 31, 2024				
Customer B ⁽²⁾	35,685	17.3	2017	90 days
Customer A ⁽¹⁾	33,355	16.2	2022	60 days
Customer D ⁽⁴⁾	20,721	10.0	2019	90 days
Customer E ⁽⁵⁾	11,168	5.4	2011	90 days
Customer F ⁽⁶⁾	10,593	5.1	2014	30 to 90 days
Total	111,522	54.0		
Year Ended December 31, 2023				
Customer B ⁽²⁾	60,475	35.1	2017	90 days
Customer A ⁽¹⁾	17,582	10.2	2022	60 days
Customer D ⁽⁴⁾	16,247	9.4	2019	90 days
Customer G ⁽⁷⁾	7,962	4.6	2021	30 days
Customer F ⁽⁶⁾	7,349	4.3	2014	30 to 90 days
Total	109,615	63.6		

Notes:

- (1) Customer A, headquartered in Shandong Province, China, is primarily engaged in providing integrated solutions for consumer electronics.
- (2) Customer B, headquartered in Jiangsu Province, China, is primarily engaged in the R&D and manufacture of electronic components.
- (3) Customer C, headquartered in Taiwan, China and listed on the Taiwan Stock Exchange, is primarily engaged in the design and manufacture of high-speed cables, data transmission products, cable assemblies, signal connection components and DisplayPort products.

BUSINESS

- (4) Customer D, headquartered in Zhejiang Province, China and listed on the Shanghai Stock Exchange, is primarily engaged in the R&D, manufacture and sales of ultra-fine alloy wires, metal matrix composites, and other advanced materials.
- (5) Customer E, headquartered in Jiangsu Province, China and listed on the Shenzhen Stock Exchange, is primarily engaged in the R&D, manufacture and sale of RF coaxial cables.
- (6) Customer F, headquartered in Henan Province, China, is primarily engaged in the manufacture of electronic components and electronic special materials.
- (7) Customer G, headquartered in Guangdong Province, China, is primarily engaged in the R&D, production and sale of electronic products, hardware, plastic products, communication equipment and electromechanical products.

The products provided to all of our five largest customers in each year of the Track Record Period are fine and ultra-fine cable conductors. The payment method of all such customers was bank transfer.

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of our Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers.

Pricing and Other Salient Terms

We formulate pricing policies generally with reference to non-ferrous metal price movements, processing costs and market competition, as well as market conditions and sales feedback. During the Track Record Period, we primarily adopted either a fixed unit price or a dynamic pricing model, with the dynamic pricing model being the primary model adopted. Under the dynamic pricing model, the raw materials prices are determined with reference to the prevailing market prices of relevant raw materials, primarily copper, at the time of order placement, plus the processing fees charged in accordance with pre-determined ranges, such that fluctuations in raw material prices are reflected in the total price on a real-time basis. Under the fixed unit price model, which is typically applied to products for which processing fees account for a relatively higher proportion of the total price, the raw material prices may be pre-agreed on between the parties and are generally not adjusted in tandem with real-time market movements. The market prices of raw materials are primarily referenced to daily published prices on the Shanghai Metals Market. For details on the market prices of raw materials, see “Industry Overview — Major Raw Material Analysis.”

In particular, in response to significant volatility in the market prices of raw materials in the second half of 2025, we further expanded the adoption of the dynamic pricing model to better align our product prices with fluctuating raw material costs. For details, see “Financial Information — Specific Factors — Raw Material Costs” and “Risk Factors — Risks Relating to Our Business and Industry — Fluctuations in the prices of our principal raw materials could materially and adversely affect our business, results of operations and financial condition.”

Our cooperation with customers is generally conducted under a two-step arrangement. We typically first enter into a framework agreement with the customer setting forth the basic terms of cooperation between the parties, including duration, payment and credit term, delivery, warranty, transfer of risks, return and exchange arrangements and termination. Purchase orders are then placed under the framework agreement on a batch-by-batch basis, specifying the customer’s actual requirements for each batch, such as product specifications, quantity, price, delivery schedule and quality requirements. The unit price of each purchase order is determined in accordance with our pricing models.

Generally speaking, the salient terms of the framework agreements with our customers are as follows:

- *Duration.* The term of the framework agreements with our customers is typically from three to five years.

BUSINESS

- *Payment and credit term.* We typically require customers to settle the payment within 90 calendar days upon receipt of the invoices issued by us. In addition, many of our customers have internal compliance requirements and must conduct periodic reconciliation checks with us before we issue the relevant invoices to them. The length of the relevant reconciliation cycle is subject to the relevant terms of the underlying sales contracts (if specified), the customers’ internal payment processing requirements, or the established business practices between the parties.
- *Delivery.* We are responsible for arranging the delivery of our products to locations designated by our customers. Packaging and transportation costs are borne by us. For details on the delivery arrangement, see “ — Our Supply Chain — Logistics Service Providers.”
- *Warranty.* Our customer is typically required to inspect the products delivered and acknowledge receipt within a prescribed period following delivery, failure of which shall be deemed as acceptance. Any objections to the acceptance must be raised with reference to the agreed standards within a prescribed period thereafter. Our products generally carry a warranty of six months to one year, commencing from the date of acceptance.
- *Transfer of risks.* Risks of the products are transferred to our customers upon arrival and acceptance at the designated delivery locations. Where delivery or acceptance is delayed due to the relevant customer’s default, risk shall pass to such customer from the date of such default.
- *Return and exchange arrangements.* Product returns or exchanges are generally not permitted except in limited circumstances, including where the products delivered are non-conforming in respect of quality, quantity or specifications.

OUR SUPPLY CHAIN

Procurement and Suppliers of Raw Materials

During the Track Record Period, our principal raw materials comprised copper, silver and tin. Other raw materials included steel and tungsten, as well as auxiliary materials such as packaging materials and production consumables. We source our raw materials from a combination of PRC and overseas suppliers during the Track Record Period. We typically maintain business relationships with multiple suppliers for each type of our key raw materials to diversify our supply chain risk. In limited cases, our customers provide certain raw materials to us in relation to their orders.

We maintain prudent procurement cycles, typically aligned with production needs, order forecasts and market conditions, and generally maintain a safety stock for key raw materials. During the Track Record Period, our procurement strategy enabled us to avoid any material shortages, delays or procurement difficulties. By leveraging diversified sourcing channels, safety stock arrangements and overseas procurement alternatives, including procurement through our Thailand subsidiary when appropriate, we enhance our resilience against supply volatility of raw materials.

With respect to management of risks associated with price fluctuations in raw materials, we adopt a daily price-matching procurement practice, under which customer orders received by 3:00 p.m. on a given business day are priced by reference to the prevailing market prices of copper and silver on that day, and we place corresponding orders with our raw material suppliers on the same day at the same reference prices, thereby substantially aligning the pricing basis of our sales and purchases and minimizing our exposure to intra-day price movements in raw materials.

BUSINESS

We rigorously monitor raw material quality through physical inspections and performance-based testing upon receipt, which are conducted in accordance with internal acceptance standards across our production bases. Given the nature of our production process, raw material quality has a direct impact on production efficiency and finished product quality. In the event of defective raw materials being identified, the relevant issues are promptly escalated internally and addressed with suppliers through replacement or other remedial arrangements.

In managing suppliers, we apply a comprehensive supplier management approach to evaluate our suppliers. Supplier selection is primarily based on production qualifications, material quality, delivery reliability, historical cooperation performance and overall cost considerations, rather than solely on price. All new suppliers are subject to engineering evaluation before being approved for ongoing cooperation. This approach enables us to maintain a stable supply of high-quality raw materials while retaining flexibility in adjusting our supplier base in response to market developments.

Generally speaking, the salient terms of the procurement agreements with our raw materials suppliers are as follows:

- *Pricing.* The unit price of each purchase is not subject to change once determined in the relevant purchase order.
- *Payment.* Payment for each purchase shall be settled by bank transfer before delivery of raw materials or following completion of goods inspection and receipt of the relevant invoice.
- *Quality control.* Our suppliers generally warrant that the raw materials supplied conform to the agreed specifications and are free from defects. In the event of non-conformity, the relevant supplier is required to respond to rectify or replace the non-conforming goods within three business days of notification.
- *Termination.* We are entitled to terminate the relevant procurement agreement in written notice if the relevant supplier’s delivery of goods fails to satisfy the agreed requirements or otherwise commits material breach of the agreement.

During the Track Record Period and up to the Latest Practicable Date, we did not have any difficulty in obtaining raw materials, and we did not anticipate significant difficulties in obtaining alternative sources of supply if necessary.

Processing Service Providers

During the Track Record Period, we engaged certain third-party processing service providers to perform certain production processes, primarily silver-plating services on some of our precision cable conductor products, where the materials required for silver plating were generally provided by the processing service providers. We adopted such outsourcing arrangements in order to leverage the specialized capabilities of qualified external providers for these processes. We select our processing service providers based on, among other things, their technical capabilities, processing quality, production capacity, delivery reliability and pricing.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption in our outsourced processing arrangements, and we maintained stable working relationships with our processing service providers. To reduce our reliance on outsourced silver plating and further enhance our quality control over that process, we established a silver-plating production base in Machong Town of Dongguan that commenced production in the first quarter of 2026. See “— Production — Production Bases” for further details.

BUSINESS

Logistics Service Providers

We engage third-party logistics service providers to deliver our products to customers. Delivery within the PRC is generally handled by established logistics providers or similar operators, selected based on historical delivery reliability and service coverage. For overseas shipments, logistics arrangements are made based on customer requirements and agreed delivery terms. See “Risk Factors — Risks Relating to Our Business and Industry — Delivery delays, poor handling by logistics service providers, or transportation disruptions may adversely affect our business.” Transportation costs are generally borne by us. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material disruptions in delivery of our products to customers.

Top Five Suppliers

In 2023, 2024 and 2025, our purchases from the five largest suppliers accounted for 57.3%, 55.9% and 55.8% of our total purchases, respectively. During the same years, our single largest supplier accounted for 20.0%, 17.1% and 18.0% of our total purchases, respectively.

The following tables set forth the details of our five largest suppliers by purchase amount in each fiscal year during the Track Record Period:

Supplier	Purchase amount (RMB in thousands)	Percentage of total purchases (%)	Products/services provided	Commencement of business relationship	Credit term
Year Ended December 31, 2025					
Supplier A ⁽¹⁾	37,980	18.0	Oxygen-free copper and copper alloys	2022	30 days
Supplier B ⁽²⁾	29,948	14.2	Silver plating	2022	30 days
Supplier C ⁽³⁾	28,232	13.4	Bare oxygen-free copper	2022	30 days
Supplier D ⁽⁴⁾	11,324	5.4	Pure silver	2025	Cash on delivery
Supplier E ⁽⁵⁾	10,215	4.8	Bare pure copper	2025	30 days
Total	117,699	55.8			
Year Ended December 31, 2024					
Supplier A ⁽¹⁾	19,722	17.1	Oxygen-free copper and copper alloys	2022	30 days
Supplier C ⁽³⁾	16,881	14.7	Bare oxygen-free copper	2022	30 days
Supplier B ⁽²⁾	13,693	11.9	Silver plating	2022	30 days
Supplier F ⁽⁶⁾	7,114	6.2	Bare Pure Copper	2021	Cash on delivery
Supplier G ⁽⁷⁾	6,882	6.0	Silver plating	2021	45 days
Total	64,292	55.9			
Year Ended December 31, 2023					
Supplier H ⁽⁸⁾	19,417	20.0	Bare oxygen-free copper	2023	Cash on delivery
Supplier B ⁽²⁾	10,026	10.3	Silver plating	2022	30 days
Supplier A ⁽¹⁾	9,426	9.7	Oxygen-free copper and copper alloys	2022	30 days
Supplier I ⁽⁹⁾	8,613	8.9	Spare parts	2023	Cash on delivery
Supplier J ⁽¹⁰⁾	8,140	8.4	Silver-plated oxygen-free copper and silver-plated over tinned copper	2021	45 days
Total	55,622	57.3			

BUSINESS

Notes:

- (1) Supplier A, operating in Tokyo, Japan, is primarily engaged in the sales and import and export of industrial materials and equipment as well as manufacturing and sales of wire processing equipment.
- (2) Supplier B, headquartered in Guangdong Province, China, is primarily engaged in metal material manufacturing, metal plating, heat treatment and non-ferrous metal rolling processing.
- (3) Supplier C, headquartered in Shanghai, China, is primarily engaged in sales of optical fiber, optical communication products, electrical machinery products, international procurement and supply of high-purity copper materials.
- (4) Supplier D, headquartered in Guangdong Province, China, is primarily engaged in the wholesale of precious metals, non-ferrous metals and electronic consumables.
- (5) Supplier E, operating in Chonburi, Thailand, is primarily engaged in the manufacture of power cords and wire cable products.
- (6) Supplier F, headquartered in Jiangsu Province, China, is primarily engaged in the R&D and manufacture of high-end copper conductor materials, including copper rods, tinned copper wires and bare copper strands for wires and cables.
- (7) Supplier G, headquartered in Guangdong Province, China, is primarily engaged in forming and drawing processing of metal products.
- (8) Supplier H, headquartered in Guangdong Province, China, is primarily engaged in the supply of metal materials, metal ores, non-ferrous metals and alloy materials.
- (9) Supplier I, headquartered in Hong Kong, China, is primarily engaged in the manufacture of high-performance materials.
- (10) Supplier J, headquartered in Guangdong Province, China, is primarily engaged in the R&D and production of communication wires and cables, metal wires and metal products.

The payment method of all of our five largest suppliers in each year of the Track Record Period was bank transfer.

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of our Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

During the Track Record Period, a relatively high proportion of our purchases were made from certain major suppliers. Such concentration was primarily attributable to: (i) the specific technical requirements of our products, which require raw materials and components with stable and consistent quality and reliable supply; (ii) the long-term cooperation established with these suppliers, which has enabled us to secure stable supply, pricing terms and delivery schedules that are critical to our manufacturing efficiency and product quality; and (iii) the limited number of qualified suppliers for certain specialized materials or products that meet our internal technical standards and customer requirements. For details on relevant risks, see “Risk Factors — Risks Relating to Our Business and Industry — We rely on a limited number of key suppliers, from which we procured more than half of our supplies during the Track Record Period.”

We maintain long-standing commercial relationships with our major suppliers and there had been no material disruption to our supply chain during the Track Record Period. In addition, we actively manage supplier concentration through measures including supplier qualification and evaluation procedures, periodic review of supplier performance, and the development of alternative suppliers for principal raw materials where feasible.

Looking forward, we intend to further diversify our supplier base by: (i) continually identifying additional qualified suppliers that meet our internal requirements; (ii) promoting localization or alternative sourcing for certain materials as appropriate; and (iii) optimizing procurement planning and inventory management to enhance supply resilience.

BUSINESS

Overlapping Customers and Suppliers

During the Track Record Period, certain of our five largest customers were also our suppliers, and certain of our five largest suppliers were also our customers. Among those overlapping customers and suppliers, Customer A, which was among our five largest customers in each year of the Track Record Period, was also our supplier in 2023; and Supplier B, Supplier J and Supplier H, each of which was among our five largest suppliers during the Track Record Period, was also our customer. All transactions with these counterparties were conducted on an arm’s length basis and on normal commercial terms.

Supplier B primarily engages in metal material manufacturing, metal plating, heat treatment and non-ferrous metal rolling processing. Supplier B was among our five largest suppliers in each year of the Track Record Period, from whom we principally purchased silver plating processing services. In 2023, 2024 and 2025, our purchases from Supplier B amounted to approximately RMB10.0 million, RMB13.7 million and RMB29.9 million, accounting for 8.3%, 9.5% and 13.2% of our total cost of sales during the same years, respectively. Given our long-standing business relationship, we also sold regular cable products to Supplier B. In 2023, 2024 and 2025, our sales to Supplier B amounted to approximately RMB0.4 million, RMB0.2 million and RMB1.7 million, accounting for 0.2%, 0.1% and 0.6% of our total revenue during the same years, respectively.

Supplier J primarily engages in the R&D and production of communication wires and cables, metal wires and metal products. Supplier J was among our five largest suppliers in 2023, from whom we principally purchased silver plating processing services and silver-plated wire. In 2023, 2024 and 2025, our purchases from Supplier J amounted to approximately RMB8.1 million, RMB6.2 million and RMB10.1 million, accounting for 6.7%, 4.3% and 4.4% of our total cost of sales during the same years, respectively. Reflecting the same cooperative relationship, we also sold regular cable products to Supplier J. Our sales to Supplier J in 2023, 2024 and 2025 amounted to approximately RMB0.4 million, RMB0.3 million and less than RMB0.1 million, accounting for 0.3%, 0.1% and 0.002% of our total revenue during the same years, respectively.

Supplier H primarily engages in the supply of metal materials, metal ores, non-ferrous metals and alloy materials. Supplier H was among our five largest suppliers in 2023, from whom we primarily purchased bare oxygen-free copper. In 2023, 2024 and 2025, our purchases from Supplier H amounted to approximately RMB19.4 million, RMB2.7 million and RMB0.7 million, accounting for 16.0%, 1.9% and 0.3% of our total cost of sales during the same years, respectively. As Supplier H also operates a scrap materials business, we sold scrap copper wire to Supplier H on a secondary basis, arising from our long-standing commercial relationship. Our sales to Supplier H in 2023, 2024 and 2025 amounted to nil, approximately RMB1.0 million and RMB4.8 million, accounting for nil, 0.5% and 1.6% of our total revenue during the same years, respectively.

Customer A primarily engages in providing integrated solutions for consumer electronics. Customer A was among our five largest customers in each year of the Track Record Period, to whom we principally sell tin wire. In 2023, 2024 and 2025, our sales to Customer A amounted to approximately RMB17.6 million, RMB33.4 million and RMB47.8 million, accounting for 10.2%, 16.2% and 15.8% of our total revenue, respectively. On an occasional basis, Customer A also acted as our supplier as it was able to provide bulletproof wire specified by our end customers. Our purchases from Customer A amounted to approximately RMB0.3 million in 2023 and nil in 2024 and 2025, accounting for 0.2% of our total purchases in 2023 and nil in 2024 and 2025.

Negotiations of the terms of our sales to and purchases from these counterparties were conducted on an individual transaction basis, and no sale or purchase was inter-conditional with any other transaction. Our Directors confirm that all such transactions were entered into in the ordinary course of business, at arm’s length and on normal commercial terms, with pricing determined by reference to prevailing market prices at the relevant times. The terms of contracts entered into with these overlapping counterparties are substantially consistent with those we enter into with other customers and suppliers of similar products and services. According to the F&S Report, it is not

BUSINESS

uncommon in the industry for such overlapping customer-supplier relationships to exist, depending on respective production capacities and customer demands at the given time. Save as disclosed above, none of our major suppliers were our customers, or vice versa, during the Track Record Period.

OUR PRODUCTION

We manufacture our products at our own production bases. Leveraging our advantages in proprietary production equipment and techniques, we are able to achieve satisfactory production yield, timely fulfilment of customer orders and optimization of production cost structure. Going forward, we intend to comprehensively integrate digitization throughout our production processes to further enhance our production quality and efficiency and risk control capabilities for sustainable growth. For details on our digitization strategy, see “— Our Strategies — Promote digitization and lean management to enhance operational efficiency.”

Production Process

We adopt standardized and modular production processes across our product portfolio. While the core manufacturing framework remains largely consistent, certain process sequences and parameters are adjusted depending on the underlying materials, product category, plating requirements and end-use applications.

Our production processes cover the full manufacturing chain, including electroplating, drawing, calendering, annealing, tin plating, stranding, surface treatment and shaping, details of our key production processes are set forth below:

- ***Drawing.*** Copper, copper alloys or other materials are drawn to the diameter necessary to meet the requirements of our customers using our drawing equipment, where we implement strict control over dimensional tolerances across all our product lines.
- ***Annealing.*** We apply targeted annealing to obtain desired mechanical properties, tailored to the different specifications for various downstream end-use.
- ***Plating.*** Customized plating such as silver or tin plating is applied to enhance solderability, signal transmission performance or corrosion resistance.
- ***Stranding.*** We carry out precision stranding, multi-strand stranding or rope structuring processes through our stranding equipment to achieve enhanced flexibility, bendability, reliability and ease of processing of the products, as well as specific cross-sectional and structural designs.
- ***Calendering.*** We apply calendering to selected drawn products using our calendering equipment to form flat or shaped cross-sections that meet specific dimensional and performance requirements of our customers.
- ***Shaping.*** Shaping is applied to relieve internal stresses, improve mechanical properties and enhance durability of our products.

Our overall material yield rate across the full production chain (covering drawing, annealing, plating, stranding, calendering and post-treatment) is approximately 90% to 95%, representing approximately 90 to 95 kg of finished product output per 100 kg of input materials. The actual yield rate across different product line may vary depending on product complexity and process configuration. Our overall material yield rate is broadly in line with the industry average, according to the F&S Report.

All of the above production processes are performed in-house, except that we outsource silver plating to external parties for some of our products. For more of our outsourcing arrangement during the production process, see “— Our Supply Chain — Processing Service Providers”.

BUSINESS

Our in-house processes are supported by a production equipment fleet of which the majority are designed and developed in-house, complemented by selected equipment sourced from well-established external suppliers, together with our proprietary process know-how and technical expertise. We believe this combination, in particular our in-house equipment development capabilities and accumulated process know-how, enables us to maintain production stability and quality consistency while meeting customized customer requirements. For details on our production equipment, see “— Production Equipment.”

The following diagrams set forth the typical production processes for our precision cable conductors:

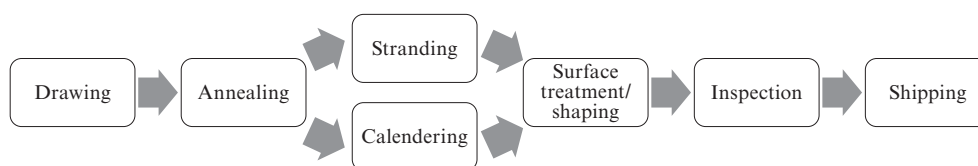
Precision cable conductors (tin-plated)



Precision cable conductors (silver-plated)



Our production processes vary across different product line. Unlike precision cable conductors, our precision metal filaments and ropes do not undergo silver plating or tin plating. The following diagram sets forth the typical production process for our precision metal filaments and ropes:



Production Bases

As of the Latest Practicable Date, we operated four productions bases, including three in the PRC and one in Thailand. The following table sets forth some details on our production bases as of the same date:

Production Base	Location	Year of commencing production	Primary products	Total gross floor area (sq.m.)
Core Production Base	Dongguan, Guangdong Province, the PRC	2010	Precision cable conductors and precision metal filaments and ropes ⁽¹⁾	Approximately 30,000
Jiangxi Production Base	Yingtian, Jiangxi Province, the PRC	2019	Precision cable conductors and precision metal filaments and ropes ⁽²⁾	Approximately 8,100
Machong Production Base	Dongguan, Guangdong Province, the PRC	2026	Silver plating of precision cable conductors ⁽³⁾	Approximately 1,500

BUSINESS

<u>Production Base</u>	<u>Location</u>	<u>Year of commencing production</u>	<u>Primary products</u>	<u>Total gross floor area</u> (sq.m.)
Thailand Production Base	Chonburi, Thailand	2024	Precision cable conductors ⁽⁴⁾	Approximately 1,900

Notes:

- (1) Our Core Production Base covers the full range of production processes. Its primary products are copper and copper alloy precision cable conductors, as well as steel and tungsten metal filaments and ropes, with single-wire diameters ranging from 0.008 mm to 0.5 mm.
- (2) Our Jiangxi Production Base primarily engages in the stranding process and drawing process. Its primary products are copper and copper alloy precision cable conductors with single-wire diameters ranging from 0.03 mm to 0.1 mm.
- (3) Our Machong Production Base primarily engages in the silver plating process of precision cable conductors.
- (4) Our Thailand Production Base primarily engages in drawing, annealing, tin plating and stranding. Its primary products are precision cable conductors with single-wire diameters ranging from 0.025 mm to 0.5 mm.

Our production and operations are primarily based in China, where we have established comprehensive manufacturing capabilities with an integrated supply chain. Our Core Production Base in Dongguan, equipped with over 2,200 pieces of production equipment, serves as our major manufacturing hub. Our Jiangxi Production Base, equipped with over 200 pieces of production equipment, primarily focuses on the stranding process. We also established a silver-plating Production Base in Machong Town of Dongguan that commenced production in the first quarter of 2026 to reduce our reliance on outsourced processing services.

Leveraging our domestic manufacturing foundation, we have also extended certain production processes to Southeast Asia through our production base in Thailand, with a view to enhancing supply chain flexibility and delivery efficiency and answering to customer demand in nearby overseas markets. Our Thailand Production Base, equipped with over 100 pieces of equipment, supports fully localized production across drawing, annealing, tin plating and stranding.

Except for our Jiangxi Production Base, which is owned by us, the premises of our other three production bases are leased from Independent Third Parties. During the Track Record Period, our utilization rate of production capacity increased continuously, reaching 93.2% in 2025.

Taking into consideration (i) our existing production capacity utilization, and (ii) the foregoing market demand projection, we plan to establish two new production bases in Dongguan, Guangdong Province and Jiaxing, Zhejiang Province. For details on our production expansion plans and relevant strategies, see “— Production Expansion Plan” and “— Our Strategies — Expand production capacity and optimize layout based on market demand.”

As of the Latest Practicable Date, all of our production bases had obtained the requisite business, environmental and safety-related permits and approvals, and operate in compliance with applicable PRC and local laws and regulations. In addition, we have obtained and maintained quality management and compliance-related certifications, including ISO 9001, QC 080000, ISO 13485 and IATF 16949.

We organize our production activities primarily based on customer orders and verified demand. Following order confirmation, production is arranged in accordance with product specifications, equipment availability and delivery schedules. Production progress is monitored through our MES, which allows us to track each order’s processing stages and identify potential delays. For details on our information technology systems, see “— Information Technology.” In addition, we conduct regular reviews of order status and production efficiency to ensure timely delivery and stable production.

BUSINESS

The following table sets forth a breakdown of our available equipment operating hours, actual equipment operating hours and utilization rate of production capacity for the years indicated:

	As of and for the Year Ended December 31,		
	2023	2024	2025
Available equipment operating hours (thousand machine hours) ⁽¹⁾	10,102	12,129	15,830
Actual equipment operating hours (thousand machine hours) ⁽²⁾	7,813	9,834	14,751
Utilization rate of production capacity (%) ⁽³⁾	77.3	81.1	93.2

Notes:

- (1) Available equipment operating hours represent the maximum aggregate machine hours that our production equipment at all of our production bases is capable of operating during the relevant year under normal operating conditions. Available equipment operating hours are calculated as follows: available equipment operating hours = number of machines × operating hours per day × operating days per year, assuming that the relevant equipment operates 300 days per year and 22 hours per day.
- (2) Actual equipment operating hours represent the aggregate machine hours actually operated by our production equipment at all of our production bases during the relevant year.
- (3) Utilization rate of production capacity is calculated as follows: utilization rate = actual equipment operating hours ÷ available equipment operating hours × 100%.

Production Expansion Plan

Our production expansion initiatives are driven primarily by sustained demand growth in downstream application industries for our products, as well as our strategic objective of strengthening production flexibility and global delivery capabilities. We plan to expand our production capacity in line with market demand and our expansion strategy. We intend to establish new production bases in Dongguan, Guangdong Province and Jiaxing, Zhejiang Province, and integrate digitization throughout the production processes at all of our production bases to enhance our end-to-end digital manufacturing capabilities. We plan to use a portion of the net [REDACTED] from the [REDACTED] on our production expansion plans. For details, see “Future Plans and Use of [REDACTED] — Use of [REDACTED].” As of the Latest Practicable Date, we were still in the preliminary stage in executing the foregoing production expansion plans.

In particular, our Jiaxing Production Base is expected to be completed in two phases, with total gross floor area of approximately 10,000 sq.m. Meanwhile, our Dongguan Production Base is expected to have total gross floor area of approximately 51,000 sq.m. Both production bases are expected to achieve full ramp-up in 2028. Upon completion of our production expansion plans, our annual production capacity is expected to largely increase.

Meanwhile, we intend to implement full-chain digital upgrades across all of our production bases, including the adoption of digital management systems and production execution systems. These initiatives are expected to improve our production efficiency, enhance cost control and support scalable expansion of our production capacity.

Production Equipment

We believe that the breadth of product specifications we are able to offer is underpinned by our self-developed production equipment fleet, which encompasses a wide range of equipment types and process configurations. During the Track Record Period, we provided product design proposals for over 4,500 models to customers for validation.

BUSINESS

Our production operations span eight core processes (namely, electroplating, drawing, calendaring, annealing, tin plating, stranding, surface treatment and shaping), each supported by a wide range of equipment models and configurations, which collectively constituted an aggregate fleet of over 60 equipment models as of the Latest Practicable Date. As each equipment model is configured for a particular process step and target product specification, the same input material can be processed through different equipment and process combinations to yield product variants with materially different characteristics. We believe this breadth of equipment underpin our ability to accommodate the diverse, customized requirements of our customers and to support the continual expansion of our product portfolio.

We utilize a majority of self-developed production equipment in our production processes for our products. As of the Latest Practicable Date, over 60% of our production equipment were designed and developed in-house. Our self-developed production equipment primarily comprises customized drawing equipment and ultra-fine stranding equipment, which are designed based on our process requirements to support stable and consistent manufacturing. Our production equipment development is closely aligned with process optimization needs. For details on our in-house production equipment, see “— Research and Development — Key R&D Achievements — Production Equipment.” We plan to continually upgrade our production equipment in line with production capacity expansion and evolving product requirements. In addition, consistent with industry norms, certain equipment is primarily externally sourced and subsequently modified in-house to suit our specific production requirements. We source certain of our production equipment from several well-established external vendors, primarily comprising (i) wire drawing machines applied in our drawing process, (ii) stranding machines applied in our stranding process, and (iii) annealing furnaces applied in our heat treatment and tin plating processes.

Meanwhile, we have gradually increased the level of automation in selected production stages, particularly in core processes such as drawing, stranding and tin plating, and automated spool changeover functions on certain of our drawing and tin plating equipment, so as to improve operational efficiency and product consistency. In addition, most of our equipment is equipped with Programmable Logic Controller-based automatic control systems, enabling automated adjustment of process parameters to stabilize production conditions. Going forward, we expect to continually invest in automation and plan to introduce AI-based inspection and large-model technologies to further enhance our intelligent manufacturing capabilities.

Inventory Management and Warehousing

Our inventories primarily consist of (i) raw materials, primarily copper, silver and tin, (ii) work-in-progress, mainly comprising semi-finished products at various stages of production, and (iii) finished goods of precision cable conductors and precision metal filaments and ropes that are ready for delivery to customers. To manage inventory efficiently, we operate under a production- and order-driven model supported by safety stock arrangements. Inventory planning is based on historical turnover data and order forecasts, with ongoing adjustments to align procurement and production schedules. We also monitor our inventory levels through our ERP system, which has enhanced the efficiency and accuracy of our inventory management. For details, see “— Information Technology.”

We store our inventories in self-owned warehouses located at our production bases in the PRC and Thailand. Our warehousing operations are closely integrated with our production activities, enabling efficient material handling and timely supply to production lines. Inventory inflow and outflow are managed through a barcode-based system with real-time tracking to enhance accuracy and control.

BUSINESS

QUALITY CONTROL

We place significant importance on product quality and have established a quality control framework covering raw material procurement, production processes and finished products, with a view to ensuring product consistency, reliability and compliance with applicable standards and customer requirements, details of which are as follows:

- **Raw material quality control.** We conduct incoming inspection on raw materials in accordance with our inspection standards by verifying raw material conformity, certificates, labels and batch information. Non-conforming raw materials are rejected, identified and segregated before production.
- **Production process quality control.** We implement process inspection and routing inspection at each production stage in accordance with our process inspection standards. For further details, see “— Environmental, Social and Governance.” Throughout the manufacturing process for our hazardous substance free products, we implement stringent contamination and foreign material prevention measures, and we maintain the IECQ QC 080000 (Hazardous Substance Process Management) certificate.
- **Finished product quality control.** We inspect finished products through our qualified inspectors under standard ambient conditions and in accordance with design documents, inspection standards and product specifications mutually agreed with the customer. We formally document all inspection results, and manage any non-conforming items in strict accordance with our internal non-conforming product procedures. We clearly label all approved products, and we only release them for delivery upon authorization from our quality supervisor.

We maintain and file complete inspection records and supporting documents, including product name, specifications, quantity and production number, to ensure our product traceability throughout the supply chain and production process. We have also established customer feedback and corrective action mechanisms to promptly address quality issues, reduce variation, and support continuous product quality improvement.

As of the Latest Practicable Date, we held quality control certifications under international recognized standards including ISO 9001 (Quality Management System), IECQ QC 080000 (Hazardous Substance Process Management), ISO 13485 (Quality Management System for Medical Devices) and IATF 16949 (Automotive Quality Management Systems), which underpins our commitment to maintaining high quality standards. We believe effective quality control enables us to deliver quality products that meet customer specifications, thereby enhancing our brand reputation and maintaining long-term customer relationships.

As a result of our commitment to stringent product quality, during the Track Record Period and up to the Latest Practicable Date, we had not been (i) subject to any material administrative or other penalties from any competent authority in connection with product quality, or (ii) involved in any material dispute with customers in connection with product quality.

INFORMATION TECHNOLOGY

Information technology systems are essential to our competitiveness and efficient operations. We have employed various information technology systems covering our core operational and management activities, including inventory management, manufacturing execution, finance and internal administration. Our information technology team is responsible for the operation,

BUSINESS

maintenance and upgrade of our information technology systems, as well as coordinating with third-party service providers to ensure system stability and functionality. Details on our major information technology systems are set forth below:

- **ERP.** We utilize an ERP system to support our core business and financial management functions, including accounting, procurement, inventory management and cost control. The ERP system is implemented group-wide and used by all of our subsidiaries, which enables centralized management, information sharing and effective internal control. The ERP system is integrated with our sales and procurement processes and supports financial settlement and audit requirements.
- **MES.** We operate a customized MES to manage and monitor our production processes. The MES supports production scheduling, process tracking and operational management, which enables real-time visibility into manufacturing activities and improves production efficiency and coordination.
- **Office Automation.** We have implemented an Office Automation system to automate administrative workflows, document management and internal communications. This system streamlines approvals, reporting and collaboration among different teams, which reduces manual errors, enhances productivity, and supports remote operations while maintaining data security and audit trails.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any information technology system failure or downtime that had a material adverse effect on our business operations.

DATA PRIVACY AND PROTECTION

Our data processing activities are primarily limited to internal operational and management purposes. We do not collect, process or store personal data of customers or end users in the course of our business operations, nor do we engage in customer profiling, targeted marketing or analytics based on personal data. The data generated and processed by our information technology systems mainly consists of enterprise operational data, including production, inventory, procurement and financial management related information, and is used solely for internal purposes.

We do not maintain any self-managed cloud services. We store and process all of our operational data through third-party cloud services. We classify and grade the data and grant employees the minimum necessary access permissions based on their job roles and responsibilities. We have also established and continuously improved a cybersecurity incident response mechanism to enhance our ability to respond to cybersecurity incidents, prevent and mitigate the losses and harm caused by such incidents. Employees involved in operation and maintenance of information technology systems are required to make confidentiality undertakings. Upon employee departure, access rights to information technology systems are promptly revoked in accordance with our internal procedures.

INTELLECTUAL PROPERTY

Intellectual property rights are critical to our business. We rely on a combination of patent, trademark and other intellectual property protection laws as well as confidentiality procedures and contractual restrictions to establish and protect our proprietary technologies, know-how and other intellectual property rights. As of the Latest Practicable Date, we had registered 49 patents (comprising 12 invention patents, 36 utility model patents and one design patent) and registered four trademarks in the PRC, and we applied for two trademarks in Hong Kong. As of the same date, we owned one domain name that was registered with the relevant authorities in the PRC and remained in effect. See “Appendix VI — Statutory and General Information — 2. Further Information about Our Business — B. Intellectual Property.”

BUSINESS

We have implemented a multi-faceted approach to safeguard our intellectual property rights, which focuses on patents, proprietary processes and internal controls to prevent infringement and maintain our competitive advantage. Details on some of our key measures are set forth below:

- **Patent protection.** We prioritize the development of invention patents, which offer targeted protection and form a core focus of our R&D team’s efforts to build a robust intellectual property right portfolio.
- **Process innovation safeguards.** We enhance protection of process innovations through in-house development and collaborative design of specialized equipment integral to our proprietary processes, which ensures exclusivity and reduces replication risks.
- **Internal controls.** In addition to enforcing non-compete and confidentiality agreements, we exercise robust access controls and adopt organizational segmentation by breaking project phases across different locations, thereby limiting individual access to the full process, which in turn enhances overall security of our intellectual property rights.

COMPETITION

We operate in the high-performance precision metal connection wires market, which is subject to continual technological development and evolving market demands. We compete with both PRC and overseas manufacturers on a number of factors, including but not limited to product quality, cost efficiency, manufacturing capabilities and product adaptability to serve diverse downstream applications. We have continued to invest in enhancing our R&D capabilities, production processes, supply chain management, sales and customer service functions, as well as internal management systems. We believe that our extensive industry experience and strong R&D and production capabilities enable us to compete effectively and support the long-term development of our business. See “Industry Overview” for further details.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

Robust environmental, social and governance (“ESG”) practices are a key driver of long-term value growth. We have fully integrated ESG principles into our strategic planning and operational management, and have actively collaborated with stakeholders, including employees, customers, suppliers, investors and communities, to jointly make positive contributions to the environment and society.

Governance

ESG governance: We have incorporated ESG governance into our corporate management system and plan to establish our Board’s ultimate oversight responsibility for ESG matters following the proposed [REDACTED], while establishing a corresponding governance framework. We will prioritize the following workstreams in the future: integrating ESG into strategy and decision-making, overseeing ESG strategy and performance, identifying and responding to relevant risks and opportunities, improving the internal ESG management system, and reviewing external ESG information disclosure. We will continue to optimize ESG governance and regularly evaluate its effectiveness to ensure that it practically supports our sustainable development and long-term value creation.

Board diversity: We value a diverse Board composition. In the process of appointing Board members and composing our Board, we focus on and comprehensively consider multiple factors, including but not limited to gender, ethnicity, age, professional experience, educational background and industry expertise. As of the Last Practicable Date, our Board consists of eight Directors, all of whom possess distinct financial or industry backgrounds. In the future, we will formulate a board diversity policy and continually adhere to it in future Board composition and succession planning.

BUSINESS

Anti-Corruption and Anti-Bribery: We strictly adhere to business ethics, comply with all applicable laws and regulations, and maintain zero tolerance for corruption, bribery and acts of unfair competition. We have established an internal control system and improved our business ethics management system under the supervision of our Board. We clearly communicate our ethical standards to our employees and stakeholders. We require all employees to sign an anti-corruption and anti-bribery commitment letter upon joining us, which prohibits any acts of bribery, fraud and undue benefit transfers. In addition, we require our partners, such as suppliers and contractors, to comply with the same ethical standards and communicate our anti-corruption requirements to them.

To ensure compliant and effective operations, we have established internal whistleblowing channels to encourage employees and stakeholders to report non-compliant behavior under the premise of protecting their personal information, and we undertake to maintain strict confidentiality and prohibit retaliation against any whistleblower. During the Track Record Period, there were no material incidents of bribery, corruption or unfair competition within the group.

ESG Materiality Assessment

ESG material risk assessment mechanism: We identify, analyze and prioritize ESG risks that may affect our business, operations and financial performance by considering stakeholder concerns, enabling effective management of material risks. The assessment process includes: identifying potential material ESG risks based on our corporate strategy, international standards (such as the SASB standards), and industry practices; inviting key stakeholders to complete questionnaires to understand their concerns; and analyzing the questionnaires and prioritizing material ESG risks.

ESG material risk assessment and response: We have identified, assessed and prioritized the following material ESG risk issues, and have adopted mitigation measures for each of these issues to reduce potential risks:

<u>Risk issues</u>	<u>Potential risk impact</u>	<u>Mitigation measures</u>
Environmental Compliance Management	If we violate environmental protection laws and regulations, we will face penalties, production suspension, increased compliance costs and reputational damage.	We have integrated environmental compliance into our daily operations and strictly adhere to regulations such as the Environmental Protection Law, controlling the discharge of “three wastes” (waste gas, waste water and solid waste) and ensuring compliant disposal. Track Record Period, we had no material environmental non-compliance incidents.
Management of Three Wastes	If we fail to properly control exhaust gas, sewage and solid waste, we will face environmental penalties, suspension of production, reputational damage, and increased carbon costs.	We manage emissions through a systematic approach, reduce generation by optimizing our operations, and promote the compliant disposal and recycling of waste; in the future, we will further extend these efforts to the value chain and work with partners to advance green practices.

BUSINESS

Risk issues	Potential risk impact	Mitigation measures
Addressing Climate Change	Climate change may affect supply chains and production safety. In the face of the “dual carbon” goals, if we fail to promote green transformation, we will face challenges in compliance, costs and competitiveness.	We have integrated climate risks into our overall management and plan to steadily achieve our carbon neutrality goals through measures such as optimizing our energy structure, enhancing energy efficiency and developing green supply chains.
Energy Management	If we fail to effectively manage our operational energy, such as air conditioning and lighting, our operating costs may increase.	We are optimizing our energy structure and usage efficiency through refined energy management, strengthened energy-saving measures and increased environmental awareness among our employees. We focus on reducing energy consumption per unit and promoting the development of a low-carbon and sustainable energy consumption model.
Water Resource Management	If we fail to effectively manage water resources, it will increase our operating costs, lead to fines and production restrictions, and damage our green reputation and competitiveness.	We adhere to water conservation principles by optimizing processes to enhance water recycling rates, implementing operational water-saving measures and continuously introducing advanced technologies to optimize management.
Labor Rights	If we fail to establish a compliant labor system, we will face penalties, labor disputes, and talent loss.	We have established employment and labor rights management systems, implemented fair recruitment and promotion mechanisms, prohibited child labor and forced labor, established confidential grievance channels and regularly organized anti-discrimination training while offering competitive remuneration and benefits.
Employee Health and Safety	If we fail to provide a safe working environment and establish health protection awareness, it may lead to accidents, increased costs and talent loss.	We have established a production safety management system, implemented a responsibility system, conducted annual hazard identification and risk assessments and provided safety training and annual health examinations for employees.

BUSINESS

Risk issues	Potential risk impact	Mitigation measures
Employee Development and Training	If we fail to improve our training and career development systems, it may lead to a shortage of key technical personnel, weakened innovation capabilities and talent loss, thereby undermining our long-term competitiveness.	We have established a fair promotion mechanism and a tiered training system, providing academic support and special incentives, implementing independent accounting by segment and closely linking performance with results to support the continuous growth of employees.
Product Quality and Safety	If quality reviews and risk assessments during stages such as product development and testing are insufficient, it may lead to quality issues, resulting in decreased customer satisfaction, recalls, reduced revenue and increased costs.	We have established a quality and safety management system covering the entire life cycle, implemented multi-level control and annual audits and obtained certifications such as ISO9001 and ISO 13485. During the Track Record Period, we did not experience any major product quality incidents or product recalls.
Innovation Management	Insufficient R&D will lead to technological lag and a decline in competitiveness, resulting in missed market opportunities and a disadvantageous position. Meanwhile, insufficient protection of intellectual property rights may lead to loss of assets and disputes.	We have established research and development management mechanisms, maintained continuous investment, formed professional teams and conducted joint research and development with universities to strengthen the protection of intellectual property rights.
Data Security and Privacy Protection	Inadequate data security and privacy protection measures may lead to the leakage of trade secrets, which could disrupt our operations, damage our reputation and reduce our revenue.	We have established a data security management system, defined security requirements for equipment and systems, entered into confidentiality agreements with relevant employees and implemented strict access control and segregation of duties mechanisms to ensure data security.
Customer Service	If we fail to effectively capture and respond to customer needs, or if there is insufficient market sensitivity during the product design and material procurement stages, it may affect business performance and lead to a decline in revenue.	We have established a customer service mechanism covering pre-sales, during-sales and after-sales, set up a rapid response process for complaints and regularly conducted customer satisfaction questionnaires to continuously improve our services.

BUSINESS

Risk issues	Potential risk impact	Mitigation measures
Sustainable Supply Chain	If we fail to effectively assess and monitor the performance of suppliers in areas such as environmental protection, safety and labor rights, it may lead to production interruptions, quality risks, regulatory penalties and reputational damage.	We have established a comprehensive supplier lifecycle management system, whereby priority is given to suppliers with outstanding performance in environmental protection and social responsibility during the onboarding process. We monitor their products in accordance with ISO standards, implement incoming material inspections, periodic sampling and training, and commit to not using conflict minerals containing 3TG.
Corporate Governance	If we lack sound compliance and risk control mechanisms, misconduct in corporate operations and ESG risks will be difficult to prevent and control, which may affect business continuity and lead to a decrease in revenue and an increase in costs.	We will strengthen the Board’s ultimate oversight responsibility for ESG matters, optimize the governance structure, integrate ESG into strategic decision-making and promote sustainable development and long-term value creation.
Risk Management	If we lack robust compliance and risk control mechanisms, misconduct in operations and ESG risks will be difficult to prevent and control, which may challenge the sustainability of business operations.	We have fully integrated risk management into our governance and decision-making processes, and continue to refine our emergency response mechanisms and risk culture for all employees. During the Track Record Period, overall risks were controllable and no material losses occurred.
Business Ethics and Anti-Corruption	Inadequate management of business ethics will make it difficult to prevent and control acts such as corruption and fraud, which may trigger legal and financial risks and damage our reputation.	We adhere to zero tolerance for corruption and have established an anti-corruption system under the supervision of the Board. We require new employees to sign an anti-bribery undertaking to clarify anti-corruption requirements during cooperation, and have established an internal whistleblowing mechanism.

BUSINESS

ESG Risk Management

We are integrating risk management thinking into our corporate governance and key decision-making, employing a systematic approach to ensure our steady operation within our risk appetite. Our Board and management bear the responsibilities of supervision and leadership, while our various functional departments undertake specific duties of risk identification, assessment, control and reporting, together constituting the core of our risk management and control system. We focus on fostering a company-wide risk culture, embedding risk considerations into business processes, continuously identifying, assessing, monitoring and responding to significant risks, establishing contingency mechanisms and optimizing our practices through regular reviews. During the Track Record Period, our overall operations remained stable, and we did not incur any material losses due to significant risk management failures.

Environmental

Environmental Compliance Management: We are committed to complying with relevant laws and regulations, including the *Environmental Protection Law*, and have formulated the *Regulations on the Management of Equipment and Working Environment* and the *Environmental Management Procedures*. We monitor and evaluate the environmental factors of our business activities to ensure that our operations comply with regulatory requirements and to reduce environmental impact. We incorporate environmental considerations into our business decisions and daily operations, enhance resource efficiency, and control and reduce pollutant emissions. We implement environmental compliance responsibilities through internal management of the RBA system to ensure that treatment and disposal work are carried out in accordance with laws and regulations. We will continue to monitor regulatory updates and industry best practices to improve our environmental management processes. As of December 31, 2025, we have not experienced any material environmental non-compliance incidents.

Management of Three Wastes: We are committed to the systematic management of various pollutants and waste generated during our operations while maintaining environmental compliance, and to exploring ways to continuously improve our environmental performance. Currently, we have established waste reduction targets, recycling targets for recyclable waste and recovery plans for hazardous waste and metal scrap.

Emissions: We strictly comply with environmental protection laws, regulations and standards, including the Atmospheric Pollution Prevention and Control Law. Our business activities do not involve significant emissions of industrial exhaust gas; however, we continue to reduce the generation of pollution by optimizing operational management and adopting compliant treatment for pollutants that must be discharged. We continuously monitor and strive to reduce the environmental impact of our operations, and conduct third-party environmental testing at least once a year. As of December 31, 2025, we have not experienced any material environmental non-compliance incidents in respect of pollutant emissions.

Waste Management: We strictly comply with environmental protection laws and regulations and standardize the management of various types of waste generated during operations. Through our internal requirements, we regulate the classification, storage and disposal of waste to maximize resource recovery. We have jointly developed recycling and reuse technologies for copper scrap with external laboratories, which are, as of the Last Practicable Date, in the application stage, in order to improve resource utilization efficiency. Meanwhile, we focus on resource efficiency during the product development and production stages, prioritizing the adoption of low-waste technologies and optimizing processes to reduce waste generation. We plan to extend environmental management to our entire value chain in the future and work with our partners to promote green practices.

BUSINESS

Wastewater Management: We strictly comply with the *Water Pollution Prevention and Control Law of the People’s Republic of China*. Through our internal management requirement systems, we regulate the generation, treatment and discharge of wastewater, actively implement water conservation and emission reduction measures, and optimize processes to reduce wastewater generation at the source, while ensuring effective treatment before discharge to meet regulatory standards. In the future, we will continue to focus on advanced water treatment technologies and resource utilization practices, enhance wastewater management standards, and promote efficient and responsible water resource utilization.

Addressing Climate Change: We recognize the long-term potential impact of physical risks and transition risks posed by climate change on our business operations. To enhance our business resilience and capture opportunities in the low-carbon transition, we have carried out systematic identification, assessment and management of climate risks, and are progressively integrating them into our overall risk management system. Meanwhile, we have accounted for the costs and the budget for response measures regarding climate-related risks and opportunities, and have purchased commercial insurance to reduce financial losses from extreme weather events. The table below sets out our identification of climate change risks, their potential impacts and mitigation measures during the Track Record Period:

Name of Risk	Risk Description	Potential Impact	Mitigation Measures
Physical Risks			
Extreme weather such as rainstorms and typhoons	Climate change may trigger extreme weather (such as typhoons, rainstorms, heatwaves and cold waves).	Extreme weather may lead to temporary suspension of production, damage to equipment and logistics disruptions, impacting the supply chain and affecting delivery, costs and production continuity.	We plan to establish an emergency management system to define responsibilities and processes, and to enhance response capabilities through early warnings, contingency plans and drills, thereby ensuring business continuity and the safety of personnel and assets.
Transition Risks			
Policy and regulatory impacts	With the implementation of the “dual carbon” policy, regulatory requirements for corporate clean energy usage, carbon emissions and ESG information disclosure continue to tighten.	Any non-compliance with environmental protection requirements by our suppliers or us will damage our corporate reputation and operational stability.	We comply with the ESG information disclosure requirements of the listing venues and relevant jurisdictions and plan to gradually improve the identification, collection and calculation of ESG data by establishing systematic management processes, thereby enhancing the quality of information disclosure and the level of compliance.
	Environmental protection requirements under relevant policies and regulations for enterprises and products are becoming increasingly stringent, and environmental pollution issues may arise due to violations of environmental protection regulations.	If our suppliers and we discharge hazardous waste, they may face administrative penalties, which could affect normal operations and increase costs.	We have improved our environmental management mechanisms to identify, assess and manage environmental factors in our operations, ensuring that our business activities comply with the requirements of environmental protection laws and regulations, while maintaining continuous attention to regulatory updates.

BUSINESS

Name of Risk	Risk Description	Potential Impact	Mitigation Measures
Technology risk	Product or technology research and development may lag behind sustainable transformation trends.	Failure to respond promptly to market demand for low-carbon and environmentally friendly products may result in a lag in product upgrades, thereby affecting competitiveness and market share.	We have integrated environmental factors into product design and innovation, focusing on enhancing energy efficiency, optimizing materials and extending product life cycles, while emphasizing communication with customers to respond to market and environmental changes.
Market risk	The market trend toward decarbonization is strengthening, and downstream customers prefer low-carbon products and sustainable suppliers.	Failure to meet environmental standards may lead to risks such as loss of orders, restricted market access and reputational damage.	We incorporate environmental compliance and sustainability performance into our production assessments, collaborating with downstream enterprises to enhance resource efficiency and reduce environmental footprints, committed to building a more resilient and responsible supply chain.
Reputation risk	Stakeholders are increasingly concerned about climate change and ESG-related information.	If our performance in this regard is insufficient, it may trigger negative public opinion, affecting our image in the capital markets and our financing capability.	We attach great importance to the relevant risks and have established mechanisms for regular communication and information disclosure, and we use external feedback as an important basis for promoting improvements in corporate governance and sustainable development.

GHG emissions: We actively align with the low-carbon development strategies of the country and the locations where we operate, and plan to formulate our emission reduction targets when conditions are mature. Currently, our greenhouse gas emissions mainly come from purchased electricity at our operating premises. We have commenced the identification and accounting of relevant carbon emissions, and plan to progressively establish a systematic carbon management mechanism to promote a low-carbon transition across the entire value chain. The table below sets forth our greenhouse gas emissions during the Track Record Period:

Indicator	Unit	For the year ended December 31,		
		2025	2024	2023
Carbon dioxide emissions (Scope 1)	A ton of CO ₂ equivalent	26.75	20.81	17.80
Carbon dioxide emissions (Scope 2)	A ton of CO ₂ equivalent	4,269.73	3,434.56	2,522.72
CO ₂ emissions (Scope 3 — Category 7: Employee Commuting)	A ton of CO ₂ equivalent	91.35	42.05	33.93
Total greenhouse gas emissions	A ton of CO ₂ equivalent	4,387.83	3,497.43	2,574.45
GHG Emission Intensity	tCO ₂ e/million turnover	14.44	16.95	14.95

BUSINESS

Energy management: We strictly comply with relevant laws and regulations, including the *Energy Conservation Law of the People’s Republic of China*, and are systematically evaluating and planning to formulate energy efficiency control targets based on the characteristics of the metal industry and our current energy consumption profile. Our energy consumption mainly comes from core production processes such as annealing and wire drawing, as well as auxiliary systems. We are systematically reducing energy consumption by optimizing process parameters, replacing equipment with high-energy-efficiency models, and implementing energy-saving retrofits. In our daily operation, we implement energy-saving measures through systems and codes of conduct. Currently, our energy consumption is primarily derived from purchased electricity. We will continue to reduce energy consumption per unit of output through management optimization and technical improvements, and are committed to building a low-carbon and sustainable energy use model. The table below sets forth our major energy consumption during the Track Record Period:

Indicator	Unit	For the year ended December 31,		
		2025	2024	2023
Petrol	kg	9,000	7,000	6,000
Purchased electricity	kWh	7,957,000	6,400,600	4,701,300
Direct energy consumption	MWh	105.48	82.04	70.32
Indirect energy consumption	MWh	7,957	6,400.6	4,701.3
Total energy consumption	MWh	8,062.48	6,482.64	4,771.62
Energy consumption intensity	MWh/million turnover	26.63	31.42	27.71

Water resource management: We strictly comply with the *Water Pollution Prevention and Control Law of the People’s Republic of China* and other laws and regulations, and attach great importance to the efficient use of water resources. In our production processes, we systematically enhance water use efficiency. For instance, in the wire drawing process, the drawing fluid is recycled within a closed-loop system to maximize efficiency. In our daily office work and operations, we guide the implementation of water-saving measures and reduce the waste of water resources by posting water-saving slogans, carrying out water conservation publicity and education, and conducting regular inspections of drainage systems. Looking forward, we will continue to monitor advanced technologies for water conservation and water recycling, and constantly optimize our water resource management strategies. The following table sets forth our water consumption during the Track Record Period:

Indicator	Unit	For the year ended December 31,		
		2025	2024	2023
Water consumption	Ton	172,500	107,500	72,400
Water Consumption Intensity	Ton/million turnover	569.83	521.07	420.50

Social

Labor rights: We strictly comply with the requirements of relevant laws and regulations, including the Labor Law of the People’s Republic of China, and have formulated the Employee Handbook containing management procedures for freedom of employment, anti-discrimination, and the prohibition of child labor and forced labor, and have established fair mechanisms for employee recruitment, promotion and resignation. We strictly prohibit the use of child labor and forced labor, and verify the backgrounds of employees during recruitment. We have established an employee grievance mechanism to ensure that incidents of non-compliance are investigated and handled on a confidential basis. During the Track Record Period, our anti-discrimination and anti-harassment training both achieved 100% coverage, and no incidents of harassment or discrimination occurred. We offer competitive remuneration and benefits, including annual leave, sick leave, subsidies, and

BUSINESS

the five mandatory social insurance schemes. We also distribute gift cards during festivals and regularly organize team-building activities. The following table sets forth the number of employees and the total number of employee turnover during the Track Record Period:

Indicator		Unit	For the year ended December 31,		
			2025	2024	2023
Total number of employees		Persons	315	145	117
Employees by gender	Number of male employees	Persons	210	93	76
	Number of female employees	Persons	105	52	41
Total number of employee turnover		Persons	143	55	40
Employee turnover by gender	Total number of male employee turnover	Persons	107	38	29
	Total number of female employee turnover	Persons	36	17	11

Employee health and safety: We strictly comply with the requirements of laws and regulations, including the *Work Safety Law of the People’s Republic of China*, to comprehensively ensure production safety, fire safety and occupational health. We have established a production safety management system, formulated the *Hazard Identification and Evaluation Form*, established a production safety leading group to oversee overall planning, implemented the production safety responsibility system for various departments, and conducted annual hazard identification and risk assessment. In the event of a work safety accident, we will strictly follow the procedures for reporting, investigation, handling, determination of responsibility and case closure, and report to our management. We organize annual occupational health checks for all employees, and require all new employees to complete occupational safety training upon joining. During the Track Record Period, there were no cases of work-related injuries or fatalities.

Employee development and training: We have established fair promotion mechanisms and formulated internal systems such as the *Education and Training Management System* and the *Employee Handbook*. We have formulated tiered, function-specific training programs, offering professional training for management personnel, including top-up degree programs and EMBA courses, organizing specialized training for middle management, and establishing operational skills training for frontline employees. Meanwhile, we provide academic education subsidies for fresh graduates and grant incentive bonuses to employees who have made special contributions.

Product quality and safety: We strictly comply with the *Product Quality Law of the People’s Republic of China* and other laws and regulations. We have formulated internal manuals, including the *Management Manual* and the *Medical Device Quality Manual*, established a quality management center, and built a multi-level quality assurance system to foster quality awareness among our employees. As of December 31, 2025, we have obtained ISO 9001, QC 080000 and ISO 13485 certifications and undergo regular reviews. We implement source control for key raw materials, evaluate supplier products, monitor key production processes, and conduct internal audits, management reviews and external audits annually. We strictly control the handling procedures for quality incidents and establish emergency response mechanisms. During the Track Record Period, we did not experience any major safety or quality incidents related to products and services, and no product recalls occurred.

BUSINESS

Innovation management: We have established a mature R&D project management mechanism to standardize workflows and standards for project initiation, execution and inspection. We expect to increase our R&D investment in the future and shift away from our conservative R&D strategy to accelerate development in our core technology areas. In 2025, we had more than ten equipment-related R&D professionals. We will continue to expand our research and development team, having already recruited one individual with a master’s degree in materials science, and we intend to add five to six additional talents with master’s or doctoral degrees specializing in non-ferrous metals in the future. In 2025, we carried out a total of eight research and development projects in fields such as the research and development of ultra-fine/super-fine metal materials, high-performance coating and surface treatment processes, and high-strength/high-flexibility conductor and stranded wire technologies. We are collaborating with external research laboratories to develop technologies for producing high-performance connection wires from recycled copper, and plan to build a complete industrial chain for this technology.

Intellectual property protection: We strictly comply with relevant laws and regulations, including the *Patent Law of the People’s Republic of China* and the *Trademark Law of the People’s Republic of China*, to continuously drive technological innovation and brand building, and have built and maintained a portfolio of domestic and international patents, registered trademarks and software copyrights. We apply for patents annually and have established a comprehensive internal process protection mechanism. We have established internal process protection procedures to regulate the storage, use and transfer of technical information. We conduct intellectual property searches before starting R&D to mitigate infringement risks, while regularly applying for patents to protect core technological achievements. We have clearly defined departmental responsibilities, integrated anti-infringement controls into our daily management and established mechanisms for market monitoring and infringement response.

Data security and privacy protection: We strictly comply with relevant laws and regulations, including the Cybersecurity Law of the People’s Republic of China, the Data Security Law of the People’s Republic of China and the Personal Information Protection Law of the People’s Republic of China. We have formulated the Personal Privacy Protection Policy and the Privacy and Confidentiality Management Procedures to implement strict controls over data security and privacy protection. We have signed confidentiality agreements with our system operation and maintenance personnel, and have implemented strict access control and segregation of duties mechanisms to ensure data security. As of December 31, 2025, we have not been involved in any disputes, controversies, or litigations arising from violations of laws and regulations related to information security.

Customer service: We adhere to the customer-first principle and have established a comprehensive end-to-end service system. We have also formulated internal policies, including the Regulations on the Management of Customer Information, the Regulations on the Management of Confirmation of Contract Content and the Instruction Manual for Handling Customer Complaints, to standardize our order review, customer communication and complaint handling processes. We have established customer profiles and a closed-loop feedback system to dynamically track demands, ensuring that issues are traceable and that their handling is implemented. Meanwhile, we optimized delivery processes, improved delivery fulfillment rates and strengthened personnel training to enhance service professionalism. Clients may convey their requests through multiple channels, and we will respond at different levels to ensure expedited processing. We conduct satisfaction surveys annually, with a target satisfaction rate of more than 95%.

BUSINESS

Sustainable supply chain: We strictly comply with the Law of the People’s Republic of China on Tendering and Bidding and other laws and regulations, and have established formal supplier selection policies to systematically manage our suppliers, requiring them to commit to not using conflict minerals containing tantalum, tin, tungsten and gold. We implement strict supplier onboarding, management and assessment processes, giving priority to those with outstanding performance in environmental and social responsibility. We strictly verify qualifications during the onboarding process and only enter cooperation with qualified suppliers. We control quality in accordance with ISO standards through incoming material inspection and regular sampling inspection and organize supplier training.

Social donation: We entered into a donation agreement with the Jiangxi University of Science and Technology Education Foundation, under which we will donate RMB30,000 annually to the School of Mechanical and Electrical Engineering of Jiangxi University of Science and Technology as a talent cultivation fund, starting from 2025, for a total of RMB90,000 to be paid over three years.

RISK MANAGEMENT AND INTERNAL CONTROL

We have progressively established and enhanced our risk management and internal control system to support our business operations and corporate governance as we continue to grow. Such system is designed to safeguard our assets, ensure compliance with applicable laws and regulations, improve operational efficiency and support sustainable business growth. We periodically review and update the relevant procedures to maintain the effectiveness of our risk management and internal control system in response to evolving business and market conditions.

In particular, our risk management and internal control system is underpinned by comprehensive policies and procedures organized across key operational processes, which provides a foundation for governance, operational compliance and adherence to regulatory requirements across our business activities. It aims to identify, assess and monitor key operational, financial and compliance risks through standardized procedures and approval processes, with active involvement of management in risk oversight.

In terms of our risk management organizational structure, our business departments are responsible for compliance with internal procedures in daily operations, while designated internal control personnel monitor approval processes and compliance execution. Our Board of Directors is our highest risk management decision-maker and oversees our internal control and risk management performance.

To promote compliance awareness and ensure effective implementation of risk management and internal control measures, we have established standardized approval procedures, strengthened internal accountability mechanisms and carried out risk management and internal control-related communications and reviews from time to time. We believe that our internal control and risk management system, which is subject to ongoing enhancement, is adequate and effective for our current operations. We have also engaged an independent internal control consultant to assist in reviewing and enhancing our risk management and internal control system, and to provide high-level recommendations based on our business operations. In response to such recommendations, we have implemented rectification and improvement measures, and the internal control consultant performed follow-up review on these measures and did not have any further recommendations.

BUSINESS

EMPLOYEES

As of December 31, 2025, we had 315 full-time employees, of whom 286 were based in China, and 29 were based in Thailand. The following table sets forth a breakdown of our employees by business function:

Business Function	Number of Employees	Percentage (%)
R&D	20	6.3
Supply chain	2	0.6
Sales and marketing	8	2.5
Management	27	8.6
Production	258	82.0
Total	315	100.0

Attracting, retaining and motivating qualified employees is important to our operations. We recruit employees through a combination of internal referrals and external recruitment channels, including online and offline platforms, based on the specific requirements of each position. We provide our employees with certain benefits including social insurance coverage, housing provident fund contributions, health check-ups, meal allowances, as well as childbirth and immediate family bereavement payments. We provide employees with necessary training to support their roles and career development, including onboarding training for new hires, job-specific training, and technical, production and quality control-related training. We had maintained a stable employment relationship with our employees and did not experience any labor disputes that may materially impair our business and image during the Track Record Period. As of the Latest Practicable Date, no labor union had been established to represent our employees.

As required by PRC laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including social insurance and housing provident funds. The requirement and implementation of employee benefit plans may vary among local governments in the PRC. The relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, and employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties. During the Track Record Period, our Company and our PRC subsidiaries did not make full contribution to social insurance and housing provident funds for all employees as required by relevant PRC laws and regulations, and our Company made contribution to social insurance and housing provident funds for certain employees of our PRC subsidiaries. As a result, we may be required to make up the outstanding contributions and may be subject to late payment surcharges, administrative penalties or enforcement actions imposed by the relevant government authorities. As of the Latest Practicable Date, we had not received any notice from the relevant government authorities requiring us to settle shortfalls or imposing penalties in connection with social insurance and housing provident funds contributions.

BUSINESS

In respect of the legal consequences and the potential penalties for the failure to make full contributions to social insurance and housing provident fund, under applicable PRC laws and regulations, the relevant competent authorities may (i) order us to pay the outstanding social insurance contributions within a certain period of time and impose an overdue fee amounting to 0.05% of the outstanding amount per day, failing to comply with which the relevant competent authorities may further impose a fine amounting to no less than one time but less than three times the outstanding amount; and (ii) order us to pay the outstanding housing provident fund contributions within a certain period of time, and an application may be made to the courts for compulsory enforcement if the payment is not made within such time limit. If the relevant authorities order us to make full social insurance and/or housing provident funds contributions, we shall take remedial measures and make the required contributions as soon as possible within the specified period.

Our PRC Legal Adviser has considered the following in assessing our risks relating to social insurance and housing provident fund contributions: (i) pursuant to the Notice on Implementation of the Comprehensive Plan for Reducing Social Insurance Contribution Rates (《關於貫徹落實〈降低社會保險費率綜合方案〉的通知》) promulgated on April 28, 2019 by the Ministry of Human Resources and Social Security, the MOF and the SAT and other relevant rules, administrative authorities are prohibited from collectively recovering enterprises’ historical social insurance arrears; (ii) we have obtained relevant credit reports from credit institutions authorized by the local governmental authorities with confirmation of no violation records or administrative penalties in relation to our social insurance or housing provident fund matters during the Track Record Period; (iii) we have consulted relevant local authorities to obtain confirmations; and (iv) as of the Latest Practicable Date, we had not received any notice from the relevant government authorities requiring us to settle shortfalls or imposing penalties in connection with social insurance and housing provident fund contributions; if we receive a notice from relevant authorities requiring us to rectify within a specified period, we shall promptly comply with the requirements of such notice.

Based on the above, our PRC Legal Adviser is of the view that, as of the Latest Practicable Date, subject to no material changes to the foregoing existing regulatory policies, enforcement and supervisory requirements of the local governments or competent authorities, and in the absence of employees’ further complaints, reports, or litigation or arbitration, the risk that the foregoing competent authorities for social insurance or housing provident funds will proactively require our Company or our PRC subsidiaries to centrally make retroactive payments for historical arrears for social insurance and housing provident funds and, as a result, impose material administrative penalties on us is remote. See “Risk Factors — Risks Relating to Our Business and Industry — Failure to fully comply with the requirements on social insurance and housing provident funds contributions may subject us to fines and other legal or administrative sanctions.”

INSURANCE

We maintain insurance coverage over our daily operations. Our principal insurance policies primarily include employer’s liability insurance. In line with general market practices, we do not maintain certain policies that are not available in the locations wherein we operate, or that are not generally required by laws. We believe that our existing insurance coverage is adequate for our business operations and is in line with industry standards in the jurisdictions where we operate. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See “Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not be sufficient.”

BUSINESS

PROPERTIES

Our headquarters is located in Dongguan, Guangdong Province. As of the Latest Practicable Date, we owned and leased properties in the PRC and Thailand. As of the Latest Practicable Date, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Owned Land and Properties

As of the Latest Practicable Date, we owned one parcel of land with site area of approximately 19,024.5 sq.m. and three buildings in the PRC with aggregated gross floor area of approximately 8,015.1 sq.m., which were primarily used as manufacturing facilities and offices. We have obtained all necessary land use right certificates and building ownership certificates for such owned land and properties.

Leased Properties

As of the Latest Practicable Date, we leased (i) nine properties in the PRC under five lease agreements, with aggregate gross floor area of approximately 31,305.2 sq.m., which were primarily used for manufacturing, office, dormitory and canteen purposes; and (ii) one property in Thailand with aggregate gross floor area of approximately 1,900.0 sq.m., which were primarily used for manufacturing and office purposes. The relevant leases have a term ranging from one year to four years and lease expiration dates ranging from 2027 to 2029. According to applicable PRC administrative regulations, the lessor and the lessee to a lease agreement are required to file the lease agreement with relevant government authorities within 30 days after the execution of the lease agreement. As of the Latest Practicable Date, we had not filed two of our lease agreements with the local housing administration authorities within the timeframe required under the relevant PRC laws and regulations. As advised by our PRC Legal Adviser, the absence of registration will not affect the validity of the lease agreements, but we may be subject to a fine of RMB1,000 to RMB10,000 for each of the unregistered lease agreements if we and the landlords fail to register such lease agreements as required by the relevant competent authorities.

LICENSES, PERMITS AND APPROVALS

We are required to obtain licenses, permits, approvals and certificates necessary for our business. As of the Latest Practicable Date, our material licenses, permits, approvals and certificates included (i) Consignor and Consignee of Import and Export Goods Certificate, and (ii) Pollutant Discharge Permit (with an expiry date of February 8, 2031), both of which are held by our Company or our PRC subsidiaries.

According to our PRC Legal Adviser, all material requisite licenses, permits, approvals and certificates obtained by us under the PRC laws and regulations had remained in full effect as of the Latest Practicable Date, and there is no material legal impediment in renewal of the expiring licenses, permits, approvals and certificates provided that we are in compliance with applicable laws, regulations and rules and there has been no material changes in the applicable laws, regulations, rules or requirements of the relevant government authorities. We had not experienced any material difficulties in renewing material licenses, permits, approvals or certificates during the Track Record Period and do not expect there to be any material difficulties in renewing them upon their expiry.

BUSINESS

LEGAL PROCEEDINGS AND COMPLIANCE MATTERS

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any non-compliance incidents that led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. Our Directors are of the view that, we had complied, in all material respects, with all relevant laws and regulations in the jurisdictions where we operate during the Track Record Period and up to the Latest Practicable Date.

AWARDS AND RECOGNITIONS

During the Track Record Period, we received a number of awards and accolades in recognition of our brand and products. The following table sets forth some major awards and recognitions that we received during the Track Record Period and up to the Latest Practicable Date:

<u>Awards and recognitions</u>	<u>Year</u>	<u>Awarding institution/authority</u>
Guangdong Provincial Doctoral Workstation (廣東省博士工作站)	2026	Human Resources and Social Security Bureau of Dongguan (東莞市人力資源和社會保障局)
First Prize of the Nonferrous Metals Industry Science and Technology Award (有色金屬工業科學技術獎一等獎)	2025	China Nonferrous Metals Industry Association (中國有色金屬工業協會) and Non-ferrous Metals Society of China (中國有色金屬學會)
Guangdong Provincial Key R&D Program Project (2025) (2025年廣東省重點領域研發計劃項目)	2025	Department of Science and Technology of Guangdong Province (廣東省科學技術廳), Department of Finance of Guangdong Province (廣東省財政廳) and Guangdong Provincial Tax Service, State Taxation Administration (國家稅務總局廣東省稅務局)
Engineering Technology Research Center (工程技術研究中心)	2024	Dongguan Science and Technology Bureau (東莞市科學技術局)
Guangdong Provincial Single Champion Manufacturing Enterprise (廣東省製造業單項冠軍企業)	2024	Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳)
Technically Advanced “Little Giant” Enterprise (專精特新“小巨人”企業)	2023	MIIT
Technically Advanced Small and Medium Enterprise (專精特新中小企業)	2023	Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳)

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Our founders are Mr. Zhao and Mr. Deng. On July 31, 2023, Mr. Zhao and Mr. Deng (“**Concert Parties**”) entered into an acting-in-concert agreement (“**Acting-in-Concert Agreement**”), pursuant to which they agreed to act in concert when voting on matters relating to the Company and to procure each of TOYA Enterprise Management and Shenzhen Yamei (“**Controlled Corporations**”) to act in concert when voting on matters relating to the Company, among other things.

As of the Latest Practicable Date, pursuant to the Acting-in-Concert Agreement, the Concert Parties and the Controlled Corporations, are collectively and directly interested in approximately 65.40% of the Shares, whereby: (1) Mr. Zhao and Mr. Deng were collectively and directly interested in approximately 9.96% of the Shares; (2) Mr. Zhao and Mr. Deng, through their respective interests in 100% of the equity interests in TOYA Enterprise Management, were indirectly interested in approximately 45.04% of the Shares; and (3) Mr. Zhao, as the general partner of Shenzhen Yamei, was indirectly interested in approximately 10.30% of the Shares. Accordingly, Mr. Zhao, Mr. Deng, TOYA Enterprise Management and Shenzhen Yamei are considered a group of Controlling Shareholders.

Immediately following the completion the [REDACTED], our Controlling Shareholders will in aggregate hold approximately [REDACTED] of the Shares (assuming the [REDACTED] is not exercised). See “History, Development and Corporate Structure” in this document for further details.

INTERESTS OF THE CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Each of our Controlling Shareholders confirmed that as of the Latest Practicable Date, they did not have any interest in other business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates upon the [REDACTED].

Management Independence

Our management and operational decisions are made by our Board and senior management in a collective manner. Our Board comprises eight Directors, including five executive Directors and three independent non-executive Directors. For details, see “Directors and Senior Management” in this document.

Our Directors have relevant experience to ensure the proper functioning of the Board. We further believe that our Directors and members of the senior management are able to perform their roles in our Company in managing our business independently from our Controlling Shareholders and their respective close associates for the following reasons:

- (i) each Director is aware of his or her fiduciary duties as a Director which require, among other things, that such Director acts for the best interests of our Company and our Shareholders as a whole and does not allow any conflict between his or her duties as a Director and his or her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the Interested Directors shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted towards the quorum;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (ii) all members of the Board and senior management other than Mr. Zhao and Mr. Deng are independent from the Controlling Shareholders and their respective close associates. They have substantial experience in the industry as further described in the section headed “Directors and Senior Management”, which will enable them to discharge their duties independently from the Controlling Shareholders;
- (iii) we have appointed three independent non-executive Directors, comprising more than one third of the total members of our Board, who have sufficient knowledge, experience and competence to provide a balance of the potentially interested Directors and independent Directors with a view to safeguard the interests of our Company and the Shareholders as a whole; and
- (iv) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. See “— Corporate Governance” below for details.

Based on the above, our Directors believe that our Board and senior management as a whole are capable to perform their roles in our Company independently and manage our business independently of our Controlling Shareholders and their respective close associates after the [REDACTED].

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in us after the [REDACTED], we have full rights to make all decisions on, and to carry out, our own business operations independently. We also have independent access to our suppliers and customers. Furthermore, we are in possession of relevant assets, licenses, trademarks and other intellectual property and research and development facilities necessary to carry on and operate our business independently.

Based on the above, our Directors believe that we will be able to operate independently of our Controlling Shareholders and their respective close associates after the [REDACTED].

Financial Independence

We have an independent financial system and make financial decisions according to our Group’s own business needs. We also have our own internal control and accounting systems and finance department for discharging the treasury function, which are all independent from our Controlling Shareholders and their respective close associates. We do not expect to rely on our Controlling Shareholders and their close associates for financing after the [REDACTED] as we expect that our working capital will be funded by the cash, cash equivalent on hand as well as the [REDACTED] from the [REDACTED].

There was no outstanding loans or guarantees or other financial assistance provided by, or granted to, our Controlling Shareholders or their associates as of the Latest Practicable Date. We are capable of obtaining financing from Independent Third Parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective close associates and we received a series of Pre-[REDACTED] Investments from Independent Third Party investors as of the Latest Practicable Date. For details of the Pre-[REDACTED] Investments, see “History, Development and Corporate Structure — Pre-[REDACTED] Investments”.

Based on the above, our Directors believe that we are able to conduct our business independently from our Controlling Shareholders and their respective close associates from a financial perspective and are able to maintain financial independence and would not place undue reliance on our Controlling Shareholders or their respective close associates.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE

In order to further safeguard the interests of our Shareholders, we will adopt the following corporate governance measures to manage any potential conflicts of interest with our Controlling Shareholders and their close associates:

- (i) as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules which will become effective upon the [REDACTED]. In particular, our Articles of Association provide that, unless otherwise provided, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest, nor shall such Director be counted in the quorum present at the Board meeting;
- (ii) where a transaction or arrangement of our Company is subject to Shareholders’ approval under the provisions of the Listing Rules, any Controlling Shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement at the general meeting;
- (iii) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable requirements under the Listing Rules;
- (iv) we are committed that our Board shall include a balanced composition of executive Directors and independent non-executive Directors. We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors possess sufficient experiences and are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our Shareholders as a whole. For details of our independent non-executive Directors, see “Directors and Senior Management — Directors — Independent non-executive Directors”; and
- (v) we have appointed Somerley Capital Limited as our Compliance Adviser, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and corporate governance.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflicts of interests between our Controlling Shareholders and their respective close associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.

SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the [REDACTED].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered capital of our Company was RMB100,000,000 comprising of 100,000,000 Unlisted Shares of nominal value RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately following completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares, assuming the [REDACTED] Option is not exercised, the share capital of our Company will be as follows:

<u>Description of Shares</u>	<u>Number of Shares</u>	<u>Approximate percentage to total share capital (%)</u>
H Shares to be converted from Unlisted Shares	[REDACTED]	[REDACTED]
H Shares to be issued under the [REDACTED]	[REDACTED]	[REDACTED]
Total	<u>[REDACTED]</u>	<u>100.00</u>

Immediately following completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares, assuming the [REDACTED] is fully exercised, the share capital of our Company will be as follows:

<u>Description of Shares</u>	<u>Number of Shares</u>	<u>Approximate percentage to total share capital (%)</u>
H Shares to be converted from Unlisted Shares	[REDACTED]	[REDACTED]
H Shares to be issued under the [REDACTED]	[REDACTED]	[REDACTED]
Total	<u>[REDACTED]</u>	<u>100.00</u>

OUR SHARES

The H Shares in issue upon completion of the [REDACTED] and the Unlisted Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares.

Our H Shares may only be subscribed for and traded in Hong Kong dollars. Our Unlisted Shares, on the other hand, may only be subscribed for and traded in Renminbi. Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities (such as our certain existing Shareholders the Unlisted Shares held by whom will be converted into H Shares according to the approval of the CSRC), H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC.

SHARE CAPITAL

Unlisted Shares and H Shares are regarded as one class of Shares under our Articles of Association and shall rank *pari passu* with each other in all respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Unlisted Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of shares.

CONVERSION OF UNLISTED SHARES INTO H SHARES

According to the regulations issued by the CSRC, the holders of our Unlisted Shares may, at their own option, authorize our Company to apply to the CSRC for conversion of their respective Unlisted Shares to H Shares, and such converted Shares may be [REDACTED] and traded on an overseas stock exchange provided that the required filings with the securities regulatory authorities of the State Council for the conversion, [REDACTED] and [REDACTED] of such converted Shares have been completed. Additionally, such conversion, [REDACTED] and [REDACTED] shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. Save as disclosed in this document and to the best knowledge of our Directors, we are not aware of the intention of such existing Shareholders to convert their Unlisted Shares.

If any of the Unlisted Shares are to be converted, [REDACTED] and [REDACTED] as H Shares on the Stock Exchange, the filings with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such conversion. Based on the procedures for the conversion of Unlisted Shares into H Shares, we will apply for the [REDACTED] of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the [REDACTED] to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As the [REDACTED] of additional Shares after the [REDACTED] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for [REDACTED] at the time of our [REDACTED] in Hong Kong. No class Shareholder voting is required for the conversion of such Shares or the [REDACTED] and [REDACTED] of such converted Shares on an overseas stock exchange. Any application for [REDACTED] of the converted shares on the Stock Exchange after our initial [REDACTED] is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite filings have been completed and approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Unlisted Share register, and our Company will re-register such Shares on the H Share register maintained in Hong Kong and instruct the [REDACTED] to issue H Share certificates. Registration on the H Share register of our Company will be on the conditions that (i) the [REDACTED] lodges with the Stock Exchange a letter confirming the entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates; and (ii) the admission of the H Shares to be traded on the Stock Exchange complies with the Listing Rules and the General Rules of [REDACTED] and the [REDACTED] Operational Procedures in force from time to time.

Until the converted Shares are re-registered on the H Share register of our Company, such Shares would not be [REDACTED] as H Shares.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

SHARE CAPITAL

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

In accordance with Article 160 of the PRC Company Law, the shares issued prior to any listing of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the H Shares to be [REDACTED] by our Company (including the H Shares to be converted from our existing Unlisted Shares) prior to the [REDACTED] will be subject to such statutory restriction on transfer within a period of one year from the [REDACTED].

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of Shareholders, among others, increase its capital or decrease its capital or repurchase of shares. See “Summary of the Articles of Association” in Appendix III to this document for further details.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] and the conversion of our Unlisted Shares into H Shares and assuming the [REDACTED] is not exercised, the following persons will have interests and/or short position in the Shares or the underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

Name of Shareholder	Nature of interest	Description of Shares ⁽¹⁾	As of the Latest Practicable Date		Immediately following the [REDACTED] (assuming the [REDACTED] is not exercised) ⁽²⁾		
			Number of Shares	Approximate percentage of Interest in the total issued Shares	Number of Shares	Approximate percentage of Interest in the relevant type of Shares	Approximate percentage of Interest in the total issued Shares
TOYA Enterprise Management	Beneficial owner	Unlisted Shares	45,042,385	45.04%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	—	—	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of concert parties ⁽³⁾	Unlisted Shares	65,398,363	65.40%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	—	—	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Yamei	Beneficial owner	Unlisted Shares	10,394,323	10.39%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	—	—	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of concert parties ⁽³⁾	Unlisted Shares	65,398,363	65.40%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	—	—	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhao	Beneficial owner	Unlisted Shares	4,980,906	4.98%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	—	—	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of concert parties ⁽³⁾	Unlisted Shares	65,398,363	65.40%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	—	—	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽⁴⁾	Unlisted Shares	10,394,323	10.39%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	—	—	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽⁵⁾	Unlisted Shares	45,042,385	45.04%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	—	—	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Deng	Beneficial owner	Unlisted Shares	4,980,749	4.98%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	—	—	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of concert parties ⁽³⁾	Unlisted Shares	65,398,363	65.40%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	—	—	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽⁵⁾	Unlisted Shares	45,042,385	45.04%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	—	—	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Wang Hui (王暉) (“Mr. Wang Hui”)	Interest in controlled corporation ⁽⁶⁾	Unlisted Shares	7,111,293	7.11%	[REDACTED]	[REDACTED]	[REDACTED]
		H Shares	—	—	[REDACTED]	[REDACTED]	[REDACTED]

SUBSTANTIAL SHAREHOLDERS

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the assumption that immediately following the completion of the [REDACTED], there will be a total number of [REDACTED] H Shares, including [REDACTED] H Shares converted from Unlisted Shares in issue and [REDACTED] H Shares to be [REDACTED] under the [REDACTED] (without taking into account the H Shares which may be issued upon the exercise of the [REDACTED]).
- (3) Pursuant to the Acting-in-Concert Agreement entered into by Mr. Zhao and Mr. Deng (the “**Concert Parties**”, each a “**Concert Party**”), the Concert Parties will procure each of TOYA Enterprise Management and Shenzhen Yamei to act in concert when voting on matters relating to the Company. For further details, see “Relationship with Our Controlling Shareholders”. By virtue of the SFO, Mr. Zhao, Mr. Deng, TOYA Enterprise Management and Shenzhen Yamei are each deemed to be interested in the Shares held by one another.
- (4) As of the Latest Practicable Date, Mr. Zhao was the general partner of Shenzhen Yamei. By virtue of the SFO, Mr. Zhao is deemed to be interested in the Shares held by Shenzhen Yamei.
- (5) As of the Latest Practicable Date, TOYA Enterprise Management was owned as to 50.00% by Mr. Zhao and 50.00% by Mr. Deng. By virtue of the SFO, Mr. Zhao and Mr. Deng are deemed to be interested in the Shares held by TOYA Enterprise Management.
- (6) As of the Latest Practicable Date, each of Qingdao Hongping Investment Partnership (Limited Partnership)* (青島弘平投資合夥企業(有限合夥)) (“**Qingdao Hongping**”) and Qingdao Hongshen Investment Partnership (Limited Partnership)* (青島弘深投資合夥企業(有限合夥)) (“**Qingdao Hongshen**”) held 4,439,537 and 2,671,756 of the Shares respectively. Both Qingdao Hongping and Qingdao Hongshen are ultimately controlled by Mr. Wang Hui. For further details, see “History — Information About Our Pre-[REDACTED] Investors” in this document.

Save as disclosed herein, our Directors are not aware of any other person who will, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised) and the Conversion of Unlisted Shares into H Shares, have any interest and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board comprises eight Directors, including five executive Directors and three independent non-executive Directors.

The following table sets forth certain information in respect of our Directors:

Name	Age	Position(s)	Date of Joining Our Group	Date of Appointment as a Director	Roles and Responsibilities	Relationship with other Directors and Senior Management
Executive Directors						
Mr. Zhao Gang (趙剛)	45	Executive Director, Chairman of the Board and general manager	February 2, 2010	February 2, 2010	Responsible for the overall management, strategic planning and execution, and achievement of business and operational objectives of the Group	None
Mr. Deng Xiang (鄧祥)	44	Executive Director and deputy general manager	April 1, 2010	October 20, 2023	Coordinating the overall business and operational management of the Group, and in charge of strategic R&D planning, product and technology R&D management	None
Mr. Wu Jianhua (吳建華)	45	Executive Director, deputy general manager and chief operations officer	April 1, 2025	February 7, 2026	Responsible for the overall management and operations of the Group	None
Mr. Zhu Haoyu (朱昊宇)	37	Executive Director, chief financial officer, Board secretary and joint company secretary	August 18, 2025	February 7, 2026	Responsible for overseeing the securities, investment, finance, legal and compliance functions of the Group	None
Mr. Long Xiongwei (龍雄偉)	51	Executive Director and plant manager	August 1, 2021	October 20, 2023	Responsible for the plant management of the Group	None
Independent non-executive Directors						
Mr. Ren Zhaohui (任召輝)	45	Independent non-executive Director	[REDACTED]	[REDACTED]	Responsible for supervising and providing independent opinion and judgment to the Board	None
Mr. Chen Youchen (陳佑晨)	37	Independent non-executive Director	[REDACTED]	[REDACTED]	Responsible for supervising and providing independent opinion and judgment to the Board	None

DIRECTORS AND SENIOR MANAGEMENT

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>	<u>Date of Joining Our Group</u>	<u>Date of Appointment as a Director</u>	<u>Roles and Responsibilities</u>	<u>Relationship with other Directors and Senior Management</u>
Ms. Bai Rui (白蕊)	37	Independent non-executive Director	[REDACTED]	[REDACTED]	Responsible for supervising and providing independent opinion and judgment to the Board	None

Executive Directors

Mr. Zhao Gang (趙剛), aged 45, our founder, has served as a Director and the general manager of our Company since the establishment in February 2010. Mr. Zhao was appointed as the Chairman of the Board in October 2023. He was re-designated as an executive Director in April 2026. Mr. Zhao also holds the following directorships and senior management positions in other members of our Group, and is primarily responsible for the overall management, strategic planning and execution, and achievement of business and operational objectives of our Group.

<u>Other members of the Group</u>	<u>Positions held with other members of the Group</u>	<u>Date of appointment</u>
Jiangxi TOYA	Director and general manager	March 15, 2019
Singapore TOYA	Director	December 6, 2023
Qingdao TOYA	Executive director	February 28, 2025
Zhejiang Jiaze	Director	April 17, 2026
Hong Kong TOYA	Director	May 19, 2026

Mr. Zhao has over 16 years of experience in the high-performance precision metal connection wires industry, and possesses extensive experience in enterprise management, production operations and industry-related technologies. Mr. Zhao joined MISUZU Seisen (Dongguan) Ltd.* (三鈴製線(東莞)有限公司) (“**MISUZU Seisen**”), a company which was principally engaged in the production and processing of precision wires, as an employee from September 2009 to January 2010.

Mr. Zhao obtained an undergraduate diploma in economics through a distance-learning top-up program from Southwest University (西南大學) in the PRC in July 2024. He was awarded the title of Senior Engineer (高級工程師) by Jiangxi Province Professional Title Office* (江西省職稱工作辦公室) in December 2022. In addition, Mr. Zhao was appointed as an external master program supervisor by the School of Mechanical and Automotive Engineering of South China University of Technology (華南理工大學機械與汽車工程學院) in the PRC in December 2024. He was also appointed as an expert contributor to the drafting of the “Technical Specification for Cables for Humanoid Robots (group standard)*” (《人形機器人專用線纜技術規範》團體標準) by the Shenzhen Robot Special Wire and Cable Association* (深圳市機器人特種線纜行業協會) in March 2025.

Mr. Deng Xiang (鄧祥), aged 44, our co-founder, has served as a deputy general manager of our Company since April 2010, and a Director since October 2023. He was re-designated as an executive Director in April 2026. He primarily assists in coordinating the overall business and operational management of our Group, and is in charge of strategic R&D planning, product and technology R&D management.

Mr. Deng has over 16 years of experience in the high-performance precision metal connection wires industry, and possesses extensive practical experience in technical engineering and production-related management. From August 2004 to April 2010, Mr. Deng served at MISUZU Seisen.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Deng obtained an undergraduate diploma in mechanical design, manufacturing and automation through a distance-learning top-up program from Southwest University in the PRC in July 2024. He was awarded the title of Senior Engineer (高級工程師) by Jiangxi Province Professional Title Office* in December 2024. Mr. Deng was also appointed as a specially engaged expert member of the expert committee (專家委員會特聘專家) of the Shenzhen Robot Special Wire and Cable Association* (深圳市機器人特種纜纜行業協會) in July 2022.

Mr. Wu Jianhua (吳建華), aged 45, has served as the chief operations officer of our Company since April 2025. Mr. Wu was appointed as a Director and a deputy general manager in February 2026, and was re-designated as an executive Director in April 2026. He is primarily responsible for the overall management and operations of our Group.

Mr. Wu has over 19 years of experience in operations management, supply chain management and production planning, with extensive practical experience in manufacturing enterprises. Mr. Wu served as a section head and subsequently as the manager of the PMC Department at Guangdong Xinbao Electrical Appliances Holdings Co., Ltd. (廣東新寶電器股份有限公司), a company principally engaged in the manufacturing and sale of a broad range of small domestic appliances and listed on the Shenzhen Stock Exchange (stock code: 002705), from March 2007 to December 2013, and he thereafter served successively as supply chain senior manager, deputy director, and director from January 2014 to March 2025.

Mr. Wu obtained a Certificate of Completion for the Executive Master of Business Administration (EMBA) program from South China University of Technology (華南理工大學) in the PRC in June 2023, and an undergraduate diploma in business administration through a distance-learning top-up program from Guangdong Ocean University (廣東海洋大學) in the PRC in January 2018. Mr. Wu obtained the Certificate of Certified Six Sigma Black Belt (六西格瑪黑帶) from the China Association for Quality (中國質量協會) in August 2008.

Mr. Zhu Haoyu (朱昊宇), aged 37, joined our Group in August 2025. Mr. Zhu was appointed as a Director in February 2026. He also serves as the chief financial officer and Board secretary of our Company. He was appointed as a joint company secretary in March 2026, and re-designated as an executive Director in April 2026. He is primarily responsible for overseeing the securities, investment, finance, legal and compliance functions of our Group.

Mr. Zhu has over 14 years of experience in corporate finance, investment banking and asset management, with expertise in investment and financial management, financial analysis and the audit of listed companies and corporate groups. From October 2011 to January 2014, Mr. Zhu served at KPMG Huazhen LLP Shanghai Branch (畢馬威華振會計師事務所上海分所). From January 2014 to April 2015, he served as a Financial Analyst in the Finance division of Chrysler Asia Pacific Investment Co., LTD (克萊斯勒亞太投資有限公司), currently known as Stellantis Asia Pacific Investment Co., Ltd. (斯泰蘭蒂斯亞太投資有限公司), a company that, as the investment entity of Stellantis Group in the Asia-Pacific region, focuses on business expansion in the automotive manufacturing and related sectors. Mr. Zhu held senior positions across investment banking and investment management. He served in the investment banking division of CSC Financial Co., Ltd. (中信建投證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601066) and the Stock Exchange (stock code: 6066) from April 2015 to August 2017. He served as the business director of the Asset Management Department of Shanghai Moshan Commercial Factoring Co., Ltd.* (上海摩山商業保理有限公司), currently known as Shanghai Moshan International Trade Co., Ltd.* (上海摩山國際貿易有限公司), a company principally engaged in international trade, from September 2017 to September 2019. He served as the director of investment at Zhejiang Kangsheng Co., Ltd.* (浙江康盛股份有限公司) from August 2019 to July 2022. From August 2022 to April 2025, Mr. Zhu served as the senior manager of investment and financing management of Radar New Energy Automobile Co., Ltd.* (雷達新能源汽車(浙江)有限公司), and subsequently as the director of capital operations at Wuhan Lotus Technology Co., Ltd. (武漢路特斯科技有限公司), both being business segments under Zhejiang Geely Holding Group Company Limited* (浙江吉利控股集團有限公司) and principally engaged in the new energy vehicle business.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhu obtained a bachelor’s degree in ideological and political education from Fudan University (復旦大學) in the PRC in July 2011. He was accredited as a Certified Public Accountant by the Shanghai Institute of Certified Public Accountants (上海市註冊會計師協會) in June 2015.

Mr. Long Xiongwei (龍雄偉), aged 51, has served as a plant manager of our Company since August 2021, and a Director since October 2023. He was re-designated as an executive Director in April 2026. He is primarily responsible for the plant management of our Group.

Mr. Long has over 26 years of experience in manufacturing operations and factory management, with extensive practical experience in production, technical and equipment management within the manufacturing industry. From January 2000 to August 2017, Mr. Long served as an employee at MISUZU Seisen. From February 2018 to September 2019, Mr. Long worked as an employee at Suzhou Changle Copper Co., Ltd.* (蘇州常樂銅業有限公司, formerly known as 蘇州常樂銅業股份有限公司), a company principally engaged in the production and sale of copper materials. From October 2019 to September 2020, Mr. Long served as an employee at Shenyu Communication Technology Inc. (神宇通信科技股份有限公司), a company principally engaged in the research, development, production and sales of RF coaxial cables and listed on the Shenzhen Stock Exchange (stock code: 300563).

Mr. Long has completed the associate program in mechatronics technology at the Open University of Yingtang (鷹潭開放大學) in the PRC in May 2026.

Independent non-executive Directors

Mr. Ren Zhaohui (任召輝), aged 45, was appointed as an independent non-executive Director with effect from the [REDACTED]. Mr. Ren is responsible for supervising and providing independent opinion and judgment to the Board.

Mr. Ren has over 17 years of experience in materials science research and academic leadership, with particular expertise in advanced functional materials and their technological applications. Mr. Ren has been a professor at the School of Materials Science and Engineering of Zhejiang University (浙江大學材料科學與工程學院) in the PRC since December 2023, and serves as a doctoral supervisor there. He also serves as the deputy director of the Institute of Inorganic Non-metallic Materials (浙江大學無機非金屬材料研究所) of Zhejiang University since March, 2023. Mr. Ren has concurrently served as a member of the 10th Council of the Chinese Vacuum Society (中國真空學會第十屆理事會) since October 2024, and as a vice chairman of its Thin Films Professional Committee (薄膜專業委員會) since April 2025.

Mr. Ren obtained a bachelor’s degree from the School of Materials Science and Engineering of University of Jinan (濟南大學科學與工程材料學院) in the PRC in July 2002, and a doctoral degree from Zhejiang University (浙江大學) in the PRC in June 2008. From July 2008 to October 2010, he conducted post-doctoral research at the Department of Materials Science and Engineering of Zhejiang University and subsequently remained with the university as a faculty member. In 2012, he was a visiting scholar at Stockholm University in Sweden and, in the same year, received the ReneSola Young Talent Award (ReneSola 青年才俊獎) from the Department of Materials Science and Engineering of Zhejiang University, and was promoted to associate professor. Mr. Ren was selected as a “Qishi Young Scholar (求是青年學者)” of Zhejiang University in 2014, and was promoted to professor in December 2023. Mr. Ren was a recipient of the Zhejiang Outstanding Youth Science Foundation (浙江省傑出青年科學基金) in 2021.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ren’s primary research focuses on the solution growth and optoelectronic properties of piezoelectric and ferroelectric oxide single-crystal thin films, and the exploration of their applications in X-ray and deep-ultraviolet photoelectric imaging. He has published extensively in internationally recognized academic journals and has been granted a number of invention patents. Mr. Ren has also led and participated in multiple national and institutional research projects, including projects funded by the National Natural Science Foundation of China (國家自然科學基金委員會) and the National Key Research and Development Program (國家重點研發計劃), and projects of university-enterprise joint research centers of Zhejiang University.

Mr. Chen Youchen (陳侑晨), aged 37, was appointed as an independent non-executive Director of our Company with effect from the [REDACTED]. Mr. Ren is responsible for supervising and providing independent opinion and judgment to the Board.

Mr. Chen has over 14 years of experience in investment banking, corporate finance and capital markets, with particular expertise in IPO execution, listed company finance and investor relations. From October 2011 to April 2014, Mr. Chen served at KPMG Huazhen LLP Shanghai Branch, with his last position as an assistant manager. Mr. Chen served in the investment banking division of Credit Suisse Securities (China) Limited (瑞信證券(中國)有限公司), formerly known as Credit Suisse Founder Securities Limited (瑞信方正證券有限責任公司) and later reorganized into Beijing Securities Co., Ltd. (北京證券有限責任公司), first as senior manager from July 2017 to June 2020 at Credit Suisse Founder Securities Limited, and thereafter as vice president from June 2021 to February 2023. From June 2020 to April 2021, he served as the he served as the head of corporate finance of Yidu Tech Inc. (醫渡科技有限公司), a company offering healthcare solutions built on big data and artificial intelligence technologies and listed on the Stock Exchange (stock code: 2158). Mr. Chen is currently serving as the chief financial officer of HBM Holdings Limited (和鉑醫藥控股有限公司), which is a biopharmaceutical company listed on the Stock Exchange (stock code: 2142).

Mr. Chen obtained a bachelor’s degree in law from Fudan University in the PRC in July 2011. He further obtained a Master of Business Administration (MBA) degree from the McDonough School of Business at Georgetown University in the United States in May 2017. Mr. Chen was also granted the Hong Kong Securities Industry Practitioner Qualification recognized by the SFC in 2022.

Ms. Bai Rui (白蕊), aged 37, was appointed as an independent non-executive Director of our Company with effect from the [REDACTED]. Ms. Bai is responsible for supervising and providing independent opinion and judgment to the Board.

Ms. Bai has over 9 years of experience in entrepreneurship, legal and corporate governance matters, with particular expertise in enterprise management and operations, listed company governance, corporate transactions and cross-border legal practice. Ms. Bai has been the founder of Beijing Suishun Home Care Technology Co., Ltd.* (北京隨順家護科技有限公司), a company engaged in technology promotion and application services, since October 2023. She has also been the founder of Beijing Xinrui Cultural Entertainment Co., Ltd.* (北京昕瑞文化娛樂有限公司), a company engaged in the entertainment industry, since July 2025. In both capacities, she is responsible for the overall strategic direction and management oversight of the respective companies. From May 2020 to July 2023, Ms. Bai was employed by Beijing Yiyicloud Technology Company Limited, during which she served as the general counsel of Yidu Tech Inc.. She also served as its company secretary from August 2020 to January 2023. From May 2018 to May 2020, Ms. Bai worked as an associate at the Beijing Representative Office of Davis Polk & Wardwell LLP. From February 2017 to March 2018, she served as an associate at Troutman Sanders LLP Beijing Representative Office.

Ms. Bai obtained a Juris Doctor from University of Iowa in the United States in August 2015, and a bachelor’s degree in Economics and Finance from The University of Hong Kong in November 2011. Ms. Bai has been admitted as an attorney-at-law in the State of New York, the United States, since July 2016.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Members of our senior management consists of our executive Directors. For biographical details of and information regarding the members of our senior management of our Company, see “— Board of Directors”.

OTHER INFORMATION

Save as disclosed above, (i) none of our Directors and members of senior management has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this document; (ii) none of our Directors has any interests in any business, which competes or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules; and (iii) none of our Directors and members of the senior management is related to other Directors and members of the senior management.

Save as disclosed herein, to the best knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Mr. Zhu Haoyu (朱昊宇), see the paragraph headed “— Board of Directors” in this section for details.

Ms. Oh Sim Yee (胡倩鏘) was appointed as one of the joint company secretaries of the Company in April 2026, with effect from the [REDACTED]. She serves as an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider specializing in corporate services. She has over 13 years of experience in the corporate secretarial field. She is an associate member of both the Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. In addition, she holds a Bachelor of Business Degree in Accounting from the Victoria University, Australia.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

We have established three Board Committees in accordance with the relevant laws and regulations in the PRC, the Articles of Association and the code of corporate governance practices under the Listing Rules, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. The functions of the three committees are summarized as follows:

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to review the Company’s financial information and its disclosure, oversee and evaluate the internal and external audit and internal controls, and exercise such other functions and powers delegated by the Board. The Audit Committee comprises three members, namely Mr. Chen Youchen (陳佑晨), Ms. Bai Rui (白蕊) and Mr. Ren Zhaohui (任召輝) as the members of the Audit Committee, with Mr. Chen Youchen (陳佑晨) as the chairperson of the Audit Committee and is the director appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules. Pursuant to PRC Company Law, a joint stock limited company may, in accordance with its Articles of Association, establish an audit committee composed of directors of the Board to exercise the functions and powers of the Board of Supervisors. Accordingly, our Company will not set up Board of Supervisors after [REDACTED].

DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

We have established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration Committee are to formulate standards for appraising Directors and senior management of the Company and conduct assessments; formulate and review the policies for and proposals on the remuneration of Directors and senior management of the Company. The Remuneration Committee comprises three members, namely Ms. Bai Rui (白蕊), Mr. Zhao Gang (趙剛) and Mr. Chen Youchen (陳佑晨) as the members of the Remuneration Committee, with Ms. Bai Rui (白蕊) as the chairperson of the Remuneration Committee.

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to selecting candidates for Directors and senior management of the Company, and set up criteria and procedures for selection and making recommendations. The Nomination Committee comprises three members, namely Mr. Zhao Gang (趙剛), Mr. Chen Youchen (陳佑晨) and Ms. Bai Rui (白蕊) as the members of the Nomination Committee, with Mr. Zhao Gang (趙剛) as the chairperson of the Nomination Committee.

Compliance with the Corporate Governance Code

We aim to implement a high standard of corporate governance, which we believe is crucial to safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 of the Listing Rules after the [REDACTED], save that Mr. Zhao Gang will serve as both our chairman and general manager as discussed below.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Hong Kong Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman and general manager and Mr. Zhao Gang currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable our Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of our Company if and when it is appropriate taking into account the circumstances of our Group as a whole.

Board Diversity Policy

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company’s competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a Director of our Company, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. In particular, our Company currently has one female Director on the Board and will continue to work towards enhancing the gender diversity of the Board. Our Directors have a balanced mix of knowledge and skills, and we have three independent non-executive Directors, with different industry backgrounds. Taking into account our existing business model and specific needs

DIRECTORS AND SENIOR MANAGEMENT

as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy. Pursuant to the board diversity policy, the Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for formal adoption.

Management Presence

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive Directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rule 8.12 of the Listing Rules.

Accordingly, we have applied for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance with Rule 8.12 of the Listing Rules. See “Waivers from Strict Compliance with the Listing Rules” for further details.

REMUNERATION

Our Directors received their remuneration in the form of fees, salaries, allowances, discretionary bonuses, share-based compensation and other benefits in kind.

For the years ended December 31, 2023, 2024 and 2025, the aggregate amount of emoluments paid or payable to our Directors amounted to RMB1.4 million, RMB1.6 million and RMB1.6 million, respectively.

Under the arrangement currently in force, we estimate the total compensation before taxation to be accrued to our Directors for the year ending December 31, 2026 to be RMB3.6 million.

For the years ended December 31, 2023, 2024 and 2025, the aggregate amount of emoluments paid to the five highest paid individuals (including Directors) by us amounted to RMB1.6 million, RMB2.0 million and RMB3.0 million, respectively.

During the Track Record Period, no remuneration was made by us to any of the Directors or the five highest paid individuals (i) as an inducement to join us; or (ii) as compensation for the loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of the Directors had waived or agreed to waive their remuneration during the relevant period.

Save as disclosed above, no other payments have been paid or are payable in respect of the Track Record Period to our Directors and senior management by our Group.

For additional information on Directors’ remuneration during the Track Record Period as well as information on the five highest paid individuals, see note 8 to the Accountants’ Report in Appendix I.

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our compliance adviser pursuant to Rules 3A.19 and 3A.23 of the Listing Rules. The compliance adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company in certain circumstances including:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

DIRECTORS AND SENIOR MANAGEMENT

- (c) where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and
- (d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the [REDACTED] or [REDACTED] of its [REDACTED] securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the compliance adviser will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Hong Kong Stock Exchange. The compliance adviser will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the [REDACTED] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in May 2026, and (ii) understands his or her obligations as a Director of a [REDACTED] issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

FINANCIAL INFORMATION

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included in the Accountants’ Report in Appendix I to this document. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. You should not place undue reliance on any such statements. Our actual future results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Risk Factors,” “Forward-Looking Statements” and elsewhere in this document.

For the purpose of this section, unless the context otherwise requires, reference to the years of 2023, 2024 and 2025 refer to the years ended December 31, 2023, 2024 and 2025, respectively.

OVERVIEW

We are a provider of high-performance precision metal connection wires, primarily focusing on the R&D, production and sales of precision cable conductors. Leveraging our in-house techniques in respect of precision cable conductors, our product offerings have further extended into precision metal filaments and ropes such as tendon ropes and medical guidewires. During the Track Record Period, our products are widely applied in fields including smart terminals, precision medical devices, low-altitude economy and robotics, computing centers, and NEVs and other equipment.

During the Track Record Period, we achieved steady growth in our revenue, gross profit and net profit, which was generally in line with our continual business expansion. Our revenue was RMB172.2 million, RMB206.3 million and RMB303.4 million in 2023, 2024 and 2025, respectively. During the same years, our net profit was RMB32.0 million, RMB41.9 million and RMB47.1 million, respectively, and our adjusted net profit (non-IFRS measure) was RMB32.4 million, RMB43.4 million and RMB51.1 million, respectively.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (the “IASB”). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by us in the preparation of the historical financial information throughout the Track Record Period.

The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain material accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information, are disclosed in Note 3 to the Accountants’ Report included in Appendix I to this document.

FINANCIAL INFORMATION

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and operating results are impacted by general factors affecting the industries in which we operate, which include:

- overall economic growth and condition, and changes in geopolitical landscape;
- technological development in the markets where we operate;
- competition we face in the markets where we operate;
- condition of the downstream markets we serve and resulting changes in customer demand; and
- relevant laws and regulations, and government policies and initiatives.

Our results of operations are also affected by certain industry and company-specific factors, including:

Market Demand

We manufacture (i) precision cable conductors and (ii) precision metal filaments and ropes, and derive revenue primarily from the sales of such products. Accordingly, our results of operations depend significantly on customer demand.

According to the F&S Report, the global fine and ultra-fine cable conductors market increased from USD3.5 billion in 2019 to USD4.8 billion in 2025, at a CAGR of 5.2%, and is expected to reach USD11.7 billion by 2035, at a CAGR of 7.0% from 2025 to 2030, and 11.7% from 2030 to 2035.

Our products are widely deployed in emerging and fast-growing technology sectors, including smart terminals, precision medical devices, low-altitude economy and robotics, computing centers, and NEVs and other equipment. Therefore, shifts in growth trends of such downstream markets could affect customer demand for our products, and accordingly materially impact on our results of operations.

In particular, according to the F&S Report, these downstream markets are often characterized by the constant evolution of technologies and continual expansion in the use cases of our customers’ products. Our ability to timely and accurately identify market trends and develop innovative products that satisfy the evolving demand in such downstream markets is therefore crucial to our continued success. In response, we have been continually iterating and upgrading our key technologies, including our production equipment and production techniques, to reinforce our market leadership and support new product commercialization. For details, see “Business — Research and Development — Production Equipment” and “Business — Research and Development — Production Techniques.”

Product Mix

Our financial performance is influenced by the mix of products we sell. We have a diverse portfolio of products, differentiated by conductor structure, diameter range, plating, mechanical properties and performance specifications, and is tailored to the technical requirements of different downstream applications. Accordingly, our wide range of products have different unit prices and average selling prices, resulting in differences in our gross profit margins by product category.

FINANCIAL INFORMATION

For example, our ultra-fine products generally had relatively higher gross profit margins compared to our fine products and regular products during the Track Record Period, largely attributable to our strong bargaining power over pricing terms. In general, ultra-fine products are characterized by high perceived value and technical barriers, as their production requires sophisticated manufacturing techniques, specialized equipment and extensive knowhow to ensure high conductivity, stability and durability for performance-critical use cases at small dimensions. As a result, they are supplied by a limited number of manufacturers globally. For details, see “Business — Our Products — Diameter.” In contrast, demand from downstream markets, especially the technology sectors, for ultra-fine products has increased significantly over the past few years and is expected to continue to grow. According to the F&S Report, the global ultra-fine cable conductors market increased from USD36.3 million in 2019 to USD89.8 million in 2025, at a CAGR of 16.3%, and is expected to reach USD0.4 billion by 2030 and USD2.3 billion by 2035, at a CAGR of 36.9% from 2025 to 2030 and 44.9% from 2030 to 2035. Leveraging our precision manufacturing capabilities, proprietary process know-how and self-developed equipment, we are able to deliver high-performance ultra-fine products that satisfy customers’ stringent, diversified and evolving needs. This high product differentiation of our ultra-fine products has fostered customer loyalty and given us strong bargaining power over pricing terms. Our gross profit margin of ultra-fine products was 50.3%, 47.8% and 45.4% in 2023, 2024 and 2025, respectively, compared to our overall gross profit margin of 29.4%, 30.4% and 25.1%, respectively. For details, see “— Gross Profit and Gross Profit Margin.”

In addition, we may continue to diversify our product offerings, including introducing new and upgrading existing products, which may have varied gross profit margins. As a result, shifts in our product mix may continually affect our results of operations.

Application Scenarios

Our products are designed for applications across a broad spectrum of downstream application markets, including smart terminals, precision medical devices, low-altitude economy and robotics, computing centers, and NEVs and other equipment. The development and market acceptance of the relevant end products within these markets can have a significant and direct impact on our business and results of operations. These markets are characterized by rapid technological advancement and largely driven by the evolving needs and technical requirements of the end-users and end-customers.

The continuous innovation and evolution of the relevant end products often introduce new and more complex technical requirements for our products. For example, the expansion of AI infrastructure in recent years has driven increasing demand for high-speed data transmission solutions, which in turn created significant demand for our regular products deployed in such end market. In addition, the emergence of humanoids has generated new demand for our ultra-fine products, which are used in precision signal transmission and motion control components. These developments have contributed to significant growth in our revenue during the Track Record Period. To maintain our competitive position in this dynamic environment, we have been proactively developing and launching products that address these evolving downstream requirements, leveraging our precision manufacturing capabilities and proprietary process know-how. For details on our product offerings and their application scenarios, see “Business — Our Products.” Conversely, a decline in demand for certain end products or a shift in downstream technology trends could lead to reduced orders for our products, which may adversely affect our business and results of operations.

FINANCIAL INFORMATION

Raw Material Costs

Our principal raw materials are copper, silver and tin, where silver and tin are primarily for plating purposes. Fluctuations in the price of these raw materials can directly affect our costs of sales and product pricing, which may in turn materially impact on our results of operations. In 2023, 2024 and 2025, direct materials costs contributed to the majority of our cost of sales, accounting for 82.6%, 78.2% and 78.1%, respectively.

In terms of product pricing, during the Track Record Period, we primarily adopted either a fixed unit price or a dynamic pricing model, with the dynamic pricing model being the primary model adopted. Under the dynamic pricing model, the raw materials prices are determined with reference to the prevailing market prices of relevant raw materials, primarily copper, at the time of order placement, plus the processing fees charged in accordance with pre-determined ranges, such that fluctuations in raw material prices are reflected in the total price on a real-time basis. Under the fixed unit price model, which is typically applied to products for which processing fees account for a relatively higher proportion of the total price, the raw material prices may be pre-agreed on between the parties and are generally not adjusted in tandem with real-time market movements. The market prices of raw materials are primarily referenced to daily published prices on the Shanghai Metals Market. In particular, in response to significant volatility in the market prices of raw materials in the second half of 2025, we further expanded the adoption of the dynamic pricing model to better align our product prices with fluctuating raw material costs.

According to the F&S Report, the market prices of our principal raw materials experienced an overall upward trend from 2020 to 2025, with the average market price of copper increasing from approximately RMB48,000 to RMB79,000 per ton, silver increasing from approximately RMB4,690,000 to RMB9,820,000 per ton, and tin increasing from approximately RMB141,000 to RMB266,000 per ton. In 2023, 2024 and 2025, our direct materials costs were RMB100.3 million, RMB112.3 million and RMB177.4 million, respectively. In particular, we experienced a 58.0% increase in direct materials costs in 2025 compared to 2024, compared to a 12.0% increase in 2024 compared to 2023, primarily due to the fluctuations in the market prices of the relevant raw materials such as copper, silver and tin in 2025.

The following sensitivity analysis illustrates the effects of hypothetical fluctuations in our direct materials costs on our profit before income tax for the years indicated, assuming all other factors affecting our financial performance had remained unchanged and that material price fluctuations cannot be passed on to customers:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Change in direct materials costs			
–/+ 5%	5,016	5,616	8,482
–/+ 10%	10,032	11,231	16,964
–/+ 15%	15,048	16,847	25,447
–/+ 20%	20,064	22,463	33,929

In response to the price fluctuations of raw materials, we have historically taken and will continue to take effective supply chain management measures. For example, we source our raw materials from a combination of PRC suppliers and overseas suppliers, while maintaining close contact with our major suppliers. Furthermore, we monitor the market prices of commodities to anticipate and manage the price volatility of our raw materials, and mitigate the impact of such volatility by (i) dynamically adjusting our sourcing strategies, (ii) keeping safety stock, (iii) entering into framework agreements with our suppliers, (iv) timely securing the price of subsequent orders through advance payments when the market price of a raw material fluctuates significantly, and (v)

FINANCIAL INFORMATION

procuring from diversified channels, including procurement through our Thailand subsidiary when appropriate. For details, see “Business — Our Supply Chain — Procurement and Suppliers of Raw Materials.”

R&D Capabilities and Operational Efficiency

Our ability to provide innovative and customer-tailored products is important to maintaining our competitive edge and achieving long-term success. The industries where we and our customers operate are characterized by rapid technological advancement. We have made strategic R&D investments to enhance our technological and technical capabilities. In particular, to support our R&D and validation activities, we have established multiple R&D and testing facilities at our production bases. Our R&D activities focus on materials, equipment and techniques, through which we continually develop in-house production equipment, techniques and accumulate knowledge in various materials, in order to meet emerging, high-end and performance-critical demands and varied customization requirements from customers across our downstream application industries, including smart terminals, precision medical devices, low-altitude economy and robotics, computing centers, and NEVs and other equipment. We also actively engage in strategic collaborations with a top academic institution globally and a national research laboratory to enhance our R&D capabilities. In 2023, 2024 and 2025, our research and development expenses were RMB4.4 million, RMB5.1 million, and RMB8.3 million, respectively, representing 2.6%, 2.5% and 2.7% of our revenue, respectively. Such expenses mainly consisted of procurement costs of raw materials in relation to our R&D activities and employee benefit expenses for our R&D staff. Our R&D activities also included (i) development of our in-house production equipment, which are accounted for in our property, plant and equipment and the depreciation of which is reflected in our profit or loss, and (ii) sample trial production, from which we generated sales revenue. During the Track Record Period, we provided product design proposals for over 4,500 models to customers for validation.

In addition, our R&D efforts have greatly contributed to our manufacturing capabilities, which has enabled us to enhance our operational efficiency for cost optimization, thereby improving our profitability. For example, we benefit from our core technologies to achieve high manufacturing yield and minimize raw material waste during the production process without compromising product quality and consistency. For details, see “Business — Research and Development — Key R&D Achievements.”

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies and accounting judgments and estimates that we believe are significant to the preparation of our consolidated financial statements. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and the exercise of management’s judgment in applying our accounting policies. There has not been any material deviation from our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future. Our material accounting policies and critical accounting estimates, which are important for understanding our financial condition and results, are set forth in Notes 2.3 and 3 to the Accountants’ Report in Appendix I to this document. These include policies and estimates relating to revenue recognition, government grants, property, plant and equipment and depreciation, investments and other financial assets and impairment of inventories.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

FINANCIAL INFORMATION

PRINCIPAL COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table summarizes our results of operations for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Revenue	172,176	206,308	303,443
Cost of sales	<u>(121,512)</u>	<u>(143,646)</u>	<u>(227,242)</u>
Gross profit	<u>50,664</u>	<u>62,662</u>	<u>76,201</u>
Other income and gains	1,817	5,295	5,573
Selling and marketing expenses	(2,222)	(2,922)	(3,888)
Administrative expenses	(7,342)	(9,295)	(14,686)
Research and development expenses	(4,416)	(5,082)	(8,254)
Provision for impairment losses on financial assets	(10)	(18)	(50)
Other expenses	(554)	(428)	(516)
Finance costs	<u>(891)</u>	<u>(1,034)</u>	<u>(929)</u>
Profit before tax	<u>37,046</u>	<u>49,178</u>	<u>53,451</u>
Income tax expense	<u>(5,089)</u>	<u>(7,235)</u>	<u>(6,347)</u>
Profit for the year	<u>31,957</u>	<u>41,943</u>	<u>47,104</u>
Non-IFRS Measure:			
Adjusted net profit	32,375	43,436	51,052

Non-IFRS Measure

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS, we also use adjusted net profit (non-IFRS measure), which is not required by, or presented in accordance with, IFRS.

We believe that this measure provides useful information to investors and others in understanding and evaluating our consolidated statements of profit or loss in the same manner as they help our management. However, our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool and, as such, it should not be considered in isolation from, or as a substitute for analysis of, our consolidated statements of comprehensive income or financial position as reported under IFRS. In addition, the non-IFRS measure may be defined differently from similar terms used by other companies.

FINANCIAL INFORMATION

We define adjusted net profit (non-IFRS measure) as profit for the year adjusted for items of share-based payment expenses and [REDACTED] expenses. We adjusted these items because share-based payment expenses are non-cash expenses arising from granting equity-settled award to the Directors and our employees, and [REDACTED] expenses are expenses arising from activities in relation to the [REDACTED]. The following table reconciles our adjusted net profit (non-IFRS measure) to our profit for the year presented in accordance with IFRS, for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Profit for the year	31,957	41,943	47,104
Add: Share-based payment expenses	418	1,493	2,472
Add: [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit (non-IFRS measure)	32,375	43,436	51,052

Revenue

Revenue by Application Scenario

The following table sets forth a breakdown of our revenue by application scenario in absolute amounts and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Smart terminals	96,446	56.1%	116,652	56.5%	166,412	54.9%
Precision medical devices	49,885	29.0%	67,923	32.9%	86,113	28.4%
Low-altitude economy and robotics	7,108	4.1%	8,828	4.3%	17,380	5.7%
Computing centers	7,784	4.5%	3,430	1.7%	10,417	3.4%
NEVs and other equipment	4,198	2.4%	2,125	1.0%	3,332	1.1%
Others ⁽¹⁾	6,755	3.9%	7,350	3.6%	19,789	6.5%
Total	172,176	100.0%	206,308	100.0%	303,443	100.0%

Note: (1) Others primarily comprised sales of scrap materials generated during our R&D and production processes, including off-cuts, defective products and R&D-related material waste, among which scrap copper accounted for the majority.

During the Track Record Period, our products deployed in the smart terminals sector were the largest revenue contributor, accounting for 56.1%, 56.5% and 54.9% of our total revenue in 2023, 2024 and 2025, respectively, followed by the precision medical devices sector, which accounted for 29.0%, 32.9% and 28.4% during the same years, respectively. In particular:

- Revenue from our products deployed in the smart terminals sector increased by 21.0% from RMB96.4 million in 2023 to RMB116.7 million in 2024, and further increased by 42.7% to RMB166.4 million. Such increases throughout the Track Record Period were primarily driven by the continued growth in market demand for fine products used in electronic products of the smart terminals sector, which led to higher sales volumes to our key downstream customers. The sales volume of our products deployed in the smart terminals sector was approximately 489.0 tons, approximately 524.3 tons and approximately 889.1 tons, respectively, in 2023, 2024 and 2025.

FINANCIAL INFORMATION

- Revenue from our products deployed in precision medical devices sector increased by 36.2% from RMB49.9 million in 2023 to RMB67.9 million in 2024, and further by 26.8% to RMB86.1 million in 2025. Such increases throughout the Track Record Period were primarily driven by the continued expansion in the deployment of our fine products in the precision medical devices sector such as ultrasound imaging equipment and endoscopes, which led to higher sales volumes to the relevant downstream customers. The sales volume of our products deployed in the precision medical devices sector was approximately 116.2 tons, approximately 158.5 tons and approximately 216.2 tons, respectively, in 2023, 2024 and 2025.
- Revenue from our products deployed in the low-altitude economy and robotics sector increased by 24.2% from RMB7.1 million in 2023 to RMB8.8 million in 2024, and further by 96.9% to RMB17.4 million in 2025. The increase in 2024 compared to 2023 was primarily driven by growing end-market demand in respect of drones, which led to higher sales volumes to the relevant customers. The further increase in 2025 compared to 2024 reflected the continued end-market demand in respect of drones together with emerging demand in respect of humanoids. The sales volume of our products deployed in the low-altitude economy and robotics sector was approximately 7.4 tons, approximately 10.0 tons and approximately 26.4 tons, respectively, in 2023, 2024 and 2025.
- Revenue from our products deployed in the computing centers sector decreased by 55.9% from RMB7.8 million in 2023 to RMB3.4 million in 2024, and significantly increased to RMB10.4 million in 2025. The decrease in 2024 compared to 2023 was primarily because we reduced sales of our products deployed in the computing centers sector that had relatively lower processing fees. The increase in 2025 compared to 2024 was primarily driven by strong demand for conductors products deployed in high-speed copper cables in relation to the computing centers sector. The sales volume of our products deployed in the computing centers sector was approximately 37.5 tons, approximately 14.8 tons and approximately 37.3 tons, respectively, in 2023, 2024 and 2025.
- Revenue from our products deployed in the NEVs and other equipment sector decreased by 49.4% from RMB4.2 million in 2023 to RMB2.1 million in 2024, before increasing by 56.8% to RMB3.3 million in 2025. The decrease in 2024 compared to 2023 was primarily because we reduced sales of our products deployed in the NEVs and other equipment sector that had relatively lower processing fees. The increase in 2025 compared to 2024 primarily reflected expansion in the deployment of our products in applications in the NEVs and other equipment sector, with corresponding increases in sales volumes to the relevant downstream customers. The sales volume of our products deployed in the NEVs and other equipment sector was approximately 22.4 tons, approximately 13.6 tons and approximately 18.3 tons, respectively, in 2023, 2024 and 2025.

FINANCIAL INFORMATION

Revenue by Product Diameter

Our products generally span a diameter range of 0.008 mm to 0.5 mm, broadly categorized into ultra-fine products (≤ 0.03 mm), fine products (> 0.03 mm, < 0.1 mm) and regular products (≥ 0.1 mm). The following table sets forth a breakdown of our revenue by product diameter in absolute amounts and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Fine products	109,293	63.5%	129,460	62.8%	179,132	59.0%
Ultra-fine products	44,962	26.1%	61,263	29.7%	83,744	27.6%
Regular products	11,166	6.5%	8,235	4.0%	20,778	6.8%
Others ⁽¹⁾	6,755	3.9%	7,350	3.5%	19,789	6.6%
Total	172,176	100.0%	206,308	100.0%	303,443	100.0%

Note: (1) Others primarily comprised sales of scrap materials generated during our R&D and production processes, including off-cuts, defective products and R&D-related material waste, among which scrap copper accounted for the majority.

During the Track Record Period, our fine products were the largest revenue contributor, accounting for 63.5%, 62.8% and 59.0% of our total revenue in 2023, 2024 and 2025, respectively, followed by ultra-fine products, which accounted for 26.1%, 29.7% and 27.6% during the same years, respectively. In particular:

- Revenue from our fine products increased by 18.5% from RMB109.3 million in 2023 to RMB129.5 million in 2024, and further by 38.4% to RMB179.1 million in 2025. Such increases throughout the Track Record Period were primarily driven by the continued growth in market demand for fine products used in electronic products of the smart terminals sector, together with growing demand for fine products used in the NEVs and other equipment sector in 2025.
- Revenue from our ultra-fine products increased by 36.3% from RMB45.0 million in 2023 to RMB61.3 million in 2024, and further by 36.7% to RMB83.7 million in 2025. Such increases throughout the Track Record Period were primarily driven by the continued expansion in the deployment of our products in the precision medical devices sector, such as ultrasound imaging equipment and endoscopes, and in drones of the low-altitude economy and robotics sector, along with emerging demand in respect of humanoids in 2025.
- Revenue from our regular products decreased by 26.2% from RMB11.2 million in 2023 to RMB8.2 million in 2024. The decrease in 2024 compared to 2023 was primarily because we reduced the sales volume of our regular products that had relatively lower processing fees. Revenue from such products subsequently increased significantly to RMB20.8 million in 2025, primarily driven by the launch of our new conductors products for high-speed copper cables in the computing centers sector, in light of the growing demand from downstream AI infrastructure end-markets.

FINANCIAL INFORMATION

- Revenue from our other business, which mainly comprised scrap copper generated as a by-product of our production processes, remained relatively stable at RMB6.8 million in 2023 and RMB7.4 million in 2024, and increased significantly to RMB19.8 million in 2025 compared to 2024. Such increases during the Track Record Period primarily reflected the expansion of our production scale. The significant increase in 2025 compared to 2024 was also driven by the upward trend in market prices of non-ferrous metals in 2025, by reference to which we sold our scrap materials.

The table below sets forth a breakdown of the sales volume and average selling price of our products by product diameters for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
<i>(Sales volume is expressed in tons. Average selling price is expressed in RMB per kg)</i>						
Fine products	568.7	192.2	609.1	212.5	984.2	182.0
Ultra-fine products	44.9	1,001.4	62.0	988.1	100.1	836.6
Regular products	58.9	189.6	50.2	164.0	103.1	201.5

During the Track Record Period, the sales volume of our products generally experienced a steady increase across different product diameters, primarily driven by growing demand from our downstream customers.

Meanwhile, our average selling price of ultra-fine products experienced a general declining trend during the Track Record Period, decreasing from RMB1,001.4 per kg in 2023 to RMB988.1 per kg in 2024 and further to RMB836.6 per kg in 2025, primarily due to: (i) fast growth in the sales volume of ultra-fine products with a relatively larger diameter than that of those with a relatively smaller diameter in light of the development of the smart terminals sector, where larger-diameter ultra-fine products typically had relatively lower average selling prices; and (ii) our adoption of competitive pricing strategies to secure market share, in light of an increase in our sales volume enabled by improved economies of scale.

Our average selling price of fine products increased from RMB192.2 per kg in 2023 to RMB212.5 per kg in 2024, primarily due to the introduction of our higher value-added fine products in response to iteration of certain smart terminals end-products in 2024. The average selling price subsequently declined to RMB182.0 per kg in 2025, primarily reflecting our adoption of more competitive pricing to deepen our relationships with key customers and to solidify our market share, which was enabled by our improved economies of scale, achieved through expansion in the sales volume of our fine products in 2025.

Our average selling price of regular products decreased from RMB189.6 per kg in 2023 to RMB164.0 per kg in 2024, primarily because we reduced sales of regular products that had relatively higher average selling prices but relatively lower processing fees, which resulted in a decline in the sales volume of our regular products. The average selling price subsequently increased to RMB201.5 per kg in 2025, primarily reflecting our newly launched conductors products for high-speed copper cables in relation to the applications of AI data centers, which were higher value-added products and had relatively higher average selling prices.

FINANCIAL INFORMATION

Revenue by Geographic Location

During the Track Record Period, we derived a significant majority of our revenue from Chinese Mainland, particularly from customers located in the Pearl River Delta and Yangtze River Delta regions. Meanwhile, we experienced gradual increases in revenue from Thailand and other overseas markets in the same period, reflecting our continual business expansion in the overseas markets. In particular, we established our Thailand subsidiary in 2024 and commenced its mass production in 2025. In 2024 and 2025, we generated revenue of RMB5.4 million and RMB34.2 million from the Thailand market, respectively. The table below sets forth a breakdown of our revenue by geographical location for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Chinese Mainland	167,127	97.1%	192,559	93.3%	260,765	85.9%
Thailand	—	—	5,352	2.6%	34,209	11.3%
Others ⁽¹⁾	5,049	2.9%	8,397	4.1%	8,469	2.8%
Total	172,176	100.0%	206,308	100.0%	303,443	100.0%

Note:

(1) Others mainly included revenue from Vietnam.

Cost of Sales

During the Track Record Period, our cost of sales primarily consisted of direct materials costs, manufacturing costs and direct labor costs. The table below sets forth a breakdown of our cost of sales by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Direct materials costs	100,319	82.6%	112,315	78.2%	177,445	78.1%
Manufacturing costs	15,742	13.0%	23,305	16.2%	36,296	16.0%
Direct labor costs	5,451	4.4%	8,026	5.6%	13,501	5.9%
Total	121,512	100.0%	143,646	100.0%	227,242	100.0%

In 2023, 2024 and 2025, our cost of sales was RMB121.5 million, RMB143.6 million and RMB227.2 million, respectively. The increase in our cost of sales in 2024 compared to 2023 was generally in line with the growth in our revenue. The increase in our cost of sales in 2025 compared to 2024 was primarily attributable to (i) an increase in our direct materials costs driven by the growth in our sales volume and the upward trend in raw material market prices in the same year, and (ii) the ramp-up of production at our Thailand Production Base, which led to significant increases in our manufacturing costs and direct labor costs accordingly.

FINANCIAL INFORMATION

During the Track Record Period, direct materials costs were the largest component of our cost of sales, accounting for 82.6%, 78.2% and 78.1% in 2023, 2024 and 2025, respectively. The decreases in the proportion of our direct materials costs during the Track Record Period mainly reflected our expanded production capacity, which led to increases in the proportions of our manufacturing costs and direct labor costs, except that in 2025 compared to 2024, such decrease was partially offset by an increase in our direct materials costs, primarily due to increases in the market prices of the relevant raw materials in 2025. For details, see “Business — Our Production.”

Gross Profit and Gross Profit Margin

Our gross profit was RMB50.7 million, RMB62.7 million and RMB76.2 million in 2023, 2024 and 2025, respectively. Our gross profit margin was 29.4%, 30.4% and 25.1% during the same years, respectively. The table below sets forth a breakdown of our gross profit and gross profit margin by product diameter for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>(RMB in thousands, except for percentages)</i>					
Before impairment losses on inventories						
Fine products	28,711	26.3%	33,597	26.0%	39,431	22.0%
Ultra-fine products	22,600	50.3%	29,286	47.8%	37,983	45.4%
Regular products	1,618	14.5%	1,314	16.0%	2,983	14.4%
Others	(2,140)	(31.7%)	(1,499)	(20.4%)	(1,688)	(8.5%)
Subtotal	50,789	29.5%	62,698	30.4%	78,709	25.9%
Less: impairment losses on inventories ⁽¹⁾	(125)		(36)		(2,508)	
Total	50,664	29.4%	62,662	30.4%	76,201	25.1%

Note:

- (1) We present impairment losses on inventories as a separate line item to provide a clearer view of our gross profit margin by product diameter. Inventories are stated at the lower of cost and net realizable value. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. Management estimates the net realizable value for such inventories based primarily on the latest invoice prices and current market conditions. The impairment losses on inventories require the use of estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying value of inventories and the write-down of inventory amount in the year in which such estimates have been changed.

Our gross profit margin of fine products remained relatively stable at 26.3% in 2023 and 26.0% in 2024. It decreased to 22.0% in 2025, primarily due to the upward trend in raw material market prices in the same year, which drove up our direct materials costs and outpaced the growth in the relevant revenue.

FINANCIAL INFORMATION

Our gross profit margin of ultra-fine products decreased during the Track Record Period, from 50.3% in 2023, to 47.8% in 2024 and 45.4% in 2025, mainly reflecting: (i) our adoption of competitive pricing strategies to secure market share, in light of an increase in our sales volume enabled by improved economies of scale; and (ii) an increase in our direct materials costs primarily due to the upward trend in the market prices of the relevant raw materials in 2025, which were not fully passed on to our customers for products that were priced pursuant to fixed-price model. In response, we further expanded the adoption of the dynamic pricing model starting from the second half of 2025 to better align our product prices with fluctuating raw material costs.

Our gross profit margin of regular products increased from 14.5% in 2023 to 16.0% in 2024, primarily because we reduced sales of regular products that had relatively higher average selling prices but relatively lower processing fees. It decreased to 14.4% in 2025, mainly reflecting an increase in our direct materials costs primarily due to the upward trend in the market prices of the relevant raw materials in 2025.

During the Track Record Period, we recorded gross loss and gross loss margins with respect to our other business. The gross loss margin improved from 31.7% in 2023 to 20.4% in 2024 and further to 8.5% in 2025, primarily driven by higher selling prices of scrap materials as a result of the increases in market prices of the relevant non-ferrous metals during the Track Record Period.

Other Income and Gains

Our other income and gains consisted primarily of: (i) fair value gains on financial investments, mainly in relation to our investments in structured deposits and other wealth management products, details of which are set forth in “— Discussion of Selected Items from Consolidated Statements of Financial Position — Financial Assets at Fair Value through Profit or Loss”; (ii) interest income arising from our deposits in banks; (iii) additional VAT deduction, representing the amount that the tax authority allows certain advanced manufacturing enterprises (including some of our subsidiaries) to deduct an additional 5% of their deductible input VAT payables; and (iv) government grants. In particular, during the Track Record Period, our government grants primarily included tax returns, subsidies, rewards and financial assistance in relation to our contribution to the local economy and our production facilities. The income-related government grants were mainly financial incentives provided by local government authorities in the PRC. The asset-related government grants are related to purchases of property, plant and equipment. The grants related to assets were recognized in profit or loss over the useful lives of relevant assets. There are no unfulfilled conditions or contingencies relating to these grants.

The table below sets forth a breakdown of our other income and gains for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Fair value gains on financial investments	49	1,437	2,428
Interest income	171	298	1,209
Additional VAT deduction	859	957	1,111
Government grants ⁽¹⁾	714	2,196	754
Gain on disposal of items of property, plant and equipment and right-of-use assets	14	225	68
Others	10	182	3
Total	1,817	5,295	5,573

FINANCIAL INFORMATION

Note:

- (1) Government grants comprised income-related and asset-related government grants. The income-related government grants were mainly financial incentives provided by local government authorities in the PRC. The asset-related government grants are related to purchases of property, plant and equipment. The grants related to assets were recognized in profit or loss over the useful lives of relevant assets. There are no unfulfilled conditions or contingencies relating to these grants. In 2023, 2024 and 2025, our income-related government grants amounted to RMB0.7 million, RMB2.0 million and RMB0.5 million, respectively, and our asset-related government grants amounted to nil, RMB0.2 million and RMB0.2 million, respectively.

Selling and Marketing Expenses

Our selling and marketing expenses consisted primarily of: (i) employee benefit expenses; (ii) business development expenses; (iii) advertising and promotion expenses; (iv) customs clearance and agency fees; and (v) travelling expenses. The general increases in our selling and marketing expenses during the Track Record Period were primarily in line with our business growth. The table below sets forth a breakdown of our selling and marketing expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Employee benefit expenses	748	33.7%	1,425	48.8%	1,712	44.0%
Business development expenses	832	37.4%	583	20.0%	695	17.9%
Advertising and promotion expenses	262	11.8%	423	14.4%	538	13.8%
Customs clearance and agency fees	26	1.2%	98	3.3%	477	12.3%
Travelling expenses	192	8.6%	303	10.4%	349	9.0%
Others ⁽¹⁾	162	7.3%	90	3.1%	117	3.0%
Total	2,222	100.0%	2,922	100.0%	3,888	100.0%

Note:

- (1) Others mainly included office expenses and inspection fees.

Administrative Expenses

Our administrative expenses consisted primarily of: (i) employee benefit expenses; (ii) professional service fees; (iii) depreciation and amortization expenses; and (iv) office expenses. The general increases in our administrative expenses during the Track Record Period were primarily in line with our business growth. The table below sets forth a breakdown of our administrative expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Employee benefit expenses	2,912	39.6%	3,956	42.6%	6,920	47.1%
Professional service fees	1,671	22.7%	1,373	14.8%	2,829	19.3%
Depreciation and amortization expenses	953	13.0%	1,761	18.9%	1,421	9.7%

FINANCIAL INFORMATION

	Year ended December 31,					
	2023		2024		2025	
	<i>(RMB in thousands, except for percentages)</i>					
Office expenses	674	9.2%	720	7.7%	1,121	7.6%
Business development expenses	111	1.5%	200	2.2%	605	4.1%
Office renovation expenses	305	4.2%	214	2.3%	565	3.9%
Others ⁽¹⁾	716	9.8%	1,071	11.5%	1,225	8.3%
Total	7,342	100.0%	9,295	100.0%	14,686	100.0%

Note:

- (1) Others mainly included traveling expenses, property management expenses and bank handling fees.

Research and Development Expenses

Our research and development expenses consisted primarily of: (i) raw material procurement costs; and (ii) employee benefit expenses. The general increases in our research and development expenses during the Track Record Period reflected our continual focus on R&D activities. The table below sets forth a breakdown of our research and development expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	<i>(RMB in thousands, except for percentages)</i>					
Employee benefit expenses	2,007	45.5%	2,884	56.7%	4,323	52.4%
Raw material procurement costs	2,364	53.5%	2,076	40.9%	3,216	39.0%
Others ⁽¹⁾	45	1.0%	122	2.4%	715	8.6%
Total	4,416	100.0%	5,082	100.0%	8,254	100.0%

Note:

- (1) Others mainly included depreciation and amortization expenses, and outsourced research and development expenses.

Finance Costs

Our finance costs consisted primarily of interest expenses arising from our bank borrowings. In 2023, 2024 and 2025, our finance costs remained relatively stable at RMB0.9 million, RMB1.0 million and RMB0.9 million, respectively.

FINANCIAL INFORMATION

Income Tax Expense

Our Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. Under the EIT Law and the Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless they are subject to preferential tax as set out below:

- Our Company was qualified as a High and New Technology Enterprise and is entitled to a preferential tax rate of 15% during the Track Record Period. This qualification is subject to review by the relevant tax authority in the PRC every three years.
- Jiangxi Tongya was qualified as a Micro and Small Enterprise pursuant to the PRC tax regulations and entitled to a preferential tax rate of 5% in 2023, 2024 and 2025.

Our subsidiary incorporated in Singapore was subject to Singapore income tax at a rate of 17% on any estimated assessable profits arising in Singapore during the Track Record Period. Under the current laws of Thailand, our subsidiary incorporated in Thailand was subject to corporate income tax at the standard rate of 20% on net profits, except where exemptions apply under the investment promotion privileges granted to our Thailand subsidiary by the Board of Investment of Thailand during the Track Record Period.

Our income tax expense was RMB5.1 million, RMB7.2 million and RMB6.3 million, respectively, in 2023, 2024 and 2025. During the same years, our effective income tax rate (calculated as income tax expense divided by profit before tax) was 13.7%, 14.7% and 11.9%, respectively. During the Track Record Period and up to the Latest Practicable Date, we had made all the required tax filings with the relevant tax authorities in jurisdictions we operate in, and we had not been subject to any tax investigation, enquiries, penalties or surcharges, and we were not aware of any outstanding or potential disputes with such tax authorities.

RESULTS OF OPERATIONS

Comparisons between 2025 and 2024

Revenue

Our revenue increased by 47.1% from RMB206.3 million in 2024 to RMB303.4 million in 2025, primarily attributable to growth in revenue across all diameter categories. In particular,

- Revenue from our fine products increased by 38.4% from RMB129.5 million in 2024 to RMB179.1 million in 2025, primarily driven by the continued growth in market demand for fine products used in electronic products of the smart terminals sector, together with growing demand for fine products used in the NEVs and other equipment sector. The sales volume of our fine products increased from approximately 609.1 tons in 2024 to approximately 984.2 tons in 2025.
- Revenue from our ultra-fine products increased by 36.7% from RMB61.3 million in 2024 to RMB83.7 million in 2025, primarily driven by the continued expansion in the deployment of our products in the precision medical devices sector, such as ultrasound imaging equipment and endoscopes, and in drones of the low-altitude economy and robotics sector, along with emerging demand in respect of humanoids. The sales volume of our ultra-fine products increased from approximately 62.0 tons in 2024 to approximately 100.1 tons in 2025.

FINANCIAL INFORMATION

- Revenue from our regular products increased significantly from RMB8.2 million in 2024 to RMB20.8 million in 2025, primarily driven by the launch of our new conductors products for high-speed copper cables in the computing centers sector, in light of the growing demand from downstream AI infrastructure end-markets.
- Revenue from our other business increased significantly from RMB7.4 million in 2024 to RMB19.8 million in 2025, primarily reflecting the expansion of our production scale, and the upward trend in market prices of non-ferrous metals in 2025, by reference to which we sold our scrap materials.

Cost of Sales

Our cost of sales increased by 58.2% from RMB143.6 million in 2024 to RMB227.2 million in 2025, primarily attributable to (i) an increase in our direct materials costs driven by the growth in our sales volume and the upward trend in raw material market prices in the same year, and (ii) the ramp-up of production at our Thailand Production Base, which led to significant increases in our manufacturing costs and direct labor costs accordingly.

Gross Profit and Gross Profit Margin

Our gross profit increased by 21.6% from RMB62.7 million in 2024 to RMB76.2 million in 2025. Our gross profit margin decreased from 30.4% in 2024 to 25.1% in 2025, mainly due to decreases in the gross profit margins across all three of our diameter categories, partially offset by a narrowing of the gross loss margin of our other business. In particular:

- Gross profit margin of our fine products decreased from 26.0% in 2024 to 22.0% in 2025, primarily due to the upward trend in raw material market prices in the same year, which drove up our direct materials costs and outpaced the growth in the relevant revenue.
- Gross profit margin of our ultra-fine products decreased from 47.8% in 2024 to 45.4% in 2025, mainly reflecting: (i) our adoption of competitive pricing strategies to secure market share, in light of an increase in our sales volume enabled by improved economies of scale; and (ii) the foregoing increase in direct materials costs, which were not fully passed on to our customers for products priced under the fixed-price model.
- Gross profit margin of our regular products decreased from 16.0% in 2024 to 14.4% in 2025, as the foregoing increase in direct materials costs outpaced the growth in the relevant revenue.
- Gross loss margin of our other business improved from 20.4% in 2024 to 8.5% in 2025, primarily driven by higher selling prices of scrap materials as a result of the increases in market prices of the relevant non-ferrous metals in the same year.

Other Income and Gains

Our other income and gains remained relatively stable at RMB5.3 million in 2024 and RMB5.6 million in 2025.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 33.1% from RMB2.9 million in 2024 to RMB3.9 million in 2025. Such increase was primarily attributable to (i) an increase of RMB0.4 million in customs clearance and agency fees, mainly due to the growth in our export sales volume, and (ii) an increase of RMB0.4 million in employee benefit expenses, as a result of the expansion of our sales team to support business growth.

FINANCIAL INFORMATION

Administrative Expenses

Our administrative expenses increased by 58.0% from RMB9.3 million in 2024 to RMB14.7 million in 2025. Such increase was primarily attributable to (i) an increase of RMB3.0 million in employee benefit expenses, mainly due to the expansion of our management team, and (ii) an increase of RMB1.5 million in professional service fees mainly in relation to the proposed [REDACTED].

Research and Development Expenses

Our research and development expenses increased by 62.4% from RMB5.1 million in 2024 to RMB8.3 million in 2025. Such increase was primarily attributable to (i) an increase of RMB1.1 million in raw material procurement costs in connection with increased research and product development activities, (ii) an increase of RMB1.4 million in employee benefit expenses, mainly due to the expansion of our R&D team, and (iii) an increase of RMB0.5 million in outsourced research and development expenses owing to the collaboration with external research partners.

Provision for Impairment Losses on Financial Assets

Our provision for impairment losses on financial assets remained relatively stable at RMB0.02 million in 2024 and RMB0.05 million in 2025.

Other Expenses

Our other expenses remained relatively stable at RMB0.4 million in 2024 and RMB0.5 million in 2025.

Finance Costs

Our finance costs remained relatively stable at RMB1.0 million in 2024 and RMB0.9 million in 2025.

Income Tax Expense

Our income tax expense decreased by 12.3% from RMB7.2 million in 2024 to RMB6.3 million in 2025, mainly due to the increased effect of different tax rates applicable to subsidiaries and a higher super deduction for research and development expenses, which more than offset the increase in statutory tax on our taxable income.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 12.3% from RMB41.9 million in 2024 to RMB47.1 million in 2025. Our net profit margin decreased from 20.3% in 2024 to 15.5% in 2025.

Comparisons between 2024 and 2023

Revenue

Our revenue increased by 19.8% from RMB172.2 million in 2023 to RMB206.3 million in 2024. Such increase was primarily attributable to growth in revenue from our fine and ultra-fine products, partially offset by a decrease in revenue from our regular products. In particular:

- Revenue from our fine products increased by 18.5% from RMB109.3 million in 2023 to RMB129.5 million in 2024, primarily driven by the continued growth in market demand for fine products used in electronic products of the smart terminals sector. The sales volume of our fine products increased from approximately 568.7 tons in 2023 to approximately 609.1 tons in 2024.

FINANCIAL INFORMATION

- Revenue from our ultra-fine products increased by 36.3% from RMB45.0 million in 2023 to RMB61.3 million in 2024, primarily driven by the continued expansion in the deployment of our products in the precision medical devices sector, such as ultrasound imaging equipment and endoscopes, and in drones of the low-altitude economy and robotics sector. The sales volume of our ultra-fine products increased from approximately 44.9 tons in 2023 to approximately 62.0 tons in 2024.
- Revenue from our regular products decreased by 26.2% from RMB11.2 million in 2023 to RMB8.2 million in 2024, primarily because we reduced the sales volume of our regular products that had relatively lower processing fees in 2024.
- Revenue from our other business remained relatively stable at RMB6.8 million in 2023 and RMB7.4 million in 2024.

Cost of Sales

Our cost of sales increased by 18.2% from RMB121.5 million in 2023 to RMB143.6 million in 2024, which was generally in line with the growth in our revenue.

Gross Profit and Gross Profit Margin

Our gross profit increased by 23.7% from RMB50.7 million in 2023 to RMB62.7 million in 2024. Our gross profit margin increased slightly from 29.4% in 2023 to 30.4% in 2024, mainly reflecting a combination of the following factors: (i) an increase in the revenue contribution of ultra-fine products in 2024, which generally carried a relatively higher gross profit margin compared to our other diameter categories; and (ii) a narrowing of the gross loss margin of our other business. In particular:

- Gross profit margin of our fine products remained relatively stable at 26.3% in 2023 and 26.0% in 2024.
- Gross profit margin of our ultra-fine products decreased slightly from 50.3% in 2023 to 47.8% in 2024, generally driven by our adoption of competitive pricing strategies to secure market share, in light of an increase in our sales volume enabled by improved economies of scale.
- Gross profit margin of our regular products increased from 14.5% in 2023 to 16.0% in 2024, primarily because we reduced sales of regular products that had relatively higher average selling prices but relatively lower processing fees.
- Gross loss margin of our other business improved from 31.7% in 2023 to 20.4% in 2024, primarily driven by higher selling prices of scrap materials as a result of the increases in market prices of the relevant non-ferrous metals in the same year.

Other Income and Gains

Our other income and gains increased significantly from RMB1.8 million in 2023 to RMB5.3 million in 2024. Such increase was mainly attributable to (i) an increase in government grants of RMB1.5 million, primarily in relation to certain government subsidies targeted at innovative enterprises that we received in 2024, and (ii) an increase in fair value gains on financial investments of RMB1.4 million, in relation to our wealth management products.

FINANCIAL INFORMATION

Selling and Marketing Expenses

Our selling and marketing expenses increased by 31.5% from RMB2.2 million in 2023 to RMB2.9 million in 2024. Such increase was primarily attributable to an increase of RMB0.6 million in employee benefit expenses, mainly due to the expansion of our sales and marketing personnel to support business growth.

Administrative Expenses

Our administrative expenses increased by 26.6% from RMB7.3 million in 2023 to RMB9.3 million in 2024. Such increase was primarily attributable to (i) an increase in employee benefit expenses of RMB1.0 million, driven by an expansion of our management team, and (ii) an increase in depreciation and amortization expenses of RMB0.8 million, attributable to (a) the commencement of amortization of our ERP system and (b) an increase in our right-of-use assets, which primarily represented leased office premises as a result of our business expansion.

Research and Development Expenses

Our research and development expenses increased by 15.1% from RMB4.4 million in 2023 to RMB5.1 million in 2024. Such increase was primarily attributable to an increase of RMB0.9 million in employee benefit expenses mainly due to the expansion of our R&D team for the development of new products such as conductors products for high-speed copper cables in the computing centers sector.

Provision for Impairment Losses on Financial Assets

Our provision for impairment losses on financial assets remained relatively stable at RMB0.01 million in 2023 and RMB0.02 million in 2024.

Other Expenses

Our other expenses remained relatively stable at RMB0.6 million in 2023 and RMB0.4 million in 2024.

Finance Costs

Our finance costs remained relatively stable at RMB0.9 million in 2023 and RMB1.0 million in 2024.

Income Tax Expense

Our income tax expense increased by 42.2% from RMB5.1 million in 2023 to RMB7.2 million in 2024, primarily driven by an increase in our taxable income.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 31.2% from RMB32.0 million in 2023 to RMB41.9 million in 2024. Our net profit margin increased from 18.6% in 2023 to 20.3% in 2024, mainly as a result of (i) a slight increase in our gross profit margin, and (ii) an increase in our government grants in other income and gains, as certain subsidies we received and recognized in 2024 did not occur in 2023.

FINANCIAL INFORMATION

DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth the components of our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Non-current Assets			
Property, plant and equipment	49,655	63,150	92,212
Right-of-use assets	10,440	9,029	6,203
Intangible assets	111	1,962	2,054
Prepayments, other receivables and other assets	2,961	3,316	3,577
Equity investments designated at fair value through other comprehensive income	—	—	3,000
Time deposits	—	30,780	—
Total non-current assets	63,167	108,237	107,046
Current Assets			
Inventories	31,990	42,869	85,931
Trade and notes receivables	92,204	108,013	169,065
Prepayments, other receivables and other assets	2,123	3,742	8,213
Financial assets at fair value through profit or loss	20,000	189,932	4,548
Time deposits	—	—	91,813
Cash and cash equivalents	31,262	41,066	65,368
Total current assets	177,579	385,622	424,938
Current Liabilities			
Trade payables	9,054	19,359	27,608
Other payables and accruals	20,817	15,407	13,030
Interest-bearing bank and other borrowings	20,523	30,028	16,013
Lease liabilities	3,298	4,369	2,433
Tax payable	6,800	5,556	5,068
Total current liabilities	60,492	74,719	64,152
Non-current Liabilities			
Lease liabilities	4,936	2,456	1,237
Deferred tax liabilities	765	473	318
Deferred income	—	1,647	1,439
Total non-current liabilities	5,701	4,576	2,994
Equity			
Paid-capital	14,940	17,901	17,901
Reserves	159,613	396,663	446,937
Total equity	174,553	414,564	464,838

FINANCIAL INFORMATION

Property, Plant and Equipment

Property, plant and equipment primarily consisted of machinery and equipment, construction in progress and buildings. Our property, plant and equipment increased by 27.2% from RMB49.7 million as of December 31, 2023 to RMB63.2 million as of December 31, 2024, primarily driven by additions to machinery and equipment in connection with our production capacity expansion. It further increased by 46.0% to RMB92.2 million as of December 31, 2025, primarily reflecting continued investment in machinery and equipment as we further expanded our production capacity. For details on our manufacturing bases, see “Business — Our Production — Production Bases.”

Right-of-Use Assets

Right-of-use assets primarily consisted of leased plants, land use rights and assets subject to finance lease. Our right-of-use assets decreased from RMB10.4 million as of December 31, 2023 to RMB9.0 million as of December 31, 2024, and further decreased to RMB6.2 million as of December 31, 2025, primarily due to the shorter remaining lease terms of certain lease contracts.

Intangible Assets

Intangible assets primarily consisted of our ERP system and software used in our production equipment. Our intangible assets increased from RMB0.1 million as of December 31, 2023 to RMB2.0 million as of December 31, 2024, primarily due to the implementation of our ERP and MES systems in 2024, as well as the adoption of equipment programs used in our intelligent production lines. Our intangible assets were RMB2.1 million as of December 31, 2025.

Prepayments, Other Receivables and Other Assets

Our non-current and current prepayments, other receivables and other assets primarily consisted of prepayments for the purchase of equipment. Our non-current and current prepayments, other receivables and other assets increased from RMB5.1 million as of December 31, 2023 to RMB7.1 million as of December 31, 2024, and further increased to RMB11.8 million as of December 31, 2025, primarily due to increased advance payments made for equipment and raw materials purchases in connection with the expansion of our production capacity.

Equity Investments Designated at Fair Value through Other Comprehensive Income

We did not have any balance of equity investments designated at fair value through other comprehensive income as of December 31, 2023 and 2024. We recorded RMB3.0 million in equity investments designated at fair value through other comprehensive income as of December 31, 2025, primarily due to a strategic investment we made in 2025.

Inventories

Our inventories primarily consisted of raw materials, finished goods and work in progress. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Raw materials	13,285	20,095	34,875
Finished goods	15,419	14,099	32,964
Work in progress	3,286	8,675	18,092
Total	31,990	42,869	85,931

FINANCIAL INFORMATION

Our inventories increased from RMB32.0 million as of December 31, 2023 to RMB42.9 million as of December 31, 2024, primarily attributable to an increase in inventory levels to support the growth in our sales volume. Our inventories significantly increased to RMB85.9 million as of December 31, 2025. Such increase was primarily attributable to (i) an increase in inventory levels in line with the expansion of our sales scale, and (ii) increases in the prices of raw materials during the same year.

The following is an aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year	31,241	42,341	85,350
One year to two years	671	249	528
Over two years	78	279	53
Total	31,990	42,869	85,931

The following table sets forth our inventory turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(days)</i>		
Inventory turnover days ⁽¹⁾	84.9	95.1	103.4

Note:

- (1) Calculated based on the average of the beginning and ending balances of inventory for that year divided by cost of sales for that year and multiplied by 365 days.

Our inventory turnover days increased from 84.9 days in 2023 to 95.1 days in 2024, and further increased to 103.4 days in 2025. Such increases were mainly due to faster growth in our inventory levels relative to the growth in our cost of sales during the relevant years. In particular, the increase in our inventory turnover days in 2024 compared to 2023 was primarily due to the increased contribution of ultra-fine products to our total sales volume, which had relatively longer production cycles. The increase in our inventory turnover days in 2025 compared to 2024 was primarily because we proactively increased our inventory levels for raw materials in the second half of 2025, in response to increases in the market prices of the relevant raw materials and in our order volume.

As of April 30, 2026, RMB76.4 million, or 88.9%, of our inventories outstanding as of December 31, 2025 had been sold or utilized. Based on our assessments during the Track Record Period, we have made adequate provisions for our inventories to account for potential uncertainties.

FINANCIAL INFORMATION

Trade and Notes Receivables

Our trade and notes receivables represented trade receivables, notes receivable and impairment, which represents receivables arising from the sale of products. All bills received by us have a maturity period of less than one year. The following table sets forth the breakdown of our trade and notes receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Trade receivables	86,372	99,609	157,611
Notes receivable	5,845	8,435	11,535
Impairment	(13)	(31)	(81)
Total	92,204	108,013	169,065

Our trade and notes receivables increased from RMB92.2 million as of December 31, 2023 to RMB108.0 million as of December 31, 2024, and further increased to RMB169.1 million as of December 31, 2025, which was generally in line with the increase in our revenue for the same years.

The following table sets forth an aging analysis of our trade receivables (net of impairment) based on the date of revenue recognition as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year	86,304	99,559	157,496
One to two years	55	1	34
Two to three years	—	18	—
Total	86,359	99,578	157,530

The following table sets forth our trade and notes receivables turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(days)</i>		
Trade and notes receivables turnover days ⁽¹⁾	140.9	177.1	166.6

Note:

- (1) Calculated based on the average of the beginning and ending balances of trade and notes receivables for that year divided by revenue for that year and multiplied by 365 days.

FINANCIAL INFORMATION

The increase in our trade and notes receivables turnover days in 2024 compared to 2023 was mainly because certain of our existing large customers had relatively longer payment cycles than other customers while we derived more revenue from them than from other customers in 2024. The decrease in our trade and notes receivables turnover days in 2025 compared to 2024 was mainly due to an increase in our revenue from overseas customers, where such overseas customers had relatively faster payment cycles.

We closely monitor development of our outstanding receivable and take proactive measures to minimize credit risks, as well as liquidity risks associated therein. In particular, our senior management regularly reviews the recoverability of our outstanding balances and, when appropriate, provides for impairment of these trade and notes receivables. We adopt stringent internal measures to enhance the collection and management of trade and notes receivables.

As of April 30, 2026, RMB114.5 million, or 67.7%, of our trade and notes receivables outstanding as of December 31, 2025 had been settled.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss primarily consisted of structured deposits and other wealth management products issued by well-established commercial banks in China that are principal-protected with guaranteed minimum returns during the Track Record Period. The wealth management products we purchased during the Track Record Period generally had an effective rate of return of 1.55% to 2.55% and a maturity of 30 to 185 days, with the majority having a maturity of no more than 90 days. We purchased such wealth management products to manage our short-term liquidity. When making investment decisions as to wealth management products, we take into account a number of factors, including general economic conditions and market environment, risk control and credit of issuing financial institutions, our own working capital condition and the expected returns or potential loss of the relevant investment. In order to effectively manage our investments in wealth management products, we have established an internal approval process for investment decisions, under which our treasury manager assesses each purchase proposal with regard to our prevailing liquidity position and the expected financial returns of the relevant products, subject to the approval of our chief financial officer and the final authorization of our general manager. We believe that these measures enable us to manage investment risks prudently and ensure that our investment activities are consistent with our liquidity needs, risk appetite and business development plans.

As of December 31, 2023, 2024 and 2025, our balance of financial assets at fair value through profit or loss was RMB20.0 million, RMB189.9 million and RMB4.5 million, respectively. Our financial assets at fair value through profit or loss increased significantly from RMB20.0 million as of December 31, 2023 to RMB189.9 million as of December 31, 2024, primarily due to our purchase of additional wealth management products in 2024, as we completed our Series C Financing by the end of 2024, and used the unutilized portion of its proceeds to purchase the wealth management products for short-term liquidity management purposes. Our financial assets at fair value through profit or loss decreased from RMB189.9 million as of December 31, 2024 to RMB4.5 million as of December 31, 2025, primarily because we disposed of most of our wealth management products in 2025. We will adjust the overall investment scale based on our working capital requirements as our operations expand.

FINANCIAL INFORMATION

We generally estimated the fair value of our wealth management products by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks. For details, see Note 36 to the Accountants’ Report in Appendix I to this document.

Time Deposits

Our time deposits primarily consisted of time deposits pledged to banks. We had a balance of non-current time deposits of RMB30.8 million as of December 31, 2024 and current time deposits of RMB91.8 million as of December 31, 2025. We had no time deposits as of December 31, 2023.

Trade Payables

Our trade payables primarily consisted of payables for purchases of raw materials. Our trade payables are non-interest bearing and are normally settled within one year. Our trade payables increased from RMB9.1 million as of December 31, 2023 to RMB19.4 million as of December 31, 2024, primarily because of our increased purchases of raw materials in line with our business expansion. Primarily due to the same reason, our trade payables further increased to RMB27.6 million as of December 31, 2025. The following table sets forth an aging analysis of our trade payables based on the invoice date as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year	9,050	19,265	27,514
One to two years	4	90	58
Two to three years	—	4	36
Total	9,054	19,359	27,608

The following table sets forth our trade payables turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(days)</i>		
Trade payables turnover days ⁽¹⁾	27.2	36.1	37.8

Note:

- (1) Calculated based on the average of beginning and ending balances of trade payables for that year divided by cost of sales for that year and multiplied by 365 days.

Our trade payables turnover days increased from 27.2 days in 2023 to 36.1 days in 2024, and further increased to 37.8 days in 2025. Such increases mainly reflected that we proactively made efforts to obtain longer credit terms from our suppliers with a view to improving our cash flows.

As of April 30, 2026, RMB26.3 million, or 95.2%, of our trade payables outstanding as of December 31 2025 had been settled.

FINANCIAL INFORMATION

Other Payables and Accruals

Our other payables and accruals primarily consisted of other payables for property, plant and equipment, payroll and welfare payables and dividends payables. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Other payables for property, plant and equipment	4,080	785	5,662
Payroll and welfare payables	1,828	2,227	3,738
Dividends payables	10,000	6,500	500
Refund liabilities	287	110	715
Other taxes payable	356	1,741	176
Others	4,266	4,044	2,239
Total	20,817	15,407	13,030

Our other payables and accruals decreased from RMB20.8 million as of December 31, 2023 to RMB15.4 million as of December 31, 2024, primarily due to (i) a decrease in dividends payable of RMB3.5 million as part of the dividends declared to pre-existing shareholders during the year, and (ii) a decrease in other payables for property, plant and equipment of RMB3.3 million, as the outstanding equipment payables from the prior year were settled.

Our other payables and accruals further decreased to RMB13.0 million as of December 31, 2025, primarily due to a decrease of RMB6.0 million in dividends payable as the remaining dividends were substantially paid during the year. This was partially offset by an increase of RMB4.9 million in other payables for property, plant and equipment, reflecting the capital expenditure arising from our production capacity expansion in 2025.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period, we financed our operations primarily through equity contributions from our shareholders, proceeds from bank borrowings and cash generated from our operating activities. As of December 31, 2025 and April 30, 2026, we had cash and cash equivalents of RMB65.4 million and RMB114.2 million, respectively.

Working Capital Sufficiency

Taking into account the financial resources available to us, including our cash flows from operating activities, available banking facilities, cash and cash equivalents balance and the estimated net [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital for our present requirements, that is, for at least 12 months from the date of this document. Our Directors confirm that we had no material defaults on trade and non-trade payables and borrowings, nor did we breach any covenants, during the Track Record Period and up to the date of this document.

FINANCIAL INFORMATION

Cash Flows

The following table sets forth selected cash flow statement information for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash flows (used in)/from operating activities	(12,903)	37,565	(38,642)
Net cash flows (used in)/from investing activities	(28,354)	(225,341)	90,753
Net cash flows from/(used in) financing activities	66,139	197,551	(28,041)
Net increase in cash and cash equivalents	24,882	9,775	24,070
Cash and cash equivalents at beginning of the year	6,376	31,262	41,066
Effects of foreign exchange rate changes	4	29	232
Cash and cash equivalents at end of year	31,262	41,066	65,368

Net Cash Used in or from Operating Activities

Our cash flows used in and from operating activities reflect our profit before tax adjusted for: (i) non-cash and non-operating items (such as depreciation of property, plant and equipment, depreciation of right-of-use assets, share-based payment expenses and net gain from changes in fair value of financial assets at fair value through profit or loss); (ii) the effects of movement in working capital (such as inventories, trade and notes receivables and trade payables); and (iii) other cash items (such as income tax paid).

We had net cash flows used in operating activities of RMB38.6 million in 2025, which were mainly attributable to our profit before tax of RMB53.5 million, as adjusted by: (i) changes in working capital, primarily comprising an increase in trade and notes receivables of RMB61.1 million and an increase in inventories of RMB45.6 million; and partially offset by (ii) the add-back of non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB9.6 million and depreciation of right-of-use assets of RMB4.3 million.

We had net cash flows from operating activities of RMB37.6 million in 2024, which were mainly attributable to our profit before tax of RMB49.2 million, as adjusted by: (i) the add-back of non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB6.5 million and depreciation of right-of-use assets of RMB3.6 million; and partially offset by (ii) changes in working capital, primarily comprising an increase in trade and notes receivables of RMB15.8 million and an increase in inventories of RMB10.9 million, partially offset by an increase in trade payables of RMB10.3 million.

We had net cash flows used in operating activities of RMB12.9 million in 2023, which were mainly attributable to our profit before tax of RMB37.0 million, as adjusted by: (i) changes in working capital, primarily comprising an increase in trade and notes receivables of RMB51.5 million and an increase in inventories of RMB8.1 million; and partially offset by (ii) the add-back of non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB4.8 million and depreciation of right-of-use assets of RMB2.8 million.

FINANCIAL INFORMATION

Net Cash Flows Used in or from Investing Activities

In 2025, we had net cash flows from investing activities of RMB90.8 million, which were primarily attributable to proceeds from disposal of financial assets at fair value through profit or loss of RMB587.8 million, partially offset by purchase of financial assets at fair value through profit or loss of RMB400.0 million.

In 2024, we had net cash flows used in investing activities of RMB225.3 million, which were primarily attributable to purchase of financial assets at fair value through profit or loss of RMB408.0 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB239.5 million.

In 2023, we had net cash flows used in investing activities of RMB28.4 million, which were primarily attributable to purchase of financial assets at fair value through profit or loss of RMB30.0 million and purchases of items of property, plant and equipment of RMB18.5 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB20.0 million.

Net Cash Flows Used in or from Financing Activities

In 2025, we had net cash flows used in financing activities of RMB28.0 million, which were primarily attributable to repayment of interest-bearing bank and other borrowings of RMB30.0 million and dividends paid of RMB6.0 million, partially offset by additions of interest-bearing bank and other borrowings of RMB16.0 million.

In 2024, we had net cash flows from financing activities of RMB197.6 million, which were primarily attributable to capital contribution from shareholders of RMB200.0 million, partially offset by repayment of interest-bearing bank and other borrowings of RMB20.5 million.

In 2023, we had net cash flows from financing activities of RMB66.1 million, which were primarily attributable to capital contribution from shareholders of RMB66.0 million and additions of interest-bearing bank and other borrowings of RMB20.5 million, partially offset by repayment of interest-bearing bank and other borrowings of RMB10.5 million.

Net Current Assets

The following table sets forth the components of our current assets and liabilities as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	April 30,
	<i>(RMB in thousands)</i>			2026
Current Assets				
Inventories	31,990	42,869	85,931	146,180
Trade and notes receivables	92,204	108,013	169,065	234,309
Prepayments, other receivables and other assets	2,123	3,742	8,213	46,777
Financial assets at fair value through profit or loss	20,000	189,932	4,548	5,037
Time deposits	—	—	91,813	30,000
Cash and cash equivalents	31,262	41,066	65,368	114,200
Total current assets	177,579	385,622	424,938	576,503

FINANCIAL INFORMATION

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	<i>(RMB in thousands)</i>			
Current Liabilities				
Trade payables	9,054	19,359	27,608	33,058
Other payables and accruals	20,817	15,407	13,030	18,460
Interest-bearing bank and other borrowings	20,523	30,028	16,013	49,833
Lease liabilities	3,298	4,369	2,433	1,098
Tax payable	6,800	5,556	5,068	1,721
Total current liabilities	60,492	74,719	64,152	104,170
Net current assets	117,087	310,903	360,786	472,333

Our net current assets increased to RMB472.3 million as of April 30, 2026 from RMB360.8 million as of December 31, 2025, primarily due to: (i) an increase in trade and notes receivables of RMB65.2 million, generally in line with our business expansion; (ii) an increase in inventories of RMB60.2 million, primarily attributable to the continued expansion of our business scale, particularly our cable conductors business for high-speed copper cables, which led to a corresponding increase in inventories; and (iii) an increase in cash and cash equivalents of RMB48.8 million. Such changes were partially offset by a decrease in time deposits of RMB61.8 million.

Our net current assets increased to RMB360.8 million as of December 31, 2025 from RMB310.9 million as of December 31, 2024, primarily due to: (i) an increase in time deposits of RMB91.8 million; (ii) an increase in trade and note receivables of RMB61.1 million, generally in line with our business expansion; (iii) an increase in inventories of RMB43.1 million, primarily attributable to (a) an increase in inventory levels in line with the expansion of our sales scale, and (b) increases in the prices of raw materials during the same year; (iv) an increase in cash and cash equivalents of RMB24.3 million; and (v) a decrease in interest-bearing bank and other borrowings of RMB14.0 million. Such changes were partially offset by a decrease in financial assets at fair value through profit or loss of RMB185.4 million, mainly because we disposed of most of our wealth management products in 2025.

Our net current assets increased to RMB310.9 million as of December 31, 2024 from RMB117.1 million as of December 31, 2023, primarily due to: (i) an increase in financial assets at fair value through profit or loss of RMB169.9 million, mainly due to our purchase of additional wealth management products in 2024; and (ii) an increase in trade and notes receivables of RMB15.8 million, generally in line with our business expansion.

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios as of the dates or for the years indicated:

	As of or for the year ended December 31,		
	2023	2024	2025
Gross profit margin ⁽¹⁾	29.4%	30.4%	25.1%
Net profit margin ⁽²⁾	18.6%	20.3%	15.5%
Return on equity ⁽³⁾	24.2%	14.2%	10.7%
Current ratio ⁽⁴⁾	2.94x	5.16x	6.62x
Quick ratio ⁽⁵⁾	2.41x	4.59x	5.28x
Gearing ratio ⁽⁶⁾	16.5%	8.9%	4.2%

FINANCIAL INFORMATION

Notes:

- (1) Gross profit margin equals gross profit divided by revenue for the relevant year and multiplied by 100%.
- (2) Net profit margin equals profit for the year divided by revenue for the relevant year and multiplied by 100%.
- (3) Return on equity equals profit for the year divided by the average of the beginning and ending balances of total equity for the relevant year and multiplied by 100%.
- (4) Current ratio equals total current assets divided by total current liabilities as of the relevant date.
- (5) Quick ratio equals total current assets net of inventories divided by total current liabilities as of the relevant date.
- (6) Gearing ratio equals total indebtedness (comprising total interest-bearing bank and other borrowings and lease liabilities) divided by total equity as of the relevant date and multiplied by 100%.

Gross Profit Margin

See “— Principal Components of Our Consolidated Statements of Profit or Loss — Gross Profit and Gross Profit Margin” and “— Results of Operations” for a discussion of the factors affecting our gross margin during the Track Record Period.

Net Profit Margin

See “— Results of Operations” for a discussion of the factors affecting our net profit margin during the Track Record Period.

Return on Equity

Our return on equity decreased from 24.2% in 2023 to 14.2% in 2024, primarily due to an increase in total equity of RMB240.0 million driven by capital contributions from shareholders of RMB196.3 million in 2024, which substantially outpaced the increase in our net profit.

Our return on equity decreased from 14.2% in 2024 to 10.7% in 2025, primarily due to an increase of RMB50.3 million in total equity from accumulated retained earnings, which outpaced the increase in our net profit.

Current Ratio

Our current ratio increased from 2.94x as of December 31, 2023 to 5.16x as of December 31, 2024, primarily due to a significant increase in our current assets from RMB177.6 million to RMB385.6 million, driven by our receipt of proceeds from the Series C Financing, which outpaced the increase in our current liabilities.

Our current ratio further increased from 5.16x as of December 31, 2024 to 6.62x as of December 31, 2025, primarily due to (i) a decrease in our current liabilities from RMB74.7 million to RMB64.2 million driven by the repayment of short-term bank loans, and (ii) an increase in our current assets from RMB385.6 million to RMB424.9 million, reflecting growth in trade and notes receivables of RMB61.1 million.

Quick Ratio

Our quick ratio increased from 2.41x as of December 31, 2023 to 4.59x as of December 31, 2024, and increased from 4.59x as of December 31, 2024 to 5.28x as of December 31, 2025. The reasons for such changes are similar to those of the current ratio above.

FINANCIAL INFORMATION

Gearing Ratio

Our gearing ratio decreased from 16.5% as of December 31, 2023 to 8.9% as of December 31, 2024, primarily due to a substantial increase in our total equity driven by capital contributions from shareholders of RMB196.3 million, which significantly outpaced the increase in our total interest-bearing bank and other borrowings.

Our gearing ratio further decreased from 8.9% as of December 31, 2024 to 4.2% as of December 31, 2025, primarily due to (i) a continued increase in our total equity through the accumulation of retained earnings, and (ii) a decrease in our total interest-bearing bank and other borrowings as we repaid certain short-term bank loans in the same year.

CAPITAL EXPENDITURES

During the Track Record Period, we incurred capital expenditures mainly for purchases of property, plant and equipment. Our increasing levels of capital expenditures during the Track Record Period reflect our continual investments in expanding our production capacity. The following table sets forth a breakdown of our capital expenditures for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Purchases of items of property, plant and equipment	18,522	27,129	36,417

Following the [REDACTED], we are expected to continually incur capital expenditures to grow our business. In particular, we plan to fund (i) our production capacity expansion, and (ii) digitization upgrade across our production facilities. For details, see “Business — Our Production — Production Expansion Plan.” We expect to fund these capital expenditures with our available cash resources and a portion of our net [REDACTED] from the [REDACTED], details of which are set forth in “Future Plans and Use of [REDACTED] — Use of [REDACTED].”

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, we had capital commitments of nil, RMB2.5 million and RMB9.1 million, respectively. These commitments were largely in relation to our acquisition of property, plant and equipment. During the Track Record Period, we funded our capital commitments primarily by cash generated from our operations and proceeds from bank borrowings. The following table sets forth a breakdown of our capital commitments as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Property, plant and equipment	—	2,467	9,094

FINANCIAL INFORMATION

INDEBTEDNESS

Our indebtedness mainly consisted of interest-bearing bank and other borrowings and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	April 30,
	<i>(RMB in thousands)</i>			2026
Current				
Interest-bearing bank and other borrowings	20,523	30,028	16,013	49,833
Lease liabilities	3,298	4,369	2,433	1,098
Non-current				
Lease liabilities	4,936	2,456	1,237	923
Total	28,757	36,853	19,683	51,854

Save as otherwise disclosed, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of April 30, 2026.

Interest-bearing Bank and Other Borrowings

Our interest-bearing bank and other borrowings were RMB20.5 million, RMB30.0 million, RMB16.0 million and RMB49.8 million as of December 31, 2023, 2024 and 2025 and April 30, 2026, respectively. We had banking facilities of RMB158.0 million, of which RMB108.2 million was unutilized, as of April 30, 2026.

Our bank borrowings comprised both secured and unsecured bank loans denominated in Renminbi, with a maturity of less than one year. As of April 30, 2026, the effective interest rate of our bank loans ranges from 1.9% to 3.8% per annum. Our bank borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. For details, see Note 26 to the Accountants’ Report included in Appendix I to this document. As of the Latest Practicable Date, the agreements relating to our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors confirmed that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

The aggregate balance of our current and non-current lease liabilities was RMB8.2 million, RMB6.8 million, RMB3.7 million and RMB2.0 million, respectively, as of December 31, 2023, 2024 and 2025 and April 30, 2026. The decreases in our lease liabilities were primarily due to the non-renewal of the lease of a plant located in Guangdong Province in 2024 and the shorter remaining lease terms of certain lease contracts in 2025.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any contingent liabilities.

FINANCIAL INFORMATION

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into certain related party transactions, pursuant to which: (i) we incurred certain amounts from and due to certain related parties; and (ii) we made payments of compensation to key management personnel which are related parties. For details, see Note 33 to the Accountants’ Report in Appendix I to this document.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm’s length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and as of the Latest Practicable Date, we did not have any outstanding off-balance sheet arrangements.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT FINANCIAL RISK

Our principal financial instruments comprise bank loans and cash and time deposits, mainly for financing our operations. The main risks arising from our financial instruments are credit risk and liquidity risk. For details, see Note 37 to the Accountants’ Report in Appendix I to this document.

Credit Risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. Further quantitative data in respect of our exposure to credit risk arising from trade and notes receivables are disclosed in Note 21 to the Accountants’ Report in Appendix I to this document.

Concentrations of credit risk are managed by customer and geographical region. There are no significant concentrations of credit risk within us as the customer bases of our trade and notes receivables are widely dispersed in different regions.

Liquidity Risk

We monitor our exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans. Our policy is that all the borrowings should be approved by the chief financial officer.

DIVIDEND

We declared a dividend of RMB10.0 million in 2023 and completed the payment. In May 2026, we declared a dividend of RMB5.0 million for the year ended December 31, 2025. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. We currently do not have a dividend policy or a pre-determined dividend payout ratio.

According to the applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: (i) recovery of accumulated losses, if any; (ii) allocations to the general risk reserve of not less than 10% of our profit after tax; (iii) allocations to the statutory reserve equivalent to 10% of our profit after tax, and, when the statutory reserve reaches and is maintained at or above 50% of our registered capital,

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

FINANCIAL INFORMATION

no further allocations to this statutory reserve will be required; and (iv) allocations, if any, to a discretionary common reserve fund that are approved by our Shareholders in a Shareholders’ meeting.

Upon completion of the [REDACTED], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our retained earnings amounted to RMB159.0 million, which represented our distributable reserves as of the same date.

[REDACTED]

[REDACTED]

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See Appendix II to this document for details on our unaudited [REDACTED] adjusted consolidated net tangible assets.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025 (being the date of our latest audited financial statements) and there has been no event since December 31, 2025 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Our Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

Assuming that the [REDACTED] is not exercised and assuming an [REDACTED] of HK\$[REDACTED] per H Share (being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] and HK\$[REDACTED]), after deducting the [REDACTED] commissions and other estimated [REDACTED] expenses in connection with the [REDACTED], we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED]. In line with our strategies, we intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- approximately [REDACTED], or HK\$[REDACTED] million, for expanding our production capacity in response to market demand, and optimizing our production capacity layout.

According to the F&S Report, the market demand from downstream industries for our products is expected to continually grow. In particular, the global fine and ultra-fine cable conductors market increased from USD3.5 billion in 2019 to USD4.8 billion in 2025, at a CAGR of 5.2%, and is expected to reach USD11.7 billion by 2035, at a CAGR of 7.0% from 2025 to 2030, and 11.7% from 2030 to 2035. See “Industry Overview — The Global Precision Cable Conductors Market.” During the Track Record Period, we recorded strong revenue growth and achieved a steadily increasing capacity utilization rate at 77.3%, 81.1% and 93.2% in 2023, 2024 and 2025, respectively.

Taking into consideration (i) our existing production capacity utilization, and (ii) the foregoing market demand projection, we plan to establish two new production bases in Dongguan, Guangdong Province and Jiaxing, Zhejiang Province. For details on our production expansion plan, see “Business — Our Production — Production Expansion Plan.” In particular, we plan to allocate:

- (i) approximately [REDACTED] of the net [REDACTED], or HK\$[REDACTED] million, for constructing our new production base in Wanjiang subdistrict of Dongguan, comprising: (i) approximately [REDACTED] of the net [REDACTED] for covering rental and construction costs; and (ii) approximately [REDACTED] of the net [REDACTED] for purchasing or developing and installing equipment such as drawing, stranding and tin plating equipment. This new production base is expected to achieve full ramp-up in 2028. As of the Latest Practicable Date, we were still in the preliminary stage for this production base; and
- (ii) approximately [REDACTED] of the net [REDACTED], or HK\$[REDACTED] million, for constructing our new production base in Jiaxing, Zhejiang Province, comprising: (i) approximately [REDACTED] of the net [REDACTED] for covering rental and construction costs; and (ii) approximately [REDACTED] of the net [REDACTED] for purchasing or developing and installing equipment such as drawing and stranding equipment. This new production base is expected to achieve full ramp-up in 2028. As of the Latest Practicable Date, we had completed site selection for this production base;
- approximately [REDACTED] of the net [REDACTED], or HK\$[REDACTED] million, for enhancing our R&D capabilities. We intend to continually adhere to our tripartite in-house R&D system that focuses on innovations in materials, equipment and techniques. In particular, we plan to allocate: (i) approximately [REDACTED] of the net [REDACTED] for recruiting around 15 professional R&D talents, where we generally prefer candidates with over three years or more of experience in R&D and bachelor’s degree or above; (ii) approximately [REDACTED] of the net [REDACTED] for purchasing and developing advanced equipment for R&D purposes such as mass spectrometers, twisting machines, scanning electron microscopes and high-speed drawing machines; and (iii) approximately [REDACTED] of the net [REDACTED] for establishing a joint R&D center for carrying out our R&D activities;

FUTURE PLANS AND USE OF [REDACTED]

- approximately [REDACTED] of the net [REDACTED], or HK\$[REDACTED] million, for potential strategic investment or acquisitions. We generally favor the following types of target companies: (i) enterprises in the PRC and overseas with solid R&D and technical accumulation, stable production and delivery capabilities and an established customer base, whose business can generate synergistic effects in relation to our existing operations; and (ii) enterprises in the PRC and overseas that possess unique technologies in fields such as special metal processing, precision electroplating and polymer materials, so that we are able to enhance our technical capabilities and broaden our product lines. These candidates shall be in good financial standing and have no material legal disputes or compliance issues. As of the Latest Practicable Date, we had not identified any potential investment or acquisition target or entered into any definite investment or acquisition agreement;
- approximately [REDACTED] of the net [REDACTED], or HK\$[REDACTED] million, for building our overseas sales and marketing team and expanding overseas sales channels. In particular, we plan to allocate: (i) approximately [REDACTED] of the net [REDACTED] for recruiting qualified sales and marketing talents for our overseas sales and marketing activities; and (ii) approximately [REDACTED] of the net [REDACTED] for expanding sales channels through participation in conventions and exhibitions, and digital marketing, among other things;
- approximately [REDACTED] of the net [REDACTED], or HK\$[REDACTED] million, for achieving comprehensive digitization of production processes to further optimize our product quality and consistency, as well as production efficiency and stability. In particular, we intend to purchase software and hardware for warehouse automation, MES enhancement, manufacturing data collection and 5G upgrades of our production bases; and
- approximately [REDACTED] of the net [REDACTED], or HK\$[REDACTED] million, for working capital and general corporate purposes.

In the event that the [REDACTED] is set at the maximum [REDACTED] or the minimum [REDACTED] of the indicative [REDACTED] range, the net [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED] million. The additional net [REDACTED] that we would receive if the [REDACTED] were exercised in full would be: (i) HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the maximum [REDACTED] of the indicative [REDACTED] range); (ii) HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the mid-point of the indicative [REDACTED] range); and (iii) HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the minimum [REDACTED] of the indicative [REDACTED] range).

To the extent that the net [REDACTED] from the [REDACTED] are either more or less than expected, we will adjust our allocation of the net [REDACTED] for the above purposes on a *pro rata* basis. To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we may deposit such funds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions) for so long as it is deemed to be in the best interests of our Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report received from our Company’s reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in the document.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GUANGDONG TOYA TECHNOLOGY CO., LTD. AND ORIENT CAPITAL (HONG KONG) LIMITED

INTRODUCTION

We report on the historical financial information of Guangdong TOYA Technology Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-3 to I-62, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-3 to I-62 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the “**Document**”) in connection with the initial [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

DIRECTORS’ RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX I

ACCOUNTANTS’ REPORT

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**Adjustments**

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[•]
Certified Public Accountants
Hong Kong
[Date]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX I

ACCOUNTANTS’ REPORT

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
REVENUE	5	172,176	206,308	303,443
Cost of sales	6	<u>(121,512)</u>	<u>(143,646)</u>	<u>(227,242)</u>
Gross profit		50,664	62,662	76,201
Other income and gains	5	1,817	5,295	5,573
Selling and marketing expenses		(2,222)	(2,922)	(3,888)
Administrative expenses		(7,342)	(9,295)	(14,686)
Research and development expenses	6	(4,416)	(5,082)	(8,254)
Provision for impairment losses on financial assets	6	(10)	(18)	(50)
Other expenses	5	(554)	(428)	(516)
Finance costs	7	<u>(891)</u>	<u>(1,034)</u>	<u>(929)</u>
PROFIT BEFORE TAX		37,046	49,178	53,451
Income tax expense	10	<u>(5,089)</u>	<u>(7,235)</u>	<u>(6,347)</u>
PROFIT FOR THE YEAR		<u>31,957</u>	<u>41,943</u>	<u>47,104</u>
Attributable to:				
Owners of the parent		31,957	41,943	47,104
Non-controlling interests		<u>—</u>	<u>—</u>	<u>—</u>
		<u>31,957</u>	<u>41,943</u>	<u>47,104</u>
EARNINGS PER SHARE				
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and Diluted (RMB):		<u>2.04</u>	<u>2.47</u>	<u>2.36</u>

For the details of Pre-[REDACTED] investments, please refer to Note 28(b) to this report.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT FOR THE YEAR	31,957	41,943	47,104
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations	—	325	698
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	—	325	698
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	—	325	698
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	31,957	42,268	47,802
Attributable to:			
Owners of the parent	31,957	42,268	47,802
Non-controlling interests	—	—	—
	<u>31,957</u>	<u>42,268</u>	<u>47,802</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	49,655	63,150	92,212
Right-of-use assets	14	10,440	9,029	6,203
Intangible assets	15	111	1,962	2,054
Prepayments, other receivables and other assets	16	2,961	3,316	3,577
Equity investments designated at fair value through other comprehensive income	19	—	—	3,000
Time deposits	23	—	30,780	—
Total non-current assets		63,167	108,237	107,046
CURRENT ASSETS				
Inventories	20	31,990	42,869	85,931
Trade and notes receivables	21	92,204	108,013	169,065
Prepayments, other receivables and other assets		2,123	3,742	8,213
Financial assets at fair value through profit or loss	22	20,000	189,932	4,548
Time deposits	23	—	—	91,813
Cash and cash equivalents	23	31,262	41,066	65,368
Total current assets		177,579	385,622	424,938
CURRENT LIABILITIES				
Trade payables	24	9,054	19,359	27,608
Other payables and accruals	25	20,817	15,407	13,030
Interest-bearing bank borrowings	26	20,523	30,028	16,013
Lease liabilities	14	3,298	4,369	2,433
Tax payable		6,800	5,556	5,068
Total current liabilities		60,492	74,719	64,152
NET CURRENT ASSETS		117,087	310,903	360,786
TOTAL ASSETS LESS CURRENT LIABILITIES		180,254	419,140	467,832

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX I

ACCOUNTANTS’ REPORT

		As at 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES				
Lease liabilities	14	4,936	2,456	1,237
Deferred tax liabilities	18	765	473	318
Deferred income	27	—	1,647	1,439
Total non-current liabilities		5,701	4,576	2,994
Net assets		174,553	414,564	464,838
EQUITY				
Paid-in capital	28	14,940	17,901	17,901
Reserves	29	159,613	396,663	446,937
Total equity		174,553	414,564	464,838

For the details of Pre-[REDACTED] investments, please refer to Note 28(b) to this report.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Paid-in capital	Capital reserve*	Statutory surplus reserve*	Share-based payment reserve*	Retained profits*	Total equity
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Notes</i>	<i>Note 28</i>	<i>Note 29</i>	<i>Note 29</i>	<i>Note 29</i>		
As at 1 January 2023		13,676	13,162	1,973	1,438	59,269	89,518
Profit for the year		—	—	—	—	31,957	31,957
Total comprehensive income for the year		—	—	—	—	31,957	31,957
Capital contribution by equity holders	28	1,264	61,396	—	—	—	62,660
Transfer to statutory surplus reserve		—	—	3,173	—	(3,173)	—
Dividends declared	11	—	—	—	—	(10,000)	(10,000)
Equity-settled share-based payment	30	—	—	—	418	—	418
As at 31 December 2023		<u>14,940</u>	<u>74,558</u>	<u>5,146</u>	<u>1,856</u>	<u>78,053</u>	<u>174,553</u>

* These reserve accounts comprise the consolidated reserves of RMB159,613,000 in the consolidated statement of financial position as at 31 December 2023.

		Paid-in capital	Capital reserve*	Statutory surplus reserve*	Share-based payment reserve*	Exchange fluctuation reserve*	Retained profits*	Total equity
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Notes</i>	<i>Note 28</i>	<i>Note 29</i>	<i>Note 29</i>	<i>Note 29</i>	<i>Note 29</i>		
As at 1 January 2024		14,940	74,558	5,146	1,856	—	78,053	174,553
Profit for the year		—	—	—	—	—	41,943	41,943
Other comprehensive income for the year:								
Exchange differences related to foreign operations		—	—	—	—	325	—	325
Total comprehensive income for the year		—	—	—	—	325	41,943	42,268
Capital contribution by equity holders	28	2,961	193,289	—	—	—	—	196,250
Transfer to statutory surplus reserve		—	—	4,250	—	—	(4,250)	—
Equity-settled share-based payment	30	—	—	—	1,493	—	—	1,493
As at 31 December 2024		<u>17,901</u>	<u>267,847</u>	<u>9,396</u>	<u>3,349</u>	<u>325</u>	<u>115,746</u>	<u>414,564</u>

* These reserve accounts comprise the consolidated reserves of RMB396,663,000 in the consolidated statement of financial position as at 31 December 2024.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX I

ACCOUNTANTS’ REPORT

		Share capital	Capital reserve*	Statutory surplus reserve*	Share- based payment reserve*	Exchange fluctuation reserve*	Retained profits*	Total equity
		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
	<i>Note</i>	<i>Note 28</i>	<i>Note 29</i>	<i>Note 29</i>	<i>Note 29</i>	<i>Note 29</i>		
As at 1 January 2025		17,901	267,847	9,396	3,349	325	115,746	414,564
Profit for the year		—	—	—	—	—	47,104	47,104
Other comprehensive income for the year:								
Exchange differences related to foreign operations		—	—	—	—	698	—	698
Total comprehensive income for the year		—	—	—	—	698	47,104	47,802
Transfer to statutory surplus reserve		—	—	3,894	—	—	(3,894)	—
Equity-settled share-based payment expenses	30	—	—	—	2,472	—	—	2,472
As at 31 December 2025		<u>17,901</u>	<u>267,847</u>	<u>13,290</u>	<u>5,821</u>	<u>1,023</u>	<u>158,956</u>	<u>464,838</u>

* These reserve accounts comprise the consolidated reserves of RMB446,937,000 in the consolidated statement of financial position as at 31 December 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		37,046	49,178	53,451
Adjustments for:				
Finance costs	7	891	1,034	929
Interest income	5	(171)	(298)	(1,209)
Gain on disposal of items of property, plant and equipment	5	(14)	(225)	(68)
Gain on termination of lease	21	—	(117)	—
Provision for impairment losses on financial assets		10	18	50
Provision for impairment losses on inventories		584	37	2,545
Depreciation of property, plant and equipment	13	4,794	6,531	9,642
Depreciation of right-of-use assets	14	2,754	3,638	4,309
Amortisation of intangible assets	15	27	282	470
Net gain from changes in fair value of financial assets at fair value through profit or loss	5	(49)	(1,437)	(2,428)
Share-based payment expenses	30	418	1,493	2,472
		46,290	60,134	70,163
Increase in inventories		(8,062)	(10,916)	(45,607)
Increase in trade and notes receivables		(51,460)	(15,827)	(61,102)
Decrease/(increase) in prepayments and other current assets		1,695	(1,142)	(4,227)
Increase in other payables and accruals		592	1,837	904
Increase in trade payables		13	10,305	8,249
Increase/(decrease) in deferred income		—	1,647	(208)
Cash (used in)/generated from operations		(10,932)	46,038	(31,828)
Interest received		171	298	176
Income tax paid		(2,142)	(8,771)	(6,990)
Net cash flows (used in)/from operating activities		(12,903)	37,565	(38,642)

APPENDIX I

ACCOUNTANTS’ REPORT

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of equity investments designated at fair value through other comprehensive income		—	—	(3,000)
Purchases of items of property, plant and equipment		(18,522)	(27,129)	(36,417)
Purchase of financial assets at fair value through profit or loss		(30,000)	(408,000)	(400,000)
Proceeds from disposal of financial assets at fair value through profit or loss		20,049	239,505	587,812
Proceeds from disposal of items of property, plant and equipment		119	1,063	1,236
Placement of pledged time deposits		—	(30,780)	(60,000)
Decrease in amounts due from related parties		—	—	1,122
Net cash flows (used in)/from investing activities		(28,354)	(225,341)	90,753
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital contribution from shareholders		66,000	200,000	—
Capital issue expenses		(3,340)	(1,785)	(1,965)
Additions of Interest-bearing bank borrowings	31(b)	20,500	30,000	16,000
Repayment of Interest-bearing bank borrowings	31(b)	(10,483)	(20,495)	(30,015)
Principal portion of lease payments	31(b)	(2,647)	(3,519)	(4,640)
Dividends paid	31(b)	(3,000)	(3,500)	(6,000)
Consideration paid for acquisition of subsidiary under merger accounting in prior year		—	(2,116)	—
Payments for [REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]
Interest paid	31(b)	(891)	(1,034)	(929)
Net cash flows from/(used in) financing activities		66,139	197,551	(28,041)

APPENDIX I

ACCOUNTANTS’ REPORT

		Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Notes				
NET INCREASE IN CASH AND CASH EQUIVALENTS				
		24,882	9,775	24,070
Cash and cash equivalents at beginning of year	23	6,376	31,262	41,066
Effect of foreign exchange rate changes		4	29	232
Cash and cash equivalents at end of year	23	31,262	41,066	65,368
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		31,262	71,846	157,181
Less: time deposits with original maturity of over three months when acquired		—	(30,780)	(91,813)
Cash and cash equivalents as stated in the consolidated statements of financial position and the consolidated statements of cash flows	23	31,262	41,066	65,368

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	31,534	39,928	60,270
Right-of-use assets	14	7,391	4,713	1,522
Intangible assets	15	111	1,962	2,054
Prepayments, other receivables and other assets	16	2,961	2,379	1,867
Investments in subsidiaries	17	13,365	32,001	59,747
Equity investments designated at fair value through other comprehensive income	19	—	—	3,000
Time deposits	23	—	30,780	—
Total non-current assets		55,362	111,763	128,460
CURRENT ASSETS				
Inventories	20	31,535	38,702	74,586
Trade and notes receivables	21	92,127	107,559	154,307
Prepayments, other receivables and other assets	16	1,759	2,926	5,600
Financial assets at fair value through profit or loss	22	20,000	189,932	4,548
Amounts due from subsidiaries		979	2,687	17,903
Time deposits	23	—	—	91,813
Cash and cash equivalents	23	30,894	36,365	48,796
Total current assets		177,294	378,171	397,553
CURRENT LIABILITIES				
Trade payables	24	8,294	15,031	22,316
Other payables and accruals	25	18,208	13,752	8,975
Interest-bearing bank borrowings	26	15,017	30,028	16,013
Amounts due to subsidiaries		4,270	6,723	17,469
Lease liabilities	14	3,298	3,829	1,791
Tax payable		4,552	3,231	2,657
Total current liabilities		53,639	72,594	69,221
NET CURRENT ASSETS		123,655	305,577	328,332
TOTAL ASSETS LESS CURRENT LIABILITIES		179,017	417,340	456,792

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX I

ACCOUNTANTS’ REPORT

		As at 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES				
Lease liabilities	14	4,936	1,613	—
Deferred tax liabilities	18	639	391	253
Deferred income	27	—	1,647	1,439
Total non-current liabilities		5,575	3,651	1,692
Net assets		173,442	413,689	455,100
EQUITY				
Paid-in capital	28	14,940	17,901	17,901
Reserves	29	158,502	395,788	437,199
Total equity		173,442	413,689	455,100

APPENDIX I

ACCOUNTANTS’ REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Guangdong TOYA Technology Co., Ltd. (the “**Company**”, formerly known as Dongguan TOYA Electronic Technology Co., Ltd. “**東莞市同亞電子科技有限公司**”) was established as a limited liability company in the People’s Republic of China (the “**PRC**”) on 2 February 2010. Upon approval at the shareholders’ general meeting held on 27 January 2026, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC and was renamed as Guangdong TOYA Technology Co., Ltd. (“**廣東同亞科技股份有限公司**”). The registered office of the Company is located at No.51 Xincun Xinhe Road, Wanjiang Subdistrict, Dongguan, Guangdong Province.

During the Relevant Periods, the Company and its subsidiaries (together, the “**Group**”) were principally engaged in the research and development, manufacture and sale of precision cable conductors and precision metal filaments and ropes.

As at the date of this report, the Company had direct interests in its subsidiaries, all of which are private limited liability companies, the particulars of the Company’s subsidiaries are set out below:

Entity name	Notes	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct %	Indirect %	
Jiangxi TOYA Technology Co., Ltd.	a)	People’s Republic of China (“ PRC ”)/ Chinese mainland 15 March 2019	RMB10,000,000	100	—	Production and sales of precision cable conductors and precision metal filaments and ropes.
TOYA TECHNOLOGY PTE. LTD.	a)	Singapore 5 December 2023	USD1,500,000	100	—	Investment holding
TOYA ELECTRONICS TECHNOLOGY (THAILAND) CO., LTD	b)	Thailand 12 January 2024	THB80,280,000	0.0005	99.9995	Production and sales of precision cable conductors.
Qingdao TOYA Technology Co., Ltd.	a)	People’s Republic of China (“ PRC ”)/ Chinese mainland 28 February 2025	RMB10,000,000	100	—	Sales of precision cable conductors.
Dongguan Huarui Tianchen Equipment Co., Ltd.	a)	People’s Republic of China (“ PRC ”)/ Chinese mainland 7 July 2025	RMB5,000,000	100	—	Equipment assembly
TOYA New Materials (Dongguan) Co., Ltd.	a)	People’s Republic of China (“ PRC ”)/ Chinese mainland 3 September 2025	RMB2,800,000	100	—	Production and sales of precision cable conductors.

Notes:

- No audited financial statements have been prepared for these entities.
- The statutory financial statements of the entity for the year ended 31 December 2025 prepared in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, were audited by Accounts and Taxes Table Co., Ltd., certified public accountants registered in Thailand.

2.1 BASIS OF PREPARATION

For ordinary shares issued to pre-[REDACTED] investors, pursuant to the supplemental agreements entered into between the Company and the pre-[REDACTED] Investors in relation to the termination of certain of special rights granted by the Company, including redemption rights and liquidation preferences rights, which are void ab initio as described in note 28(b) to this report, having taking into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the supplementary agreements, the directors considered that it is appropriate to present the pre-[REDACTED] Investments as equity throughout the Relevant Periods. For the details of financial impacts, see note 28(b) of this report.

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IASB**”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for notes receivable and financial assets at fair value through profit or loss which have been measured at fair value.

APPENDIX I

ACCOUNTANTS’ REPORT

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
<i>Annual Improvements to IFRS Accounting Standards — Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ¹

¹ Effective for annual/reporting periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

The Group is in the process of making a detailed assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. So far, the Group considers that these new and revised IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies and no significant impact on the Group’s financial performance and financial position is expected in the period of initial application. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and statement of cash flows (additional disclosure will be included in the financial statements). The Group will continue to assess the impact of IFRS 18 on the Group’s financial information.

APPENDIX I

ACCOUNTANTS’ REPORT

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

The Group measures its notes receivable measured at fair value through other comprehensive income, financial assets at fair value through profit or loss and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

APPENDIX I

ACCOUNTANTS’ REPORT

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Building	5%
Machinery and equipment	10% to 20%
Vehicles	20% to 25%
Leasehold improvements	27% to 80%

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

APPENDIX I

ACCOUNTANTS’ REPORT

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 5 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land use rights	50 years
Buildings	1.1 to 4.0 years
Vehicles	2.1 to 3.0 years

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of the lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

APPENDIX I

ACCOUNTANTS’ REPORT

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade and notes receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade and notes receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes wealth management products.

APPENDIX I

ACCOUNTANTS’ REPORT

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1	—	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	—	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	—	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

APPENDIX I

ACCOUNTANTS’ REPORT

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification as equity and financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity’s own equity instruments and is: (i) a non derivative for which the entity is or may be obliged to deliver a variable number of the entity’s own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity’s own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as interest-bearing bank borrowings and payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables, interest-bearing bank borrowings and other liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, interest-bearing loans and other liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

APPENDIX I

ACCOUNTANTS’ REPORT

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

APPENDIX I

ACCOUNTANTS’ REPORT

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of products/goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those products/goods.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally upon acceptance of the products by the customer.

Some contracts for the sale of products provide customers with rights of return, giving rise to variable consideration.

Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the products/goods. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related products/goods to the customer).

Share-based payments

The Company operates a share incentive scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the binomial model, further details of which are given in note 30 to the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of the reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Employee benefits

Pension scheme

The employees of the Group which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These companies are required to contribute a certain proportion of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company’s memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in Renminbi, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

APPENDIX I

ACCOUNTANTS’ REPORT

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of overseas subsidiaries are currencies other than Renminbi. As at the end of the reporting period, the assets and liabilities of these entities are translated into Renminbi at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Renminbi at the average exchange rates during the Relevant Periods.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Renminbi at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Renminbi at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables

The Group assesses the impairment of trade receivables using the expected credit loss model. The application of the expected credit loss model requires significant judgement and estimation, and all reasonable and supportable information, including forward-looking information, must be considered. When making these judgements and estimations, the Group infers the expected changes in the credit risk of debtors based on historical repayment data in combination with economic conditions, macroeconomic indicators, industry risks and other factors. Different estimates may affect the amount of impairment provisions recognised, and the impairment provisions already recognised may not equal the actual impairment losses in the future.

The information about the ECLs on the Group’s trade receivables is disclosed in note 21 to the Historical Financial Information.

Impairment of inventories

The Group measures inventories at the lower of cost and net realisable value. For inventories where the cost exceeds the net realisable value, a write-down of inventories is recognised. At the end of each reporting period, the Company reassesses whether the inventories are obsolete or slow-moving and whether the net realisable value is lower than the inventory cost. If the reassessment results differ from the existing estimates, such differences will impact the carrying value of the inventories in the period in which the estimates are revised.

Fair value of financial assets at fair value through profit or loss

The wealth management products of the Group are not traded in an active market and the respective fair values are determined by using valuation techniques. Further details are set out in note 22 and note 36 to the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group’s business which includes the sale of precision cable conductors and precision metal filaments and ropes for the purpose of making decisions about resource allocation and performance assessment. Information reported to the Group’s chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group’s resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	As at 31 December 2023 RMB’000	As at 31 December 2024 RMB’000	As at 31 December 2025 RMB’000
Chinese mainland	167,127	192,559	260,765
Thailand	—	5,352	34,209
Others	5,049	8,397	8,469
Total	172,176	206,308	303,443

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	As at 31 December 2023 RMB’000	As at 31 December 2024 RMB’000	As at 31 December 2025 RMB’000
Chinese mainland	63,167	70,125	95,447
Thailand	—	7,332	8,599
Total	63,167	77,457	104,046

The non-current asset information above is based on the locations of the assets and excludes financial instruments.

(c) Information about major customers

The major customers from which the revenue amounted to 10% or more of the Group’s revenue for the Relevant Periods are set out below:

	Year ended 31 December 2023 RMB’000	Year ended 31 December 2024 RMB’000	Year ended 31 December 2025 RMB’000
Customer A	60,475	35,685	47,829
Customer B	17,582	33,355	40,096
Customer C	N/A	20,721	N/A
Customer D	N/A	N/A	30,482

5. REVENUE, OTHER INCOME AND GAINS AND OTHER EXPENSES

An analysis of revenue is as follows:

	Year ended 31 December 2023 RMB’000	Year ended 31 December 2024 RMB’000	Year ended 31 December 2025 RMB’000
Revenue from contracts with customers	172,176	206,308	303,443

APPENDIX I

ACCOUNTANTS’ REPORT

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Year ended 31 December 2025 RMB'000
Types of goods			
Precision cable conductors	165,043	197,718	282,387
Precision metal filaments and ropes	378	1,240	1,267
Others*	6,755	7,350	19,789
Total	172,176	206,308	303,443
	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Year ended 31 December 2025 RMB'000
Timing of revenue recognition			
Goods transferred at a point in time	172,176	206,308	303,443

* The amounts mainly include revenues from sales of scrap.

There is no transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each Relevant Periods.

(b) Performance obligations

Sale of products

The performance obligation is satisfied when the products are accepted by the customer and payment is generally due within 90 days after the invoice date.

An analysis of other income and gains is as follows:

	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Year ended 31 December 2025 RMB'000
Other income and gains			
Interest income	171	298	1,209
Government grants*			
Asset-related	—	173	208
Income-related	714	2,023	546
Fair value gains on financial investments	49	1,437	2,428
Foreign exchange gain, net	—	65	—
Additional VAT deduction**	859	957	1,111
Gain on disposal of items of property, plant and equipment	14	225	68
Gain on termination of lease	—	117	—
Others	10	—	3
Total other income and gains	1,817	5,295	5,573
Other expenses			
Foreign exchange loss, net	9	—	98
Others	545	428	418
Total other expenses	554	428	516

* The income-related government grants were mainly financial incentives provided by local government authorities in the PRC. The asset-related government grants are related to purchases of property, plant and equipment. The grants related to assets were recognised in profit or loss over the useful lives of relevant assets. There are no unfulfilled conditions or contingencies relating to these grants.

** According to the regulations of the Ministry of Finance and the State Administration of Taxation, certain entities within the Group can enjoy an additional 5% deduction calculated based on the input value added tax (“VAT”) from the VAT payable.

APPENDIX I

ACCOUNTANTS’ REPORT

6. PROFIT BEFORE TAX

The Group’s profit before tax is arrived at after charging/(crediting):

		Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
		RMB’000	RMB’000	RMB’000
	Notes			
Cost of inventories sold*		121,512	143,646	227,242
Depreciation of property, plant and equipment	13	4,794	6,531	9,642
Depreciation of right-of-use assets	14(a)	2,754	3,638	4,309
Amortisation of intangible assets	15	27	282	470
Research and development costs**		4,416	5,082	8,254
Lease payments not included in the measurement of lease liabilities	14(c)	63	90	69
Auditor’s remuneration		239	176	68
Gains on disposal of plant and equipment	5	(14)	(225)	(68)
Gain on termination of lease		—	(117)	—
Fair value gains on financial investments		(49)	(1,437)	(2,428)
Employee benefit expenses (including directors’ and chief executive’s remuneration (note 8)):				
Wages, salaries and other allowances		12,605	17,378	29,357
Equity-settled share-based payment expenses	29	418	1,493	2,472
Pension scheme contributions and social welfare		1,162	1,684	2,922
		14,185	20,555	34,751
Provision for impairment losses on trade receivables	20	10	18	50
Write-down of inventories to net realisable value		584	37	2,545
Foreign exchange differences, net [REDACTED] expenses	5	9	(65)	98
		[REDACTED]	[REDACTED]	[REDACTED]

* The amount of cost of inventories sold as stated herein includes depreciation and amortisation expenses, staff cost and write-down of inventories to net realisable values, which are also included in the respective total amounts disclosed separately in “employee benefit expenses”, “write-down of inventories to net realisable value”, “depreciation of property, plant and equipment”, depreciation of “right-of-use assets” and “amortisation of intangible assets” above.

** The amount of research and development expenses includes expenses relating to staff cost, and depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB’000	RMB’000	RMB’000
Interest on bank and other borrowings	556	743	752
Interest on lease liabilities	335	291	177
Total	891	1,034	929

APPENDIX I

ACCOUNTANTS’ REPORT

8. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

The remuneration of each of the Company’s directors and chief executive is set out below:

	Year ended 31 December 2023 RMB’000	Year ended 31 December 2024 RMB’000	Year ended 31 December 2025 RMB’000
Fee:	—	—	—
Other emoluments:			
Salaries, bonuses, allowances and benefits in kind	1,390	1,519	1,556
Pension scheme contributions and social welfare	39	46	50
Total	1,429	1,565	1,606

(a) Independent non-executive directors

Subsequent to the end of the Relevant Periods, Mr. Ren Zhaohui, Mr. Chen Youchen and Ms. Bai Rui were appointed as independent non-executive directors of the Company. There was no emolument payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors and chief executive

The remuneration of each director and the chief executive of the Company during the Relevant Periods is set out below:

		Salaries, allowances and benefits in kind RMB’000	Pension scheme contributions and social welfare RMB’000	Total remuneration RMB’000
Year ended 31 December 2023				
Executive directors:				
Mr. Deng Xiang	(ii)	408	14	422
Mr. Chen Rui	(iii)	196	7	203
Mr. Long Xiongwei	(iv)	354	4	358
Mr. Zhao Gang	(i)	432	14	446
Total		1,390	39	1,429
Year ended 31 December 2024				
Executive directors:				
Mr. Deng Xiang	(ii)	464	15	479
Mr. Chen Rui	(iii)	220	8	228
Mr. Long Xiongwei	(iv)	348	8	356
Mr. Qin Shichun	(v)	—	—	—
Mr. Zhao Gang	(i)	487	15	502
Total		1,519	46	1,565

APPENDIX I

ACCOUNTANTS’ REPORT

		Salaries, allowances and benefits in kind <i>RMB'000</i>	Pension scheme contributions and social welfare <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
Year ended 31 December 2025				
Executive directors:				
Mr. Deng Xiang	(ii)	465	16	481
Mr. Chen Rui	(iii)	231	10	241
Mr. Long Xiongwei	(iv)	371	8	379
Mr. Qin Shichun	(v)	—	—	—
Mr. Zhao Gang	(i)	489	16	505
Total		1,556	50	1,606

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

- (i) Mr. Zhao Gang was appointed as the chief executive officer on May 8, 2015.
- (ii) Mr. Deng Xiang was appointed as an executive director on October 20, 2023.
- (iii) Mr. Chen Rui was appointed as an executive director on October 20, 2023.
- (iv) Mr. Long Xiongwei was appointed as an executive director on October 20, 2023.
- (v) Mr. Qin Shichun was appointed as a non-executive director on December 9, 2024.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2023, 2024 and 2025 included 4 directors, 3 directors and 2 directors, respectively. Details of those directors’ remuneration are set out in note 8 above. Details of the remuneration of the remaining one, two and three highest paid employees who are neither a director nor chief executive of the Company for the years ended 31 December 2023, 2024 and 2025 are as follows:

	Year ended 31 December 2023 <i>RMB'000</i>	Year ended 31 December 2024 <i>RMB'000</i>	Year ended 31 December 2025 <i>RMB'000</i>
Salaries, bonuses, allowances and benefits in kind	191	458	955
Equity-settled share-based payment expense	—	215	1,060
Pension scheme contributions and social welfare	7	17	31
Total	198	690	2,046

Restricted shares were granted to two and three non-director and non-chief executive highest paid employees in respect of their services to the Group for the years ended 31 December 2024 and 2025, respectively, further details of which are included in the disclosures in note 30 to the Historical Financial Information. The fair value of such restricted shares, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information is included in the above non-director and non-chief executive highest paid employees’ remuneration disclosures.

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees Year ended 31 December		
	2023	2024	2025
Nil to HK\$1,000,000	1	2	2
HK\$1,000,001 to HK\$1,500,000	—	—	1
Total	1	2	3

APPENDIX I

ACCOUNTANTS’ REPORT

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and the Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless they are subject to preferential tax as set out below:

The Company was qualified as a High and New Technology Enterprise and is entitled to a preferential tax rate of 15% during the Relevant Periods. This qualification is subject to review by the relevant tax authority in the PRC every three years.

Jiangxi Tongya was qualified as a Micro and Small Enterprise pursuant to the PRC tax regulations and was entitled to a preferential tax rate of 5% for the years ended 31 December 2023, 2024 and 2025.

The Group’s subsidiary incorporated in Singapore was subject to Singapore income tax at the rate of 17% on any estimated assessable profits arising in Singapore during the Relevant Periods.

Under the current laws of Thailand, the Company’s subsidiary incorporated in Thailand was not subject to tax on income or capital gains during the Relevant Periods.

	Year ended 31 December 2023 RMB’000	Year ended 31 December 2024 RMB’000	Year ended 31 December 2025 RMB’000
Current tax			
Chinese mainland	5,248	7,527	6,500
Others	—	—	2
Deferred tax (note 18)	(159)	(292)	(155)
Total tax charge for the year	5,089	7,235	6,347

A reconciliation of the tax expense applicable to profit before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December 2023 RMB’000	Year ended 31 December 2024 RMB’000	Year ended 31 December 2025 RMB’000
Profit before tax	37,046	49,178	53,451
Tax at the statutory tax rate of 25%	9,262	12,295	13,363
Lower tax rates for specific provinces or enacted by local authority	(3,732)	(4,729)	(6,516)
Adjustments in respect of current tax of previous periods	4	—	—
Expenses not deductible for tax	184	332	540
Super deduction for research and development expenses*	(629)	(663)	(1,093)
Tax losses not recognised	—	—	53
Income tax expense	5,089	7,235	6,347

* In March 2023, according to the relevant laws and regulations promulgated by the Ministry of Finance (“MOF”), the State Taxation Administration (“STA”) and the Ministry of Science and Technology (“MOST”) of the People’s Republic of China, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses as Additional Deduction since 1 January 2023.

11. DIVIDENDS

	2023 RMB’000	2024 RMB’000	2025 RMB’000
Dividends declared	10,000	—	—

APPENDIX I

ACCOUNTANTS’ REPORT

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the parent and the weighted average number of ordinary shares outstanding.

No adjustment has been made to the basic earnings per share amounts presented in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the Relevant Periods.

The weighted average numbers of ordinary shares outstanding during the Relevant Periods were determined assuming that the Company’s paid-in capital had been fully converted into share capital at the same conversion ratio on the date when the respective paid-in capital was contributed to the Company.

The calculations of basic and diluted earnings per share are based on:

	<u>Year ended</u> <u>31 December</u> <u>2023</u> <i>RMB’000</i>	<u>Year ended</u> <u>31 December</u> <u>2024</u> <i>RMB’000</i>	<u>Year ended</u> <u>31 December</u> <u>2025</u> <i>RMB’000</i>
Earnings:			
Profit for the year attributable to owners of the parent	31,957	41,943	47,104
	<u>Year ended</u> <u>31 December</u> <u>2023</u>	<u>Year ended</u> <u>31 December</u> <u>2024</u>	<u>Year ended</u> <u>31 December</u> <u>2025</u>
Number of shares:			
Weighted average number of ordinary shares outstanding	15,682,036	17,009,204	20,000,000

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	<u>Building</u> <i>RMB’000</i>	<u>Machinery and equipment</u> <i>RMB’000</i>	<u>Vehicles</u> <i>RMB’000</i>	<u>Construction in progress</u> <i>RMB’000</i>	<u>Leasehold improvement</u> <i>RMB’000</i>	<u>Total</u> <i>RMB’000</i>
31 December 2023						
At 1 January 2023:						
Cost	4,617	33,349	514	3,805	2,519	44,804
Accumulated depreciation	(457)	(7,207)	(386)	—	(252)	(8,302)
Net carrying amount	4,160	26,142	128	3,805	2,267	36,502
At 1 January 2023, net of accumulated depreciation	4,160	26,142	128	3,805	2,267	36,502
Additions	—	15,484	351	2,217	—	18,052
Disposals	—	(105)	—	—	—	(105)
Depreciation provided during the year (note 6)	(284)	(3,731)	(78)	—	(701)	(4,794)
Transfer	2,739	2,386	—	(5,125)	—	—
At 31 December 2023, net of accumulated depreciation	6,615	40,176	401	897	1,566	49,655
At 31 December 2023:						
Cost	7,356	51,003	865	897	2,518	62,639
Accumulated depreciation	(741)	(10,827)	(464)	—	(952)	(12,984)
Net carrying amount	6,615	40,176	401	897	1,566	49,655

APPENDIX I

ACCOUNTANTS’ REPORT

	Building <i>RMB'000</i>	Machinery and equipment <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2024						
At 1 January 2024:						
Cost	7,356	51,003	865	897	2,518	62,639
Accumulated depreciation and impairment	(741)	(10,827)	(464)	—	(952)	(12,984)
Net carrying amount	<u>6,615</u>	<u>40,176</u>	<u>401</u>	<u>897</u>	<u>1,566</u>	<u>49,655</u>
At 1 January 2024, net of accumulated depreciation	6,615	40,176	401	897	1,566	49,655
Additions	—	13,732	147	6,166	824	20,869
Disposals	—	(838)	—	—	—	(838)
Depreciation provided during the year (<i>note 6</i>)	(349)	(5,217)	(104)	—	(861)	(6,531)
Transfer	—	4,822	—	(5,447)	625	—
Exchange realignment	—	(2)	—	—	(3)	(5)
At 31 December 2024, net of accumulated depreciation	<u>6,266</u>	<u>52,673</u>	<u>444</u>	<u>1,616</u>	<u>2,151</u>	<u>63,150</u>
At 31 December 2024:						
Cost	7,356	68,623	985	1,616	3,967	82,547
Accumulated depreciation	(1,090)	(15,950)	(541)	—	(1,816)	(19,397)
Net carrying amount	<u>6,266</u>	<u>52,673</u>	<u>444</u>	<u>1,616</u>	<u>2,151</u>	<u>63,150</u>
	Building <i>RMB'000</i>	Machinery and equipment <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2025						
At 1 January 2025:						
Cost	7,356	68,623	985	1,616	3,967	82,547
Accumulated depreciation	(1,090)	(15,950)	(541)	—	(1,816)	(19,397)
Net carrying amount	<u>6,266</u>	<u>52,673</u>	<u>444</u>	<u>1,616</u>	<u>2,151</u>	<u>63,150</u>
At 1 January 2025, net of accumulated depreciation and impairment	6,266	52,673	444	1,616	2,151	63,150
Additions	—	22,681	700	15,319	897	39,597
Disposals	—	(1,168)	—	—	—	(1,168)
Depreciation provided during the year (<i>note 6</i>)	(350)	(7,614)	(147)	—	(1,531)	(9,642)
Transfer	—	9,610	—	(10,077)	467	—
Exchange realignment	—	224	7	8	36	275
At 31 December 2025, net of accumulated depreciation	<u>5,916</u>	<u>76,406</u>	<u>1,004</u>	<u>6,866</u>	<u>2,020</u>	<u>92,212</u>
At 31 December 2025:						
Cost	7,356	99,127	1,692	6,866	5,371	120,412
Accumulated depreciation	(1,440)	(22,721)	(688)	—	(3,351)	(28,200)
Net carrying amount	<u>5,916</u>	<u>76,406</u>	<u>1,004</u>	<u>6,866</u>	<u>2,020</u>	<u>92,212</u>

Certain of the Group’s buildings with a net carrying amount of approximately RMB2,674,000, nil and nil as at 31 December 2023, 2024 and 2025 were pledged to secure certain bank and other borrowings (*note 26*).

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Machinery and equipment	Vehicles	Construction in progress	Leasehold improvement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023					
At 1 January 2023:					
Cost	25,189	513	1,583	2,079	29,364
Accumulated depreciation	(5,704)	(386)	—	(185)	(6,275)
Net carrying amount	<u>19,485</u>	<u>127</u>	<u>1,583</u>	<u>1,894</u>	<u>23,089</u>
At 1 January 2023, net of accumulated depreciation and impairment	19,485	127	1,583	1,894	23,089
Additions	9,950	350	1,700	—	12,000
Disposals	(105)	—	—	—	(105)
Depreciation provided during the year (note 6)	(2,818)	(78)	—	(554)	(3,450)
Transfer	2,386	—	(2,386)	—	—
At 31 December 2023, net of accumulated depreciation	<u>28,898</u>	<u>399</u>	<u>897</u>	<u>1,340</u>	<u>31,534</u>
At 31 December 2023:					
Cost	37,309	863	897	2,079	41,148
Accumulated depreciation	(8,411)	(464)	—	(739)	(9,614)
Net carrying amount	<u>28,898</u>	<u>399</u>	<u>897</u>	<u>1,340</u>	<u>31,534</u>
	Machinery and equipment	Vehicles	Construction in progress	Leasehold improvement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024					
At 1 January 2024:					
Cost	37,309	863	897	2,079	41,148
Accumulated depreciation	(8,411)	(464)	—	(739)	(9,614)
Net carrying amount	<u>28,898</u>	<u>399</u>	<u>897</u>	<u>1,340</u>	<u>31,534</u>
At 1 January 2024, net of accumulated depreciation	28,898	399	897	1,340	31,534
Additions	7,187	—	6,006	—	13,193
Disposals	(221)	—	—	—	(221)
Depreciation provided during the year (note 6)	(3,828)	(102)	—	(648)	(4,578)
Transfer	4,822	—	(5,447)	625	—
At 31 December 2024, net of accumulated depreciation	<u>36,858</u>	<u>297</u>	<u>1,456</u>	<u>1,317</u>	<u>39,928</u>
At 31 December 2024:					
Cost	49,130	836	1,456	2,704	54,126
Accumulated depreciation	(12,272)	(539)	—	(1,387)	(14,198)
Net carrying amount	<u>36,858</u>	<u>297</u>	<u>1,456</u>	<u>1,317</u>	<u>39,928</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Machinery and equipment <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2025					
At 1 January 2025:					
Cost	49,130	836	1,456	2,704	54,126
Accumulated depreciation	(12,272)	(539)	—	(1,387)	(14,198)
Net carrying amount	<u>36,858</u>	<u>297</u>	<u>1,456</u>	<u>1,317</u>	<u>39,928</u>
At 1 January 2025, net of accumulated depreciation	36,858	297	1,456	1,317	39,928
Additions	16,229	64	11,408	—	27,701
Disposals	(837)	—	—	—	(837)
Depreciation provided during the year (note 6)	(5,374)	(84)	—	(1,064)	(6,522)
Transfer	9,610	—	(9,867)	257	—
At 31 December 2025, net of accumulated depreciation	<u>56,486</u>	<u>277</u>	<u>2,997</u>	<u>510</u>	<u>60,270</u>
At 31 December 2025:					
Cost	73,513	900	2,997	2,962	80,372
Accumulated depreciation	(17,027)	(623)	—	(2,452)	(20,102)
Net carrying amount	<u>56,486</u>	<u>277</u>	<u>2,997</u>	<u>510</u>	<u>60,270</u>

14. LEASES

The Group as a lessee

(a) Right-of-use assets

The carrying amounts of the right-of-use assets and the movements during the Relevant Periods are as follows:

	Buildings <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Land use rights <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2023	7,985	422	3,116	11,523
Additions	1,671	—	—	1,671
Depreciation charge	(2,509)	(178)	(67)	(2,754)
As at 31 December 2023	<u>7,147</u>	<u>244</u>	<u>3,049</u>	<u>10,440</u>
As at 1 January 2024	7,147	244	3,049	10,440
Additions	3,504	—	—	3,504
Depreciation charge	(3,424)	(147)	(67)	(3,638)
Termination	(1,265)	—	—	(1,265)
Exchange realignment	(12)	—	—	(12)
As at 31 December 2024	<u>5,950</u>	<u>97</u>	<u>2,982</u>	<u>9,029</u>
As at 1 January 2025	5,950	97	2,982	9,029
Additions	1,431	—	—	1,431
Depreciation charge	(4,145)	(97)	(67)	(4,309)
Exchange realignment	52	—	—	52
As at 31 December 2025	<u>3,288</u>	<u>—</u>	<u>2,915</u>	<u>6,203</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Year ended 31 December 2025 RMB'000
Carrying amount at 1 January	9,210	8,234	6,825
New leases	1,671	3,504	1,431
Accretion of interest recognised during the year	335	291	177
Payments	(2,982)	(3,810)	(4,817)
Termination	—	(1,382)	—
Exchange realignment	—	(12)	54
Carrying amount at 31 December	8,234	6,825	3,670
Analysed into:			
Current portion	3,298	4,369	2,433
Non-current portion	4,936	2,456	1,237

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Year ended 31 December 2025 RMB'000
Interest on lease liabilities	335	291	177
Depreciation charge of right-of-use assets	2,754	3,638	4,309
Expense related to short-term leases	63	90	69
Total amount recognised in profit or loss	3,152	4,019	4,555

The Company as a lessee

(a) Right-of-use assets

The carrying amounts of the right-of-use assets and the movements during the Relevant Periods are as follows:

	Buildings RMB'000	Vehicles RMB'000	Total RMB'000
As at 1 January 2023	7,985	422	8,407
Additions	1,671	—	1,671
Depreciation charge	(2,509)	(178)	(2,687)
As at 31 December 2023	7,147	244	7,391
As at 1 January 2024	7,147	244	7,391
Additions	1,904	—	1,904
Depreciation charge	(3,170)	(147)	(3,317)
Termination	(1,265)	—	(1,265)
As at 31 December 2024	4,616	97	4,713
As at 1 January 2025	4,616	97	4,713
Additions	441	—	441
Depreciation charge	(3,535)	(97)	(3,632)
As at 31 December 2025	1,522	—	1,522

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Year ended 31 December 2025 RMB'000
Carrying amount at 1 January	9,210	8,234	5,442
New leases	1,671	1,904	441
Accretion of interest recognised during the year	335	268	135
Payments	(2,982)	(3,582)	(4,227)
Termination	—	(1,382)	—
Carrying amount at 31 December	8,234	5,442	1,791
Analysed into:			
Current portion	3,298	3,829	1,791
Non-current portion	4,936	1,613	—

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Year ended 31 December 2025 RMB'000
Interest on lease liabilities	335	268	135
Depreciation charge of right-of-use assets	2,687	3,317	3,632
Expense related to short-term leases	63	90	69
Total amount recognised in profit or loss	3,085	3,675	3,836

15. INTANGIBLE ASSETS

The Group and the Company

	Software RMB'000
31 December 2023	
At 1 January 2023:	
Cost	84
Accumulated amortisation	(10)
Net carrying amount	74
At 1 January 2023, net of accumulated amortisation	74
Additions	64
Amortisation	(27)
At 31 December 2023, net of accumulated amortisation	111
At 31 December 2023:	
Cost	148
Accumulated amortisation	(37)
Net carrying amount	111

APPENDIX I

ACCOUNTANTS’ REPORT

	Software <i>RMB'000</i>
31 December 2024	
At 1 January 2024:	
Cost	148
Accumulated amortisation	(37)
Net carrying amount	111
At 1 January 2024, net of accumulated amortisation	111
Additions	2,133
Amortisation	(282)
At 31 December 2024, net of accumulated amortisation	1,962
At 31 December 2024:	
Cost	2,281
Accumulated amortisation	(319)
Net carrying amount	1,962
	Software <i>RMB'000</i>
31 December 2025	
At 1 January 2025:	
Cost	2,281
Accumulated amortisation	(319)
Net carrying amount	1,962
At 1 January 2025, net of accumulated amortisation	1,962
Additions	562
Amortisation	(470)
At 31 December 2025, net of accumulated amortisation	2,054
At 31 December 2025:	
Cost	2,843
Accumulated amortisation	(789)
Net carrying amount	2,054

APPENDIX I

ACCOUNTANTS’ REPORT

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000
Current			
Prepayments	1,032	1,666	3,246
Deposits	—	—	1,782
Right-of-return assets	192	73	510
Loans to controlling shareholders	—	1,085	—
Prepaid [REDACTED] expense	[REDACTED]	[REDACTED]	[REDACTED]
Deductible input VAT	827	659	1,758
Other receivables	72	259	425
	2,123	3,742	8,213
Non-current			
Prepayments for property, plant and equipment	1,026	1,858	2,993
Deposits	893	1,458	584
Loans to controlling shareholders	1,042	—	—
	2,961	3,316	3,577
Impairment losses	—	—	—
Total	5,084	7,058	11,790

The Group applies a general approach in calculating ECL for other receivables. Other receivables and deposits are classified as Stage 1 without any significant increase in credit risk since initial recognition. Their recoverability was assessed with reference to the credit status of the debtors, and the expected credit loss as at the end of each of the Relevant Periods was considered to be insignificant.

Details of the loans to controlling shareholders are included in note 33 to the Historical Financial Information.

The Company

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000
Current			
Prepayments	829	1,580	2,463
Deposits	—	—	1,782
Right-of-return assets	192	74	510
Loans to controlling shareholders	—	1,085	—
[REDACTED]	—	—	492
Deductible input VAT	667	35	74
Other receivables	71	152	279
	1,759	2,926	5,600
Non-current			
Prepayments for property, plant and equipment	1,026	1,369	1,867
Deposits	893	1,010	—
Loans to controlling shareholders	1,042	—	—
	2,961	2,379	1,867
Impairment losses	—	—	—
Total	4,720	5,305	7,467

APPENDIX I

ACCOUNTANTS’ REPORT

17. INVESTMENTS IN SUBSIDIARIES

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000
Investments, at cost	13,365	32,001	59,747

Particulars of the subsidiaries as at the end of the Relevant Periods are set out in note 1 to the Historical Financial Information.

18. DEFERRED TAX

The Group

Deferred tax assets

	Impairment of financial assets RMB'000	Impairment of inventories RMB'000	Lease liabilities RMB'000	Deferred income RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2023	—	69	1,381	—	—	1,450
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	2	19	(146)	—	—	(125)
Gross deferred tax assets at 31 December 2023 and 1 January 2024	2	88	1,235	—	—	1,325
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	3	5	(419)	247	—	(164)
Gross deferred tax assets at 31 December 2024 and 1 January 2025	5	93	816	247	—	1,161
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	7	84	(547)	(31)	—	(487)
Gross deferred tax assets at 31 December 2025	12	177	269	216	—	674

Deferred tax liabilities

	Fair value changes RMB'000	Accelerated depreciation RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2023	—	1,113	1,261	2,374
Deferred tax credited to the consolidated statement of profit or loss during the year	—	(132)	(152)	(284)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	—	981	1,109	2,090
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	80	(134)	(402)	(456)
Gross deferred liabilities at 31 December 2024 and 1 January 2025	80	847	707	1,634
Deferred tax credited to the consolidated statement of profit or loss during the year	(58)	(107)	(477)	(642)
Gross deferred liabilities at 31 December 2025	22	740	230	992

APPENDIX I

ACCOUNTANTS’ REPORT

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December 2023 <i>RMB'000</i>	As at 31 December 2024 <i>RMB'000</i>	As at 31 December 2025 <i>RMB'000</i>
Net deferred tax liabilities recognised in the consolidated statements of financial position	765	473	318

Deferred tax assets have not been recognised in respect of the following item:

	As at 31 December 2023 <i>RMB'000</i>	As at 31 December 2024 <i>RMB'000</i>	As at 31 December 2025 <i>RMB'000</i>
Tax losses not recognised	—	—	212

The Group had tax losses of RMB212,000 as at 31 December 2025 that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in a subsidiary that has been loss-making and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Company

Deferred tax assets

	Impairment of financial assets <i>RMB'000</i>	Impairment of inventories <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Deferred income <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	—	69	1,381	—	1,450
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	2	19	(146)	—	(125)
Gross deferred tax assets at 31 December 2023 and 1 January 2024	2	88	1,235	—	1,325
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	3	5	(419)	247	(164)
Gross deferred tax assets at 31 December 2024 and 1 January 2025	5	93	816	247	1,161
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	7	84	(548)	(31)	(488)
Gross deferred tax assets at 31 December 2025	12	177	268	216	673

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

Deferred tax liabilities

	<u>Fair value changes</u> <i>RMB'000</i>	<u>Accelerated depreciation</u> <i>RMB'000</i>	<u>Right-of-use assets</u> <i>RMB'000</i>	<u>Total</u> <i>RMB'000</i>
At 1 January 2023	—	945	1,261	2,206
Deferred tax credited to the consolidated statement of profit or loss during the year	—	(90)	(152)	(242)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	<u>—</u>	<u>855</u>	<u>1,109</u>	<u>1,964</u>
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	<u>80</u>	<u>(90)</u>	<u>(402)</u>	<u>(412)</u>
Gross deferred liabilities at 31 December 2024 and 1 January 2025	<u>80</u>	<u>765</u>	<u>707</u>	<u>1,552</u>
Deferred tax credited to the consolidated statement of profit or loss during the year	<u>(58)</u>	<u>(90)</u>	<u>(478)</u>	<u>(626)</u>
Gross deferred liabilities at 31 December 2025	<u>22</u>	<u>675</u>	<u>229</u>	<u>926</u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	<u>As at</u> <u>31 December</u> <u>2023</u> <i>RMB'000</i>	<u>As at</u> <u>31 December</u> <u>2024</u> <i>RMB'000</i>	<u>As at</u> <u>31 December</u> <u>2025</u> <i>RMB'000</i>
Net deferred tax liabilities recognised in the consolidated statements of financial position	<u>639</u>	<u>391</u>	<u>253</u>

19. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group and the Company

	<u>As at</u> <u>31 December</u> <u>2023</u> <i>RMB'000</i>	<u>As at</u> <u>31 December</u> <u>2024</u> <i>RMB'000</i>	<u>As at</u> <u>31 December</u> <u>2025</u> <i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income			
Unlisted equity investments, at fair value	<u>—</u>	<u>—</u>	<u>3,000</u>

The above equity investments were irrevocably designated at fair value through other comprehensive income (“FVTOCI”) as the Group considers these investments to be strategic in nature.

20. INVENTORIES

The Group

	<u>As at</u> <u>31 December</u> <u>2023</u> <i>RMB'000</i>	<u>As at</u> <u>31 December</u> <u>2024</u> <i>RMB'000</i>	<u>As at</u> <u>31 December</u> <u>2025</u> <i>RMB'000</i>
Raw materials	13,285	20,095	34,875
Finished goods	15,419	14,099	32,964
Work in progress	<u>3,286</u>	<u>8,675</u>	<u>18,092</u>
Total	<u>31,990</u>	<u>42,869</u>	<u>85,931</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000
Raw materials	12,979	19,328	32,907
Finished goods	15,270	11,517	25,736
Work in progress	3,286	7,857	15,943
Total	31,535	38,702	74,586

21. TRADE AND NOTES RECEIVABLES

The Group

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000
Trade receivables	86,372	99,609	157,611
Notes receivable	5,845	8,435	11,535
Impairment	(13)	(31)	(81)
Total	92,204	108,013	169,065

Trade and notes receivables mainly arise from the sale of products. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and notes receivables relate to a large number of diversified customers and banks, respectively, there is no significant concentration of credit risk. Trade and notes receivables are non-interest-bearing.

The recoverability of notes receivables was assessed with reference to the credit status of the debtors, and the expected credit loss as at the end of each of the Relevant Periods was considered to be insignificant.

An ageing analysis of the trade receivables of the Group as at the end of each of the Relevant Periods (based on the invoice date and net of provisions) is as follows:

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000
Within 1 year	86,304	99,559	157,496
1 to 2 years	55	1	34
2 to 3 years	—	18	—
Total	86,359	99,578	157,530

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000
At beginning of year	3	13	31
Impairment for the year	10	18	50
At end of year	13	31	81

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

APPENDIX I

ACCOUNTANTS’ REPORT

Set out below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

As at 31 December 2023	Expected credit loss rates	Gross carrying amounts RMB’000	Impairment RMB’000
Within 1 year	0.01%	86,310	5
1 to 2 years	11.67%	62	8
Total	0.02%	86,372	13
As at 31 December 2024	Expected credit loss rates	Gross carrying amounts RMB’000	Impairment RMB’000
Within 1 year	0.01%	99,573	14
1 to 2 years	26.20%	1	—
2 to 3 years	46.67%	35	17
Total	0.03%	99,609	31
As at 31 December 2025	Expected credit loss rates	Gross carrying amounts RMB’000	Impairment RMB’000
Within 1 year	0.02%	157,528	32
1 to 2 years	28.91%	48	14
Over 3 years	100.00%	35	35
Total	0.05%	157,611	81

Transferred financial assets that are not derecognised in their entirety

The Group endorsed certain notes receivable accepted by banks in Chinese Mainland (the “**Endorsed Notes**”) with carrying amounts of RMB3,180,000, RMB790,000 and RMB1,331,000 to certain banks as at 31 December 2023, 2024 and 2025, respectively. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Notes, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Notes and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Notes, including the sale, transfer or pledge of the Endorsed Notes to any other third parties.

Transferred financial assets that are derecognised in their entirety

The Group endorsed certain notes receivable accepted by banks in Chinese Mainland (the “**Derecognised Notes**”) with carrying amounts in aggregate of RMB1,227,000, RMB797,000 and RMB5,807,000 at 31 December 2023, 2024 and 2025, respectively. The Derecognised Notes had a maturity of one to five months at the end of each of the Relevant Periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Notes may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Notes, including the Group, in disregard of the order of precedence (the “**Continuing Involvement**”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Notes is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Notes are not significant.

The Company

	As at 31 December 2023 RMB’000	As at 31 December 2024 RMB’000	As at 31 December 2025 RMB’000
Trade receivables	86,295	99,500	144,208
Notes receivable	5,845	8,090	10,177
Impairment	(13)	(31)	(78)
Total	92,127	107,559	154,307

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX I

ACCOUNTANTS’ REPORT

An ageing analysis of the trade receivables of the Group as at the end of each of the Relevant Periods (based on the invoice date and net of provisions) is as follows:

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000
Within 1 year	86,227	99,450	144,096
1 to 2 years	55	—	34
2 to 3 years	—	19	—
Total	86,282	99,469	144,130

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000
At beginning of year	2	13	31
Impairment for the year	11	18	47
At end of year	13	31	78

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 December 2023	Expected credit loss rates	Gross carrying amounts RMB'000	Impairment RMB'000
Within 1 year	0.01%	86,233	5
1 to 2 years	11.67%	62	8
Total	0.02%	86,295	13
As at 31 December 2024	Expected credit loss rates	Gross carrying amounts RMB'000	Impairment RMB'000
Within 1 year	0.01%	99,464	14
1 to 2 years	26.20%	1	—
2 to 3 years	46.67%	35	17
Total	0.03%	99,500	31
As at 31 December 2025	Expected credit loss rates	Gross carrying amounts RMB'000	Impairment RMB'000
Within 1 year	0.02%	144,125	29
1 to 2 years	28.91%	48	14
Over 3 years	100.00%	35	35
Total	0.05%	144,208	78

APPENDIX I

ACCOUNTANTS’ REPORT

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000
Wealth management products, at fair value	20,000	189,932	4,548

23. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

The Group

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000
Cash and bank balances	31,262	41,066	65,368
Time deposits	—	30,780	91,813
	31,262	71,846	157,181
Less:			
Bank deposits with original maturities over three months	—	(30,780)	(91,813)
Cash and cash equivalents	31,262	41,066	65,368
Denominated in RMB	31,021	37,555	48,627
Denominated in USD	241	3,228	3,313
Denominated in THB	—	283	13,428
	31,262	41,066	65,368

The Company

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000
Cash and bank balances	30,894	36,365	48,796
Time deposits	—	30,780	91,813
	30,894	67,145	140,609
Less:			
Bank deposits with original maturities over three months	—	(30,780)	(91,813)
Cash and cash equivalents	30,894	36,365	48,796
Denominated in RMB	30,653	35,002	46,179
Denominated in USD	241	1,363	2,617
	30,894	36,365	48,796

The RMB is not freely convertible into other currencies, however, under Chinese Mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

APPENDIX I

ACCOUNTANTS’ REPORT

24. TRADE PAYABLES

The Group

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000
Within 1 year	9,050	19,265	27,514
1 to 2 years	4	90	58
2 to 3 years	—	4	36
Total	9,054	19,359	27,608

Trade payables are non-interest-bearing and are normally settled within 90 days.

The Company

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000
Within 1 year	8,294	14,942	22,224
1 to 2 years	—	89	57
2 to 3 years	—	—	35
Total	8,294	15,031	22,316

25. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000
Dividends payable	10,000	6,500	500
Payroll and welfare payables	1,828	2,227	3,738
Refund liabilities	287	110	715
Other payables for property, plant and equipment	4,080	785	5,662
Other taxes payable	356	1,741	176
Other payables	4,266	4,044	2,239
Total	20,817	15,407	13,030

Other payables are unsecured and repayable on demand.

The Company

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000
Dividends payable	10,000	6,500	500
Payroll and welfare payables	1,453	1,868	3,264
Refund liabilities	287	110	715
Other payables for property, plant and equipment	2,531	785	3,517
Other taxes payable	329	1,677	122
Other payables	3,608	2,812	857
Total	18,208	13,752	8,975

APPENDIX I

ACCOUNTANTS’ REPORT

26. INTEREST-BEARING BANK BORROWINGS

The Group

	As at 31 December 2023			As at 31 December 2024			As at 31 December 2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current									
Bank loans — secured	3.5%–3.8%	2024	20,523	3.0%	2025	30,028	2.4%	2026	10,008
Bank loans — unsecured			—			—	2.4%	2026	6,005
Total			<u>20,523</u>			<u>30,028</u>			<u>16,013</u>
				As at 31 December 2023		As at 31 December 2024		As at 31 December 2025	
				<u>2023</u>		<u>2024</u>		<u>2025</u>	
				RMB'000		RMB'000		RMB'000	
Analysed into:									
Bank loans repayable:									
Within one year				20,523		30,028		16,013	
Total				<u>20,523</u>		<u>30,028</u>		<u>16,013</u>	

As at 31 December 2023, 2024 and 2025, all borrowings were denominated in RMB.

As at 31 December 2023, the bank and borrowings were secured by the pledge of patent rights and jointly guaranteed by Mr. Zhao Gang, Mr. Deng Xiang, and their respective spouses, as well as mortgages over the Group’s buildings, which had a net carrying value of approximately RMB2,674,000 as at 31 December 2023.

As at 31 December 2024, the bank and borrowings were secured by the pledge of patent rights and jointly guaranteed by Mr. Zhao Gang, Mr. Deng Xiang, and their respective spouses.

As at 31 December 2025, the bank and borrowings were jointly guaranteed by the Company, Mr. Zhao Gang, Mr. Deng Xiang, and their respective spouses.

The Company

	As at 31 December 2023			As at 31 December 2024			As at 31 December 2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current									
Bank loans — secured	3.55%–3.8%	2024	15,017	3.0%	2025	30,028	2.4%	2026	10,008
Bank loans — unsecured			—			—	2.4%	2026	6,005
Total			<u>15,017</u>			<u>30,028</u>			<u>16,013</u>

27. DEFERRED INCOME

	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000
At the beginning of the year	—	—	1,647
Additions	—	1,820	—
Released to profit or loss	—	(173)	(208)
At the end of the year	<u>—</u>	<u>1,647</u>	<u>1,439</u>

Deferred income represents mainly government grants deferred. Government grants will be recognised into profit or loss when conditions attached are fulfilled or on a straight-line basis over the expected lives of the property, plant and equipment.

APPENDIX I

ACCOUNTANTS’ REPORT

28. PAID-IN CAPITAL

(a) Paid-in capital

The Group and the Company

		Paid-in capital
		<i>RMB’000</i>
As at 1 January 2023		13,676
Capital contribution from shareholders	a)	<u>1,264</u>
As at 31 December 2023		14,940
Capital contribution from shareholders	b)	<u>2,961</u>
As at 31 December 2024 and 31 December 2025		<u><u>17,901</u></u>
a) In 2023, the Company received capital contributions of RMB66,000,000 in cash, out of which RMB1,264,000 was credited to the Company’s paid-in capital and RMB64,736,000 was credited to the Company’s capital reserve.		
Capital issue expenses of RMB3,340,000 related to the above capital contribution was credited to the Company’s capital reserve.		
b) In 2024, the Company received capital contributions of RMB200,000,000 in cash, out of which RMB2,961,000 was credited to the Company’s paid-in capital and RMB197,039,000 was credited to the Company’s capital reserve.		
Capital issue expenses of RMB3,750,000 related to the above capital contribution was credited to the Company’s capital reserve.		

(b) Special rights of the Pre-[REDACTED] investors

Pursuant to the shareholders’ agreement entered into on 25 March 2026 (collectively, the “**Agreements**”), the Pre-[REDACTED] Investors were granted by the Company with special rights (“**Special Rights**”) which included redemption rights and liquidation preference rights.

No Pre-[REDACTED] Investors have exercised their redemption rights or liquidation preference rights.

On June 2026, the Company and the Pre-[REDACTED] Investors entered into supplemental agreements, agreeing that certain of the Special Rights granted by the Company to the Pre-[REDACTED] investors, including redemption rights and liquidation preference rights, have been irrecoverably terminated and shall be void ab initio. Taking into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the supplemental agreements, the directors considered that it is appropriate to present the Pre-[REDACTED] Investments as equity throughout the Relevant Periods.

Had the Special Rights granted by the Company to the Pre-[REDACTED] Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the supplemental agreements, the redemption financial liabilities, total current liabilities, net current assets, total non-current liabilities and net assets would have been:

	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Redemption financial liabilities	81,487	327,613	352,078
Total current liabilities	60,492	74,719	416,230
Net current assets	117,087	310,903	8,708
Total non-current liabilities	87,188	332,189	2,994
Net assets	<u><u>93,066</u></u>	<u><u>86,951</u></u>	<u><u>112,760</u></u>

The changes in the carrying amount of redemption financial liabilities, the net profit for the year, basic and diluted earnings per share would have been:

	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Changes in the carrying amount of redemption financial liabilities	2,487	11,043	26,952
Total net profit	29,470	30,900	20,152
Basic and diluted earnings per share	<u><u>1.88</u></u>	<u><u>1.82</u></u>	<u><u>1.01</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

29. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(i) Capital reserve

The capital reserve represents the excess of capital contributions from the equity holders of the Company over the paid-in capital. Details of the movements in capital reserve are set out in the consolidated statements of changes in equity of the Historical Financial Information.

(ii) Statutory surplus reserve

In accordance with the Company Law of the PRC, companies registered in Mainland China are required to allocate 10% of the profits after tax to the statutory reserve until the cumulative total of the reserve reaches 50% of the companies’ registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the reserve fund may be converted to registered capital, provided that the remaining balance after the conversion is not less than 25% of the registered capital.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations with functional currencies other than RMB.

(iv) Share-based payment reserve

The share-based payment reserve of the Group represents the equity-settled share-based payments as set out in note 30 to the Historical Financial Information.

The Company

Year ended 31 December 2023

	Capital reserve RMB’000	Statutory surplus reserve RMB’000	Share-based payment reserve RMB’000	Retained profits RMB’000	Total RMB’000
As at 1 January 2023	24,527	1,973	1,438	47,025	74,963
Profit for the year	—	—	—	31,725	31,725
Total comprehensive income for the year	—	—	—	31,725	31,725
Capital contribution by equity holders	61,396	—	—	—	61,396
Transfer to statutory surplus reserve	—	3,173	—	(3,173)	—
Dividends declared	—	—	—	(10,000)	(10,000)
Equity-settled share-based payment	—	—	418	—	418
As at 31 December 2023	85,923	5,146	1,856	65,577	158,502

Year ended 31 December 2024

	Capital reserve RMB’000	Statutory surplus reserve RMB’000	Share-based payment reserve RMB’000	Retained profits RMB’000	Total RMB’000
As at 1 January 2024	85,923	5,146	1,856	65,577	158,502
Profit for the year	—	—	—	42,504	42,504
Total comprehensive profit for the year	—	—	—	42,504	42,504
Capital contribution by equity holders	193,289	—	—	—	193,289
Transfer to statutory surplus reserve	—	4,250	—	(4,250)	—
Equity-settled share-based payment	—	—	1,493	—	1,493
As at 31 December 2024	279,212	9,396	3,349	103,831	395,788

APPENDIX I

ACCOUNTANTS’ REPORT

Year ended 31 December 2025

	Capital reserve <i>RMB’000</i>	Statutory surplus reserve <i>RMB’000</i>	Share-based payment reserve <i>RMB’000</i>	Retained profits <i>RMB’000</i>	Total <i>RMB’000</i>
As at 1 January 2025	279,212	9,396	3,349	103,831	395,788
Profit for the year	—	—	—	38,939	38,939
Total comprehensive loss for the year	—	—	—	38,939	38,939
Transfer to statutory surplus reserve	—	3,894	—	(3,894)	—
Equity-settled share-based payment expenses	—	—	2,472	—	2,472
As at 31 December 2025	<u>279,212</u>	<u>13,290</u>	<u>5,821</u>	<u>138,876</u>	<u>437,199</u>

30. SHARE INCENTIVE PLAN

The Company adopted a share incentive plan for the purpose of attracting and retaining the best talents who contribute to the success of the Group’s operations. Eligible participants of the share incentive plan include key management personnel of the Company and employees of the Group.

In order to implement the share incentive plan, a limited partnership was established and designated as the employee shareholding platform to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners.

Details of the restricted shares granted are as follows:

Date of grant	Number of shares granted	Subscription per share <i>RMB</i>
11 September 2023	154,539	7.31
10 March 2024	32,822	7.31
27 November 2024	38,308	13.05
1 April 2025	91,939	13.05
25 October 2025	18,388	13.05
25 September 2025	<u>57,462</u>	13.05
Total	<u>393,458</u>	

The restricted shares granted are subject to service conditions. Specifically, these share incentives require the grantees to meet a five-year service condition from the date of grant. As such, the share-based payment expenses are amortised during the vesting period.

The grantees are required to contribute the subscription price of restricted shares according to the schedule agreed. The employee shareholding platform has the right to withdraw the granted shares if the employees fail to pay the corresponding price. The fair value of the restricted shares granted under the category was determined with reference to the financing transaction prices from third parties at that time or by Discounted Cash Flow model. The following table lists the fair value at the measurement date and the significant inputs to the fair value model used:

	Year ended 31 December 2025
Discounted rate (%)	12.24

APPENDIX I

ACCOUNTANTS’ REPORT

The movements of the outstanding restricted shares during the Relevant Periods were as follows:

	Weighted average subscription price <i>RMB per share</i>	Number of shares
At 1 January 2023	—	—
Granted during the year	7.31	154,539
At 31 December 2023	7.31	154,539
Granted during the year	10.40	71,130
At 31 December 2024	8.29	225,669
Granted during the year	13.05	167,789
Forfeited during the year	7.31	(8,206)
At 31 December 2025	10.38	385,252

During the years ended 31 December 2023, 2024 and 2025, equity-settled share-based payment expenses of RMB418,000, RMB1,493,000 and RMB2,472,000 were charged to profit or loss, respectively.

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,671,000, RMB3,504,000 and RMB1,431,000, respectively, in respect of lease arrangements for buildings and vehicles.

(b) Changes in liabilities arising from financing activities

	Bank and other borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Dividend payable included in other payables and accruals <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	10,506	9,210	3,000	22,716
Changes from financing cash flows	9,461	(2,982)	(3,000)	3,479
Dividends declared	—	—	10,000	10,000
New lease addition	—	1,671	—	1,671
Accretion of interest recognised during the year	556	335	—	891
At 31 December 2023	20,523	8,234	10,000	38,757
	Bank and other borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Dividend payable included in other payables and accruals <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	20,523	8,234	10,000	38,757
Changes from financing cash flows	8,762	(3,810)	(3,500)	1,452
New lease addition	—	3,504	—	3,504
Termination of leases	—	(1,382)	—	(1,382)
Accretion of interest recognised during the year	743	291	—	1,034
Effect of foreign exchange rate changes	—	(12)	—	(12)
At 31 December 2024	30,028	6,825	6,500	43,353

APPENDIX I

ACCOUNTANTS’ REPORT

	Bank and other borrowings	Lease liabilities	Dividend payable included in other payables and accruals	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	30,028	6,825	6,500	43,353
Changes from financing cash flows	(14,767)	(4,817)	(6,000)	(25,584)
New lease addition	—	1,431	—	1,431
Accretion of interest recognised during the year	752	177	—	929
Effect of foreign exchange rate changes	—	54	—	54
At 31 December 2025	16,013	3,670	500	20,183

(c) Total cash outflow for leases

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	RMB'000	RMB'000
Within operating activities	63	90	69
Within financing activities	2,982	3,810	4,817
Total	3,045	3,900	4,886

32. PLEDGE OF ASSETS

Details of the Group’s assets pledged are included in notes 13 and 26 to the Historical Financial Information.

33. RELATED PARTY TRANSACTIONS

(a) Names of related parties and relationship with the Group

Name	Relationship
Mr. Zhao Gang	Controlling shareholders
Mr. Deng Xiang	Controlling shareholders
Dongguan Tongya Enterprise Management Co., Ltd.	Controlling shareholders
Shenzhen Yamei Enterprise Management Partnership (Limited Partnership)	Substantial shareholder

(b) Transactions with related parties

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	RMB'000	RMB'000
Interest income from: Controlling shareholders	44	44	37
Total	44	44	37

APPENDIX I

ACCOUNTANTS’ REPORT

(c) Outstanding balances with related parties

The Group

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000
Due from related parties:			
Non-trade-related			
Controlling shareholders	1,060	1,104	—
Total	1,060	1,104	—
Due to related parties:			
Non-trade-related			
Controlling shareholders	10,005	5,128	394
Substantial Shareholder	1,426	927	71
Total	11,431	6,055	465

The amounts due from related parties bear interest at 4.6% per annum and were repaid in November 2025.

Except for the amounts due from related parties, all the balances are unsecured, interest-free and is repayable on demand.

The Company

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000
Due from related parties:			
Non-trade-related			
Controlling shareholder	1,060	1,104	—
Due from subsidiaries	979	2,687	17,903
Total	2,039	3,791	17,903
Due to related companies:			
Non-trade related			
Controlling shareholder	394	5,128	10,005
Substantial shareholder	71	927	1,426
Due to subsidiaries	4,270	6,723	17,469
Total	4,735	12,778	28,900

All the balances are unsecured, interest-free and have no fixed terms of repayment.

(d) Compensation of key management personnel of the Group:

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000
Short term employee benefits	1,696	1,870	2,547
Post-employment benefits	54	63	86
Equity-settled share-based payment expenses	37	110	788
Total compensation paid to key management personnel	1,787	2,043	3,421

Further details of directors’ and the chief executive’s emoluments are included in note 8 to the Historical Financial Information.

(e) Pursuant to the shareholders subscription agreements entered into on June 2026, the Pre-[REDACTED] Investors were granted by the Controlling Shareholders with redemption rights. The Company has not provided any form of guarantee in connection with any potential failure of the controlling shareholders to fulfil their obligations relating to the redemption rights granted by controlling shareholders. Accordingly, no financial liability regarding redemption rights granted by controlling shareholders was recorded by the Company during Track Record Periods.

APPENDIX I

ACCOUNTANTS’ REPORT

34. COMMITMENTS

Capital commitments

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000
Property, plant and equipment	—	2,467	9,094

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods were as follows:

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and notes receivables	—	2,144	90,060	92,204
Financial assets included in prepayments, other receivables and other assets	—	—	2,007	2,007
Financial assets at fair value through profit or loss	20,000	—	—	20,000
Cash and cash equivalents	—	—	31,262	31,262
Total	20,000	2,144	123,329	145,473

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	9,054
Financial liabilities included in other payables and accruals	18,346
Interest-bearing bank borrowings	20,523
Total	47,923

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and notes receivables	—	5,824	102,189	108,013
Financial assets included in prepayments, other receivables and other assets	—	—	2,802	2,802
Financial assets at fair value through profit or loss	189,932	—	—	189,932
Time deposits	—	—	30,780	30,780
Cash and cash equivalents	—	—	41,066	41,066
Total	189,932	5,824	176,837	372,593

APPENDIX I

ACCOUNTANTS’ REPORT

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB’000</i>
Trade payables	19,359
Financial liabilities included in other payables and accruals	11,329
Interest-bearing bank borrowings	30,028
Total	60,716

As at 31 December 2025

Financial assets

	Financial assets at fair value through other comprehensive income			
	Financial assets at fair value through profit or loss	Debt investments	Equity investments	Financial assets at amortised cost
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade and notes receivables	—	7,814	—	161,251
Financial assets included in prepayments, other receivables and other assets	—	—	—	2,791
Financial assets at fair value through profit or loss	4,548	—	—	—
Equity investments designated at fair value indent other comprehensive income	—	—	3,000	—
Time deposits	—	—	—	91,813
Cash and cash equivalents	—	—	—	65,368
Total	4,548	7,814	3,000	321,223

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB’000</i>
Trade payables	27,608
Financial liabilities included in other payables and accruals	8,401
Interest-bearing bank borrowings	16,013
Total	52,022

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group’s financial instruments other than those with carrying amounts that reasonably approximate to fair values are as follows:

As at 31 December 2023

	Carrying amounts	Fair values
	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets		
Financial assets at fair value through profit or loss	20,000	20,000

As at 31 December 2024

	Carrying amounts	Fair values
	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets		
Financial assets at fair value through profit or loss	189,932	189,932

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2025

	<u>Carrying amounts</u> <i>RMB’000</i>	<u>Fair values</u> <i>RMB’000</i>
Financial assets		
Financial assets at fair value through profit or loss	4,548	4,548
Equity investments designated at fair value through other indent income	3,000	3,000
Total	<u>7,548</u>	<u>7,548</u>

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables and other assets, time deposits, interest-bearing bank borrowings, trade payables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group’s finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The Group’s finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the chief financial officer once a year for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group has estimated the fair value of notes receivable by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

For wealth management products included in financial assets at fair value through profit or loss, the Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

For the unlisted equity investments at fair value through other comprehensive income, the fair values have been estimated using the recent transaction.

Management believes that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values are reasonable, and that they were the most appropriate values as at the end of each of the Relevant Periods.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

Assets measured at fair value:

		Fair value measurement using		
	As at 31 December 2023	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Notes receivable	2,144	—	2,144	—
Financial assets at fair value through profit or loss	20,000	—	20,000	—
Total	<u>22,144</u>	<u>—</u>	<u>22,144</u>	<u>—</u>
		Fair value measurement using		
	As at 31 December 2024	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Notes receivable	5,824	—	5,824	—
Financial assets at fair value through profit or loss	189,932	—	189,932	—
Total	<u>195,756</u>	<u>—</u>	<u>195,756</u>	<u>—</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	As at 31 December 2025 <i>RMB'000</i>	Fair value measurement using		
		Quoted prices in active markets Level 1 <i>RMB'000</i>	Significant observable inputs Level 2 <i>RMB'000</i>	Significant unobservable inputs Level 3 <i>RMB'000</i>
Notes receivable	7,814	—	7,814	—
Financial assets at fair value through profit or loss	4,548	—	4,548	—
Equity investments designated at fair value through other comprehensive income	3,000	—	3,000	—
Total	15,362	—	15,362	—

During the years ended 31 December 2023, 2024 and 2025, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise bank loans and cash and time deposits. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade and notes receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			Total <i>RMB'000</i>
	Stage 1 <i>RMB'000</i>	Stage 2 <i>RMB'000</i>	Stage 3 <i>RMB'000</i>	Simplified approach <i>RMB'000</i>	
Trade and notes receivables*	—	—	—	92,204	92,204
Financial assets included in prepayments, other receivables and other assets					
— Normal**	2,007	—	—	—	2,007
Cash and cash equivalents					
— Not yet past due	31,262	—	—	—	31,262
Total	33,269	—	—	92,204	125,473

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and notes receivables*	—	—	—	108,013	108,013
Financial assets included in prepayments, other receivables and other assets					
— Normal**	2,802	—	—	—	2,802
Time deposits					
— Not yet past due	30,780	—	—	—	30,780
Cash and cash equivalents					
— Not yet past due	41,066	—	—	—	41,066
Total	74,648	—	—	108,013	182,661

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and notes receivables*	—	—	—	169,065	169,065
Financial assets included in prepayments, other receivables and other assets					
— Normal**	2,791	—	—	—	2,791
Time deposits					
— Not yet past due	91,813	—	—	—	91,813
Cash and cash equivalents					
— Not yet past due	65,368	—	—	—	65,368
Total	159,972	—	—	169,065	329,037

* For trade and notes receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Concentrations of credit risk are managed by customer and geographical region. There are no significant concentrations of credit risk within the Group as the customer bases of the Group’s trade and notes receivables are widely dispersed in different regions.

Liquidity risk

The Group monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans. The Group’s policy is that all the borrowings should be approved by the chief financial officer.

APPENDIX I

ACCOUNTANTS’ REPORT

The tables below summarise the maturity profile of the Group’s financial liabilities at the end of each of the Relevant Periods based on contractual undiscounted payments:

31 December 2023

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Interests-bearing bank and other borrowings	21,003	—	—	21,003
Trade payables	9,054	—	—	9,054
Other payables and accruals	18,346	—	—	18,346
Lease liabilities	3,557	5,104	—	8,661
Total	<u>51,960</u>	<u>5,104</u>	<u>—</u>	<u>57,064</u>

31 December 2024

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Interests-bearing bank and other borrowings	30,725	—	—	30,725
Trade payables	19,359	—	—	19,359
Other payables and accruals	11,329	—	—	11,329
Lease liabilities	5,190	2,912	—	8,102
Total	<u>66,603</u>	<u>2,912</u>	<u>—</u>	<u>69,515</u>

31 December 2025

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Interests-bearing bank and other borrowings	16,343	—	—	16,343
Trade payables	27,608	—	—	27,608
Other payables and accruals	8,401	—	—	8,401
Lease liabilities	2,474	1,277	—	3,751
Total	<u>54,826</u>	<u>1,277</u>	<u>—</u>	<u>56,103</u>

Capital management

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using the debt-to-equity ratio, which is total liabilities with interest divided by total equity. The debt-to-equity ratios as at the end of each of the Relevant Periods were as follows:

	<u>As at</u>	<u>As at</u>	<u>As at</u>
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Interests-bearing bank and other borrowings	20,523	30,028	16,013
Lease liabilities	8,234	6,825	3,670
Total debt	<u>28,757</u>	<u>36,853</u>	<u>19,683</u>
Total equity	<u>174,553</u>	<u>414,564</u>	<u>464,838</u>
Debt-to-equity ratio	<u>16%</u>	<u>9%</u>	<u>4%</u>

APPENDIX I

ACCOUNTANTS’ REPORT

38. EVENTS AFTER THE RELEVANT PERIODS

In February 2026, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date amounting to RMB450,804,000 were converted into 20,000,000 ordinary shares at RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company’s capital reserve.

In April 2026, the Company received capital contributions of RMB90,000,000 in cash, out of which RMB960,000 was credited to the Company’s share capital and RMB89,040,000 was credited to the Company’s capital reserve.

On 18 May 2026, the registered share capital of the Company was increased to RMB100,000,000, which were subscribed by all the shareholders in proportion to their respective equity interests in our Company.

On 18 May 2026, the Company’s shareholders approved a final dividend of RMB0.24 per ordinary share totalling approximately RMB5,000,000 for the year ended 31 December 2025.

39. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

This Appendix sets out summaries of the main clauses of our Articles of Association adopted on April 28, 2026 which shall become effective as at the date on which the H shares are [REDACTED] on the Stock Exchange. As the main purpose of this appendix is to provide potential investors with an overview of the Articles of Association, it may not necessarily contain all information that is important to potential investors. As discussed in the appendix headed “Appendix V — Documents Delivered to the Registrar of Companies in Hong Kong and on Display,” the full document of the Articles of Association is available on display.

DIRECTORS AND BOARD OF DIRECTORS

Power to allocate and issue Shares

The Articles of Association contain clauses that authorize the Board of Directors to issue shares. The Shareholders’ Meeting of our Company may authorize the Board of Directors to decide on the issuance of not more than 50% of the issued shares within 3 years. However, if the capital contribution is made at the price of non-monetary property, it shall be resolved by the Shareholders’ meeting.

Power to dispose assets of our Company or any subsidiary

The Board of Directors shall determine the authority of external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, entrusted financial management, connected transactions, and establish strict review and decision-making procedures; major investment projects shall be reviewed by relevant experts and professionals and reported to the Shareholders’ Meeting for approval.

Compensation or payments for loss of office

There are no provisions in the Articles of Association relating to compensation or payments for loss of office.

Loans to Directors

There are no provisions in the Articles of Association relating to loans to directors.

Provision of financial assistance for acquiring the Shares of the Company or shares of any subsidiary

There are no provisions in the Articles of Association relating to provide financial assistance for acquiring the Shares of the Company or shares of any subsidiary, unless for the purpose of the Company’s equity incentive plan(s) and employee shareholding schemes.

Disclosure of interests in contracts with the Company or any subsidiary

Directors shall not conclude any contract or engage in any transaction with the Company either in violation of the Articles of Association or without the approval of the Shareholder’s Meeting and Board of Directors.

Remuneration

The appointment and removal of the members of the Board of Directors, as well as their remuneration and payment methods, shall be adopted by the Shareholders’ Meeting by ordinary resolution.

Retirement, appointment, removal

The Board of Directors is composed of no less than nine Directors. The Directors of the Company are elected by the Shareholders’ Meeting. At any time, the Board of Directors should have more than one-third independent non-executive directors, and the total number of independent non-executive directors should not be less than three.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

The Board of Directors has one chairman. The chairman of the Board of Directors shall be elected by more than half of all Directors.

Directors serve three-year terms, and the Director can be re-elected and reappointed at the end of the term. The term of office of a Director shall be calculated from the date of appointment until the expiration of the term of office of the current Board of Directors. If the term of office of a Director expires without timely re-election, the original Director shall still perform the duties of a Director in accordance with laws, regulations, departmental rules, regulatory provisions of the relevant regulatory authorities and the provisions of these Articles of Association before the newly elected Director takes office.

The Articles of Association do not contain provisions regarding the shareholding qualification and age limit for Directors.

None of the following persons shall serve as our Director:

- (I) a person who has no capacity for civil conduct or having limited capacity for civil conduct;
- (II) a person who has been sentenced to criminal punishment for corruption, bribery, encroachment on property, misappropriation of property or sabotage of the order of the socialist market economy, and less than five years have elapsed since the completion of the sentence, or having been deprived of his/her political rights as a result of a criminal conviction and five years have not elapsed since the date on which execution of the sentence was completed, two years have not yet elapsed from the date on which the probationary period of probation has expired;
- (III) a person who has served as a Director, factory chief, or manager of an insolvent and liquidated company or enterprise and is held personally liable for such bankruptcy, and three years have not elapsed since the date when the insolvency and liquidation of the company or enterprise is completed;
- (IV) a person who has served as the legal representative of a company or enterprise whose business license has been revoked or ordered to close down due to any violation of law, and is held personally liable for the revocation, and three years have not elapsed since the date when the revocation occurs;
- (V) a person who is listed by the people’s court as a judgment defaulter because the amount of debt he bears is relatively large and the debt is not paid off when it is due;
- (VI) a person who has been prohibited from entering the securities market by the relevant regulatory authorities, and the time limit has not expired;
- (VII) other contents stipulated by laws, regulations, or regulatory provisions of the relevant regulatory authorities.

The election, appointment or employment of the Directors shall be invalid if such election, appointment or employment is against the Articles of Association. If a Director falls into the situations provided in the above-mentioned situations during his/her term of office, the company shall remove him/her from his/her position.

Borrowing Powers

The Board of Directors shall be entitled to make resolutions for our Company to issue bonds and its Shares under the authorization of Shareholders’ Meeting.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

Powers of the Board of Directors

The Board of Directors shall exercise the following functions and powers:

- (I) to convene Shareholders’ Meeting and report to the Shareholders’ Meeting;
- (II) to implement resolutions of the Shareholders’ Meeting;
- (III) to decide on our Company’s business plans and investment plans;
- (IV) to formulate our Company’s profit distribution plans and plans on making up losses;
- (V) to formulate proposals for the increase or reduction of our Company’s registered capital, the issuance of bonds or other securities of our Company and listing of Shares of our Company;
- (VI) to formulate plans for the company’s major acquisitions and disposals, repurchase of the company’s shares, mergers, divisions, dissolution, or changes in corporate form;
- (VII) to make a resolution on external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, entrusted financial management, connected transactions and external donations as authorized by the Shareholders’ Meeting;
- (VIII) to decide on establishment of internal management organs of our Company;
- (IX) to decide on the appointment or dismissal of our Company’s general manager and secretary of the Board and other senior management personnel, and decide on their remuneration, rewards and punishments; to decide to appoint or dismiss our Company’s deputy general manager, financial director and other senior management personnel according to the nomination of the general manager, and decide on their remuneration, rewards and punishments;
- (X) to formulate the basic management system of our Company;
- (XI) to formulate proposals to amend the Articles of Association;
- (XII) to propose to the Shareholders’ Meeting the appointment or replacement of the accounting firm that provides audit service to our Company;
- (XIII) to listen to the work report of the general manager of the company and inspect the work of the general manager;
- (XIV) other powers stipulated by laws, regulations, regulatory rules of the place where the Company’s shares are listed (“**the Listing Place Rules**”), regulatory provisions of relevant regulatory authorities or the Articles of Association, the Articles of Association, or powers granted by Shareholders’ Meeting.

Matters beyond the scope of authorization of the Shareholders’ Meeting shall be submitted to the Shareholders’ Meeting for deliberation.

Secretary of the Board of Directors

Our Company shall establish a secretary to the Board of Directors, responsible for the preparation of our Company’s Shareholders’ Meeting and Board of Directors’ meeting, retention of documents, management of our investor relations and our Company’s Shareholder materials.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

ALTERATIONS TO CONSTITUTIONAL DOCUMENTS

In any of the following circumstances, the Company shall amend its articles of association:

- (I) after the revision of the PRC Company Law or relevant laws, regulations and regulatory provisions of relevant regulatory authorities, the matters stipulated in the Articles of Association are in conflict with the provisions of the amended laws, regulations and regulatory provisions of relevant regulatory authorities;
- (II) the situation of the Company changes and is inconsistent with the matters recorded in the articles of association;
- (III) the Shareholders’ Meeting has decided to amend the articles of association.

If the amendment of the articles of association approved by the Shareholders’ Meeting resolution requires approval by the competent authority, it must be submitted to the competent authority for approval; if it involves Company registration matters, change registration shall be handled in accordance with the law.

The Board of Directors shall amend the Articles of Association in accordance with the resolution of the Shareholders’ Meeting and the approval opinions of relevant competent authorities.

The amendment of the Articles of Association constitutes to the information required to be disclosed by laws and regulations and shall be announced in accordance with regulations.

SPECIAL RESOLUTIONS — MAJORITY REQUIRED

The resolutions of the Shareholders’ Meeting are categorized as ordinary resolutions and special resolutions. An ordinary resolution shall be adopted by a simple majority of the votes held by the Shareholders (including proxies) attending the Shareholders’ Meeting. A special resolution shall be adopted by a two-thirds majority of the votes held by the Shareholders (including proxies) attending the Shareholders’ Meeting.

VOTING RIGHTS — GENERALLY AND ON A POLL

Shareholders (including proxy) shall exercise their voting rights according to the number of voting Shares they represent, and each Share shall have one vote.

Any Shareholder who, in accordance with the Listing Place Rules, is required to waive their voting rights or is limited to only casting affirmative or negative votes on a certain matter shall waive their voting rights in accordance with the provisions. Any Shareholder vote or representative vote that violates relevant regulations or restrictions will not be counted in the voting results.

The Shares held by the Company do not have voting rights, and these Shares are not included in the total number of Shares with voting rights present at the Shareholders’ Meeting.

When the Shareholders’ Meeting deliberates on related transactions, affiliated Shareholders shall not participate in voting.

The Shareholders’ Meeting adopts a registered voting method. The same voting right can only choose one of on-site, online or other voting methods. In case of repeated voting with the same voting right, the first voting result shall prevail.

Shareholders attending the Shareholders’ Meeting shall express one of the following opinions on the proposal submitted for voting: affirmative, negative or abstention.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

Where any ballot is not completed in full, is completed incorrectly or unintelligibly, or has no vote recorded, the voter shall be deemed to have waived his voting rights and the voting result for his shares shall be deemed as an “abstention”.

The Articles of Association do not contain provisions regarding variation of rights of existing shares or classes of shares.

REQUIREMENTS FOR ANNUAL SHAREHOLDERS’ MEETING

The Shareholders’ Meeting are divided into annual Shareholders’ Meeting and extraordinary Shareholders’ Meeting. The annual Shareholders’ Meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

ACCOUNTING AND AUDITS

Financial and accounting policies

The Company formulates its financial and accounting system in accordance with laws, regulations, and regulatory provisions of relevant regulatory authorities.

The Company shall prepare a financial report at the end of each fiscal year, which shall be reviewed and verified in accordance with the law.

The Company shall not establish other accounting books except for statutory accounting books. The assets of the Company shall not be deposited in any account opened in the name of any individual.

Appointment and Dismissal of Accountants

The Company engages accounting firms that comply with the provisions of the Securities Law and the regulatory provisions of relevant regulatory authorities to conduct accounting statement auditing, net asset verification, and other related consulting services. The term of employment is one year and can be renewed. The appointment of an accounting firm by the Company must be decided by a majority of Shareholders at the Shareholders’ Meeting, and the Board of Directors shall not appoint an accounting firm before the decision is made at the Shareholders’ Meeting. The Company guarantees to provide the accounting firm it engages with true and complete accounting vouchers, accounting books, financial accounting reports, and other accounting materials, and shall not refuse, conceal, or falsely report.

The remuneration of an accounting firm or the method of determining remuneration shall be determined by the Shareholders’ Meeting. When the Company dismisses or no longer renews the appointment of an accounting firm, the Shareholders’ Meeting shall make a decision and notify the accounting firm 10 days in advance. When the Company’s Shareholders’ Meeting votes on the dismissal of an accounting firm, the accounting firm is allowed to state its opinions. If the accounting firm proposes to resign, it shall explain to the Shareholders’ Meeting whether the Company has any improper circumstances.

NOTICE AND AGENDA OF GENERAL SHAREHOLDERS’ MEETING

The Shareholders’ Meeting is the organ of authority of the Company. The Company shall convene an extraordinary Shareholders’ Meeting within two months from the date of the fact:

- (I) the number of Directors is less than two-thirds of the number specified in the PRC Company Law or the Articles of Association;
- (II) where the Company’s unfunded losses reach one-third of the total Share capital paid in;

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

- (III) where the Shareholder(s) who individually or jointly hold no less than 10% of the Company’s Shares (excluding Treasury Shares) request(s) holding of such a meeting;
- (IV) when deemed necessary by the Board of Directors;
- (V) when the Audit Committee proposes to convene such a meeting;
- (VI) in other circumstances stipulated by laws, regulations, regulatory provisions of relevant regulatory authorities, or the Articles of Association.

The Audit Committee has the right to propose the convening of an extraordinary shareholders’ meeting to the Board of Directors, and such proposal shall be made in writing. Pursuant to applicable laws, regulations and the Company’s Articles of Association, the Board of Directors shall provide written feedback indicating its approval or disapproval of convening the shareholders’ meeting within 10 days upon receipt of the proposal. If the Board of Directors agrees to convene an extraordinary Shareholders’ Meeting, it shall issue a notice of convening the Shareholders’ Meeting within five days after making the Board resolution. If the Board of Directors disapproves the convening of the shareholders’ meeting, or fails to provide feedback within 10 days upon receipt of the request, it shall be deemed that the Board of Directors refuses to convene and preside over the meeting, and the Audit Committee may convene and preside over the meeting on its own authority.

The independent non-executive director has the right to propose the convening of an extraordinary shareholders’ meeting to the Board of Directors, and such proposal shall be made in writing. Pursuant to applicable laws, regulations and the Company’s Articles of Association, the Board of Directors shall provide written feedback indicating its approval or disapproval of convening the shareholders’ meeting within 10 days upon receipt of the proposal. If the Board of Directors agrees to convene an extraordinary Shareholders’ Meeting, it shall issue a notice of convening the Shareholders’ Meeting within five days after making the Board resolution.

Shareholders who individually or collectively hold 10% or more of the Company’s Shares have the right to request the convening of an extraordinary Shareholders’ Meeting from the Board of Directors. The Board of Directors shall, in accordance with laws, regulations and the Articles of Association, provide written feedback on whether to agree or disagree with the convening of an extraordinary Shareholders’ Meeting within ten days after receiving the request. If the Board of Directors agrees to convene an extraordinary Shareholders’ Meeting, it shall issue a notice of convening the Shareholders’ Meeting within five days after making the Board resolution. If the Board of Directors does not agree to convene an extraordinary Shareholders’ Meeting or fails to provide feedback within ten days after receiving the request, Shareholders who individually or collectively hold 10% or more of the Company’s Shares have the right to may convene and preside over the Shareholders’ Meeting on their own

The Company holds a Shareholders’ Meeting, and the Board of Directors, Audit Committee, and Shareholders who individually or jointly hold more than 1% of the Company’s Shares have the right to submit proposals to the Company. Shareholders who individually or collectively hold more than 1% of the Company’s Shares may submit temporary proposals and submit them in writing to the convener ten days prior to the convening of the Shareholders’ Meeting. The convener shall issue a supplementary notice of the Shareholders’ Meeting within two days after receiving the proposal, announcing the content of the temporary proposal.

Except for the circumstances specified in the preceding paragraph, the convener shall not modify the proposals listed in the notice of the Shareholders’ Meeting or add new proposals after issuing the notice of the Shareholders’ Meeting. Proposals that are not listed in the notice of the Shareholders’ Meeting or do not comply with the provisions of the Articles of Association shall not be voted on and a resolution shall not be made by the Shareholders’ Meeting.

APPENDIX III**SUMMARY OF THE ARTICLES OF ASSOCIATION**

The convener will notify all Shareholders by announcement 20 days before the annual Shareholders’ Meeting is held, and the extraordinary Shareholders’ Meeting will notify all Shareholders by announcement 15 days before the meeting is held. The notice of the Shareholders’ Meeting shall include the following contents:

- (I) the time, location, and duration of the meeting;
- (II) submit matters and proposals for review at the meeting;
- (III) clearly state in writing that all Shareholders have the right to attend the Shareholders’ Meeting and may appoint a proxy in writing to attend and vote at the meeting. The proxy does not need to be a Shareholder of the Company;
- (IV) share registration date of the Shareholders entitled to attend the Shareholders’ Meeting;

The interval between the share registration date and the date of the meeting shall comply with the Listing Place Rules. Once the share registration date is confirmed, it may not be changed; if it needs to be changed, the procedures stipulated in the Listing Place Rules must be followed.

- (V) name and phone number of the permanent contact person for conference affairs;
- (VI) online or other voting time and voting procedure;
- (VII) other requirements stipulated by laws, regulations, regulatory provisions of relevant regulatory authorities, and the Articles of Association.

The resolutions of the Shareholders’ Meeting are divided into ordinary resolutions and special resolutions.

The following matters shall be passed by ordinary resolution at the Shareholders’ Meeting:

- (I) appointment or dismissal of the members of the Board of Directors and formulate their salary plans;
- (II) work reports of the Board of Directors;
- (III) to review and approve the profit distribution plan and loss recovery plan;
- (IV) other matters other than those required by laws, regulations, the Listing Place Rules, the regulatory provisions of relevant regulatory authorities, or the Articles of Association to be passed through special resolutions.

The following matters shall be passed by special resolution of the Shareholders’ Meeting:

- (I) the increase or decrease in registered capital of the company;
- (II) the divisions, mergers, dissolutions, liquidations;
- (III) the amendment to the Articles of Association;
- (IV) the aggregate amount of the company’s acquisitions or disposals of material assets, or guarantees provided to third parties within a year exceeds 30% of the total audited assets reflected in the company’s latest financial statements;
- (V) change in corporate form;

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

- (VI) equity incentive plan;
- (VII) other matters required by laws, regulations, the Listing Place Rules regulatory provisions of relevant regulatory authorities or the Articles of Association, as well as those determined by ordinary resolutions of the Shareholders’ Meeting with significant impact on the Company, and which require special resolutions to be passed.

TRANSFER OF SHARES

The Shares of our Company issued before the company’s public offering shall not be transferred within one year from the date of listing and trading of the Company’s shares on the stock exchange.

The Directors and senior management of our Company shall declare, to our Company, information on their holdings of the Shares of our Company and the changes thereto. The Shares transferrable by them during each year of their term of office shall not exceed 25% of their total holdings of a single class of Shares of our Company. The Shares that they hold in our Company shall not be transferred within one year from the date of listing and trading of the Company’s shares. The aforesaid persons shall not transfer their Shares of our Company within half a year from the date of their resignation.

If the Shares are pledged within the period of restriction on transfer stipulated by relevant laws and regulations, the pledgee shall not exercise the pledge within the period of restriction on transfer.

POWER OF THE COMPANY TO PURCHASE ITS OWN SHARES

The Company shall not acquire its own Shares. However, except for one of the following situations:

- (I) to reduce the registered capital of the Company;
- (II) to merger with other companies holding Shares in the Company;
- (III) to use Shares for employee shareholding schemes or as equity incentives;
- (IV) to acquire the Shares of shareholders (upon their request) who vote against any resolution adopted at any Shareholders’ Meeting regarding the merger or division of the Company;
- (V) to use the Shares to satisfy the conversion of the convertible corporate bonds into Shares issued by the Company;
- (VI) to safeguard corporate value and Shareholders’ interests as the Company deems necessary;
- (VII) other situations permitted by laws, regulations and regulatory provisions of relevant regulatory authorities.

The Company may acquire its own shares by way of public centralized trading or in other manner approved by other ways permitted by laws, regulations and regulatory provisions of relevant regulatory authorities.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

POWER OF ANY SUBSIDIARY OF THE ISSUER TO OWN SHARES IN ITS PARENT

The Company’s holding subsidiaries are not allowed to acquire the Company’s shares. If a holding subsidiary of the Company holds shares of the Company due to the merger of the Company, the exercise of pledge rights, etc., it shall not exercise the voting rights corresponding to the shares it holds, and shall dispose of the shares of the Company in a timely manner.

PROXIES

Any Shareholder who has the right to attend and vote at the Shareholders’ Meeting may attend the meeting in person or entrust one or more persons (who may not be shareholders) as their proxy to attend and vote on their behalf. The power of attorney issued by Shareholders authorizing others to attend the Shareholders’ Meeting shall include the following contents:

- (I) the name of the proxy;
- (II) voting rights;
- (III) respective instructions on affirmative, negative or abstention voting on each item for consideration listed in the Shareholders’ Meeting’s agenda;
- (IV) date of issuance and validity period of the power of attorney;
- (V) signature (or seal) of the Shareholder; If the Shareholder is a corporate Shareholder, the seal of the legal entity shall be affixed.

The power of attorney shall indicate the Shareholder’s proxy can vote according to its own will if the Shareholder does not provide specific instructions.

CALLS ON SHARES AND FORFEITURE OF SHARES

There are no provisions in the Articles of Association relating to calls on Shares and forfeiture of Shares of the Company.

INSPECTION OF REGISTER OF MEMBERS

Our Company establishes a register of members based on the vouchers provided by the securities registration and settlement institution, which is sufficient evidence to prove that shareholders hold our Company’s Shares. Shareholders shall enjoy rights and assume obligations according to the types of Shares they hold. Shareholders holding the same type of Shares shall have equal rights and assume the same obligations.

The transfer of Shares must be recorded in the register of members. In the register of shareholders of overseas listed foreign shares, the original part of the register of shareholders of holders of shares listed on the Hong Kong Stock Exchange shall be kept in Hong Kong.

When our Company convenes a Shareholders’ Meeting, distributes dividends, liquidates, or engages in other activities that require confirmation of Shareholder identity, the Board of Directors or the convener of the Shareholders’ Meeting shall determine the share registration date. After the share registration date is closed, the registered Shareholders shall be the Shareholders who enjoy the relevant rights and interests.

QUORUM FOR SHAREHOLDERS’ MEETING

There are no provisions in the Articles of Association relating to quorum for Shareholders’ Meeting of the Company.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

RIGHTS OF THE MINORITIES IN RELATION TO FRAUD OR OPPRESSION THEREOF

If Directors (other than Audit Committee) and senior management personnel violate laws, regulations, or the provisions of the Articles of Association while performing their duties, causing losses to our Company, Shareholders who individually or jointly hold more than 1% of our Company's Shares for more than 180 consecutive days have the right to request in writing that the Audit Committee file a lawsuit with the people's court; If the Audit Committee violates laws, regulations, or the provisions of the Articles of Association while performing its duties, causing losses to our Company, the aforementioned Shareholders may request in writing that the Board of Directors file a lawsuit with the people's court. If the Audit Committee or the Board of Directors refuses to file a lawsuit after receiving a written request from the Shareholders specified in the preceding paragraph, or fails to file a lawsuit within 30 days from the date of receiving the request, or if the situation is urgent and the failure to file a lawsuit immediately will cause irreparable damage to our Company's interests, the Shareholders specified in the preceding paragraph have the right to directly file a lawsuit in their own name to the people's court for the benefit of our Company. If another person infringes on the legitimate rights and interests of our Company and causes losses to our Company, Shareholders who individually or jointly hold more than 1% of our Company's Shares for more than 180 consecutive days may file a lawsuit with the people's court in accordance with the provisions of the preceding two paragraphs.

PROCEDURES ON LIQUIDATION

Under the PRC Company Law, a company shall be dissolved for any of the following reasons:

- (I) the expiration of the business term specified in these articles of association or the occurrence of other dissolution reasons specified in the Articles of Association;
- (II) the Shareholders' Meeting resolves for dissolution;
- (III) dissolution is required due to the merger or division of our Company;
- (IV) the business license has been revoked, ordered to close down or dissolved in accordance with the law; and
- (V) the Company is dissolved by a people's court in response to the request of Shareholders holding Shares that represent more than 10% of the voting rights of all Shareholders, on the grounds that there are serious difficulties in the operation and management of our Company and its continued existence will cause significant losses to the interests of Shareholders, which cannot be resolved through other means.

If our Company has the reasons for dissolution provided for in the preceding paragraph, it shall publicize the reasons for dissolution through the national enterprise credit information publicity system within 10 days.

The liquidation group shall notify creditors within 10 days of its establishment, and make an announcement in a newspaper or the national enterprise credit information publicity system within 60 days. Creditors shall declare their claims to the liquidation team within 30 days from the date of receiving the notice, or within 45 days from the date of announcement if they have not received the notice.

When applying for creditor's rights, creditors shall explain the relevant matters of the creditor's rights and provide proof materials. The liquidation committee shall register the creditor's rights. During the period of declaring creditor's rights, the liquidation committee shall not pay off the creditor.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

After clearing our Company’s assets, preparing a balance sheet and inventory of assets, the liquidation team shall formulate a liquidation plan and submit it to the Shareholders’ Meeting or the people’s court for confirmation. The remaining assets of our Company after paying the liquidation expenses, employee salaries, social insurance expenses, and statutory compensation, paying the outstanding taxes, and paying off our Company’s debts shall be distributed by our Company according to the proportion of Shares held by Shareholders. During the liquidation period, our Company exists but cannot carry out business activities unrelated to liquidation. Our Company’s assets will not be distributed to Shareholders until they have been paid off in accordance with the provisions of the preceding paragraph.

Upon liquidation of the Company’s property and preparation of the required statement of financial position and inventory of assets, if the liquidation committee becomes aware that the Company does not have sufficient assets to meet its liabilities, it must apply to a people’s court for a declaration of bankruptcy in accordance with the laws. Following such declaration of bankruptcy by the people’s court, the people’s court shall take over the administration of the liquidation procedure from the liquidation committee.

After the liquidation of our Company is completed, the liquidation committee shall prepare a liquidation report, submit it to the Shareholders’ Meeting or the people’s court for confirmation, and submit it to our Company registration authority to apply for deregistration of our Company, and announce the termination of our Company. Members of the liquidation committee shall perform their obligation in compliance with laws and shall have the duty of loyalty and duty of care. Members of the liquidation committee are liable to indemnify the company and its creditors in respect of any loss arising from their willful or gross negligence.

Liquidation of a company which is declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

OTHER PROVISIONS MATERIAL TO THE ISSUER OR THE SHAREHOLDERS THEREOF

General Provisions

Our Company is a permanently existing joint stock limited company.

All the assets of our Company are divided into Shares of equal value. The Shareholders are responsible for our Company to the extent of their subscribed Shares, and our Company is responsible for our Company’s debts with all its assets.

From the effective date, this Articles of Association shall become a legally binding document regulating the organization and behavior of our Company, the rights and obligations between our Company and its Shareholders, and between Shareholders, and shall have legal binding force on our Company, Shareholders, Directors and senior management.

Share and Transfer

In light of our Company’s operational and developmental needs, our Company may increase its capital in accordance with the laws and regulations and subject to a resolution of the Shareholders’ Meeting, by any of the following methods:

- (I) a public offering of shares;
- (II) a private placement of shares;
- (III) allotment of bonus shares to existing shareholders;
- (IV) conversion of reserve funds to share capital;
- (V) other methods permitted by laws, regulations, and regulatory provisions of relevant regulatory authorities.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

Our Company may reduce its registered capital. Any reduction of our Company’s registered capital shall be subject to the procedures prescribed in the PRC Company Law and other relevant regulations, as well as the Articles of Association.

Shareholders

Shareholders are entitled to rights and assumes obligations pursuant to the classification of their shares.

Shareholders holding the same classified Share have the same rights and assume the same obligations. Shareholders of our Company shall enjoy the following rights:

- (I) the right to dividends and other distributions in proportion to the number of Shares held;
- (II) the right to apply for, convene, preside, attend or appoint proxies to attend Shareholders’ Meeting and to exercise the corresponding right to speak and vote;
- (III) the right to supervise, present proposals or raise enquiries in respect of our Company’s business operations;
- (IV) the right to transfer, give as a gift or pledge the Shares it holds in accordance with laws, regulations and the Articles of Association;
- (V) the right to inspect and copy the Articles of Association, Register of Shareholders, minutes of Shareholders’ Meeting, resolutions of the Board of Directors and accounting reports of Our Company and Subsidiaries, eligible shareholders shall enjoy the right to inspect the accounting books and documents of the Company and its wholly-owned subsidiaries;
- (VI) in the event of the termination or liquidation of our Company, the right to participate in the distribution of the remaining property of our Company in proportion to the number of Shares held;
- (VII) Shareholders who object to resolutions of merger or division made by the Shareholders’ Meeting may request our Company to purchase Shares held;
- (VIII) other rights provided for by laws, regulations, regulatory provisions of relevant regulatory authorities or the Articles of Association.

Where any Shareholder demands to read the relevant information or obtain any of the aforesaid materials, he shall submit to our Company written documents proving the class(es) and number of Shares he holds. Our Company shall provide the relevant information or materials in accordance with the Shareholder’s demand after verifying the Shareholder’s identity. Shareholder(s) who individually or jointly hold(s) 3% or more of the Company’s shares for a continuous period of 180 days or more may request to inspect the Company’s accounting books and accounting vouchers. A shareholder requesting to inspect the Company’s accounting books and accounting vouchers shall submit a written request to the Company, stating the purpose. If the Company has reasonable grounds to believe that the shareholder’s inspection request is for an improper purpose and may harm the Company’s legitimate interests, the Company may refuse to provide access, and shall, within 15 days from the date of receipt of the shareholder’s written request, give a written reply to the shareholder stating the reasons.

Shareholders of our Company shall have the following obligations:

- (I) to abide by laws, regulations and the Articles of Association;
- (II) to pay the Share subscription price based on the Shares subscribed for by them and the method of acquiring such Shares;
- (III) not to return Shares unless prescribed otherwise in laws and regulations;

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

- (IV) not to abuse Shareholders’ rights to infringe upon the interests of our Company or other Shareholders; not to abuse our Company’s status as an independent legal entity or the limited liability of Shareholders to harm the interests of our Company’s creditors;
- (V) to assume other obligations required by laws, regulations, regulatory provisions of relevant regulatory authorities and the Articles of Association.

Any Shareholder who abuses Shareholders’ rights and causes our Company or other Shareholders to suffer a loss shall be liable for making compensation in accordance with the law. Any Shareholder who abuses the status of our Company as an independent legal entity or the limited liability of Shareholders to evade debts and severely harm the interests of our Company’s creditors shall assume joint and several liability for our Company’s debts.

The Audit Committee

Our company does not have the Board of Supervisors or Supervisor but has an Audit Committee within the Board of Directors to exercise the powers of the Board of Supervisors as stipulated in the Company Law. The Audit Committee shall consist of no fewer than three directors and shall be composed solely of non-executive directors, among whom independent non-executive directors shall constitute more than half. Members of the Audit Committee shall not hold the position of senior management personnel in the company.

The audit committee shall exercise the following powers:

- (I) to inspect the company’s finances;
- (II) to supervise the actions of directors and senior management personnel in performing their duties, and to propose the removal of directors or senior management personnel who violate laws, regulations, this charter, or resolutions of the shareholders’ meeting;
- (III) to demand that directors or senior management personnel correct their actions when such actions are found to be detrimental to the company’s interests;
- (IV) to propose the convening of a special shareholders’ meeting, and to convene and preside over the shareholders’ meeting when the board of directors fails to fulfill its statutory duties to convene and preside over the shareholders’ meeting;
- (V) to submit proposals to the shareholders’ meeting;
- (VI) to initiate litigation against directors or senior management personnel in accordance with the relevant provisions of the Company Law;
- (VII) other powers stipulated by laws, regulations and the Articles of Association.

General Manager

The company’s general manager, deputy general managers, chief financial officer, secretary of the Board of Directors, and other senior management personnel determined by the Board of Directors shall be deemed as the senior management personnel of the company. The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

- (I) to be in charge of the production, operation and management of our Company, to organize the implementation of the resolutions of the Board of Directors, and to report his/her works to the Board of Directors;
- (II) to organize the implementation of our Company’s annual business plans and investment plans;
- (III) to draft plans for the establishment of our Company’s internal management organization;

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

- (IV) to draft our Company’s basic management system;
- (V) to formulate the specific rules and regulations of our Company;
- (VI) to propose to the Board of Directors appointment or dismissal of deputy general manager or other senior management;
- (VII) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (VIII) such other functions and powers conferred by the Articles of Association, the Board of Directors.

The general manager shall attend the Board meeting as a non-voting delegate and shall be responsible to the Board of Directors.

Reserves

In distributing its current-year after-tax profits, our Company shall allocate 10% of its profit to its statutory reserve fund.

Allocations to Company’s statutory reserve fund may be waived once the cumulative amount of funds therein exceeds 50% of our Company’s registered capital.

Where the statutory reserve fund is not sufficient to cover any loss made by Company in the previous year, the current year’s profit shall be used to cover such loss before any allocation is made to the statutory reserve fund pursuant to the preceding paragraph.

After an allocation to the statutory reserve fund has been made from the after-tax profit of our Company, and subject to the adoption of a resolution by the Shareholders’ Meeting, an allocation may be made to the discretionary reserve fund.

The remaining after-tax profit after our Company makes up for losses and withdraws provident fund shall be distributed according to the proportion of Shares held by Shareholders, unless prohibited by the Articles of Association.

If the Shareholders’ Meeting distributes profits to shareholders in violation of laws, regulations and regulatory provisions of relevant regulatory authorities, the shareholders shall return the profits distributed in violation of the provisions to the Company; if losses are caused to the Company, the shareholders and the directors and senior managers who are responsible shall be liable for compensation.

Profits shall not be distributed to Shares held by the Company itself.

Our Company’s provident fund is used to compensate for its losses, expand its production and operation, or convert it into an increase in our Company’s capital.

The provident fund to make up for the Company’s losses should first use the arbitrary provident fund and the statutory provident fund; if it still cannot be made up, the capital reserve may be used in accordance with the regulations.

After converting statutory reserve funds into capital, the amount remaining in the statutory reserve fund shall be no less than 25% of the Company’s registered capital.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

1. FURTHER INFORMATION ABOUT OUR GROUP

A. Incorporation

Our Company was established as a limited liability company under the laws of the PRC on February 2, 2010 and was converted into a joint stock company with limited liability on February 13, 2026.

Our Company has established a place of business in Hong Kong at 40/F, Dah Sing Financial Centre, No. 248 Queen’s Road East, Wan Chai, Hong Kong. Our Company has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance, with Ms. Oh Sim Yee (胡倩鈺) appointed as the authorized representatives of our Company on April 28, 2026 for acceptance of the service of process and any notices required to be served on our Company in Hong Kong.

As we were established in the PRC, our 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 our Articles of Association is set out in “Summary of the Articles of Association” in Appendix III to this document.

B. Changes in the Share Capital of our Company

Save as disclosed in the section headed “History, Development and Corporate Structure” in this document, there has been no alteration in our share capital within the two years immediately preceding the date of this document.

C. Changes in the Share Capital of our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountants’ Report in Appendix I to this document.

The following sets out the changes in the share capital of our subsidiaries within the two years immediately preceding the date of this document:

- (a) On February 28, 2025, Qingdao TOYA Technology Co., Ltd. (青島同亞科技有限公司) was established in the PRC as a direct wholly-owned subsidiary of our Company with a registered capital of RMB10,000,000.
- (b) On July 7, 2025, Dongguan Huarui Tianchen Equipment Co., Ltd. (東莞市華瑞天辰設備有限公司) was established in the PRC as a direct wholly-owned subsidiary of our Company with a registered capital of RMB5,000,000.
- (c) On September 3, 2025, TOYA New Materials (Dongguan) Co., Ltd. (同亞新材料(東莞)有限公司) was established in the PRC as a direct wholly-owned subsidiary of our Company with a registered capital of RMB2,800,000.
- (d) On April 17, 2026, Zhejiang Jiaze Innovative Materials Co., Ltd. (浙江嘉澤創新材料有限公司) was established in the PRC as a direct wholly-owned subsidiary of our Company with a registered capital of RMB10,000,000.
- (e) On May 19, 2026, TOYA Technology (HK) Company Limited (同亞科技(香港)有限公司) was established in Hong Kong as a direct wholly-owned subsidiary of our Company with a registered capital of HKD1,000,000.

Save as disclosed above, no alteration in the registered capital of our subsidiaries has taken place within the two years preceding the date of this Document.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

D. Resolutions of Our Shareholders

In accordance with the Shareholders’ resolutions of our Company dated April 28, 2026, the following resolutions were passed by the Shareholders:

- (a) the [REDACTED] by our Company of the H Shares of nominal value of RMB1.00 each and such H Shares being [REDACTED] on the Hong Kong Stock Exchange;
- (b) the number of H Shares to be [REDACTED] shall not be more than [REDACTED] of the total issued share capital of our Company as enlarged by the [REDACTED] (assuming the [REDACTED] is not exercised), and the grant to the [REDACTED] (or their representatives) of the [REDACTED] of not more than [REDACTED] of the number of H Shares issued pursuant to the [REDACTED];
- (c) subject to the filing procedure with the CSRC, upon completion of the [REDACTED], all of our Unlisted Shares in aggregate will be converted into H Shares on a one-for-one basis;
- (d) subject to the completion of the [REDACTED], the conditional adoption of the Articles of Association which shall become effective on the [REDACTED], and 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;
- (e) authorization of the Board and its authorized persons to handle matters relating to, among other things, the [REDACTED], the issue and [REDACTED] of the H Shares; and
- (f) the abolishment of the board of supervisors of the Company in accordance with the relevant PRC laws and regulations.

E. Restriction on share repurchases

For details of the restrictions on share repurchases by our Company, see the section headed “Appendix III — Summary of the Articles of Association” in this document.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Material Contracts

Our 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 to us:

- (a) the capital increase and equity transfer agreement dated December 27, 2024 entered into among our Company, Jiangxi TOYA, Thailand TOYA, Singapore TOYA, Mr. Zhao Gang, Mr. Deng Xiang, Mr. Chen Rui, Shenzhen Yamei, TOYA Enterprise Management, Kechuang Wanjiang, Yinshan Jijin, Nanjing Chengwei, Nanjing Xiangzhong, Suzhou Xiangzhong, Chuang No.1, Chuang No.3, Xiamen Jingheli, Qingdao Hongping, Qingdao Hongshen and Gezhi Yiqi, with Qingdao Hongping, Qingdao Hongshen, Chuang No.1, Chuang No.3, Xiamen Jingheli, Yinshan Jijin and Gezhi Yiqi, details of which are set out in the section headed “History, Development and Corporate Structure” in this document;
- (b) the equity transfer agreement dated 2024 entered into among Kechuang Wanjiang, Chuang No.1, Chuang No.3, Xiamen Jingheli, our Company, Jiangxi TOYA, Thailand TOYA, Singapore TOYA, Mr. Zhao Gang, Mr. Deng Xiang, Mr. Chen Rui, Shenzhen Yamei, and TOYA Enterprise Management, details of which are set out in the section headed “History, Development and Corporate Structure” in this document;

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (c) the shareholders’ agreement dated November 27, 2024 entered into among our Company, Jiangxi TOYA, Thailand TOYA, Singapore TOYA, Mr. Zhao Gang, Mr. Deng Xiang, Mr. Chen Rui, Shenzhen Yamei, TOYA Enterprise Management, Kechuang Wanjiang, Yinshan Jijin, Nanjing Chengwei, Nanjing Xiangzhong, Suzhou Xiangzhong, Chuang No.1, Chuang No.3, Xiamen Jingheli, Qingdao Hongping, Qingdao Hongshen, and Gezhi Yiqi, pursuant to which certain shareholders’ rights were agreed among the aforementioned parties;
- (d) the capital increase agreement dated March 25, 2026 entered into among our Company, Jiangxi TOYA, Qingdao TOYA, TOYA New Materials, Huarui Tianchen, Thailand TOYA, Singapore TOYA, Mr. Zhao Gang, Mr. Deng Xiang; Mr. Chen Rui, Shenzhen Yamei, TOYA Enterprise Management, Kechuang Wanjiang, Yinshan Jijin, Nanjing Chengwei, Nanjing Xiangzhong, Suzhou Xiangzhong, Chuang No.1, Chuang No.3, Xiamen Jingheli, Qingdao Hongping, Qingdao Hongshen, Gezhi Yiqi, Nanhu Rongmai, Jiaguo No.2, Jinwan Qinghe, Shenzhen HTI Venture Capital, Yihua Phase II, Hejun Growth, with Nanhu Rongmai, Jiaguo No.2, Jinwan Qinghe, Shenzhen HTI Venture Capital, Yihua Phase II, and Hejun Growth, details of which are set out in the section headed “History, Development and Corporate Structure” in this document;
- (e) the supplemental shareholders’ agreement dated June 5, 2026 entered into among our Company, Jiangxi TOYA, Qingdao TOYA, TOYA New Materials, Huarui Tianchen, Thailand TOYA Thailand, Singapore TOYA, Mr. Zhao Gang, Mr. Deng Xiang, Mr. Chen Rui, Shenzhen Yamei, TOYA Enterprise Management, Kechuang Wanjiang, Yinshan Jijin, Nanjing Chengwei, Nanjing Xiangzhong, Suzhou Xiangzhong, Chuang No.1, Chuang No.3, Xiamen Jingheli, Qingdao Hongping, Qingdao Hongshen, Gezhi Yiqi, Nanhu Rongmai, Jiaguo No.2, Shenzhen HTI Venture Capital, Yihua Phase II, Hejun Growth, and Jinwan Qinghe, pursuant to which the termination and reinstatement of the special rights that were previously granted to the shareholders under the Shareholders’ Agreement were agreed among the parties; and
- (f) the [REDACTED].

B. Intellectual Property

Our Intellectual Property Rights

(i) Trademarks

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

No.	Trademark	Class	Registrant	Place of registration	Registration number	Date of application	Date of expiration
1.		9	Our Company	PRC	13329908	October 9, 2013	February 6, 2035
2.	TOYA	35	Our Company	PRC	32760278	August 8, 2018	July 6, 2029
3.	TOYA	9	Our Company	PRC	32761201	August 8, 2018	August 13, 2029
4.		9	Our Company	PRC	86175578	June 27, 2025	May 6, 2036

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

As of the Latest Practicable Date, we had the following trademarks which are pending registration.

No.	Trademark	Class	Registrant	Place of Registrant	Application No.	Date of Application
1.		9, 35	Our Company	Hong Kong	307128414	December 16, 2025
2.		9, 35	Our Company	Hong Kong	307128441	December 16, 2025

(ii) Patents

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

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
1.	Wire Core with Replaceable Plating (一種鍍層便於更換的線芯)	Utility	Our Company	PRC	ZL202521181362.5	May 19, 2026
2.	Wire Core with Anti-Peeling Plating (一種鍍層防脫落的線芯)	Utility	Our Company	PRC	ZL202520933979.1	April 7, 2026
3.	37-Core Cable (線纜 (37芯))	Design	Our Company	PRC	ZL202530124164.4	January 16, 2026
4.	Process for preparing wire cores and a cable (一種製備線芯的工藝及線纜)	Invention	Our Company	PRC	ZL202510327563.X	October 31, 2025
5.	Testing device for enameled stranded wire (一種漆包絞線檢測設備)	Invention	Our Company	PRC	ZL202411420177.7	February 11, 2025
6.	Wire drawing device for testing the tensile strength of metal wire (一種金屬絲抗拉性能檢測用的拉絲裝置)	Invention	Our Company	PRC	ZL202411429609.0	January 17, 2025
7.	Device for detecting the bending degree of tin-plated copper wire (一種鍍錫銅絲的彎折度檢測裝置)	Invention	Our Company	PRC	ZL202411401880.3	December 13, 2024
8.	Methods and apparatus for testing the quality of wire drawing on copper alloy surfaces (銅合金表面拉絲質量檢測方法及裝置)	Invention	Our Company	PRC	ZL202411361047.0	December 13, 2024
9.	Method and Apparatus for Inspecting the Center Hole of a Wire Drawing Die (拉絲模的中心孔檢測方法及裝置)	Invention	Our Company	PRC	ZL202411325340.1	November 26, 2024
10.	High-Speed Wire-Passing Guide Roller for Ultra-Fine Metal Wire (一種超細金屬絲高速過線導輪)	Utility	Our Company	PRC	ZL202323402499.2	September 17, 2024
11.	Tin-Plating Device for Ultra-Fine Copper Wire (一種超細銅線鍍錫裝置)	Utility	Our Company	PRC	ZL202323437567.9	August 13, 2024
12.	Low-Tension Payoff Machine (一種小張力放線機)	Utility	Our Company	PRC	ZL202323488071.4	August 13, 2024
13.	Automatic Positioning and Winding Machine (一種自動排位收線機)	Invention	Our Company	PRC	ZL202010555163.1	July 26, 2024
14.	Wire bundling machine (一種金屬絲集合機)	Invention	Our Company	PRC	ZL201710700032.6	April 19, 2024
15.	New Type of High-Precision Wire Drawing Machine (一種新型高精度拉絲機)	Utility	Our Company	PRC	ZL202221599375.0	December 13, 2022
16.	Copper Wire Cooling and Drying Device (一種銅線冷卻乾燥裝置)	Utility	Our Company	PRC	ZL202221612070.9	December 13, 2022
17.	Low-Energy-Consumption Drying Tube (一種低能耗乾燥管)	Utility	Our Company	PRC	ZL202221612837.8	December 13, 2022

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
18.	New Type of Spool Box (一種新型線筒盒)	Utility	Our Company	PRC	ZL202221655119.9	December 13, 2022
19.	New Type of Winding Spool (一種新型繞線筒)	Utility	Our Company	PRC	ZL202221629738.0	December 13, 2022
20.	Device for Uniformly Shearing Conductor Wires (一種導體線均等剪切設備)	Utility	Our Company	PRC	ZL202122128701.1	July 8, 2022
21.	Stranded wire with high-strength corrosion resistance (一種耐腐蝕性極佳的絞線)	Utility	Our Company	PRC	ZL202122128705.X	April 5, 2022
22.	New Type of Conductor Wire Explosion-Proof Cable (一種新型導體線防爆電纜)	Utility	Our Company	PRC	ZL202122119571.5	April 5, 2022
23.	Heat-Sealable Self-Adhesive Ultra-Fine Wire Coil (一種熱熔自粘超細導線圈)	Utility	Our Company	PRC	ZL202122121215.7	April 5, 2022
24.	Multi-strand conductor core tensile-resistant cable (一種多股導體線芯抗拉電纜)	Utility	Our Company	PRC	ZL202122121231.6	April 5, 2022
25.	Mobile Winding Machine (一種移動式收線機)	Utility	Our Company	PRC	ZL202021781719.0	June 11, 2021
26.	Lubricating Oil Supply System for Wire Drawing Machines (一種拉絲機潤滑油供應系統)	Utility	Our Company	PRC	ZL202021133707.7	June 11, 2021
27.	Fuel Injection Mold Base (一種噴油模具座)	Utility	Our Company	PRC	ZL202021124020.7	April 9, 2021
28.	Guide Wire Machine for Bonding Wire Production (一種鍵合絲生產用導絲機械)	Invention	Our Company	PRC	ZL201811432006.0	December 8, 2020
29.	Conductor payoff device (一種導體放線裝置)	Utility	Our Company	PRC	ZL201920418265.1	January 10, 2020
30.	Automatic Water Removal Device for Conductors (一種導體的自動除水裝置)	Utility	Our Company	PRC	ZL201920418058.6	January 10, 2020
31.	Wire winding device (一種收線裝置)	Utility	Our Company	PRC	ZL201920418349.5	January 10, 2020
32.	Stable Winding Rewinder (一種穩定收線的返卷機)	Utility	Our Company	PRC	ZL201920419505.X	January 10, 2020
33.	Twisted Pair Strand Detection Fixture (一種絞線跳股檢測治具)	Utility	Our Company	PRC	ZL201920418316.0	January 10, 2020
34.	Eco-Friendly Tin-Plating Machine for Copper Wire (一種銅線環保鍍錫機)	Utility	Our Company	PRC	ZL201721639017.7	October 30, 2018
35.	Refined Cable Cleaning Machine (一種改進的線纜清潔機)	Utility	Our Company	PRC	ZL201721640048.4	October 30, 2018
36.	Automatic Flux Dispensing Device (一種助焊劑自動添加裝置)	Utility	Our Company	PRC	ZL201721711603.8	August 3, 2018
37.	Rubber-Wheel Polishing Machine (一種膠輪拋光機)	Utility	Our Company	PRC	ZL201721640716.3	August 3, 2018
38.	Metal Wire Payoff Device (一種金屬絲放線裝置)	Utility	Our Company	PRC	ZL201721639018.1	August 3, 2018
39.	Stranding Machine with an Impurity Removal Mechanism (一種方便除雜的絞線機)	Utility	Our Company	PRC	ZL201721639113.1	August 3, 2018
40.	Conductor Feeding Device for Preventing Wire Pinching (一種防止夾線的導體送線裝置)	Utility	Our Company	PRC	ZL201721640049.9	August 3, 2018
41.	Conductor Stress Relief Machine (一種導體去應力機)	Utility	Our Company	PRC	ZL201721639026.6	August 3, 2018
42.	High-Speed Bobbin-Type Winding Machine (一種筒式高速繞線機)	Utility	Our Company	PRC	ZL201721022731.1	March 2, 2018

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
43.	Novel Metal Wire Bundling Machine (一種新型金屬絲集合機)	Utility	Our Company	PRC	ZL201721022670.9	March 2, 2018
44.	Tin Composition for Tinning Wires, Its Preparation Method, and Uses (一種電線鍍錫用錫組合物及其製備方法和用途)	Invention	Our Company	PRC	ZL201510410074.7	January 23, 2018
45.	Cable Ultrasonic Cleaning Device (線纜超聲波清洗裝置)	Invention	Our Company	PRC	ZL201510410075.1	March 1, 2017
46.	Method for Rewinding Bonded Wire (一種鍵合金絲的復繞方法)	Invention	Jiangxi TOYA	PRC	ZL202010466992.2	August 9, 2022
47.	Annealing Auxiliary Cleaning Device for Tin-Plating Machines of Copper Wire (一種銅線鍍錫機退火輔助清理設備)	Utility	Jiangxi TOYA	PRC	ZL202122107109.3	April 29, 2022
48.	Tin-Plating Device for Copper Wire Used in the Production of Mineral-Insulated Fire-Resistant Cables (一種礦物絕緣防火電纜生產用銅線鍍錫裝置)	Utility	Jiangxi TOYA	PRC	ZL202122701724.7	April 8, 2022
49.	Tension Support Device for Copper Wire Drawing (一種用於銅線拉力的張力支撐裝置)	Utility	Jiangxi TOYA	PRC	ZL202122032716.8	March 22, 2022

(iii) Domain Name

As of the Latest Practicable Date, we had registered the following domain name which we consider to be material to our business:

No.	Domain name	Registrant	Expiry date
1.	<u>dgtoya.cn</u>	Our Company	April 1, 2027

Save as aforesaid, as of the Latest Practicable Date, there were no other trademarks, patents or other intellectual or industrial property rights which we consider to be material to our business.

3. DISCLOSURE OF INTERESTS

A. Disclosure of interests of our Directors and Chief Executive

Save as disclosed below, immediately following the completion of the [REDACTED], and Conversion of Unlisted Shares into H Shares, assuming that the [REDACTED] is not exercised, the interests and/or short positions of the Directors, Supervisors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and any interests and/or short positions in shares, underlying shares or debentures of any of our Company’s associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are 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 IV

STATUTORY AND GENERAL INFORMATION

Appendix C3 to the Listing Rules, to be notified to our Company, once the H Shares are [REDACTED] on the Stock Exchange:

Name of Director, Chief Executive	Position	Nature of interest	Description of Shares ⁽¹⁾	As of the Latest Practicable Date		Immediately following the [REDACTED] (assuming the [REDACTED] is not exercised) ⁽²⁾		
				Number of Shares	Approximate percentage Interest in total issued Shares	Number of Shares	Approximate percentage of Interest in the relevant type of Shares	Approximate percentage of Interest in the total issued Shares
Mr. Zhao	Executive Director, Chairman of the Board and general manager	Beneficial owner	Unlisted Shares	4,980,906	4.98%	[REDACTED]	[REDACTED]	[REDACTED]
			H Shares	—	—	[REDACTED]	[REDACTED]	[REDACTED]
		Interest of concert parties ⁽³⁾	Unlisted Shares	65,398,363	65.40%	[REDACTED]	[REDACTED]	[REDACTED]
			H Shares	—	—	[REDACTED]	[REDACTED]	[REDACTED]
		Interest in controlled corporation ⁽⁴⁾	Unlisted Shares	10,394,323	10.39%	[REDACTED]	[REDACTED]	[REDACTED]
			H Shares	—	—	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Deng	Executive Director and deputy general manager	Interest in controlled corporation ⁽⁵⁾	Unlisted Shares	45,042,385	45.04%	[REDACTED]	[REDACTED]	[REDACTED]
			H Shares	—	—	[REDACTED]	[REDACTED]	[REDACTED]
		Beneficial Owner	Unlisted Shares	4,980,749	4.98%	[REDACTED]	[REDACTED]	[REDACTED]
			H Shares	—	—	[REDACTED]	[REDACTED]	[REDACTED]
		Interest of concert parties ⁽³⁾	Unlisted Shares	65,398,363	65.40%	[REDACTED]	[REDACTED]	[REDACTED]
			H Shares	—	—	[REDACTED]	[REDACTED]	[REDACTED]
		Interest in controlled corporation ⁽⁵⁾	Unlisted Shares	45,042,385	45.04%	[REDACTED]	[REDACTED]	[REDACTED]
			H Shares	—	—	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of: (i) 100,000,000 Unlisted Shares in issue; and (ii) [REDACTED] H Shares to be issued under the [REDACTED] immediately after completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares, assuming the [REDACTED] is not exercised. Unlisted Shares and H Shares are both ordinary Shares in the share capital of our Company, and are considered as one class of Shares.
- (3) Pursuant to the Acting-in-Concert Agreement entered into by Mr. Zhao and Mr. Deng (“**Concert Parties**”), the Concert Parties will procure each of TOYA Enterprise Management and Shenzhen Yamei to act in concert when voting on matters relating to the Company. For further details, see “Relationship with Our Controlling Shareholders”. By virtue of the SFO, Mr. Zhao, Mr. Deng, TOYA Enterprise Management and Shenzhen Yamei are each deemed to be interested in the Shares held by one another.
- (4) As of the Latest Practicable Date, Mr. Zhao was the general partner of Shenzhen Yamei. By Virtue of the SFO, Mr. Zhao is deemed to be interested in the Shares held by Shenzhen Yamei.
- (5) As of the Latest Practicable Date, TOYA Enterprise Management was owned as to 50.00%% by Mr. Zhao and 50.00%% by Mr. Deng. By virtue of the SFO, Mr. Zhao and Mr. Deng are deemed to be interested in the Shares held by TOYA Enterprise Management.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

B. Disclosure of interests of Substantial Shareholders

Save as disclosed in the section headed “Substantial Shareholders” in this document, immediately following the completion of the [REDACTED] and without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED], our Directors are not aware of any other person (other than our Directors or chief executive) who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other members of our Group.

C. Directors’ Service Contracts and Letters of Appointment

[We have entered into a service contract or appointment letter with each of our Directors.] The principal particulars of these service contracts and appointment letters comprise (a) the term of the service, (b) termination provisions, and (c) 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 our Directors have entered, or have proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

D. Directors’ Remuneration

Save as disclosed in “Directors and Senior Management” and Note 8 to “Appendix I — Accountants’ Report” for the three financial years ended December 31, 2023, 2024 and 2025, none of our Directors received other remunerations or benefits in kind from us.

E. Disclaimers

- (a) None of the Directors nor any of the experts referred to in “Qualifications of Experts” below has any direct or indirect interest in the promotion of, or in any assets which have been, within 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 “Qualifications of Experts” below is (i) materially interested in any contract or arrangement subsisting at the date of this document which is interested legally or beneficially in any shares in any member of the Group; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.
- (c) Save as disclosed in this document, 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 our 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.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (d) So far as is known to our Directors, none of our Directors or their associates or any Shareholders who are expected to be interested in 5% or more of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

4. EMPLOYEE SHARE INCENTIVE PLAN

In recognition of the contributions of our employees and to enhance our Group’s long-term incentive mechanism, our Company adopted the Employee Share Incentive Plan by way of establishing the Employee Shareholding Platform, namely Shenzhen Yamei. Under the Employee Share Incentive Plan, eligible participants are entitled to partnership interest in Shenzhen Yamei (“**Incentive Shares**”). For details of the Employee Shareholding Platform, please see “History, Development and Corporate Structure — Major Shareholding Changes of our Company — Major Equity Transfers and Capital Increases before Conversion into a Joint Stock Company Conversion — Establishment of Employee Shareholding Platform” and “History, Development and Corporate Structure — Employee Shareholding Platform” in this document.

The Employee Share Incentive Plan is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of share options or awards or any issuance of new Shares by our Company after the [REDACTED]. Given the Shares under the Employee Share Incentive Plan have already been issued to Shenzhen Yamei as of the Latest Practicable Date, there will not be any dilutive effect to the issued Shares as a result of the operation of the Employee Incentive Plan.

The principal terms of the Employee Share Incentive Plan are set out as follows.

(a) Participants of the plan

The participants of the Employee Share Incentive Plan include Directors, senior management and other core employees of our Company as set out in the plan.

(b) Shares under the Employee Share Incentive Plan

As of the Latest Practicable Date, Shenzhen Yamei directly held 10,394,323 Shares, representing approximately 10.39% of the total issued Shares, of which a maximum of 2,186,966 Shares, representing 21.04% partnership interests in Shenzhen Yamei and subject to any adjustments for other dilutive issuances, are used as the Incentive Shares under the Employee Share Incentive Plan.

(c) Employee Shareholding Platform

Shenzhen Yamei is a limited partnership established on January 4, 2022 as our Employee Shareholding Platform. Shares are granted to eligible participants under the Employee Share Incentive Plan (“**Participants**”) in the form of partnership interests in Shenzhen Yamei.

The general partner of Shenzhen Yamei is Mr. Zhao, an executive Director and general manager of our Company, who holds 23.27% partnership interests in Shenzhen Yamei. Shenzhen Yamei is also held as to 23.27% by Mr. Deng, an executive Director and deputy general manager of our Company. The remaining 53.46% partnership interests in Shenzhen Yamei are held by 23 limited partners who are current employees of our Group. Among the limited partners of Shenzhen Yamei, none of them hold more than 30.00% of its partnership interests.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(d) Administration of the plan

Our Board is the executive management body of the Employee Incentive Plan, which is responsible for the implementation of the Employee Incentive Plan and handling all relevant matters of the Employee Incentive Plan within the authorization of the general meeting. Subject to the approval of the Shareholders’ meeting, each of the Company, the scheme participants, Shenzhen Yamei and its partners, Mr. Zhao and Mr. Deng, will enter into an agreement to determine the terms of the Employee Share Incentive Plan, including but not limited to, determining the grant amount of each scheme participant, the consideration, and payment arrangements in relation to the Employee Share Incentive Scheme. The qualifications and eligibility of the scheme participants will be evaluated by the Company annually.

(e) Performance Targets and Lock-Up

Under the Employee Share Incentive Plan, and subject to fulfillment of the performance targets, the awards held by the participants shall be subject to lock-up for the duration of the scheme participants’ employment with our Company, which shall be for a period of no less than five years from the date of signing of the relevant grant agreement.

5. OTHER INFORMATION**A. Estate Duty**

Our Directors have been advised that no material liability for estate duty is likely to be imposed on our Company or our subsidiaries.

B. Litigation

Save as disclosed in this document and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group as at the Latest Practicable Date.

C. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee for the [REDACTED] of, and permission to [REDACTED], the H Shares in [REDACTED] and to be [REDACTED] pursuant to the [REDACTED] (including any additional H Shares which may be [REDACTED] pursuant to the exercise of the [REDACTED]).

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive a fee of USD700,000 for acting as a sponsor for the [REDACTED].

D. No Material Adverse Change

Save as disclosed in this document, our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since December 31, 2025, being the end of the period reported on in the Accountants’ Report set out in Appendix I to this document.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

E. Qualifications and Consents of Experts

This document contains statements made by the following experts:

<u>Name of Expert</u>	<u>Qualifications</u>
Orient Capital (Hong Kong) Limited	Licensed to conduct Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Haiwen & Partners	Qualified PRC lawyers
Ernst & Young	Certified public accountants and registered public interest entity auditor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

As of the Latest Practicable Date, none of the experts named above had 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 experts named above have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case maybe) and references to their names included in the form and context in which they are respectively included.

F. Compliance Adviser

We have appointed Somerley Capital Limited as our Compliance Adviser upon the [REDACTED] in compliance with Rule 3A.19 of the Listing Rules.

G. Promoters

Our promoters at the time of our Company’s conversion into a joint stock company are all of the 16 then Shareholders as of February 7, 2026. Save as otherwise disclosed in this document, within the two years immediately 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 the promoters in connection with the [REDACTED] and the related transactions described in this document.

H. Preliminary Expenses

As of the Latest Practicable Date, we have not incurred any material preliminary expenses in relation to the incorporation of our Company.

I. Binding Effect

This document shall have the effect, where 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 insofar as applicable.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

J. Bilingual Document

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 (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

K. Miscellaneous

- (a) Save as disclosed in this document, within the two years immediately preceding the date of this document:
 - (i) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group, and no Directors, promoters or experts named in “— E. Other Information — 5. Qualification and Consent of Experts” in this section have received any such payment or benefit;
 - (ii) no capital of any member of our Group has been issued or is proposed to be issued for cash or issued as fully or partly paid up otherwise than in cash;
 - (iii) none of our Directors or the experts named in “— E. Other Information — 5. Qualification and 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
 - (iv) no commissions (but not including commissions to sub-underwriters) have been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares or debentures of our Company.
- (b) Save as disclosed in this document:
 - (i) there is no arrangement under which future dividends are waived or agreed to be waived;
 - (ii) our Company has no outstanding convertible debt securities or debentures;
 - (iii) there are no founder, management or deferred shares in our Company or any of our subsidiaries;
 - (iv) no capital of any member of our Group is under option, or is agreed conditionally or unconditionally to be put under option;
 - (v) there has not been any interruption in the business of our Group which may have or have had a significant effect on our financial position in the 12 months immediately preceding the date of this document; and
 - (vi) 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.

APPENDIX V

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) copies of the material contracts referred to in the section headed “Appendix IV — Statutory and General Information — 2. Further Information about Our Business — A. Summary of Material Contracts”; and
- (b) the written consents referred to in the section headed “Appendix IV — Statutory and General Information — 5. Other Information — E. Qualifications and Consents of Experts”.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at www.dgtoya.cn during a period of 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the Accountants’ Report prepared by Ernst & Young, the text of which is set forth in Appendix I to this document;
- (c) the audited consolidated financial statements of the Group for the years ended December 31, 2023, 2024 and 2025;
- (d) the report prepared by Ernst & Young on the unaudited [REDACTED] financial information, the text of which is set forth in Appendix II to this document;
- (e) the legal opinion from Haiwen & Partners, our PRC Legal Adviser, in respect of, among other things, the general corporate matters and the property interests of our Group under PRC laws;
- (f) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the summary of which is set forth in the section headed “Industry Overview” in this document;
- (g) a copy of the PRC Company Law, the PRC Securities Law and the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies, together with their respective unofficial English translations thereof;
- (h) the service contracts referred to in “Appendix IV — Statutory and General Information — 3. Disclosure of Interests — C. Directors’ Service Contracts and Letters of Appointment”;
- (i) the material contracts referred to in “Appendix IV — Statutory and General Information — 2. Further Information About Our Business — A. Summary of Material Contracts”; and
- (j) the written consents referred to in “Appendix IV — Statutory and General Information — 5. Other Information — E. Qualifications and Consents of Experts”.