SUMMARY

This summary aims to give you an overview of the information contained in this Document. As this is a summary, it does not contain all the information that may be important to you. You should read this Document in its entirety before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in the section entitled "Risk Factors" in this Document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

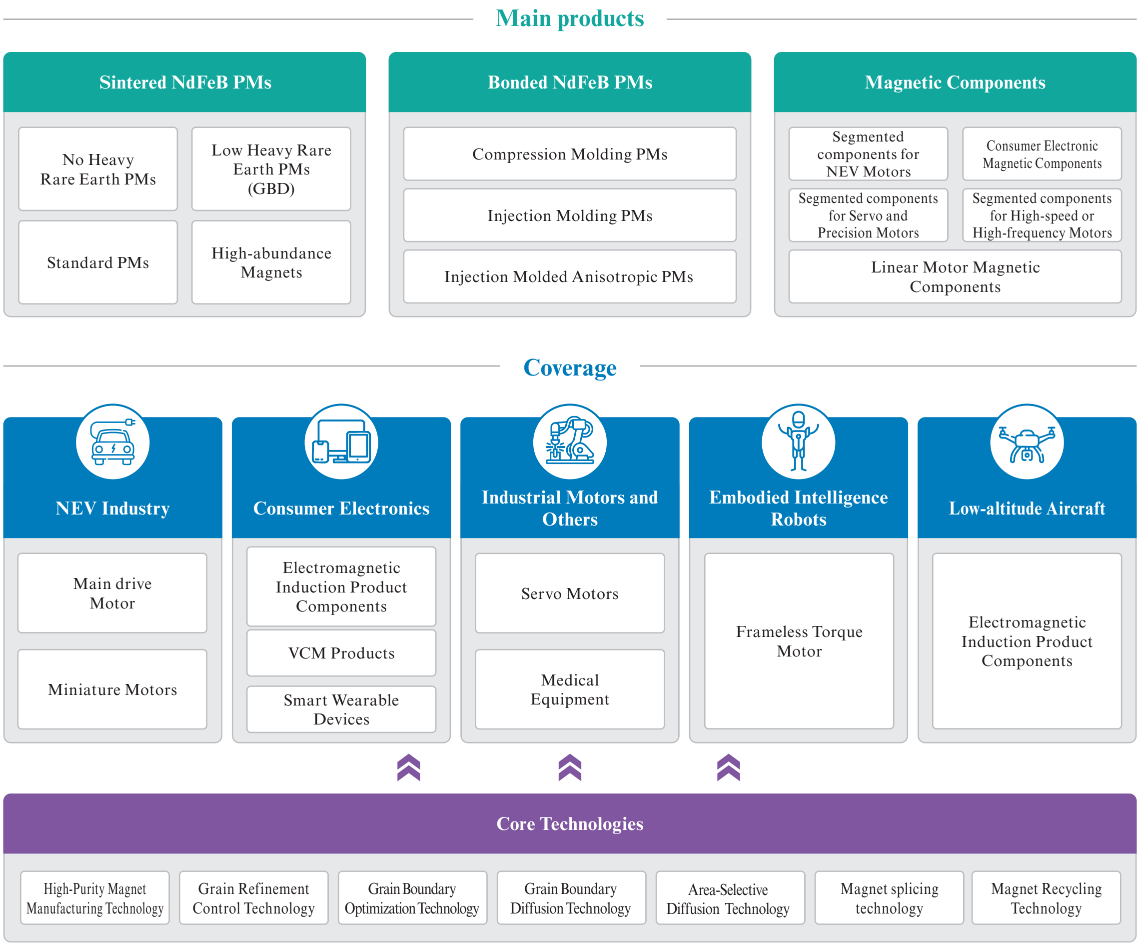
We are a global leading supplier of NdFeB permanent magnets ("**NdFeB PMs**"). We first entered the rare earth permanent magnet industry in 1996. Through profound technological accumulation and continuous independent innovation, we have developed NdFeB PMs with superior properties. We continue to focus deeply on three major downstream business sectors: NEVs, consumer electronics, and industrial motors and others. At the same time, we are actively exploring high-growth emerging markets such as embodied intelligence robots and low-altitude aircraft. We are one of the few enterprises in China that possess a complete set of preparation technologies for NdFeB PMs, covering a broad range of downstream applications, according to CIC. Through independent R&D and continuous improvement of full-process equipment and advanced preparation technologies, we have significantly enhanced the quality and production capacity of our magnetic materials. As of the Latest Practicable Date, we had achieved an annual production capacity of 26,000 tons of NdFeB PM blanks, making us one of the largest rare earth permanent magnet manufacturers globally, according to CIC.

By intensifying technological innovation and continuously improving the production processes and equipment for rare earth permanent magnets, the performance and quality of our main products have reached international advanced levels. As of the Latest Practicable Date, through independent R&D, we had obtained 118 invention patents and three utility model patents in China and overseas jurisdictions, and had successively completed six national high-tech R&D programs of China ("**National 863 Program**"). We have a national-level enterprise technology center, which was awarded to us by the National Development and Reform Commission in 2016. Our R&D projects have been awarded two "Second Prizes of the National Science and Technology Progress". Our high-performance rare earth permanent magnet material industrialization project has been recognized as a national major scientific and technological achievement transformation project. Our YUNSHENG brand NdFeB PMs applied in hard disk drive ("**HDD**") voice coil motors ("**VCMs**") were recognized as "Champion Product in Manufacturing Industry" by Ministry of Industry and Information Technology of the PRC in 2020.

We continuously emphasize R&D investment and deepen our technological capabilities through core technologies such as high-purity magnet manufacturing technology, grain refinement control technology, grain boundary optimization technology, grain boundary diffusion technology, area-selective diffusion technology, magnet splicing technology and magnet recycling technology. These efforts enable us to produce rare earth permanent magnets with superior performance characteristics. Our sintered NdFeB PMs, bonded NdFeB PMs, and magnetic components have successfully penetrated high-end manufacturing industries, including the NEV sector, consumer electronics sector, and industrial motors and others sector. At the same time, we have entered fast-growing and high-potential emerging industries such as embodied intelligence robots and low-altitude aircraft. Our products have achieved outstanding market performance and have been successfully adopted by leading enterprises across various industries.

SUMMARY

The following chart illustrates our business layout:



During the Track Record Period, we recorded revenues of RMB5,326.3 million, RMB4,998.2 million and RMB5,417.0 million for the years ended December 31, 2023, 2024 and 2025, respectively. Our gross profit was RMB247.3 million, RMB560.6 million and RMB886.2 million for the years ended December 31, 2023, 2024 and 2025, respectively.

COMPETITION

According to CIC, China is the world's largest supplier of NdFeB PMs with Chinese enterprises accounting for 91.1% of global sales volume in 2025. The global NdFeB PM market is highly concentrated, with leading players competing around core technologies like grain boundary diffusion technology and Halbach array, as well as low or no heavy rare earth solutions. High entry barriers include accumulation in technical processes and equipment, substantial capital investment, strict product quality requirements, and stable rare earth resource access. We compete with other major NdFeB PM suppliers globally. According to CIC, we ranked first globally in terms of sales volume of NdFeB PMs used in HDD VCMs with a market share of 37.8%, and second globally in terms of sales volume of NdFeB PMs used in NEV main drive in terms of sales volume of motors with a market share of 12.0%.

We differentiate ourselves from competitors through our comprehensive technological capabilities, broad downstream coverage, and strong execution. Our industry-leading R&D platform, extensive patent portfolio, and advanced manufacturing technologies enable us to deliver high-performance, low or no heavy rare earth products. We maintain close cooperation with leading global enterprises across NEVs, consumer electronics, industrial motors, embodied intelligence robots, and low-altitude aircraft. In addition, our dual-base production strategy, intelligent manufacturing capabilities, and stable rare earth supply arrangements provide us with competitive advantages in production capacity.

OUR BUSINESS MODEL

We are primarily engaged in the R&D, manufacture and sales of NdFeB PMs and magnetic components. We operate one production base in Ningbo, Zhejiang Province, China, and one production base in Baotou, Inner Mongolia Autonomous Region, China. We design NdFeB products and develop procurement and production plans based on customer requirements. We mainly purchase rare earth from, and have maintained long-term and firm strategic cooperation with major rare earth suppliers in China. Leveraging our facilities and technologies, we carry out mass production of customized NdFeB PMs and magnetic components and mainly store such products at our warehouses or third-party warehouses designated by certain customers or us for delivery to our customers. Our products have a wide array of applications in NEVs, consumer electronics, industrial motors and others. We are also actively engaged in certain emerging markets such as embodied intelligence robots and low-altitude aircraft, and we have generated income from these sectors. Our customers are primarily leading manufacturers across various industries, including NEVs and automotive parts, smartphone components, HDD components, industrial automation, MRI equipment, smart home appliances, and elevators. We primarily adopt a cost-plus pricing mechanism for our NdFeB PMs and magnetic components.

OUR PRODUCTS

Our NdFeB products primarily include NdFeB PMs and magnetic components. NdFeB PMs are mainly made from an alloy of neodymium, iron and boron. We produce customized NdFeB PMs with various parameters based on customer requirements, such as composition, shape, size, coating, remanence, coercive force, maximum energy product, temperature coefficient and magnetizing method. Our NdFeB PMs can be further divided into sintered NdFeB PMs and bonded NdFeB PMs according to different production processes. Leveraging our grain boundary diffusion technology, we are able to conduct mass production of sintered NdFeB PMs that achieve various performance indicators with reduced amounts of medium and heavy rare earth ingredients. We also produce and sell customized magnetic components to customers. Our magnetic components are functional magnetic system units assembled with other components (such as magnetic conductors, structural components and coils) with sintered or bonded NdFeB PM. During the Track Record Period, we generated revenue primarily from the sales of (i) sintered NdFeB PMs; (ii) bonded NdFeB PMs; and (iii) magnetic components. We also generated revenue from sales of materials and others, mainly including scrap materials generated during the manufacturing process, and rare earth oxides.

The following table sets forth a breakdown of our sales volumes and average selling price of NdFeB products by product category for the periods indicated:

By product category:

	Year ended December 31,					
	2023		2024		2025	
	Sales volume (ton)	ASP (RMB'000/ ton)	Sales volume (ton)	ASP (RMB'000/ ton)	Sales volume (ton)	ASP (RMB'000/ ton)
Sintered NdFeB PMs	10,229	421	11,489	350	11,705	343
Bonded NdFeB PMs	288	343	338	227	453	218
Magnetic components[1]	271	971	1,046	421	2,039	345
Total/Overall	**10,788**	**432**	**12,873**	**353**	**14,197**	**340**

Note:

(1) Our magnetic components' composition includes not only the magnets we produce but also other materials we procure from third parties and the production of magnetic components involves specific production processes in addition to the said materials. The exact product composition and production process to be utilized will depend on the customers' product requirements.

As a result of the above factors, we do not calculate or record the exact weight of our magnetic components and the sales volume of magnetic components in the above table refers to the weight of the magnets we produced and recorded in our business operation and is for illustration purpose only.

PRODUCTION

We manufacture customized NdFeB products of different specifications and customizations based on the applications and the needs and requirements of customers. We have two production bases in Ningbo and Baotou, respectively, in China. Our production team consisted of 2,692 members as of the Latest Practicable Date.

The following table sets forth the production capacity, production volume and utilization rate of our production bases in respect of the production of NdFeB PM blanks for the periods indicated:

	Year ended December 31,								
	2023			2024			2025		
	Production capacity(1)	Production volume	Utilization rate(2)	Production capacity(1)	Production volume	Utilization rate(2)	Production capacity(1)	Production volume	Utilization rate(2)
	tons	*tons*	*%*	*tons*	*tons*	*%*	*tons*	*tons*	*%*
Ningbo production base	6,000	5,009	83.5	6,000	5,608	93.5	6,000	4,530	75.5
Baotou production base	15,000	8,493	56.6	15,000	12,253	81.7	17,500	14,580	83.3
Total	**21,000**	**13,502**	**64.3**	**21,000**	**17,861**	**85.1**	**23,500**	**19,110**	**81.3**

Note:

(1) Calculated as the maximum possible production volume for the relevant year, based on the following factors: the number of production machines in operation; the machine time required for standardized products (which depends on the characteristics of the relevant production lines, assuming that the sintering process lines operate on a three-shift basis of eight hours per day for 30 days per month, with reasonable changeover time between batches, while other production lines are assigned shift schedules according to their specific characteristics, with employees performing relevant work during the applicable working days); and an estimated overall equipment effectiveness rate that is generally applicable to our production activities based on our historical records of relevant equipment.

(2) Calculated as production volume for the year divided by the production capacity for the same year.

OUR STRENGTHS AND STRATEGIES

We believe the following strengths have contributed to our success and differentiate us from other competitors: (i) we are an industry leader in rare earth permanent magnets driven by independent R&D and innovation; (ii) we have a rich product matrix with multi-dimensional scenario coverage; (iii) we have a global top-tier customer network and brand influence; (iv) we have demonstrated intelligent manufacturing and reliable product delivery capabilities; and (v) we have an experienced management team and outstanding talent system.

We plan to further strengthen our position as a leading NdFeB product supplier by implementing the following business strategies: (i) we will continuously increase R&D and innovation efforts to consolidate our industry-leading technological position; (ii) we will continuously strengthen existing business and precisely capture emerging growth drivers; (iii) we will advance intelligent manufacturing and AI to ensure steady improvement in production and delivery quality; (iv) we will pursue vertical integration of high-quality industry resources and build a business ecosystem through strategic mergers and acquisitions; (v) we will adhere to sustainable development principles to achieve long-term sustainability goals.

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers were primarily companies in the sectors such as NEVs, consumer electronics, and industrial motors, as well as distributors. For the years ended December 31, 2023, 2024 and 2025, revenue from our five largest customers amounted to RMB2,165.7 million, RMB2,251.7 million, and RMB2,119.6 million respectively, representing approximately 40.6%, 45.0% and 39.2% of our total revenue for the same periods, respectively.

During the Track Record Period, our suppliers were mainly (i) rare earth raw material providers for the production of NdFeB PMs; (ii) outsourced processing service providers for machining and surface treatment and (iii) equipment suppliers. For the years ended December 31, 2023, 2024 and 2025, purchases from our five largest suppliers for each year during the Track Record Period amounted to RMB2,615.5 million, RMB2,059.2 million, and RMB2,789.3 million respectively, representing 61.0%, 51.0% and 55.1% of our total purchases for the same periods, respectively.

As of the Latest Practicable Date, none of our Directors, their associates or any shareholders which, to the knowledge of our Directors, owned more than 5% of the issued share capital of our Company as of the Latest Practicable Date, had any interest in our five largest customers or suppliers for each year during the Track Record Period.

COMPLIANCE AND LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material noncompliance incidents that have 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. During the Track Record Period and up to the Latest Practicable Date, as confirmed by our PRC Legal Advisor, we had been in compliance with all the applicable PRC laws and regulations in relation to our business operations in all material aspects.

We may from time to time be subject to various legal or administrative proceedings arising in the ordinary course of business such as proceedings in respect of disputes with our suppliers or customers, labor disputes or infringement of intellectual property rights. In Q2 of 2024, an Independent Third Party commenced arbitration proceedings against our Company and several others at the Singapore International Arbitration Centre, claiming outstanding payments of approximately US$11.8 million and damages of approximately US$33.506 million for an alleged breach of certain agreements. As of the Latest Practicable Date, the arbitration proceedings were ongoing. We have made full provisions of RMB181.0 million as of December 31, 2025 in respect of the relevant fees. Our Directors are of the view that the arbitration will not have a material adverse impact on our business, financial condition or results of operations or reputation.

Save as disclosed above, as of the Latest Practicable Date, there were no litigations, arbitrations or administrative proceedings pending or threatened against us or any of our Directors which could, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operations.

RISK FACTORS

Our business operations and the [REDACTED] are subject to various risks, many of which are beyond our control. Such risks can be divided into: (i) risks relating to our business and industry; (ii) risks relating to doing business in the jurisdictions in which we operate; and (iii) risks relating to the [REDACTED].

We believe the most significant risks we face include but are not limited to: (i) we rely on a stable supply of quality raw materials. Fluctuations in the prices of these raw materials could have a material and adverse impact on our business and results of operations; (ii) our customer concentration is high, and a loss of our major customers may adversely affect our business operations and financial results; (iii) our financial conditions, results of operations and business may be adversely affected if we are unable to enhance our production capacities; (iv) if we are unable to compete effectively, our business, financial condition and results of operations may be materially and adversely affected; (v) our operations depend on our R&D capabilities, which may not always produce positive results and (vi) we have recorded decreased net cash flows generated from operating activities, and there can be no assurance that we will not experience net operating cash outflows in the future.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

Summary of consolidated statements of profit or loss

The following table sets forth a summary of our results of operation for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
REVENUE	5,326,265	4,998,213	5,417,044
Cost of sales	(5,079,011)	(4,437,617)	(4,530,844)
Gross profit	**247,254**	**560,596**	**886,200**
Other income and gains	147,511	181,101	168,183
Fair value (losses)/gains on financial assets at fair value through profit or loss	(86,085)	(21,441)	13,721
Impairment losses on goodwill	—	(1,314)	—
Selling and distribution expenses	(89,778)	(85,726)	(127,533)
Administrative expenses	(265,695)	(284,135)	(252,273)
Research and development expenses	(313,656)	(205,596)	(275,888)
Other expenses	(10,208)	(13,346)	(31,229)
Finance costs	(41,227)	(32,639)	(27,915)
Reversal of impairment/(impairment losses) on financial assets, net	81,444	(33,546)	81
Share of profits of associates	30,768	13,438	19,531
(LOSS)/PROFIT BEFORE TAX	**(299,672)**	**77,392**	**372,878**
Income tax credit/(expense)	74,574	19,830	(36,787)
(LOSS)/PROFIT FOR THE YEAR	**(225,098)**	**97,222**	**336,091**
Attributable to:			
Owners of the parent	(225,534)	96,585	335,349
Non-controlling interests	436	637	742
	(225,098)	**97,222**	**336,091**

Revenue

Our revenue was RMB5,326.3 million, RMB4,998.2 million and RMB5,417.0 million in 2023, 2024 and 2025, respectively.

Revenue by product category

During the Track Record Period, we generated revenue primarily from sales of NdFeB products, which comprise (i) sintered NdFeB PM; (ii) bonded NdFeB PM; and (iii) magnetic components. We also generated revenue from sales of materials and others, mainly including scrap materials and rare earth oxides. The following table sets forth a breakdown of our revenue by product category in absolute amounts and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sintered NdFeB PMs	4,301,801	80.8	4,026,425	80.6	4,019,668	74.2
Bonded NdFeB PMs	98,863	1.9	76,879	1.5	98,898	1.8
Magnetic components	263,112	4.9	440,563	8.8	703,911	13.0
Subtotal of NdFeB products	**4,663,776**	**87.6**	**4,543,867**	**90.9**	**4,822,477**	**89.0**
Materials and others	662,489	12.4	454,346	9.1	594,567	11.0
Total	**5,326,265**	**100.0**	**4,998,213**	**100.0**	**5,417,044**	**100.0**

Our revenue decreased by 6.2% from RMB5,326.3 million for the year ended December 31, 2023 to RMB4,998.2 million for the year ended December 31, 2024, which was primarily due to a decrease in average selling prices of our NdFeB products across all downstream applications, partially offset by an increase in sales volume of NdFeB products applied in the NEV and consumer electronics sectors. Our revenue increased by 8.4% from RMB4,998.2 million for the year ended December 31, 2024 to RMB5,417.0 million for the year ended December 31, 2025, which was primarily due to an increase in sales volume of NdFeB products applied in the NEV sector, partially offset by a decrease in average selling prices of our NdFeB products applied in the NEV sector and industrial motors and others.

Revenue by customer location

The following table sets forth a breakdown of our revenue by customer location in absolute amounts and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Chinese mainland	4,097,631	76.9	3,562,541	71.3	3,976,941	73.4
Overseas(1)	1,228,634	23.1	1,435,672	28.7	1,440,103	26.6
Total	**5,326,265**	**100.0**	**4,998,213**	**100.0**	**5,417,044**	**100.0**

Note:

(1) Refers to our international markets, with the majority of revenue derived from customers located in Asia (excluding Chinese mainland), the EU and North America.

Gross profit and gross profit margin

The following table sets forth a breakdown of our gross profit and gross profit margin by product category 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
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sintered NdFeB PMs	164,338	3.8	489,138	12.1	643,823	16.0
Bonded NdFeB PMs	38,393	38.8	27,960	36.4	32,233	32.6
Magnetic components	21,326	8.1	58,652	13.3	140,605	20.0
Subtotal of NdFeB products	224,057	4.8	575,750	12.7	816,661	16.9
Materials and others	23,197	3.5	(15,154)	(3.3)	69,539	11.7
Total/Overall	**247,254**	**4.6**	**560,596**	**11.2**	**886,200**	**16.4**

Summary of consolidated statements of financial position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total current assets	5,667,149	5,616,926	7,354,559
Total non-current assets	2,894,972	3,406,396	3,409,233
Total assets	**8,562,121**	**9,023,322**	**10,763,792**
Total current liabilities	1,896,442	2,699,796	3,729,717
Total non-current liabilities	720,713	391,088	778,081
Total liabilities	**2,617,155**	**3,090,884**	**4,507,798**
Net current assets	**3,770,707**	**2,917,130**	**3,624,842**
Net assets	**5,944,966**	**5,932,438**	**6,255,994**

We had net current assets of RMB3,770.7 million, RMB2,917.1 million and RMB3,624.8 million as of December 31, 2023, 2024 and 2025, respectively. Our net assets decreased from RMB5,945.0 million as of December 31, 2023 to RMB5,932.4 million as of December 31, 2024, primarily due to repurchase of shares of RMB75.9 million and dividends declared of RMB55.1 million, partially offset by our total comprehensive income of RMB97.5 million for the year ended December 31, 2024. Our net assets increased from RMB5,932.4 million as of December 31, 2024 to RMB6,256.0 million as of December 31, 2025, primarily due to our total comprehensive income of RMB340.3 million for the year ended December 31, 2025, partially offset by dividends declared of RMB53.8 million. See "Consolidated Statements of Changes in Equity" in the Accountants' Report in Appendix I to this document for further details.

Summary of statements of cash flows

The following table sets forth a summary of our cash flows for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows from operating activities	1,086,899	854,579	348,584
Net cash flows used in investing activities	(277,473)	(691,911)	(737,875)
Net cash flows (used in)/from financing activities	(870,581)	(424,872)	265,457
Net decrease in cash and cash equivalents	(61,155)	(262,204)	(123,834)
Cash and cash equivalents at beginning of year	1,327,886	1,282,405	1,040,672
Effects of foreign exchange rate changes, net	15,674	20,471	12,246
Cash and cash equivalents at end of year	**1,282,405**	**1,040,672**	**929,084**

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the years indicated:

	As of/Year ended December 31,		
	2023	2024	2025
Net profit margin(1) (%)	(4.2)	1.9	6.2
Current ratio(2) (Times)	3.0	2.1	2.0
Quick ratio(3) (Times)	2.1	1.6	1.5
Gearing ratio(4) (%)	20.6	17.7	21.3

Notes:

(1) Net profit margin equals to net profit for the year divided by revenue for the year and multiplied by 100%.

(2) Current ratio is calculated based on total current assets divided by total current liabilities.

(3) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.

(4) Gearing ratio is calculated based on total indebtedness (including bank borrowings and lease liabilities) divided by total equity and multiplied by 100%.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] commissions and other fees incurred in connection with the [REDACTED]. We expect to incur total [REDACTED] expenses of approximately HK$[REDACTED] million (assuming the [REDACTED] is not exercised and based on the [REDACTED] of HK$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range), representing [REDACTED]% of the gross [REDACTED] of the [REDACTED] assuming no H Shares are issued pursuant to the [REDACTED]. The total [REDACTED] expenses consist of (i) approximately HK$[REDACTED] million [REDACTED] related expenses (including [REDACTED] commissions, SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy); and (ii) approximately HK$[REDACTED] million non-[REDACTED] related expenses (including (a) fees and expenses of legal advisors and reporting accountants of approximately HK$[REDACTED] million; and (b) other fees and expenses of approximately HK$[REDACTED] million). During the Track Record Period, we incurred [REDACTED] expenses of HK$[REDACTED] million, which was attributable to the [REDACTED] of H Shares and will be deducted from equity upon the [REDACTED]. We expect to incur additional [REDACTED] expenses of approximately HK$[REDACTED] million after the Track Record Period, approximately HK$[REDACTED] million of which is expected to be charged to our consolidated statements of profit or loss, and approximately HK$[REDACTED] million of which is attributable to the [REDACTED] of H Shares and will be deducted from equity upon the [REDACTED]. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

USE OF [REDACTED]

We estimate that we will receive [REDACTED] of approximately HK$[REDACTED] million after deducting the [REDACTED] fees and expenses payable by us in the [REDACTED], assuming no exercise of the [REDACTED] and assuming an [REDACTED] of HK$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED] range stated in this Document. We intend to use the [REDACTED] from the [REDACTED] for the following purposes: (i) approximately [REDACTED]% of the [REDACTED], or approximately HK$[REDACTED] million, is expected to be used for research and development; (ii) approximately [REDACTED]% of the [REDACTED], or approximately HK$[REDACTED] million, is expected to be used for our production capacity expansion and the construction of intelligent manufacturing facilities; (iii) approximately [REDACTED]% of the [REDACTED], or approximately HK$[REDACTED] million, is expected to be used for our vertical integration of downstream resources within the industry; and (iv) approximately [REDACTED]% of the [REDACTED], or approximately HK$[REDACTED] million, is expected to be used for our working capital and general corporate purposes.

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE

Since 2000, our Company has been listed on the Shanghai Stock Exchange with the stock code of 600366. As of the Latest Practicable Date, save as disclosed in this document, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects. Moreover, save as disclosed in this document, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [REDACTED] attention in relation to our compliance record on the Shanghai Stock Exchange.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the [REDACTED] of the Stock Exchange for the granting of the [REDACTED] of, and permission to [REDACTED] our H Shares to be issued pursuant to the [REDACTED] on the basis that, among other things, we satisfy the market capitalization/revenue/cash flow test under Rule 8.05(2) of the Listing Rules with reference to, among other things, (i) our revenue for the year ended December 31, 2025 being over HK$500 million; (ii) our expected [REDACTED] at the time of the [REDACTED] based on the [REDACTED] of HK$[REDACTED] per [REDACTED] (being the [REDACTED] of the indicative [REDACTED] range) exceeds HK$2 billion; and (iii) our positive cash flow from operating activities of over HK$100 million in aggregate for the three years ended December 31, 2025, as required by Rule 8.05(2) of the Listing Rules.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, the Controlling Shareholders Group, including Mr. Zhu Yunde, Mr. Zhu Xiaodong, Ms. Dong Weizhen, Ningbo Chengyuan, Yunsheng Holding, Qianhao Investment and Yunsheng Technology Investment were collectively interested in approximately 34.51% of the issued share capital of our Company (including the treasury shares). Immediately following the completion of the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), the Controlling Shareholders Group would continue to hold in aggregate approximately [REDACTED]% of our total share capital. Therefore, they will remain as our group of Controlling Shareholders upon [REDACTED]. For details, see "Relationship with Our Controlling Shareholders".

CONNECTED TRANSACTIONS

Prior to the [REDACTED], our Group has entered into certain transactions in our ordinary and usual course of business with parties who will, upon the [REDACTED], become connected persons of our Company. We will continue to engage in certain connected transactions after the [REDACTED]. For details of such continuing connected transactions of our Company following the [REDACTED], see "Connected Transactions." We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver to us under Rule 14A. 105 of the Listing Rules from strict compliance with the announcement, circular and independent Shareholders' approval requirements. For details, see "Connected Transactions."

[REDACTED] STATISTICS

[REDACTED]

DIVIDEND

We may distribute dividends by way of cash or stock. Our final dividends in respect of the previous year, declared and paid during the years ended December 31, 2023, 2024 and 2025 was RMB109.9 million, RMB55.1 million and RMB53.8 million, respectively. We currently do not have a fixed dividend payout ratio. Any future determination to declare and pay any dividends will be at the discretion of our Board and will depend on, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our Board deems relevant. In addition, any final dividends for a financial year will be subject to our Shareholders' approval.

Dividends may be paid only out of our distributable profits as permitted under the relevant laws. To the extent profits are distributed as dividends, such portion of profits may not be reinvested in our operations. Furthermore, if we or any of our subsidiaries incur debt on our or its own behalf in the future, the instruments governing the debt may restrict our ability to pay dividends. The past dividend distribution record may not be used as a reference or basis in determining the level of dividends that may be declared or paid by us in the future.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Pursuant to the shareholders' resolution on May 8, 2026, our Company proposed and declared to distribute a cash dividend of RMB0.1 (tax inclusive) for each ordinary share, amounting to RMB 108,708,000, to all shareholders whose names were registered in the register of members and were entitled to participate in the distribution on the record date in respect of the year ended December 31, 2025.

After due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial and trading position or prospects since December 31, 2025, and there is no event since December 31, 2025 which would materially affect the information shown in the Accountants' Report, the text of which is set out in Appendix I to this document.